

THIS PRINT COVERS CALENDAR ITEM NO. : 10.7

**SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY**

DIVISION: Finance and Information Technology

BRIEF DESCRIPTION:

Authorizing the Director of Transportation to execute Amendment No. 1 to San Francisco Municipal Transportation Agency Contract No. 15-1349 for Towing and Storage of Abandoned and Illegally-Parked Vehicles with AutoReturn to incorporate the Revocable License to Enter and Use Property for 450 7th Street as Appendix F to the Towing Agreement.

SUMMARY:

- The SFMTA approved a Towing Agreement with TEGSCO, LLC, dba San Francisco AutoReturn (AutoReturn) that commenced on April 1, 2016, with an initial term of five-years through March 31, 2021 to provide towing, storage and lien auction services for illegally parked and abandoned vehicles.
- The SFMTA is entering into a lease with the State of California through its Department of Transportation (Caltrans) for Airspace Lease Area No. 04-SF-80-11, also known as 450 7th Street between Harrison and Bryant Streets, for temporary storage, customer service and tow truck dispatch services in connection with the Towing Agreement.
- The 7th Street License would grant AutoReturn the use of a portion of the 450 7th Street lease area as the Primary Storage Facility under the Towing Agreement, and it would govern the permitted use of the property.
- The First Amendment to the Towing Agreement would establish 450 7th Street as the Primary Storage Facility and incorporate the 7th Street License as Appendix F to the Towing Agreement.

ENCLOSURES:

1. SFMTAB Resolution
2. Revocable License to Enter and Use Property
3. First Amendment to the Towing Agreement

APPROVALS:

DATE

DIRECTOR _____

8/30/16

SECRETARY _____

8/30/16

ASSIGNED SFMTAB CALENDAR DATE: September 6, 2016

PURPOSE

The proposed resolution authorizes the Director of Transportation to execute Amendment No. 1 to San Francisco Municipal Transportation Agency Contract No. 15-1349 for Towing and Storage of Abandoned and Illegally-Parked Vehicles with AutoReturn to incorporate the Revocable License to Enter and Use Property for 450 7th Street as Appendix F to the Towing Agreement.

GOAL

The proposed 7th Street License and the First Amendment to the Towing Agreement will allow the SFMTA to effectively administer the leased area at 450 7th Street as the Primary Storage Facility under the Towing Agreement. The proposed 7th Street License and the First Amendment are consistent with the SFMTA Strategic Plan in the following goals and objectives:

Goal 1: Customer Focus to provide safe, accessible, clean, environmentally sustainable service and encourage the use of auto-alternative modes through the Transit First Policy

Objective 1.3 Reduce emissions as required by SFMTA Clean Air Plan

Objective 1.4 Improve accessibility across transit service

Goal 2 – System Performance to get customers where they want to go, when they want to be there

Objective 2.2 Ensure efficient transit connectivity and span of service

Objective 2.4 Reduce congestion through major corridors

Goal 4 – Financial Capacity to ensure financial stability and effective resource utilization

Objective 4.2 Ensure efficient and effective use of resources

DESCRIPTION

The SFMTA Board of Directors, and subsequently the Board of Supervisors, approved a Towing Agreement with AutoReturn that commenced on April 1, 2016, with an initial five-year term through March 31, 2021. Under the Towing Agreement, AutoReturn provides towing, storage and lien auction services for illegally parked and abandoned vehicles.

AutoReturn utilizes two locations to store towed vehicles as required under the Towing Agreement. The Primary Storage Facility is located at 450 7th Street, on property that is currently leased to AutoReturn on a month-to-month basis. It is used to temporarily store and process towed vehicles and also serves as the public customer service and tow truck dispatch center. The Primary Storage Facility is conveniently and centrally located in San Francisco such that vehicle owners can access the Facility by public transportation to retrieve their towed vehicles. The Primary Storage Facility is vital to the SFMTA’s towing operation and it processes approximately 42,000 vehicles annually.

The other location for storing towed vehicles is the Long-term Storage Facility located at 2650 Bayshore (Bayshore) in Daly City. Vehicles are transferred to this location if they are not claimed within 48-hours of the tow. Vehicles that remain unclaimed are auctioned to the general public. The SFMTA leases the Bayshore property from Prologis, and has entered into a Revocable License to Enter and Use Property with AutoReturn (Bayshore License), for a portion of the site. AutoReturn uses the Long-term Storage Facility to store vehicles and conduct public auction activities as required under the Towing Agreement.

AutoReturn currently has a month-to-month lease with Caltrans for the 7th Street site. The SFMTA is entering into a lease directly with Caltrans for the 450 7th Street location. If Caltrans did not lease the property to the City it would be required to offer the property to the general public in an open bidding process, with no guarantee that AutoReturn would retain the lease. This would put the SFMTA in jeopardy of having to relocate the Primary Storage Facility.

Caltrans has agreed to lease 450 7th Street to the SFMTA for a term of four years and six months to coincide with the remaining initial term of the Towing Agreement and at the current rent paid by AutoReturn. The SFMTA will become the lessee of the 450 7th Street location and will enter into a 7th Street License with AutoReturn to permit continued use of 450 7th Street as the Primary Storage Facility. AutoReturn will pay no rent under the 7th Street License as the current rent paid by AutoReturn to Caltrans is a pass-through to the SFMTA as an operating expense. The proposed Amendment is intended to incorporate the 7th Street License into the Towing Agreement as Appendix F to the Agreement.

STAKEHOLDER ENGAGEMENT

As the proposed 7th Street License and the First Amendment to the Towing Agreement do not change conditions of the existing use, no outreach was done.

ALTERNATIVES CONSIDERED

There are no alternatives as the 450 7th Street site is necessary to grant AutoReturn the use of the leased property. The First Amendment to the Towing Agreement is necessary to incorporate the Revocable License as Appendix F.

FUNDING IMPACT

There are no major funding impacts from the modifications proposed.

ENVIRONMENTAL REVIEW

On August 5th, 2016, the SFMTA, under authority delegated by the Planning Department, determined that the Revocable License to Enter and Use Property Located at 450 7th Street and Amendment No. 1 to SFMTA Contract No. 15-1349 is not defined as a “project” under the California Environmental Quality Act (CEQA) pursuant to Title 14 of the California Code of Regulations Sections 15060(c) and 15378(b).

A copy of the CEQA determination is on file with the Secretary to the SFMTA Board of Directors and is incorporated herein by reference.

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OTHER APPROVALS RECEIVED OR STILL REQUIRED

No additional City approvals are needed for the License and First Amendment to the Towing Agreement.

The City Attorney's Office has reviewed this calendar item.

RECOMMENDATION

Staff recommends that the SFMTA Board of Directors authorize the Director of Transportation to execute Amendment No. 1 to San Francisco Municipal Transportation Agency Contract No. 15-1349 for Towing and Storage of Abandoned and Illegally-Parked Vehicles with AutoReturn to incorporate the Revocable License to Enter and Use Property for 450 7th Street as Appendix F to the Towing Agreement.

SAN FRANCISCO
MUNICIPAL TRANSPORTATION AGENCY
BOARD OF DIRECTORS

RESOLUTION No. _____

WHEREAS, The SFMTA approved a Towing Agreement with TEGSCO, LLC, dba San Francisco AutoReturn that commenced on April 1, 2016, with an initial term of five-years through March 31, 2021 to provide towing, storage and lien auction services for illegally parked and abandoned vehicles; and,

WHEREAS, AutoReturn utilizes two locations to store towed vehicles as required under the Towing Agreement; and,

WHEREAS, The Primary Storage Facility, owned by the State of California and located at 450 7th Street, is currently leased to AutoReturn on a month-to-month basis, is used to temporarily store and process towed vehicles, and also serves as the public Customer Service Center and Tow Truck Dispatch Center; and,

WHEREAS, The Primary Storage Facility is conveniently and centrally located in San Francisco such that vehicle owners can access it by public transportation to retrieve their towed vehicles, and it is vital to processing approximately 42,000 vehicles annually; and,

WHEREAS, The second storage location for towed vehicles is the Long-term Storage Facility, located at 2650 Bayshore in Daly City, and vehicles are transferred to that Facility if not claimed within 48-hours; and,

WHEREAS, The SFMTA leases the 2650 Bayshore property from Prologis, and SFMTA has entered into a Revocable License to Enter and Use Property with AutoReturn to use a portion of the Bayshore property to store vehicles and conduct public auctions; and,

WHEREAS, AutoReturn currently leases the 450 7th Street property from Caltrans on a month-to-month basis, and SFMTA is entering into a lease directly with Caltrans for the property so that Caltrans will not be required to offer the property to the general public in an open bidding process with no guarantee that AutoReturn would retain its current lease; and,

WHEREAS, Caltrans has agreed to lease 450 7th Street property to the SFMTA for a term of four years and six months to coincide with the remaining initial term of the Towing Agreement; and,

WHEREAS, The SFMTA will become the lessee of the 450 7th Street property and will enter into a Revocable License to Enter and Use Property with AutoReturn to permit continued use of the Primary Storage Facility; and,

WHEREAS, The First Amendment to the Towing Agreement will incorporate the Revocable License to Enter and Use Property between the SFMTA and AutoReturn as Appendix; and,

WHEREAS, On August 5th, 2016, the SFMTA, under authority delegated by the Planning Department, determined that the Revocable License to Enter and Use Property Located at 450 7th Street and First Amendment to SFMTA Contract No. 15-1349 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,

WHEREAS, A copy of the CEQA determination is on file with the Secretary to the SFMTA Board of Directors, and is incorporated herein by reference; now, therefore, be it

RESOLVED, That the San Francisco Municipal Transportation Agency Board of Directors authorizes the Director of Transportation to execute a Revocable License to Enter and Use Property located at 450 7th Street between the San Francisco Municipal Transportation Agency and TEGSCO, LLC, d.b.a. San Francisco AutoReturn for use as the Primary Storage Facility for towed vehicles; and be it further

RESOLVED, That the San Francisco Municipal Transportation Agency Board of Directors authorizes the Director of Transportation to execute Amendment No. 1 to San Francisco Municipal Transportation Agency Contract No. 15-1349 for Towing and Storage of Abandoned and Illegally-Parked Vehicles with AutoReturn to incorporate the Revocable License to Enter and Use Property for 450 7th Street as Appendix F to the Towing Agreement.

I certify that the foregoing resolution was adopted by the San Francisco Municipal Transportation Agency Board of Directors at its meeting of September 6, 2016.

Secretary to the Board of Directors
San Francisco Municipal Transportation Agency

**APPENDIX F
TO THE TOWING AGREEMENT
BY AND BETWEEN
THE CITY AND COUNTY OF SAN FRANCISCO
AND
TEGSCO LLC., dba SAN FRANCISCO AUTORETURN
Granting a Revocable License for the Use of Certain Property**

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APPENDIX F

TO THE TOWING AGREEMENT BY AND BETWEEN THE CITY AND COUNTY OF SAN FRANCISCO AND TEGSCO LLC., dba SAN FRANCISCO AUTORETURN

REVOCABLE LICENSE TO ENTER AND USE PROPERTY

THIS REVOCABLE LICENSE TO ENTER AND USE PROPERTY ("License"), between the CITY AND COUNTY OF SAN FRANCISCO, a municipal corporation ("City"), acting by and through its Municipal Transportation Agency ("SFMTA"), and TEGSCO, LLC, a California limited liability company dba San Francisco AutoReturn ("Licensee"), and dated as of October 1, 2016 is Appendix F to the Agreement for Towing, Storage and Disposal of Abandoned and Illegally Parked Vehicles between City and Licensee, dated for convenience as April 1, 2016 (the "Towing Agreement"), which is incorporated herein by reference as if fully set forth herein.

RECITALS

This License is made with reference to the following facts:

A. City and Licensee are parties to the Towing Agreement for the towing and storage of abandoned and illegally parked vehicles.

B. City leases that certain real property commonly known as 450 7th Street, Parcel FLA 04-SF-80-11, San Francisco, California (the "Property") from State of California, Department of Transportation ("Caltrans") pursuant to an SF Parking Airspace Lease between City and Caltrans dated as of October 1, 2016, a copy of which is attached to this License as Attachment 1 (the "Lease").

C. City wishes to grant Licensee a license to use a portion of the Property shown on Attachment 2 (the "Premises"), pursuant to a revocable license between Licensee and City, to operate a Primary Storage Facility for towed vehicles as contemplated by the Towing Agreement.

Therefore, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

AGREEMENT

1. BASIC LICENSE INFORMATION

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

Licensor:	CITY AND COUNTY OF SAN FRANCISCO, A MUNICIPAL CORPORATION
Licensee:	TEGSCO, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY D.B.A. SAN FRANCISCO AUTORETURN
Property (Section 2.1):	That certain real property commonly known as 450 7 th Street, San Francisco, California, as fully described in Exhibit A to the Lease (the "Property").

Building (Section 2.1): The building located on the Property.

Premises (Section 2.1): The portions of the Property and Building depicted on Attachment 2 that are not designated for the SFPD, and comprised of approximately 119,002 square feet.

Term (Section 4): Commencement Date: October 1, 2016.
Expiration Date: March 31, 2021, subject to any extension pursuant to Section 4.1.2 or any earlier termination of this License pursuant to the terms hereof.

Rent: No rent is required for Licensee's use of the Premises pursuant to this License.

Permitted Use (Section 6.1): Parking space for the storage and transfer of vehicles towed under the Towing Agreement, customer service center, dispatch of tow trucks, and office space for the administration of Licensee's operations under the Towing Agreement.

Utilities and Services (Section 10): Obtained and paid by Licensee at its sole cost.

Security (Section 6.5): Licensee shall be solely responsible for the security of the Premises.

Security Deposit (Section 17.4): Provided under Sections 4.9 and 4.14 of the Towing Agreement.

Environmental Oversight Deposit (Section 24.11): Provided under Section 4.16 of the Towing Agreement

Notices to the Parties: (Section 25.1) Any notice, demand, consent or approval required under this License must be sent by first class certified U.S. mail with return receipt requested, or by overnight courier, return receipt requested, with postage pre-paid. All other written communications, unless otherwise indicated elsewhere in this License, may be by first class U.S. mail, by email, or by facsimile. All communications related to this License shall be addressed as follows:

To Licensee: San Francisco AutoReturn
2650 Bayshore Blvd.
Daly City, CA 94014
jwicker@authoreturn.com
C/O John Wicker, CEO and President

To City: City and County of San Francisco
Attention: Lorraine Fuqua
1 South Van Ness Avenue, Third Floor
San Francisco, CA 94102
telephone: 415-701-4678
facsimile: 415-701-4736
Email: lorraine.fuqua@sfmta.com

2. PREMISES

2.1 License Premises.

2.1.1 City confers to Licensee a revocable, personal, non-exclusive and non-possessory privilege to enter upon and use those certain premises identified in the Basic License Information and shown on Attachment 2, attached hereto and incorporated by reference as though fully set forth herein (collectively, the "Premises"), for the limited purpose and subject to the terms, conditions and restrictions set forth below. This License gives Licensee a license only, revocable at any time at the will of City, and notwithstanding anything to the contrary herein, this License does not constitute a grant by City of any ownership, leasehold, easement or other property interest or estate whatsoever in the Premises, or any portion thereof. The privilege given to Licensee under this License is effective only insofar as the rights of City in the Premises are concerned, and Licensee shall obtain any further permission necessary because of any other existing rights affecting the Premises. The area of the Premises specified in the Basic License Information shall be conclusive for all purposes hereof. The Premises shall include the land upon which the Premises is located and all other improvements on and appurtenances to such land.

2.1.2 City may, at City's sole and absolute discretion, relocate Licensee from any portion or all of the Premises to another location on the Property or other City property that City in its sole and absolute discretion deems suitable for the uses permitted hereunder; provided that such relocation shall not materially interfere with Licensee's ability to meet its obligations under the Towing Agreement. City shall arrange and pay for moving Licensee's equipment and personal property from the Premises to such new space. Once City completes such move, Licensee shall commence its Towing Agreement operations at the new space and the new location shall become part or all of the Premises hereunder. Licensee shall enter into any amendment requested by City to reflect such new location.

2.1.3 City may, at City's sole and absolute discretion, modify the original configuration of the Premises; provided that such modification shall not materially interfere with Licensee's ability to meet its obligations under the Towing Agreement, unless such modification is required under the Lease.

2.1.4 Licensee acknowledges that the interest of City in the Premises is limited to those rights conveyed to City pursuant to the Lease. Licensee hereby agrees to assume all responsibility for and be bound by all covenants, terms and conditions made by or applicable to City under the Lease, and shall not take any actions that would cause the City to be in default under the Lease. In the event there are any inconsistencies between the provisions of this License and the Lease, the provisions of the Lease shall govern Licensee's use of the Premises hereunder.

2.2 Subordinate to Lease. This License is expressly made subject and subordinate to all the terms, covenants and conditions of the Lease, which are incorporated herein by reference (collectively, the "Lease Terms"). Licensee agrees to use the Premises in accordance with the Lease Terms and not take or fail to take any act that City would be required to not take or take under the Lease to comply with the Lease Terms.

2.3 Performance of Lease Obligations. Licensee further agrees to assume the obligation for performance of all City's obligations under the Lease with respect to the Premises, except as may be specifically modified by this License and excluding City's obligation to pay rent to Caltrans under the Lease.

2.4 Amendments to Lease. Licensee agrees that City shall have the right to enter into amendments or modifications to the Lease without Licensee's prior written consent; provided, however, that if such proposed amendment or modification would materially affect Licensee's rights under this License, Licensee shall not be subject to such amendment or modification unless it

consents to be subject thereto in writing. In the event Licensee fails within fifteen (15) business days to respond in writing to City's written request for such consent, then Licensee shall be deemed without further notice to have consented to City's request for consent.

2.5 Contact with Caltrans. Licensee has no authority to contact Caltrans or make any agreement with Caltrans concerning the Premises or the Lease without City's prior written consent, and Licensee shall make payments of any charges payable by Licensee under this License only to City.

2.6 Caltrans Duties. The Lease describes Caltrans' duties with respect to the Property. City is not obligated to perform such Caltrans' duties. If Caltrans fails to perform its duties, Licensee shall provide notice to City. In no event shall City incur any liability, or otherwise be responsible, nor shall there be any set-off, deduction or abatement of any amounts owed by Licensee to City pursuant to this License arising from Caltrans' failure to comply with its duties.

2.7 Termination of Lease. If the Lease is terminated for any reason during the Term, this License shall automatically terminate as of such Lease termination date.

3. INSPECTION OF PROPERTY; AS IS CONDITION

3.1 Inspection of Premises. Licensee represents and warrants that Licensee has conducted a thorough and diligent inspection and investigation of the Property and the suitability of the Premises for Licensee's intended use, either independently or through its officers, directors, employees, agents, affiliates, subsidiaries licensees and contractors, and their respective heirs, legal representatives, successors and assigns, and each of them. Licensee is fully aware of the needs of its operations and has determined, based solely on its own investigation, that the Premises is suitable for its operations and intended uses.

3.2 As Is Condition. WITHOUT WAIVING ANY OF LICENSEE'S RIGHTS ESTABLISHED IN SECTIONS 24.3 AND 24.8 BELOW, LICENSEE ACKNOWLEDGES AND AGREES THAT THE PREMISES ARE BEING LICENSED AND HAVE BEEN ACCEPTED IN THEIR "AS IS" AND "WITH ALL FAULTS" CONDITION, WITHOUT REPRESENTATION OR WARRANTY OF ANY KIND, AND SUBJECT TO ALL APPLICABLE LAWS, RULES AND ORDINANCES GOVERNING THEIR USE, OCCUPANCY AND POSSESSION. LICENSEE ACKNOWLEDGES AND AGREES THAT NEITHER CITY NOR ANY OF ITS AGENTS HAVE MADE, AND CITY HEREBY DISCLAIMS, ANY REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, CONCERNING THE RENTABLE AREA OF THE PREMISES, THE PHYSICAL, SEISMOLOGICAL OR ENVIRONMENTAL CONDITION OF THE PREMISES OR THE PROPERTY, THE PRESENT OR FUTURE SUITABILITY OF THE PREMISES FOR LICENSEE'S BUSINESS, OR ANY OTHER MATTER WHATSOEVER RELATING TO THE PREMISES, INCLUDING, WITHOUT LIMITATION, AND IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

3.3 Accessibility Inspection Disclosure. Licensee is hereby advised that the Premises have not been inspected by a Certified Access Specialist under California Civil Code Section 1938.

4. LICENSE TERM

4.1 Term.

4.1.1 The privilege given to Licensee pursuant to this License is temporary only and shall commence upon the Commencement Date (as described in the Basic License Information) and shall terminate on March 31, 2021, subject to extension pursuant to Section 4.1.2, or the date of earlier termination of this License pursuant to the terms of this License or the Towing Agreement (the "Expiration Date"). Without limiting any of its rights hereunder, City may at its sole option freely revoke this License at any time, without cause and without any obligation to pay any consideration to Licensee.

4.1.2 The original term of the Towing Agreement ends on March 31, 2021, subject to City's right to extend such term by up to five (5) years. If City extends the term of the Towing Agreement pursuant to Section 2.2 of the Towing Agreement, the term of this License shall be automatically extended to be the last day of the Towing Agreement term, and the word "Term" as used herein shall refer to the original five (5) year term and any extended term resulting from City's extension of the term of the Towing Agreement.

4.2 Early Termination. Without limiting any of its rights hereunder, City may at its sole option freely terminate this License as to all or a portion of the Premises without cause and without any obligation to pay any consideration to Licensee

5. FEES AND CHARGES

5.1 Rent. Licensee shall pay no rent to City for use of the Premises pursuant to this License; provided, however, that Licensee shall make the payments otherwise owed by Licensee to City pursuant to this License, including, but not limited to, any amounts owed to City pursuant to Sections 6.6, 9.1, 10.2, 17.3, and 24.11 of this License.

5.2 Late Charges. Notwithstanding that Licensee will pay no rent, Licensee is obligated to make other payments to City pursuant to this License. If Licensee fails to pay all or any portion of any payment to be made by Licensee to City pursuant to this License within five (5) days following the due date for such payment, such unpaid amount shall be subject to a late payment charge equal to six percent (6%) of the unpaid amount in each instance. The late payment charge has been agreed upon by City and Licensee, after negotiation, as a reasonable estimate of the additional administrative costs and detriment that City will incur as a result of any such failure by Licensee, the actual costs thereof being extremely difficult if not impossible to determine. The late payment charge constitutes liquidated damages to compensate City for its damages resulting from such failure to pay and shall be paid to City together with such unpaid amount.

5.3 Default Interest. Any payment to be made by Licensee to City pursuant to this License, if not paid within five (5) days following the due date, shall bear interest from the due date until paid at the rate of ten percent (10%) per year or, if a higher rate is legally permissible, at the highest rate an individual is permitted to charge under law. However, interest shall not be payable on late charges incurred by Licensee nor on any amounts on which late charges are paid by Licensee to the extent this interest would cause the total interest to be in excess of that which an individual is lawfully permitted to charge. Payment of interest shall not excuse or cure any default by Licensee.

5.4 Deduction from Amounts Due. In the event Licensee fails to pay any payment due hereunder for more than ten (10) days following the due date, City may deduct and withhold the amount of such payment, together with the amount of applicable late charges and default interest as provided herein, from any monies in City's possession due Licensee pursuant to the Towing Agreement.

6. USE OF PREMISES

6.1 Permitted Use. Licensee shall use and continuously occupy the Premises during the Term solely for temporary storage and transfer of vehicles, customer service operations, dispatch of tow trucks, and related office use as necessary to meet its obligations under the Towing Agreement and for such other uses, if any, as may be specified in the Basic License Information, all to the extent permitted under the Lease Terms. Except as provided below, Licensee shall not use the Premises for any other purpose without the prior written approval of City, including, without limitation, the following: (a) crushing or dismantling; (b) maintenance or fueling of vehicles, except as otherwise may be permitted under the Maintenance Plan (as defined in Section 22); (c) selling vehicle parts from the Premises; (d) parking or storage of vehicles not covered under the Towing Agreement; or (e) parking for Licensee's employees, without the prior written approval of City and subject to availability of space necessary to fully perform Licensee's obligations under the Towing Agreement. All available space for vehicle parking shall be used for the purposes set forth in the Towing

Agreement, except as otherwise expressly approved by City pursuant to this License. The washing of vehicles shall be with cleansing agents that are biodegradable and non-toxic, and shall be in compliance with the Maintenance Plan. No advertising or signage may be placed in or about the Premises without the prior written permission of City.

6.2 Use of Equipment and Machinery. Licensee shall have the right to place on the Premises all necessary equipment and machinery in connection with the permitted use of the Premises. It is understood and agreed that City is not responsible for loss of or damage to any Licensee-owned equipment herein involved, unless caused by the sole negligence of City's officers, agents, and employees.

6.3 Limitation to Described Purpose. Licensee may occupy and use the Premises solely for the purpose of fulfilling its obligations under the Towing Agreement to store any vehicles towed pursuant to the terms of the Towing Agreement, and for incidental purposes related thereto. Adequate drop-off space must be provided so that tow and transport trucks can load and unload on the Premises. No loading, unloading, queuing, parking or storage of vehicles will be permitted on any remaining portion of the Property or any public streets or rights-of-way adjacent to the Property. All storage activities authorized by this License shall be restricted to the designated enclosed and visually screened area. Any use of the Premises by Licensee shall be subject to the requirements of the Maintenance Plan.

6.4 No Unlawful Uses, Nuisances or Waste. Without limiting the foregoing, Licensee 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. Licensee shall take all precautions to eliminate any nuisances or hazards relating to its activities on or about the Premises. Licensee shall not conduct any business, place any sales display, or advertise in any manner in areas outside the Premises or on or about the Property without the prior written permission of City.

6.5 Security. Licensee shall at all times provide security at a level acceptable to the City to protect the Premises and all vehicles stored therein, and the persons and property of owners of towed vehicles, against damage, injury, theft or other loss.

6.6 Fines. Without limiting City's other rights and remedies set forth in this License, if Licensee violates any of the following provisions governing its use of the Premises contained in this License or the Towing Agreement, City may impose a fine of \$300 per day during which Licensee is in violation of any of the specified provisions: Sections 2, 6, 7, 8, 11, 19, 22, and 24 of this License; and Sections 4.9 through 4.16 of the Towing Agreement. City may also impose this fine for Licensee's failure to submit any documents, reports or other items as and when required by any provision of this License.

The fines described in this Section 6.6 shall run from the date of City's notice to Licensee of the violation and shall continue until the violation is cured. All such accrued amounts under this Section shall be payable to City on the first day of each month during the period that such fines accrue by wire transfer to a bank account specified by City in writing unless otherwise specified herein. The parties agree that the charges described above represent a fair and reasonable estimate of the administrative cost and expense which City will incur due to such violations by reason of its inspections, issuance of charges and other costs.

If City initiates notice of a fine under this Section, Licensee may appeal such charge to SFMTA's Director of Transportation within fourteen (14) days of the notice with evidence supporting Licensee's claim for relief from the fine imposed. SFMTA's Director of Transportation will respond within fourteen (14) days. Any failure of SFMTA's Director of Transportation to respond within the fourteen (14) day period shall be deemed a rejection of Licensee's claim for relief from the disputed fine. The provisions of Section 11.6.1 of the Towing Agreement shall not apply to fines imposed under this Section.

City's right to impose the foregoing fines shall be in addition to and not in lieu of any and all other rights under this License or at law or in equity; provided, however, that City agrees that if there is an Event of Default (as defined in Section 17 of this License), it will no longer impose any new fine with respect to such Event of Default. City shall have no obligation to Licensee to impose fines on or otherwise take action against any other person.

7. ALTERATIONS

7.1 Licensee's Alterations. Licensee shall not make, nor cause or suffer to be made, any alterations, installations, improvements, or additions to any improvements or to the Premises (including demolition or removal), installations, additions or improvements to the Premises, including but not limited to the installation of any appurtenances or trade fixtures affixed to the Premises, constructed by or on behalf of Licensee pursuant to the Towing Agreement, or any trailers, signs, roads, trails, driveways, parking areas, curbs, walks fences walls, stairs, poles, plantings or landscaping, (collectively, "Improvements" or Alterations," which words are interchangeable as used in this License) without first obtaining City's written approval and any required approvals of regulatory agencies having jurisdiction over the Premises. All Alterations shall be done at Licensee's expense in accordance with plans and specifications approved by City, only by duly licensed and bonded contractors or mechanics approved by City, and subject to any conditions that City may reasonably impose. City may require Licensee, at Licensee's expense, to obtain the prior written approval of City's Arts Commission with respect to any Alterations, to the extent the Arts Commission has jurisdiction over the design of such proposed alterations under City's Charter Section 5.103. All Alterations shall be subject to the following conditions:

7.1.1 All Alterations shall be constructed in a good and workerlike manner and in compliance with all applicable building, zoning and other laws, and in compliance with the terms of and the conditions imposed in any regulatory approval;

7.1.2 All Alterations shall be performed with reasonable dispatch, delays beyond the reasonable control of Licensee excepted; and

7.1.3 At the completion of the construction of the Alterations, Licensee shall furnish one (1) set of "as-built" drawings of the same made on or to the Premises. Unless otherwise stated as a condition of the regulatory approval, this requirement may be fulfilled by the submittal after completion of the Alterations of a hand-corrected copy of the approved permit drawing(s).

7.2 Title to Improvements. Except for Licensee's Personal Property (as defined in Section 7.3), or as may be specifically provided to the contrary in approved plans, all Alterations, equipment, or other property attached or affixed to or installed in the Premises at the Commencement Date or, by Licensee with the advance approval of City during the Term, shall, at City's sole discretion, remain City's property without compensation to Licensee or be removed at the termination of this License. Licensee may not remove any such Alterations at any time during or after the Term unless City so requests pursuant to Section 23 (Surrender of Premises), below.

7.3 Licensee's Personal Property. All furniture, trade fixtures, office equipment and articles of movable personal property installed in the Premises by or for the account of Licensee, without expense to City, and that can be removed without structural or other damage to the Premises (collectively, "Licensee's Personal Property") shall be and remain Licensee's property. Licensee may remove Licensee's Personal Property at any time during the Term, subject to the provisions of Section 23 (Surrender of Premises), below. Licensee shall pay any taxes or other impositions levied or assessed upon Licensee's Personal Property, at least ten (10) days prior to delinquency, and shall deliver satisfactory evidence of such payment to City upon request.

7.4 City's Alterations of the Building and Building Systems. City reserves the right at any time to make alterations, additions, repairs, deletions or improvements to the common areas of the Premises or any other part of the Building or the heating, ventilating, air conditioning, plumbing,

electrical, fire protection, life safety, security and other mechanical, electrical and communications systems located at the Premises (“Building Systems”), provided that any such alterations or additions shall not materially adversely affect the functional utilization of the Premises for the Permitted Use set forth in Section 6.1 (Permitted Use) unless otherwise required under the Lease.

7.5 Removal of Alterations. At City’s election made in accordance with this Section 7.5, Licensee shall be obligated at its own expense to remove and relocate or demolish and remove (as Licensee may choose) any or all Alterations which Licensee has made to the Premises, including without limitation all telephone wiring and equipment installed by Licensee. Licensee shall repair, at its own expense, in good workerlike fashion any damage occasioned thereby.

7.5.1 Notice of Removal. Prior to the termination of this License, City shall give written notice to Licensee specifying the Alterations or portions thereof that Licensee shall be required to remove and relocate or demolish and remove from the Premises, in accordance with this Section 7.5 (herein “Notice of Removal”). If termination is the result of loss or destruction of the Premises or any improvements thereon, City shall deliver said Notice of Removal to Licensee within a reasonable time after the loss or destruction. If Licensee fails to complete such demolition or removal on or before the termination of this License, City may perform such removal or demolition at Licensee’s expense, and Licensee shall reimburse City upon demand therefor.

7.5.2 Removal of Non-Permitted Improvements. If Licensee constructs any Alterations to the Premises without City’s prior written consent or without complying with this Section 7, then, in addition to any other remedy available to City, City may require Licensee to remove, at Licensee’s expense, any or all such Alterations and to repair, at Licensee’s expense and in good workerlike fashion, any damage occasioned thereby. Licensee shall pay any special inspection fees required by the City for inspecting any Alterations performed by or for Licensee without required permits.

7.5.3 Alterations Not Subject to Removal. In conjunction with a request to make an Alteration under Section 7.1 above, Licensee may submit a request for a City determination of whether a proposed Alteration would or would not be required to be removed upon expiration or termination of this License. Licensee acknowledges that such a determination will be based, in part, on whether Caltrans would require the removal of the proposed Alteration upon expiration or termination of the Lease. This Section 7.5.3 shall not apply to Alterations that are required by any regulatory authority to conform the Premises or any building thereon to a requirement of statute, ordinance or regulation.

8. REPAIRS AND MAINTENANCE

8.1 Licensee’s Repairs. Licensee shall maintain, at its sole expense, the Premises in good repair and working order and in a clean, secure, safe and sanitary condition. Licensee shall promptly make all repairs and replacements: (a) at its sole expense, (b) by licensed contractors or qualified mechanics approved by City, (c) so that the same shall be at least equal in quality, value and utility to the original work or installation, (d) in a manner and using equipment and materials that will not interfere with or impair the use or occupation of the Premises, and I in accordance with the Lease and all applicable laws, rules and regulations (collectively, “Applicable Law”). Licensee hereby waives all rights to make repairs at City’s expense under Sections 1941 and 1942 of the California Civil Code or under any similar law, statute or ordinance now or hereafter in effect.

8.2 Removal of Refuse. All refuse, including tires, non-salvageable vehicle parts and litter, shall be removed from the Premises on a regular basis by an authorized refuse collection company. All trash areas shall be effectively screened from view and maintained in orderly manner. All trash and refuse containers shall be maintained in approved enclosures.

8.3 Storm Water Pollution Prevention. Licensee agrees to effect mechanisms to control storm water pollution at the Premises to the reasonable satisfaction of City, which mechanism may include

(by way of example and not limitation) good housekeeping and materials management practices, preventing run-on and run-off from materials storage areas, maintenance areas, or areas where contaminants may be present, installation and maintenance of catchments or absorbent pads in storm water drains located at or servicing the Premises, or other pollution prevention practices appropriate to the facility and operations. Documentation of Licensee's pollution prevention practices shall be provided as part of the Maintenance Plan. Licensee shall comply with all storm water pollution control regulations applicable to the Property, including those set forth in Section 5.11 of the Lease, and shall prepare and submit all storm water permit applications and storm water pollution control plans required for the Premises under any Applicable Law.

8.4 Repair of Any Damage. In the event that damage to any of the improvements to the Premises which are Licensee's obligation to maintain by reason of ordinary wear and tear or deterioration results in such improvements not meeting the standard of maintenance required by City for such uses as Licensee is making of the Premises, then Licensee shall have the independent responsibility for, and shall promptly undertake such maintenance or repair and complete the same with due diligence. If Licensee fails to do so after reasonable notice in writing from City, then in addition to any other remedy available to City, City may make such maintenance or repairs and Licensee shall reimburse City therefor. The City, in its sole discretion, may obtain reimbursement for damages from the Performance Surety Bond. Should the City obtain reimbursement for damages from the Performance Surety Bond, Licensee shall promptly restore the Performance Surety Bond to its original amount.

9. LIENS AND ENCUMBRANCES

9.1 Liens. Licensee 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 Licensee. In the event Licensee does not, within twenty (20) days following the imposition of any such lien, cause the lien to be released of record by payment or posting of a proper bond, City shall have, in addition to all other remedies, the right, but not the obligation, to cause the lien to be released by such means as it shall deem proper, including, but not limited to, payment of the claim giving rise to such lien. All such sums paid by City and all expenses reasonably incurred by it in connection therewith (including, without limitation, reasonable attorneys' fees) shall be payable to City by Licensee within thirty (30) days of demand by City. City shall have the right to post on the Premises any notices that City may deem proper for the protection of City, the Premises from mechanics' and materialmen's liens. Licensee shall give to City at least fifteen (15) days' prior written notice of commencement of any repair or construction on the Premises.

9.2 Encumbrances. Licensee shall not create, permit or suffer any liens or encumbrances affecting any portion of the Premises, the Property or City's interest therein or under this License.

10. UTILITIES AND SERVICES

10.1 Utilities and Services. Sewer, water, janitor service, telecommunications services and any other utilities or services shall be acquired and paid by Licensee, including the initial hook up to said utilities and services.

10.2 Utility Maintenance. Licensee shall be obligated, at its sole cost and expense, to repair and maintain in good operating condition all utilities located within the Premises and all utilities installed by Licensee (whether within or outside the Premises). If Licensee requests City to perform such maintenance or repair, whether emergency or routine, City may charge Licensee for the cost of the work performed at the then prevailing standard rates, and Licensee agrees to pay said charges to City promptly upon billing. Licensee shall pay for repair of utilities located outside the Premises (regardless of who installed the same) which are damaged by or adversely affected by Licensee's use of such utility and shall be responsible for all damages, liabilities and claims arising therefrom. The parties agree that any and all utility improvements shall become part of the realty and are not trade fixtures.

10.3 Mandatory or Voluntary Restrictions. . In the event any law, ordinance, code or governmental or regulatory guideline imposes mandatory or voluntary controls on City or the Property or any part thereof, relating to the use or conservation of energy, water, gas, light or electricity or the reduction of automobile or other emissions, or the provision of any other utility or service provided with respect to this License, or in the event City is required or elects to make alterations to any part of the Building in order to comply with such mandatory or voluntary controls or guidelines, such compliance and the making of such alterations shall in no event entitle Licensee to any damages, relieve Licensee of the obligation to perform each of its other covenants hereunder or constitute or be construed as a constructive or other eviction of Licensee. City shall have the right at any time to install a water meter in the Premises or otherwise to measure the amount of water consumed on the Premises, and the cost of such meter or other corrective measures and the installation and maintenance thereof shall be paid for by Licensee.

11. COMPLIANCE WITH LAWS AND RISK MANAGEMENT REQUIREMENTS

11.1 Compliance with Laws.

11.1.1 Licensee shall promptly comply, at its sole expense, with all present or future laws, judicial decisions, orders, regulations and requirements of all governmental authorities relating to the Premises or the use or occupancy thereof, whether in effect at the time of the execution of this License or adopted at any time thereafter and whether or not within the present contemplation of the parties.

11.1.2 Licensee further understands and agrees that it is Licensee's obligation, at its sole cost, to cause the Premises and Licensee's uses thereof to be conducted in compliance with the Americans with Disabilities Act, 42 U.S.C.A. §§ 12101 et seq. and any other disability access laws, rules, and regulations. Licensee 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 Licensee's Alterations, Licensee's manner of using the Premises, or any act or omission of Licensee, its Agents or Invitees. Any Alteration made by or on behalf of Licensee pursuant to the provisions of this Section shall comply with the provisions of Section 8.1 (Licensee's Repairs), above.

11.1.3 Licensee shall comply with all Fire Code requirements in its use and occupancy of the Premises.

11.1.4 The parties acknowledge and agree that Licensee's obligation to comply with all laws as provided herein is a material part of the bargained for consideration under this License. Licensee's obligation under this Section shall include, without limitation, the responsibility of Licensee to comply with Applicable Law by making substantial or structural repairs and modifications to the Premises (including any of Licensee's Alterations), regardless of, among other factors, the relationship of the cost of curative action to the fee under this License, the relative benefit of the repairs to Licensee or City and the degree to which the curative action may interfere with Licensee's use or enjoyment of the Premises. This section shall not apply to any non-compliance with laws relating to changes in use or configuration of the Premises requested by City.

11.2 Regulatory Approvals.

11.2.1 Responsible Party. Licensee understands and agrees that Licensee's use of the Premises and construction of any Alterations permitted hereunder may require authorizations, approvals or permits from governmental regulatory agencies with jurisdiction over the Premises. Licensee shall be solely responsible for obtaining any and all such regulatory approvals. Licensee shall not seek any regulatory approval without first obtaining the written consent of City hereunder. Licensee 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, other than any conditions that may arise out of Hazardous Materials in, on, or under any part of the Building or other portion of the Premises that were present immediately prior to July 1, 2016, to the extent that such regulatory conditions relate to property conditions existing at such time, and except to the extent that the regulatory conditions relate to Licensee's exacerbation of any pre-existing condition; provided, however, that City shall not be required to engage in any work or incur any costs necessary to secure any regulatory approval or satisfy any condition imposed by a regulatory agency. Any fines or penalties levied as a result of Licensee's failure to comply with the terms and conditions of any regulatory approval shall be immediately paid and discharged by Licensee, and City shall have no liability, monetary or otherwise, for any such fines or penalties. As defined in Section 18.2 herein, Licensee shall Indemnify City and the other Indemnified Parties hereunder against all Losses arising in connection with Licensee's failure to obtain or comply with the terms and conditions of any regulatory approval.

11.2.2 City Acting as Leasehold Owner of Real Property. Licensee further understands and agrees that City is entering into this License in its capacity as a leasehold owner with a proprietary interest in the Premises and not as a regulatory agency with police powers. Nothing in this License shall limit in any way Licensee's obligation to obtain any required approvals from City departments, boards, agencies, or commissions having jurisdiction over the Premises or Licensee's activities at the Premises. By entering into this License, City is in no way modifying or limiting Licensee's obligation to cause the Premises to be used and occupied in accordance with all Applicable Law, as provided further above.

11.3 Compliance with City's Risk Management Requirements. Licensee shall not do anything, or permit anything to be done, in or about the Premises which would be prohibited by or increase the rates under a standard form fire insurance policy or subject City to potential premises liability. Licensee shall faithfully observe, at its expense, any and all requirements of City's Risk Manager with respect to Licensee's use and occupancy of the Premises, so long as such requirements do not unreasonably interfere with Licensee's use of the Premises.

12. SUBORDINATION

This License is and shall be subordinate to the Lease (including Caltrans' rights and City's obligations thereunder) and any reciprocal easement agreement, ground lease, facilities lease or other underlying leases or licenses and the lien of any mortgage or deed of trust, that may now exist or hereafter be executed affecting the Property, or any part thereof, or City's interest therein. Notwithstanding the foregoing, City or the holder shall have the right to subordinate any such interests to this License. Licensee agrees, however, to execute and deliver, upon demand by City and in the form requested by City, any additional documents evidencing the priority or subordination of this License.

13. INABILITY TO PERFORM

If City is unable to perform or is delayed in performing any of City's obligations under this License, by reason of acts of God, accidents, breakage, repairs, strikes, lockouts, other labor disputes, protests, riots, demonstrations, inability to obtain utilities or materials or by any other reason beyond City's reasonable control, no such inability or delay shall constitute an actual or constructive eviction, in whole or in part, or entitle Licensee to any abatement or diminution of fee or relieve Licensee from any of its obligations under this License, or impose any liability upon City or its Agents by reason of inconvenience, annoyance, interruption, injury or loss to or interference with Licensee's business or use and occupancy or quiet enjoyment of the Premises or any loss or damage occasioned thereby. Licensee hereby waives and releases any right to terminate this License under Section 1932, subdivision 1 of the California Civil Code or any similar law, statute or ordinance now or hereafter in effect.

14. DAMAGE AND DESTRUCTION

If all or any portion of the Premises is damaged by fire or other casualty, City shall have no obligation to repair the Premises. City shall provide Licensee with a copy of the notice City receives from Caltrans of Caltrans' estimated time to restore such damage (the "Caltrans Repair Notice") within ten (10) days of City's receipt of the Caltrans Repair Notice. If the restoration time set forth in the Caltrans Repair Notice (the "Repair Period") is estimated to exceed two hundred ten (210) days, City shall have the right to terminate this License by delivering written notice of such termination to Licensee within thirty (30) days of City's delivery of the Caltrans Repair Notice to Licensee, in which event this License shall terminate as of the date specified in such termination notice.

If at any time during the last twelve (12) months of the Term of this License all or any portion of the Premises is damaged or destroyed, then Licensee may terminate this License by giving written notice to City of its election to do so within thirty (30) days after the date of the occurrence of such damage; provided, however, Licensee may terminate only if such damage or destruction substantially impairs its use or occupancy of the Premises for general office purposes. 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.

14.1 City Repairs. Notwithstanding anything to the contrary in this License, City shall have no obligation to repair the Premises in the event the damage or destruction, and in no event shall City be required to repair any damage to Licensee's Personal Property or any paneling, decorations, railings, floor coverings, or any Alterations installed or made on the Premises by or at the expense of Licensee.

14.2 Termination by City. In the event the Premises are substantially damaged or destroyed, Caltrans intends to restore the Premises pursuant to the Lease, and City intends to use the restored Premises for public purposes inconsistent with this License, City may terminate this License upon written notice to Licensee.

14.3 Licensee Waiver. City and Licensee intend that the provisions of this Section govern fully in the event of any damage or destruction and accordingly, City and Licensee each hereby waives the provisions of Section 1932, subdivision 2, Section 1933, subdivision 4, Section 1941, and Section 1942 of the Civil Code of California or under any similar law, statute or ordinance now or hereafter in effect, to the extent such provisions apply.

15. EMINENT DOMAIN

15.1 Definitions.

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

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

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

15.2 General. If during the Term there is any Taking of all or any part of the Premises or any interest in this License, the rights and obligations of Licensee shall be determined pursuant to this Section. City and Licensee intend that the provisions hereof govern fully Licensee's rights in the event of a Taking and accordingly, Licensee hereby waives any right to terminate this License in

whole or in part under Sections 1265.110, 1265.120, 1265.130 and 1265.140 of the California Code of Civil Procedure or under any similar law now or hereafter in effect.

15.3 Total Taking; Automatic Termination. If there is a total Taking of the Premises, then this License shall terminate as of the Date of Taking.

15.4 Partial Taking; Election to Terminate.

15.4.1 If there is a Taking of any portion (but less than all) of the Premises, then this License shall terminate in its entirety under either of the following circumstances: (i) if all of the following exist: (A) the partial Taking renders the remaining portion of the Premises unsuitable for continued use by Licensee for the permitted uses described in Section 6.1, (B) the condition rendering the Premises unsuitable either is not curable or is curable but neither City nor Caltrans is willing or able to cure such condition, and (C) Licensee elects to terminate; or (ii) if City elects to terminate.

15.4.2 If Licensee elects to terminate under the provisions of this Section 15, Licensee shall do so by giving written notice to the City before or within thirty (30) days after the Date of Taking, and thereafter this License shall terminate upon the later of the thirtieth (30th) day after such written notice is given or the Date of Taking.

15.5 License Fee: Award. Upon termination of this License pursuant to an election under Section 15.4 above, then City shall be entitled to the entire Award in connection therewith (including, but not limited to, any portion of the Award made for the value of Licensee's interest under this License), and Licensee shall have no claim against City for the value of any unexpired term of this License, provided that Licensee may make a separate claim for compensation, and Licensee shall receive any Award made specifically to Licensee, for Licensee's relocation expenses or the interruption of or damage to Licensee's business or damage to Licensee's Personal Property.

15.6 Partial Taking: Continuation of License. If there is a partial Taking of the Premises under circumstances where this License is not terminated in its entirety under Section 15.4 above, then this License shall terminate as to the portion of the Premises so taken, but shall remain in full force and effect as to the portion not taken, and City shall be entitled to the entire Award in connection therewith (including, but not limited to, any portion of the Award made for the value of the License interest created by this License), and Licensee shall have no claim against City for the value of any unexpired term of this License, provided that Licensee may make a separate claim for compensation, and Licensee shall receive any Award made specifically to Licensee, for Licensee's relocation expenses or the interruption of or damage to Licensee's business or damage to Licensee's Personal Property.

15.7 Temporary Takings. Notwithstanding anything to contrary in this Section, if a Taking occurs with respect to all or any part of the Premises for a limited period of time not in excess of one hundred eighty (180) consecutive days, this License shall remain unaffected thereby, and Licensee shall continue to pay all fees and to perform all of the terms, conditions and covenants of this License. In the event of such temporary Taking, Licensee shall be entitled to receive that portion of any Award representing compensation for the use or occupancy of the Premises during the Term up to the total fee owing by Licensee for the period of the Taking, and City shall be entitled to receive the balance of any Award.

16. ASSIGNMENT AND SUBLETTING

Licensee shall not directly or indirectly (including, without limitation, by merger, acquisition or other transfer of any controlling interest in Licensee), voluntarily or by operation of law, sell, assign, encumber, pledge or otherwise transfer (collectively, "Assignment") any part of its interest in or rights with respect to the Premises, or permit any portion of the Premises to be occupied by anyone other than itself, or sublet or license any portion of the Premises (collectively, "Subletting"), without City's prior written consent in each instance.

17. DEFAULT; REMEDIES

17.1 Events of Default. Any of the following shall constitute an event of default by Licensee hereunder (each, an “Event of Default”):

17.1.1 A failure to pay any amount payable under this License when due, and such failure continues for three (3) days after the date of written notice by City. However, City shall not be required to provide such notice with respect to more than two delinquencies and any such failure by Licensee after Licensee has received two (2) such notices shall constitute a default by Licensee hereunder without any further action by City or opportunity of Licensee to cure except as may be required by Section 1161 of the California Code of Civil Procedure.

17.1.2 A failure to comply with any other covenant, condition or representation under this License and such failure continues for fifteen (15) days after the date of written notice by City, provided that if such default is not capable of cure within such fifteen (15) day period, Licensee shall have a reasonable period to complete such cure if Licensee promptly undertakes action to cure such default within such 15-day period and thereafter diligently prosecutes the same to completion within sixty (60) days after the receipt of notice of default from City. City shall not be required to provide such notice with respect to more than two defaults and after the second notice any subsequent failure by Licensee shall constitute an Event of Default;

17.1.3 A vacation or abandonment of the Premises for a continuous period in excess of five (5) business days;

17.1.4 An uncured event of default under the Towing Agreement;

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

17.1.6 Licensee’s failure to pay City for its staff costs incurred as a result of a notice of violation or other regulatory order to Licensee pursuant to Section 24.10 of this License within thirty (30) days, or to replenish the Performance Surety Bond or the Environmental Oversight Deposit (as defined in Section 24.11 of this License) if drawn upon.

17.2 City Rights Upon Default. Upon the occurrence of an Event of Default by Licensee, City shall have the right to terminate the License in addition to the following rights and all other rights and remedies available to City at law or in equity:

17.2.1 The rights and remedies provided by California Civil Code Section 1951.2 (damages on termination for breach), including, but not limited to, the right to terminate Licensee's right to possession of the Premises. City's efforts to mitigate the damages caused by Licensee's breach of this License shall not waive City's rights to recover damages upon termination.

17.2.2 The rights and remedies provided by California Civil Code Section 1951.4 (continuation of lease after breach and abandonment), allowing City to continue this License in effect and to enforce all its rights and remedies under this License for so long as City does not terminate Licensee's right to possession, if Licensee has the right to sublet or assign, subject only to reasonable limitations. For purposes hereof, none of the following shall constitute a termination of Licensee's right of possession: acts of maintenance or preservation; efforts to relet the Premises or the appointment of a receiver upon City's initiative to protect its interest under this License; withholding consent to an Assignment or Sublicense, or terminating an Assignment or Sublicense, if the withholding or termination does not violate the rights of

Licensee specified in subdivision (b) of California Civil Code Section 1951.4. If City exercises its remedy under California Civil Code Section 1951.4, City may from time to time sublet or license the Premises or any part thereof for such term or terms (which may extend beyond the Term) and at such rent or fee and upon such other terms as City may in its sole discretion deem advisable, with the right to make alterations and repairs to the Premises. Upon each such subletting or sublicensing, Licensee shall be liable for any amounts due hereunder, as well as the cost of such subletting or sublicensing and such alterations and repairs incurred by City and the amount, if any, by which fee owing hereunder for the period of such subletting or sublicensing (to the extent such period does not exceed the Term) exceeds the amount to be paid as rent or fee for the Premises for such period pursuant to such subletting or sublicensing. No action taken by City pursuant to this subsection shall be deemed a waiver of any default by Licensee, or to limit City's right to terminate this License at any time.

17.2.3 The right to have a receiver appointed for Licensee upon application by City to take possession of the Premises and to apply any fees or rental collected from the Premises and to exercise all other rights and remedies granted to City pursuant to this License.

17.3 City's Right to Cure Licensee's Defaults. If Licensee defaults in the performance of any of its obligations under this License, then City may, at its sole option, remedy such default for Licensee's account and at Licensee's expense by providing Licensee with three (3) days' prior written or oral notice of City's intention to cure such default (except that no such prior notice shall be required in the event of an emergency as determined by City). Such action by City shall not be construed as a waiver of such default or any rights or remedies of City, and nothing herein shall imply any duty of City to do any act that Licensee is obligated to perform. Licensee shall pay to City upon demand, all reasonable costs, damages, expenses or liabilities incurred by City, including, without limitation, reasonable attorneys' fees, in remedying or attempting to remedy such default. Licensee's obligations under this Section shall survive the termination of this License.

17.4 Security Deposit. On or before the Commencement Date, Licensee shall provide to the City, and shall maintain throughout the term of this License and for a period of at least ninety (90) days after the Expiration Date, a security deposit as follows (collectively, the "Security Deposit") as security for the faithful performance of all terms, covenants and conditions of this License and the Towing Agreement: (i) the Performance Bond described in Section 14.9 of the Towing Agreement and (ii) the Maintenance Deposit described in Section 14.14 of the Towing Agreement. Licensee agrees that City may (but shall not be required to) apply the Security Deposit in whole or in part to remedy any damage to the Premises or the Improvements (if any) caused by Licensee, its Agents or Invitees, or any failure of Licensee to perform any other terms, covenants or conditions contained in this License, without waiving any of City's other rights and remedies hereunder or at Law or in equity. City's obligations with respect to the Security Deposit are solely that of debtor and not trustee. The amount of the Security Deposit shall not be deemed to limit Licensee's liability for the performance of any of its obligations under this License.

18. WAIVER OF CLAIMS; INDEMNIFICATION

18.1 Limitation on City's Liability: Waiver of Claims. Except for any Pre-2016 Conditions (as defined in Section 24.3) or Non-Licensee Hazardous Materials (as defined in Section 24.8), City shall not be responsible for or liable to Licensee, and Licensee hereby assumes the risk of, and waives and releases City 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, (i) any act or omission of persons occupying adjoining premises or any part of the Building adjacent to or connected with the Premises which are not occupied by City, (ii) theft, (iii) explosion, fire, steam, oil, electricity, water, gas or rain, pollution or contamination, (iv) stopped, leaking or defective Building Systems, (v) Building defects, and (vi) any other acts, omissions or causes. Nothing herein shall relieve City from liability caused solely and directly by the gross negligence or willful misconduct of City or its Agents, but City shall not be liable under any circumstances for any consequential, incidental or punitive damages.

18.2 Licensee's Indemnity. Except for any Pre-2016 Conditions or Non-Licensee Hazardous Materials, Licensee, on behalf of itself and its successors and assigns, shall indemnify, defend and hold harmless ("Indemnify") the City and County of San Francisco, including, but not limited to, all of its boards; commissions, departments, agencies and other subdivisions, and Caltrans, and all of their Agents, and their respective heirs, legal representatives, successors and assigns (individually and collectively, the "Indemnified Parties"), and each of them, from and against any and all liabilities, losses, costs, claims, judgments, settlements, damages, liens, fines, penalties and expenses, including, without limitation, direct and vicarious liability of every kind (collectively, "Claims"), incurred in connection with or arising in whole or in part from: (a) any accident, injury to or death of a person, including, without limitation, employees of Licensee, or loss of or damage to property, howsoever or by whomsoever caused, occurring in or about the Property; (b) any default by Licensee in the observation or performance of any of the terms, covenants or conditions of this License to be observed or performed on Licensee's part; (c) the use or occupancy or manner of use or occupancy of the Premises by Licensee, its Agents or Invitees or any person or entity claiming through or under any of them; (d) the condition of the Premises; (e) any construction or other work undertaken by Licensee on the Premises whether before or during the Term of this License; or (f) any acts, omissions or negligence of Licensee, its Agents or Invitees, in, on or about the Premises or the Property, all regardless of the active or passive negligence of, and regardless of whether liability without fault is imposed or sought to be imposed on, the Indemnified Parties, except to the extent that such Indemnity is void or otherwise unenforceable under any Applicable Law in effect on or validly retroactive to the date of this License and further except only such Claims as are caused exclusively by the willful misconduct or gross negligence of the Indemnified Parties. The foregoing Indemnity shall include, without limitation, reasonable fees of attorneys, consultants and experts and related costs and the Indemnified Party's costs of investigating any Claim. Licensee specifically acknowledges and agrees that it has an immediate and independent obligation to defend the Indemnified Parties from any claim which actually or potentially falls within this indemnity provision even if such allegation is or may be groundless, fraudulent or false, which obligation arises at the time such claim is tendered to Licensee by an Indemnified Party and continues at all times thereafter. Licensee's obligations under this Section shall survive the termination of the License.

19. INSURANCE

19.1 Licensee's Personal Property. Licensee shall be responsible, at its expense, for separately insuring Licensee's Personal Property.

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

19.3 Waiver of Subrogation. Notwithstanding anything to the contrary contained herein, to the extent permitted by Licensee's policies of insurance and any third party insurance that City elects to carry with respect to the Premises, City and Licensee each hereby waive any right of recovery against the other party and against any other party maintaining a policy of insurance covering the Premises or the contents, or any portion thereof, for any loss or damage maintained by such other party with respect to the Premises or any portion thereof or the contents of the same or any operation therein, whether or not such loss is caused by the fault or negligence of such other party. If any policy of insurance relating to the Premises carried by Licensee does not permit the foregoing waiver or if the coverage under any such policy would be invalidated due to such waiver, Licensee shall obtain, if possible, from the insurer under such policy a waiver of all rights of subrogation the insurer might have against City or any other party maintaining a policy of insurance covering the same loss, in connection with any claim, loss or damage covered by such policy.

20. ACCESS BY CITY

City reserves for itself and any of its designated Agents, the right to enter the Premises at all reasonable times, with or without advance notice, including, without limitation, in order to (i) oversee or inspect Licensee's operations or conduct any business with Licensee; (ii) show the

Premises to prospective Licensees or other interested parties, to post notices of non-responsibility, to conduct any environmental audit of Licensee's use of the Premises, to repair, alter or improve any part of the Building, Building Systems or the Premises, and for any other lawful purpose; or (iii) whenever City believes that emergency access is required. City shall have the right to use any means that it deems proper to open doors in an emergency in order to obtain access to any part of the Premises, and any such entry shall not be construed or deemed to be a forcible or unlawful entry into or a detainer of, the Premises, or an eviction, actual or constructive, of Licensee from the Premises or any portion thereof. Licensee shall not alter any lock or install any new or additional locking devices without the prior written consent of City. City shall at all times have a key with which to unlock all locks installed in the Premises (excluding Licensee's vaults, safes or special security areas, if any, designated by Licensee in writing to City).

21. LICENSEE'S CERTIFICATES

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

22. PREMISES MAINTENANCE REQUIREMENTS

The "Maintenance Plan" shall mean the Maintenance Plan that is a portion of the Approved Operations Manual required under Section VII of Appendix A of the Towing Agreement. Licensee shall faithfully comply with the Maintenance Plan, and any violation of the Maintenance Plan shall be a violation of this Section 22. The Maintenance Plan shall include, at a minimum, the elements described in this Section 22.

22.1 Maintenance of Pavement. Licensee shall maintain the pavement in the Premises in good condition, including the vehicle and parts storage area, in order to prevent Releases of Hazardous Materials (as those terms are defined below) into or onto the Premises, the remainder of the Property, or the environment. Licensee shall inspect the pavement at least quarterly and shall record in written form the dates and times of such inspections, the name or names of the persons conducting the inspections, and any damage discovered to the pavement and its location. Licensee shall promptly repair any cracked or broken pavement and shall report such damage and repair to City. City shall have the right to enter and inspect the Premises from time to time to ensure Licensee's compliance with the terms of this License, including, without limitation, this Section 22.1 and Section 22.2 below.

- (a) Licensee must furnish at its own cost sealed concrete pads and hazardous waste containment systems for removing and storing residual fluids and batteries from vehicles;
- (b) Licensee shall clean up and remove all leaked or spilled fluids immediately upon discovery or upon notice by City in accordance with the Maintenance Plan.
- (c) Licensee shall only store vehicles and parts in areas with pavement in good condition. Draining must take place on a sealed concrete pad with a containment system to collect residual fluids.
- (d) Licensee must ensure that paving, including maintenance and repair, shall protect existing or future groundwater monitoring wells on the Premises.

22.2 Plan and Reporting. In addition to the requirements in Section 22.1 above, the Maintenance Plan shall provide for ongoing inspection, spill and drip response procedures, a maintenance schedule for pavement maintenance and repair of cracks and other identified deficiencies, staff training protocols, and supervised video or photo documentation of initial surface conditions and exit surface conditions. In addition to pavement maintenance, the Maintenance Plan shall include other property management protocols, including but not limited to, maintenance of fencing, lighting, signage and permanent or temporary buildings. The Maintenance Plan shall also include a reporting schedule, with submittal of reports at least quarterly, documenting maintenance performed. Such reports shall include, the following information:

- (a) An initial survey of pavement condition as of October 1, 2016;
- (b) Surface type and surface conditions at time of repair, including photographs of pre- and post-repair conditions;
- (c) Repair procedure performed;
- (d) Cost of repairs performed; and
- (e) A final survey of pavement condition at the time of termination of Term.

23. SURRENDER OF PREMISES

Upon the Expiration Date or other termination of the Term of this License, Licensee shall immediately peaceably quit and surrender to City the Premises together with all Alterations approved by City in good order and condition, free of debris and any Hazardous Materials deposited on the Premises and in the condition it was in as of October 1, 2016, except for normal wear and tear after Licensee's having made the last necessary repair required on its part under this License, and further except for any portion of the Premises condemned and any damage and destruction for which Licensee 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 October 1, 2016, and any other encumbrances created by City.

Immediately before the Expiration Date or other termination of this License, Licensee shall remove all of Licensee's Personal Property as provided in this License, and repair any damage resulting from the removal. Notwithstanding anything to the contrary in this License, City can elect at any time prior to the Expiration Date or within thirty (30) days after termination of this License, to require Licensee to remove, at Licensee's sole expense, all or part of Licensee's Alterations or other improvements or equipment constructed or installed by or at the expense of Licensee, or any vehicles that City may in its sole and absolute discretion authorize to be stored on the Premises after termination of this License, together with any Hazardous Materials contained within such vehicles.

Licensee shall promptly remove such items and shall repair, at its expense, any damage to the Premises resulting from the performance of its removal obligations pursuant to this Section. Licensee's obligations under this Section shall survive the Expiration Date or other termination of this License. Any items of Licensee's Personal Property remaining in the Premises after the Expiration Date or sooner termination of this License may, at City's option, be deemed abandoned and disposed of in accordance with Section 1980 et seq. of the California Civil Code or in any other manner allowed by law. Any expenses or costs incurred by City to discharge liens, remove Licensee's Personal Property or Alterations, or repair any damage for which Licensee is responsible shall be charged against Licensee's Security Deposit.

Concurrently with the surrender of the Premises, Licensee shall, if requested by City, execute, acknowledge and deliver to any instrument reasonably requested by City to evidence or otherwise effect the termination of Licensee's interest to the Premises and to effect such transfer or vesting of title to the Alterations or equipment which remain part of the Premises.

24. HAZARDOUS MATERIALS

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

24.1.1 "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, their generation, 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, including without limitation Article 21 of the San Francisco Health Code.

24.1.2 "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 listed or 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. Sections 9601 et seq.) or pursuant to the Carpenter-Presley-Tanner Hazardous Substance Account Act, as amended, (Cal. Health & Safety Code Sections 25300 et seq.) or pursuant to the Hazardous Waste Control Law, as amended, (Cal. Health & Safety Code Sections 25100 et seq.) or pursuant to the Porter-Cologne Water Quality Control Act, as amended, (Cal. Water Code Sections 13000 et seq.) or pursuant to Section 25501(o) of the California Health and Safety Code; and petroleum, including crude oil or any fraction thereof, natural gas or natural gas liquids.

24.1.3 "Indemnify" shall mean, whenever any provision of this Section 24 requires a person or entity (the "Indemnitor") to Indemnify any other entity or person (the "Indemnitee"), the Indemnitor shall be obligated to defend, indemnify, hold harmless and protect the Indemnitee, its officers, employees, agents, stockholders, constituent partners, and members of its boards and commissions harmless from and against any and all Losses arising directly or indirectly, in whole or in part, out of the act, omission, event, occurrence or condition with respect to which the Indemnitor is required to Indemnify such Indemnitee, whether such act, omission, event, occurrence or condition is caused by the Indemnitor or its agents, employees or contractors, or by any third party or any natural cause, foreseen or unforeseen; provided that no Indemnitor shall be obligated to Indemnify any Indemnitee against any Loss from the negligence or intentional wrongful acts or omissions of such Indemnitee, or such Indemnitee's agents, employees or contractors. If a Loss is attributable partially to the negligent or intentionally wrongful acts or omissions of the Indemnitee (or its agents, employees or contractors), such Indemnitee shall be entitled to Indemnification for that part of the Loss not attributable to such Indemnitee's (or its agents, employees or contractors) negligent or intentionally wrongful acts or omissions.

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

24.1.5 "Losses" shall mean any and all claims, demands, losses, damages, liens, liabilities, injuries, deaths, penalties, fines, lawsuits and other proceedings, judgments and awards rendered therein, and costs and expenses, including, but not limited to, reasonable attorneys' fees.

24.1.6 "Release" when used with respect to Hazardous Material shall include any actual, threatened 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 Premises or into the environment.

24.2 No Hazardous Materials. Licensee covenants and agrees that neither Licensee nor any of its Agents, Employees or Invitees shall cause or permit any Hazardous Material to be brought upon, kept, used, stored, generated, processed, produced, packaged, treated, emitted, discharged or disposed of in, on or about the Premises, or transported to or from the Premises without (i) the prior written consent of City, which consent shall not be unreasonably withheld so long as Licensee demonstrates to City's reasonable satisfaction that such Hazardous Material is necessary to Licensee's business, will be handled in a manner which strictly complies with all Environmental Laws and will not materially increase the risk of fire or other casualty to the Premises, and (ii) the prior written consent of Caltrans. City and Licensee understand that the vehicles transported to and stored at the Property will contain and may partially consist of Hazardous Materials. Licensee shall immediately notify City if and when Licensee learns or has reason to believe a Release of Hazardous Material on or about any part of the Premises or the remainder of the Property has occurred that may require any Investigation or Remediation. Licensee shall not be responsible for the safe handling of Hazardous Materials introduced on the remainder of the Property during the Term of the Towing Agreement by City or its Agents.

Without limiting any other obligation of Licensee, if acts or omissions of Licensee results in any Hazardous Materials Release or contamination of the Premises, Licensee shall, at its sole expense, promptly take all action that is necessary to return the Premises to the condition existing prior to the introduction of such Hazardous Material in, on, under or about the Premises; provided that City approval of such actions shall first be obtained, which approval shall not be unreasonably withheld so long as such actions could not potentially have any material adverse effect upon the Premises.

24.3 Licensee's Environmental Indemnity. If Licensee breaches any of its obligations contained in this Section 24, or, if any act, omission or negligence of Licensee, its Agents, Employees or Invitees, results in any Release of Hazardous Material in, on or under any part of the Premises, or the remainder of the Property or the Building, then, Licensee shall, on behalf of itself and its successors and assigns, Indemnify the City from and against all Claims (including, without limitation, claims for injury to or death of a person, damages, liabilities, losses, judgments, penalties, fines, regulatory or administrative actions, damages for decrease in value of the Premises or the remainder of the Building or the Property, the loss or restriction of the use of rentable or usable space or of any amenity of the Premises, or the remainder of the Building or the Property, damages arising from any adverse impact on marketing of any such space, restoration work required by any federal, state or local governmental agency or political subdivision because of Hazardous Material present in the soil or groundwater in, on or under the Premises, the remainder of the Property, or in any Improvements, and sums paid in settlement of claims, attorneys' fees, consultants' fees and experts' fees and costs) arising during or after the Term of the Towing Agreement and relating to such breach or Release. The foregoing Indemnity includes, without limitation, costs incurred in connection with activities undertaken to Investigate and Remediate any Release of Hazardous Material, and to restore the Premises or the remainder of the Building or Property to their prior condition. This indemnification of City by Licensee includes, but is not limited to, costs incurred in connection with any investigation of site conditions or any clean-up, remediation, removal or restoration work requested by Caltrans or required by any federal, state or local governmental agency or political subdivision because of Hazardous Material present in the soil or groundwater in, on or under the Premises, the remainder of the Property or in any Alterations. Licensee's obligations hereunder shall survive the termination of this License. Licensee's obligations under this Section do not include an indemnity for Claims arising as a result of Hazardous Materials (or other conditions alleged to be in violation of any Environmental Law) in, on, or under any part of the Premises or the remainder of the Building or Property that were present prior to October 1, 2016, or to the extent that such Claims relate to conditions existing prior to October 1, 2016 (collectively, any "Pre-2016 Conditions"), except to the extent that Licensee exacerbates any Pre-2016 Condition or introduces such Hazardous Materials or conditions. In the event any action or proceeding is brought against City by reason of a claim arising out of any Loss, Claim, injury or damage suffered on or about the Premises or the remainder of the Building or the Property for which Licensee has Indemnified the City and upon written notice from the City, Licensee shall at its sole expense answer and otherwise

defend such action or proceeding using counsel approved in writing by the City. City shall have the right, exercised in its sole discretion, but without being required to do so, to defend, adjust, settle or compromise any claim, obligation, debt, demand, suit or judgment against the City in connection with this License or the Premises or the remainder of the Building or Property. The provisions of this paragraph shall survive the termination of this License with respect to any Loss occurring prior to or upon termination. Licensee and City shall afford each other 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.

24.4 Compliance with Environmental Laws. In addition to its obligations under Section 11 above, and without limiting any such obligations or the foregoing, Licensee shall comply with the following requirements or more stringent requirements in any Environmental Laws:

24.4.1 Any Hazardous Materials found and identified as such in the towed vehicles which are not typically part of a towed vehicle, will be removed from the vehicle to an appropriate storage location within 72 hours.

24.4.2 No Hazardous Materials shall be voluntarily or involuntarily disposed of onto or into the ground or into the sewer system.

24.4.3 In no event shall Hazardous Waste (as defined by Title 22 of the California Code of Regulations, as amended) accumulate on the Premises for longer than 90 days. Drums used to store Hazardous Materials shall not be stacked more than two drums high. City will not consider fluids that are normally contained within a vehicle to be Hazardous Wastes so long as they remain contained within the vehicle.

24.4.4 Licensee shall store all Hazardous Materials above ground, not in underground storage tanks.

24.4.5 An emergency response plan, emergency response employee training plan and an inventory of Hazardous Materials stored at the Premises by or for Licensee shall be provided to City.

24.5 Information Requests. City may from time to time request, and Licensee shall be obligated to provide, information reasonably adequate for City to determine that any and all Hazardous Materials are being handled in a manner which complies with all Environmental Laws.

24.6 Damaged Vehicles. Licensee shall inspect all vehicles before storing them on the Premises to make a good faith effort to determine that vehicles are not leaking fluids, including but not limited to gasoline, battery acid, oil, transmission and transfer case fluids, brake and clutch fluids, and coolant. Licensee shall secure vehicles that have been severely damaged due to collision or vandalism so that parts do not fall off and fluids do not leak. Leaking vehicles shall be drained of the leaking fluid on a sealed cement pad, which Licensee shall maintain free of build-up of Hazardous Materials. Licensee shall immediately clean-up and remove all leaked or spilled fluids, whether within or outside of sealed or contained areas. Licensee shall treat all such fluids and used cleaning materials as hazardous waste and shall dispose of them in accordance with Environmental Laws and Section 24.3 above. Parts that have fallen off a vehicle shall be placed inside the vehicle in a manner that minimizes damage to the vehicle. Licensee shall not be deemed an owner or operator of any damaged vehicle, but shall be deemed the owner of any fluids that leak from such damaged vehicles on or about the Premises.

24.7 Fire Prevention Measures. Licensee shall comply with the following fire prevention measures.

24.7.1 Welding and torch cutting shall be in conformance with the City of San Francisco Fire Code.

24.7.2 No smoking will be allowed in the Premises except in designated areas consistent with Applicable Law.

24.7.3 No crushing, burning of wrecked or discarded motor vehicles or waste materials shall be allowed.

24.7.4 Motor vehicles, parts of motor vehicles, junk, waste, or other materials shall not be stored, displayed, or kept in a manner that could hinder or endanger firefighting efforts and operations.

24.7.5 One or more aisles, at least 30 inches wide (or any greater width required under Applicable Law), must be maintained in the area where vehicles are stored, to permit access by the San Francisco Fire Department to all parts of the vehicle storage area. Entrances and exits to the area shall be at least 15 feet in width (or any greater width required under Applicable Law).

24.8 Requirement to Remove. Prior to termination of this License or during the Term if required by a governmental agency, Licensee, at its sole cost and expense, shall remove any and all Hazardous Materials introduced in, on, under or about the Premises by Licensee, its Agents or Invitees during the Term or during any prior time in which Licensee occupied the Premises. Licensee shall not be obligated to remove any Hazardous Material introduced onto the Premises before, during, or after the Term of the Towing Agreement by (1) City or its officers, directors, employees, or Agents or (2) any prior occupants, tenants, property owners, individuals, corporations or entities (collectively, any "Non-Licensee Hazardous Material"). If Licensee demonstrates its compliance with the property maintenance requirements of this License, the Maintenance Plan described in Section 22 above, there shall be a rebuttable presumption that any Hazardous Materials in, on, under or about the Premises were not introduced by Licensee, its Agents or Invitees. However, if Licensee does not demonstrate its compliance with the property maintenance requirements of this License or of the Maintenance Plan, then there shall be a rebuttable presumption that such Hazardous Materials are Licensee's responsibility to the extent that the presence of such Hazardous Materials bear a reasonable causal relationship to Licensee's non-compliance in their composition and location.

Prior to the termination of this License, at Licensee's expense, City and Licensee shall conduct a joint inspection of the Premises for the purpose of identifying Hazardous Materials on the Premises which can be determined to have been introduced by the Licensee and which Licensee is therefore required to remove. City's failure to conduct an inspection or to detect conditions if an inspection is conducted shall not be deemed to be a release of any liability for environmental conditions subsequently determined to be Licensee's responsibility.

24.9 Licensee's Environmental Condition Notification Requirements.

24.9.1 Notification of Any Release or Discharge. Licensee shall notify City in writing as required in the Maintenance Plan if Licensee learns or has reason to believe that a Release of any Hazardous Materials on or about any part of the Premises has occurred, whether or not the Release is in quantities that under any law would require the reporting of such Release to a governmental or regulatory agency.

24.9.2 Notification of Any Notice, Investigation, or Claim. Licensee shall also immediately notify City in writing of, and shall contemporaneously provide City with a copy of:

- (a) Any written notice of Release of Hazardous Materials on the Premises that is provided by Licensee or any subtenant or other occupant of the Premises to a governmental or regulatory agency;

- (b) Any notice of a violation, or a potential or alleged violation, of any Environmental Law that is received by Licensee or any subtenant or other occupant of the Premises from any governmental or regulatory agency;
- (c) Any inquiry, investigation, enforcement, cleanup, removal or other action that is instituted or threatened by a governmental or regulatory agency against Licensee or subtenant or other occupant of the Premises and that relates to the Release of Hazardous Materials on or from the Premises;
- (d) Any claim that is instituted or threatened by any third party against Licensee or any subtenant or other occupant of the Premises and that relates to any Release of Hazardous Materials on or from the Premises; and
- (e) Any notice of the loss of any environmental operating permit by Licensee or any subtenant or other occupant of the Premises.

24.9.3 Notification of Regulatory Actions.

- (a) Licensee shall immediately notify City in writing of any inspection by any governmental or regulatory agency with jurisdiction over Hazardous Materials and shall provide City with a copy of any inspection record, correspondence, reports and related materials from or to the agency.
- (b) Licensee must notify City of any meeting, whether conducted face-to-face or telephonically, between Licensee and any regulatory agency regarding an environmental regulatory action. City will be entitled to participate in any such meetings at its sole election.
- (c) Licensee must notify City of any environmental regulatory agency's issuance of an environmental regulatory approval. Licensee's notice to City must state the issuing entity, the environmental regulatory approval identification number, and the date of issuance and expiration of the environmental regulatory approval. In addition, Licensee must provide City with a list of any environmental regulatory approval, plan or procedure required to be prepared and/or filed with any regulatory agency for operations on the Property, including a "Spill Pollution Control and Countermeasure Plan." Licensee must provide City with copies of any of the documents within the scope of this Section upon City's request.
- (d) Licensee must provide City with copies of all communications with regulatory agencies and all non-privileged communications with other persons regarding potential or actual Hazardous Materials Claims arising from Licensee's or its Agents' or Invitees' operations at the Property. Upon City's request, Licensee must provide City with a log of all communications withheld under a claim of privilege that specifies the parties to and subject of each withheld communication.
- (e) City may from time to time request, and Licensee will be obligated to provide, information reasonably adequate for City to determine that any and all Hazardous Materials are being handled in a manner that complies with all Environmental Laws.

24.10 Use of Security Deposit. If Licensee receives a notice of violation or other regulatory order from a governmental or regulatory agency with jurisdiction over the Premises and or its operations and Licensee does not achieve compliance with the notice of violation or order to the satisfaction of the issuing agency within the time specified by the agency or by the City if the agency does not specify a timeframe, the City may draw upon the Security Deposit for purposes of ensuring regulatory compliance. In addition, the City may draw upon the Security Deposit in order to reimburse the City for any fine or other charge assessed against the City related to any notice of violation or other regulatory order issued to Licensee. The City may also draw upon the Security Deposit in order to reimburse the City for costs associated with City's environmental assessments or corrective action, which may be performed at the City's sole discretion.

24.11 Environmental Oversight Deposit. Upon execution of the Towing Agreement, Licensee shall provide to the City, and shall maintain and replenish throughout the Term of this License and for a period of at least ninety (90) days after expiration of this License, an "Environmental Oversight Deposit" in the amount of \$10,000, which shall be deposited in an account specified and held by City, as security for the faithful performance of all of the terms, covenants and conditions of this Section. If Licensee receives a notice of violation or other regulatory order from a governmental or regulatory agency with jurisdiction over the Premises and or its operations and such notice is not cured within fourteen (14) days, the City may (but shall not be required to) apply draw from the Environmental Oversight Deposit to reimburse the City for staff costs incurred by the City while inspecting site conditions and enforcing and administering the Hazardous Materials provisions of the License. If Licensee receives a notice of violation or other regulatory order from a governmental or regulatory agency with jurisdiction over the Premises and or its operations, and such notice is cured within fourteen (14) days, the City may draw from the Environmental Oversight Deposit in an amount not to exceed \$500 to reimburse the City for staff costs incurred by the City. City will submit an invoice to Licensee for any such costs, and Licensee will pay such invoiced amounts within thirty (30) days to replenish the Environmental Oversight Deposit. Licensee's failure to pay such costs within thirty (30) days, or to replenish the Environmental Oversight Deposit if drawn upon, will constitute an Event of Default.

Any City withdrawal of funds from the Environmental Oversight Deposit pursuant to this Section shall be without waiving any of City's other rights and remedies hereunder or at law or in equity. Licensee agrees that City's obligations with respect to the Environmental Oversight Deposit are solely that of debtor and not trustee. City shall not be required to keep the Environmental Oversight Deposit separate from its general funds, and Licensee shall not be entitled to any interest on the Environmental Oversight Deposit. The amount of the Environmental Oversight Deposit shall not be deemed to limit Licensee's liability for the failure to comply with any of its Hazardous Materials provisions under this License.

24.12 Hazardous Substance Disclosure. California law requires landlords to disclose to tenants the presence or potential presence of certain hazardous materials and hazardous substances prior to lease. Accordingly, Licensee 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, asbestos, PCBs, tobacco smoke, methane and building materials containing chemicals, such as formaldehyde.

25. GENERAL PROVISIONS

25.1 Notices. Any notice, demand, consent or approval required under this License shall be effective only if in writing and given by delivering the notice in person or by sending it first-class certified mail with a return receipt requested or by overnight courier, return receipt requested, with postage prepaid, to: (a) Licensee (i) at the Premises, or (ii) at any place where Licensee or any Agent of Licensee may be found if sent subsequent to Licensee's vacating, abandoning or surrendering the Premises; or (b) City at City's address set forth in the Basic License Information; or (c) to such other address as either City or Licensee 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 such notices, demands, consents or approvals may also be given by email message sent to the email addresses set forth in the Basic License Information or such other email addresses as may be provided from time to time; however, neither party may give official or binding notice by facsimile. All other written communications may be by first class U.S. mail, postage prepaid, by email or by facsimile addressed with the contact information set forth in the Basic License Information.

25.2 No Implied Waiver. No failure by City to insist upon the strict performance of any obligation of Licensee under this License 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 any other amounts owing under this License during the continuance of any such breach, and no acceptance of the keys to or possession of the Premises prior to the expiration of the Term by any Agent of City, shall constitute a waiver of such breach or of City's right to demand strict compliance with such term, covenant or condition or operate as a surrender of this License. No express written waiver of any default or the performance of any provision hereof shall affect any other default or performance, or cover any other period of time, other than the default, performance or period of time specified in such express waiver. One or more written waivers of a default or the performance of any provision hereof shall not be deemed to be a waiver of a subsequent default or performance. Any consent by City hereunder shall not relieve Licensee of any obligation to secure the consent of City in any other or future instance under the terms of this License.

25.3 Amendments. Neither this License nor any term or provisions hereof may be changed, waived, discharged or terminated, except by a written instrument signed by both parties hereto.

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

25.5 Parties and Their Agents; Approvals.. The words "City" and "Licensee" as used herein shall include the plural as well as the singular. If there is more than one Licensee, the obligations and liabilities under this License imposed on Licensee shall be joint and several. As used herein, the term "Agents" when used with respect to either party shall include the agents, employees, officers, contractors and representatives of such party, and the term "Invitees" when used with respect to Licensee shall include the clients, customers, invitees, guests, licensees, assignees or sublicensees of Licensee. All approvals, consents or other determinations permitted or required by City hereunder shall be made by or through SFMTA unless otherwise provided in this License, subject to Applicable Law.

25.6 Interpretation of License.

25.6.1 The captions preceding the articles and sections of this License 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 License.

25.6.2 This License 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 License.

25.6.3 Provisions in this License 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.

25.6.4 Use of the word "including" or similar words shall not be construed to limit any general term, statement or other matter in this License, whether or not language of non-limitation, such as "without limitation" or similar words, are used.

25.6.5 Any capitalized term used herein shall be interpreted in accordance with the definition set forth in this License. If the capitalized term is not defined in this License, it shall be interpreted in accordance with the definition set forth in the Towing Agreement or the Lease.

25.6.6 Any inconsistency between this License, the Towing Agreement, and the Lease with respect to Licensee's performance of its obligations under the Towing Agreement shall be resolved by giving precedence in the following order: (a) the Towing Agreement; (b) the Lease; (c) this License.

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

25.8 Severability. If any provision of this License or the application thereof to any person, entity or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this License, 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 License shall be valid and be enforceable to the fullest extent permitted by law.

25.9 Governing Law. This License shall be construed and enforced in accordance with the laws of the State of California.

25.10 Entire Agreement. This License, together with all exhibits hereto, which are made a part of this License, and the Towing Agreement, constitute the entire agreement between City and Licensee about the subject matters hereof and may not be modified except by an instrument in writing signed by the party to be charged. In the event of any conflict between the terms of the Towing Agreement and the terms of this License with respect to Licensee's activities and obligations at the Premises, the terms of the License shall control. All prior written or oral negotiations, understandings and agreements are merged herein. The parties further intend that this License 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 License. Licensee hereby acknowledges that neither City nor City's Agents have made any representations or warranties with respect to the Premises or this License except as expressly set forth herein, and no rights, easements or licenses are or shall be acquired by Licensee by implication or otherwise unless expressly set forth herein.

25.11 Attorneys' Fees. In the event that either City or Licensee fails to perform any of its obligations under this License or in the event a dispute arises concerning the meaning or interpretation of any provision of this License, the defaulting party or the party not prevailing in such dispute, as the case may be, shall pay any and all costs and expenses incurred by the other party in enforcing or establishing its rights hereunder (whether or not such action is prosecuted to judgment), including, without limitation, court costs and reasonable attorneys' fees. For purposes of this License, reasonable fees of attorneys of City's Office of the City Attorney shall be based on the fees regularly charged by private attorneys with the equivalent number of years of experience in the subject matter area of the law for which the City Attorney's services were rendered who practice in the City of San Francisco in law firms with approximately the same number of attorneys as employed by the Office of the City Attorney.

25.12 Holding Over. Should Licensee hold over without City's consent, such holding over shall not be deemed to extend the Term or renew this License, but such term thereafter shall continue as a month-to-month occupancy. Such occupancy shall be on all the terms and conditions set forth in this License; provided that on or before the first day of each month of such month-to-month occupancy, Licensee shall pay to City rent (the "Holdover Fee") equal to the rent paid by City under the Lease for such month, multiplied by a fraction with a numerator of the square footage of the Premises and the denominator of the square footage of the Property. Licensee shall pay the Holdover Fee to City without prior demand and without any deduction, setoff or counterclaim whatsoever.

The Holdover Fee shall be paid by wire transfer to the account designated by City in writing. If the first or last day of such month-to-month occupancy occurs on a day other than the first day of a calendar month, then the Holdover Fee for such fractional month shall be prorated based on a thirty (30) day month.

All other payments shall continue under the terms of this License. In addition, Licensee shall be liable for all damages incurred by City as a result of such holding over. No holding over by Licensee, whether with or without consent of City, shall operate to extend this License except as otherwise expressly provided, and this Section shall not be construed as consent for Licensee to retain possession of the Premises beyond such month to month holdover occupancy. For purposes of this Section, "possession of the Premises" shall continue until, among other things, Licensee has delivered all keys to the Premises to City, has fully vacated the Premises, and completely fulfilled all obligations required of it upon termination of the License as set forth in this License, including, without limitation, those concerning the condition and repair of the Premises.

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

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

25.15 Provisions of License Surviving Termination. Termination of this License 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 License. This Section and the following Sections of this License shall survive termination or expiration of this License: Sections 2.1.4, 5, 6.6, 7, 12, 14, 17.2, 17.3, 18.1, 18.2, 23, 24.1, 24.2, 24.3, 24.5, 24.8, 24.9, 24.10, 24.11, 25.6, 25.7, 25.8, 25.9, 25.10, 25.11, 25.12, 25.14, 25.22, 25.26, 25.31.

25.16 Signs. Licensee 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 Building or from the exterior of the Premises without City's prior written consent, which City may withhold or grant in its sole discretion.

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

25.18 Light and Air. Licensee covenants and agrees that no diminution of light, air or view by any structure that may hereafter be erected (whether or not by City) shall result in any liability of City to Licensee or in any other way affect this License or Licensee's obligations hereunder.

25.19 No Recording. Licensee shall not record this License or any memorandum hereof in the public records.

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

25.21 Public Transit Information. Licensee shall establish and carry on during the Term a program to encourage maximum use of public transportation by personnel of Licensee 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 Premises and encouraging use of such facilities, all at Licensee's sole expense.

25.22 Taxes, Assessments, Licenses, Permit Fees and Liens. (a) Licensee recognizes and understands that this License may create a possessory interest subject to property taxation and that Licensee may be subject to the payment of property taxes levied on such interest. (b) Licensee agrees to pay taxes of any kind, including possessory interest taxes, that may be lawfully assessed on the License interest hereby created and to pay all other taxes, excises, licenses, permit charges and assessments based on Licensee's usage of the Premises that may be imposed upon Licensee by law, all of which shall be paid when the same become due and payable and before delinquency. (c) Licensee agrees not to allow or suffer a lien for any such taxes to be imposed upon the Premises or upon any equipment or property located thereon without promptly discharging the same, provided that Licensee, if so desiring, may have reasonable opportunity to contest the validity of the same.

25.23 Wages and Working Conditions. Licensee agrees that any person performing labor in connection with any Alteration that is a "public work" as defined under San Francisco Administrative Code Section 6.22(E) or California Labor Code Section 1720 *et seq.* (which includes certain construction, alteration, demolition, installation, repair, carpet laying, or refuse hauling work if paid for in whole or part out of public funds) and that Licensee provides under this License shall be paid not less than the highest prevailing rate of wages as required by Section 6.22(E) of the San Francisco Administrative Code, shall be subject to the same hours and working conditions, and shall receive the same benefits as in each case are provided for similar work performed in San Francisco County. Licensee shall include in any contract for construction of such Alterations a requirement that all persons performing labor under such contract shall be paid not less than the highest prevailing rate of wages for the labor so performed. Licensee shall require any contractor to provide, and shall deliver to City upon request, certified payroll reports with respect to all persons performing such labor at the Premises.

25.24 Non-Discrimination in City Contracts and Benefits Ordinance..

25.24.1 Covenant Not to Discriminate. In the performance of this License, Licensee covenants and agrees not to discriminate on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, sex, sexual orientation, gender identity, domestic partner status, marital status, disability or Acquired Immune Deficiency Syndrome, HIV status (AIDS/HIV status), weight, height, association with members of classes protected under this chapter or in retaliation for opposition to any practices forbidden under this chapter against any employee of, any City employee working with, or applicant for employment with such contractor and shall require such contractor to include a similar provision in all subcontracts executed or amended thereunder.

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

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

25.24.4 CMD Form. As a condition to this License, Licensee shall execute the "Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits" form (Form CMD-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Contract Monitoring Division.

25.24.5 Incorporation of Administrative Code Provisions by Reference. The provisions of Chapters 12B and 12C of the San Francisco Administrative Code relating to non-discrimination by parties contracting for the License of City property are incorporated in this Section 25.24 by reference and made a part of this License as though fully set forth herein. Licensee shall comply fully with and be bound by all of the provisions that apply to this License under such Chapters of the Administrative Code, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, Licensee understands that pursuant to Section 12B.2(h) of the San Francisco Administrative Code, a penalty of \$50 for each person for each calendar day during which such person was discriminated against in violation of the provisions of this License may be assessed against Licensee and/or deducted from any payments due Licensee.

25.25 Non-Liability of City Officials, Employees and Agents. No elective or appointive board, commission, member, officer, employee or other Agent of City shall be, personally liable to Licensee, its successors and assigns, in the event of any default or breach by City or for any amount which may become due to Licensee, its successors and assigns, or for any obligation of City under this License.

25.26 No Relocation Assistance: Waiver of Claims. Licensee acknowledges that it will not be a displaced person at the time this License is terminated or expires by its own terms, and Licensee fully RELEASES, WAIVES AND DISCHARGES forever any and all Claims against, and covenants not to sue, City, its departments, commissions, officers, directors and employees, and all persons acting by, through or under each of them, under any laws, including, without limitation, any and all claims for relocation benefits or assistance from City under federal and state relocation assistance laws (including, but not limited to, California Government Code Section 7260 et seq.), except as otherwise specifically provided in this License with respect to a Taking.

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

25.28 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, Licensee shall not provide any items to the construction of Alterations, or otherwise in the performance of this License which are tropical hardwoods, tropical hardwood wood products, virgin redwood, or virgin redwood wood products. In the event Licensee fails to comply in good faith with any of the provisions of Chapter 8 of the San Francisco Environment Code, Licensee shall be liable for liquidated damages for each violation in any amount equal to Licensee's net profit on the contract, or five percent (5%) of the total amount of the contract dollars, whichever is greater.

25.29 Pesticide Prohibition. Licensee shall comply with the provisions of Section 308 of Chapter 3 of the San Francisco Environment Code (the "Pesticide Ordinance") which (i) prohibit the use of certain pesticides on City property, (ii) require the posting of certain notices and the maintenance of certain records regarding pesticide usage and (iii) require Licensee to submit an integrated pest management ("IPM") plan to SFMTA that (a) lists, to the extent reasonably possible, the types and estimated quantities of pesticides that Licensee may need to apply to the Premises

during the terms of this License, (b) describes the steps Licensee will take to meet the City's IPM Policy described in Section 300 of the Pesticide Ordinance and (c) identifies, by name, title, address and telephone number, an individual to act as the Licensee's primary IPM contact person with the City. In addition, Licensee shall comply with the requirements of Sections 303(a) and 303(b) of the Pesticide Ordinance.

25.30 First Source Hiring Ordinance. The City has adopted a First Source Hiring Ordinance, San Francisco Administrative Code, Chapter 83, which establishes specific requirements, procedures and monitoring for first source hiring of qualified economically disadvantaged individuals for entry level positions. Licensee shall comply with the requirements of the First Source Agreement between Licensee and City's First Source Hiring Administration contained in Section 10.9 of the Agreement for Towing and Storage of Abandoned and Illegally Parked Vehicles.

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

25.32 Conflicts of Interest. Through its execution of this License, Licensee 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 provision, and agrees that if Licensee becomes aware of any such fact during the Term, Licensee shall immediately notify the City.

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

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

25.35 Prohibition of Alcoholic Beverage Advertising. Licensee acknowledges and agrees that no advertising or sale of alcoholic beverages is allowed on the Premises. For purposes of this section, "alcoholic beverage" shall be defined as set forth in California Business and Professions Code Section 23004, and shall not include cleaning solutions, medical supplies and other products and substances not intended for drinking. This advertising prohibition includes the placement of the name of a company producing alcoholic beverages or the name of any alcoholic beverage in any promotion of any event or product.

25.36 Requiring Health Benefits for Covered Employees. Unless exempt, Licensee 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 License 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 License shall have the meanings assigned to such terms in Chapter 12Q.

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

25.36.2 Notwithstanding the above, if the Licensee is a small business as defined in Section 12Q.3(d) of the HCAO, it shall have no obligation to comply with Subsection 25.36.1 above.

25.36.3 Licensee's failure to comply with the HCAO shall constitute a material breach of this License. City shall notify Licensee if such a breach has occurred. If, within thirty (30) days after receiving City's written notice of a breach of this License for violating the HCAO, Licensee fails to cure such breach or, if such breach cannot reasonably be cured within such period of thirty (30) days, Licensee 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.

25.36.4 Any Subcontract entered into by Licensee 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. Licensee shall notify City when it enters into such a Subcontract and shall certify to the City 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 Licensee 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 Licensee based on the Subcontractor's failure to comply, provided that City has first provided Licensee with notice and an opportunity to obtain a cure of the violation.

25.36.5 Licensee shall not discharge, reduce in compensation, or otherwise discriminate against any employee for notifying City with regard to Licensee'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.

25.36.6 Licensee 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.

25.36.7 Licensee shall keep itself informed of the current requirements of the HCAO.

25.36.8 Licensee shall provide reports to the City in accordance with any reporting standards promulgated by the City under the HCAO, including reports on Subcontractors and Sublicensees, as applicable.

25.36.9 Licensee 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.

25.36.10 City may conduct random audits of Licensee to ascertain its compliance with HCAO. Licensee agrees to cooperate with City when it conducts such audits.

25.36.11 If Licensee is exempt from the HCAO when this License is executed because its amount is less than Twenty-Five Thousand Dollars (\$25,000), but Licensee later enters into an agreement or agreements that cause Licensee'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 Licensee and City to be equal to or greater than Seventy-Five Thousand Dollars (\$75,000) in the fiscal year.

25.37 Notification of Limitations on Contributions. Through its execution of this License, Licensee 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 (6) months after the date the contract is approved. Licensee 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. Licensee further acknowledges that the prohibition on contributions applies to each Licensee; each member of Licensee's board of directors, and Licensee's chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than twenty percent (20%) in Licensee; any subcontractor listed in the contract; and any committee that is sponsored or controlled by Licensee. Additionally, Licensee acknowledges that Licensee must inform each of the persons described in the preceding sentence of the prohibitions contained in Section 1.126. Licensee further agrees to provide to City the name of each person, entity or committee described above.

25.38 Preservative-Treated Wood Containing Arsenic. Licensee may not purchase preservative-treated wood products containing arsenic in the performance of this License 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. Licensee 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 Licensee 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.

25.39 Resource Efficient City Buildings. Licensee acknowledges that the City and County of San Francisco has enacted San Francisco Environment Code Sections 700 to 713 relating to the environmental design and construction of buildings owned or leased by City. Licensee hereby agrees that it shall comply with all applicable provisions of such code sections.

25.40 Food Service Waste Reduction. Licensee agrees to comply fully with and be bound by all of the provisions of the Food Service Waste Reduction Ordinance, as set forth in the San Francisco Environment Code, Chapter 16, including the remedies provided therein, and implementing guidelines and rules. The provisions of Chapter 16 are incorporated herein by reference and made a part of this License as though fully set forth herein. This provision is a material term of this License. By entering into this License, Licensee agrees that if it breaches this provision, City will suffer actual damages that will be impractical or extremely difficult to determine. Without limiting City's other rights and remedies, Licensee agrees that the sum of One Hundred Dollars (\$100.00) liquidated damages for the first breach, Two Hundred Dollars (\$200.00) liquidated damages for the second breach in the same year, and Five Hundred Dollars (\$500.00) liquidated damages for subsequent breaches in the same year is a reasonable estimate of the damage that City will incur based on the violation, established in light of the circumstances existing at the time of the Commencement Date. Such amounts shall not be considered a penalty, but rather agreed monetary damages sustained by City because of Licensee's failure to comply with this provision.

25.41 Criminal History Inquiries for Employment.

25.41.1 Unless exempt, Licensee 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 Licensee who would be or are performing work at the Premises.

25.41.2 Licensee shall incorporate by reference the provisions of Chapter 12T in all sublicenses of some or all of the Premises, and shall require all sublicensees to comply with such provisions. Licensee’s failure to comply with the obligations in this subsection shall constitute a material breach of the License Agreement.

25.41.3 Licensee and sublicensees 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.

25.41.4 Licensee and sublicensees 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. Licensee and sublicensees 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.

25.41.5 Licensee and sublicensees 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 Licensee and sublicensees will consider for employment qualified applicants with criminal histories in a manner consistent with the requirements of Chapter 12T.

25.41.6 Licensee and sublicensees 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.

25.41.7 Licensee and sublicensees 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 Permit, 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 the License Agreement.

25.41.8 If Licensee has any questions about the applicability of Chapter 12T, it may contact the SFMTA for additional information. SFMTA 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.

25.42 Bottled Drinking Water. Unless exempt, Licensee 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 the License as though fully set forth.

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

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

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

27. EFFECTIVE DATE. This License shall be effective as of the Commencement Date.

28. COOPERATIVE DRAFTING. This License has been drafted through a cooperative effort of both parties, and both parties have had an opportunity to have the License reviewed and revised by legal counsel. No party shall be considered the drafter of this License, 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 License.

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS LICENSE, LICENSEE ACKNOWLEDGES AND AGREES THAT NO OFFICER OR EMPLOYEE OF CITY HAS AUTHORITY TO COMMIT CITY TO THIS LICENSE UNLESS AND UNTIL THE BOARD OF DIRECTORS OF CITY'S MUNICIPAL TRANSPORTATION AGENCY SHALL HAVE DULY ADOPTED A RESOLUTION APPROVING THE TOWING AMENDMENT AND AUTHORIZING THE TRANSACTIONS CONTEMPLATED IN THIS LICENSE. THEREFORE, ANY OBLIGATIONS OR LIABILITIES OF CITY HEREUNDER ARE CONTINGENT UPON ADOPTION OF SUCH A RESOLUTION, AND THIS LICENSE SHALL BE NULL AND VOID IF THE BOARD OF DIRECTORS OF CITY'S MUNICIPAL TRANSPORTATION AGENCY DO NOT APPROVE THE TOWING AMENDMENT AND THIS LICENSE IN ITS RESPECTIVE SOLE DISCRETION. APPROVAL OF THIS LICENSE BY ANY DEPARTMENT, COMMISSION OR AGENCY OF CITY SHALL NOT BE DEEMED TO IMPLY THAT SUCH RESOLUTION WILL BE ENACTED, NOR WILL ANY SUCH APPROVAL CREATE ANY BINDING OBLIGATIONS ON CITY.

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IN WITNESS WHEREOF, the parties hereto have executed this License on the day first mentioned above.

CITY: CITY AND COUNTY OF SAN FRANCISCO,
a municipal corporation, acting by and through its
Municipal Transportation Agency

By: _____
Edward D. Reiskin
Director of Transportation

Date: _____

San Francisco Municipal Transportation Agency
Board of Directors
Resolution No: _____
Adopted: _____
Attest:

Secretary, SFMTA Board of Directors

Approved as to Form:

Dennis J. Herrera, City Attorney

By: _____
Robert K. Stone Deputy City Attorney

LICENSEE: TEGSCO, LLC, a California limited liability company
d.b.a. San Francisco AutoReturn

By: _____
John Wicker, President and CEO

Date: _____

(ATTACHMENT 1 TO REVOCABLE LICENSE - CALTRANS LEASE)

(Lease Area No. 04-SF-80-11)
(Account No. 04-SFX-080-0011-04)

STATE OF CALIFORNIA
DEPARTMENT OF TRANSPORTATION
AIRSPACE LEASE

THIS LEASE, dated October 1, 2016 is by and between the STATE OF CALIFORNIA, acting by and through its Department of Transportation, hereinafter called "Landlord," and CITY AND COUNTY OF SAN FRANCISCO, A MUNICIPAL CORPORATION, ACTING BY AND THROUGH ITS MUNICIPAL TRANSPORTATION AGENCY, hereinafter called "Tenant."

W I T N E S S E T H

For and in consideration of the rental and of the covenants and agreements hereinafter set forth to be kept and performed by the Tenant, Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the Premises herein described for the term, at the rental and subject to and upon all of the terms, covenants and agreements hereinafter set forth.

ARTICLE 1. SUMMARY OF LEASE PROVISIONS

Landlord: California Department of Transportation

Tenant: SAN FRANCISCO MUNICIPAL TRANSPORTATION AGENCY

Premises: SF-80-11 located in the City of San Francisco, County of San Francisco, State of California, and more particularly described in Article 2.

Lease Term Four (4) years, 6 months, commencing October 1, 2016 and expiring on March 31, 2021

Monthly Rent: \$ 90,000.00 (Article 4)

Security Deposit: \$ -0- (Article 18)

Use: City of San Francisco Towing, processing and storage services. (Article 5)

Commercial General Liability Insurance: \$5,000,000. (Article 10)

Insurance provider: _____.

Policy number: _____.

Business Automobile Liability Insurance: \$1,000,000. (Article 10)

Insurance provider: _____.

Policy number: _____.

Garage Keeper's Legal Liability Insurance: \$1,000,000. (Article 10)

Insurance provider: _____.

Policy number: _____.

Workers' Compensation Insurance: \$1,000,000. (Article 10)

Insurance provider: _____.

Policy number: _____.

Addresses for Notices: (Article 19)

To Landlord:

Department of Transportation

Right of Way Airspace Development MS 11

US Mail: PO Box 23440, Oakland, CA 94623-0440

Street Address: 111 Grand Avenue, 13th floor Oakland, CA 94612-3771

To Tenant: SFMTA Real Estate Section - Finance and Information Technology Division

San Francisco Municipal Transportation Agency

One South Van Ness Avenue, 3rd Floor, (3099)

San Francisco, CA 94103

Contact: Steven Lee

E-mail: Steven.Lee@sfmta.com

Phone: 415-701-4592

References in this Article 1 to the other Articles are for convenience and designate other Articles where references to the particular item contained in the Summary of Lease Provisions appear. Each reference in this Lease to the Summary of Lease Provisions contained in this Article 1 shall be construed to incorporate all of the terms provided under the Summary of Lease Provisions. In the event of any conflict between the Summary of Lease Provisions and the balance of the Lease, the latter shall control.

ARTICLE 2. PREMISES

Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, for the term, at the rent, and upon the covenants and conditions hereinafter set forth, that certain Premises known as Freeway Lease Area No. 04-SF-80-11, situated in the City of San Francisco and County of San Francisco, said land or interest therein being shown on the map or plat marked "Exhibit A," attached hereto and by this reference made a part hereof.

EXCEPTING THEREFROM all those portions of the above-described Premises occupied by the supports and foundations of the existing structure.

ALSO EXCEPTING THEREFROM all that portion of the Premises above a horizontal plane 5 feet below the underside of the superstructure of the existing structure, which plane extends to a line 10 feet, measured horizontally, beyond the outermost protrusion of the superstructure of the structure.

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

ARTICLE 3. TERM

The term of this Lease shall be for four (4) years, six (6) months, commencing October 1, 2016, and expiring on March 31, 2021.

ARTICLE 4. RENT

4.1 Monthly Rent

Tenant shall pay to Landlord as rent, without deduction, setoff, prior notice, or demand, the sum of \$ 90,000.00 per month in advance on the first day of each month, commencing on the date

the term commences and continuing during the term. Rent will increase annually at a rate of 3% per year, rounded to the nearest \$5.00 as follows:

Effective July 1, 2017, rent shall automatically increase 3% to \$ 92,700.00 per month.

Effective July 1, 2018, rent shall automatically increase 3% to \$ 95,480.00 per month.

Effective July 1, 2019, rent shall automatically increase 3% to \$ 98,340.00 per month.

Effective July 1, 2020, rent shall automatically increase 3% to \$101,290.00 per month

Rent for any partial month shall be prorated at the rate of 1/30th of the minimum monthly rent per day. All rent shall be paid to Landlord at the following address: State of California, Department of Transportation, Attention: Cashier, P. O. Box 168019, Sacramento, CA 95816-8019 or State of California Department of Transportation, 1820 Alhambra Boulevard, 2nd Floor, Sacramento, CA. **Each payment shall state on the check the rental account number 04-SFX-080-0011-05.**

4.2 Landlord's Compensation upon Assignment, Transfer or Sublease of Tenant's Leasehold

(a) In the event that Tenant voluntarily assigns, transfers or subleases any of Tenant's rights in the Premises, Tenant shall pay to Landlord compensation in connection with the transaction in an amount equal to fifty percent (50%) of any and all consideration, whether in present payments or in future payments, which Tenant receives from an assignee, transferee or subtenant in excess of the amount of rent Tenant is obligated to pay to Landlord under this Lease.

(b) Payment by Tenant of the amount of compensation required under this Section 4.2 is a condition to Landlord's giving its consent to any assignment, transfer or sublease under Section 16.2, and Landlord may withhold its consent to any such assignment, transfer or sublease until this compensation has been paid. In addition, before Landlord gives its consent to any such transaction, Tenant shall deliver to the assignee, transferee or subtenant a written summary of all sums due and owing to Landlord under this section and shall deliver to Landlord a written acknowledgement by the assignee, transferee or subtenant that said person affirms that the sums are due and owing to Landlord and that said person accepts responsibility for ensuring that such sums are paid directly to Landlord.

ARTICLE 5. USE

5.1 Specified Use

The Premises shall be used and occupied by Tenant only and exclusively for the purpose of conducting City and County of San Francisco towing services and SFPD CSI investigation and storage on designated portions of parcel (as delineated in red on Exhibit A) and for no other purpose whatsoever without obtaining prior written consent of Landlord and the concurrence of the Federal Highway Administration. Landlord expressly reserves the right to establish a new minimum monthly rent as a condition to Landlord's approval of any use of the leased premises not specifically permitted by this section.

5.2 Condition of Premises

Tenant hereby accepts the Premises in the **AS-IS** condition existing as of the date of the execution hereof subject to all applicable zoning, municipal, county, state and federal laws, ordinances and regulations governing and regulating the use of the Premises, and accepts this Lease subject thereto and to all matters disclosed thereby and by any exhibits attached hereto. Tenant acknowledges that neither Landlord nor any agent of Landlord has made any representation or warranty with respect to the condition of the Premises or the suitability thereof for the conduct of

Tenant's business, nor has Landlord agreed to undertake any modification, alteration or improvement to the Premises except as provided in this Lease.

Except as may be otherwise expressly provided in this Lease, the taking of possession of the Premises by Tenant shall in itself constitute acknowledgement that the Premises are in good and Tenable condition, and Tenant agrees to accept the Premises in its presently existing condition "as is", and that the Landlord shall not be obligated to make any improvements or modifications thereto except to the extent that may otherwise be expressly provided in this Lease.

Tenant represents and acknowledges that it has made a sufficient investigation of the conditions of the Premises existing immediately prior to the execution of this Lease (including investigation of the surface, subsurface and groundwater for contamination and hazardous materials) and is satisfied that the Premises will safely support the type of improvements, if any, to be constructed and maintained by Tenant upon the Premises, that the Premises is otherwise fully fit physically and lawfully for the uses required and permitted by this Lease and that Tenant accepts all risks associated therewith.

Tenant acknowledges that (1) Landlord has informed Tenant prior to the commencement of the term of this Lease that the Landlord does not know nor has reasonable cause to believe that any release of any hazardous material has come to be located on or beneath the Premises; (2) prior to the commencement of the term of this Lease, the Landlord has made available to Tenant, for review and inspection, records in the possession or control of the Landlord which might reflect the potential existence of hazardous materials on or beneath the Premises; (3) Landlord has provided Tenant access to the Premises for a reasonable time and upon reasonable terms and conditions for purposes of providing to Tenant the opportunity to investigate, sample and analyze the soil and groundwater on the Premises for the presence of hazardous materials; (4) by signing this Lease Tenant represents to Landlord that, except as otherwise may be stated on "Exhibit C" attached hereto and by this reference incorporated herein, Tenant does not know nor has reasonable cause to believe that any release of hazardous material has come to be located on or beneath the Premises and (5) with respect to any hazardous material which Tenant knows or has reasonable cause to believe has come or will come to be located on or beneath the Premises, Tenant has listed the hazardous material on attached "Exhibit C" and agrees promptly to commence and complete the removal of or other appropriate remedial action regarding the hazardous material at no cost or expense to Landlord and in full compliance with all applicable laws, regulations, permits, approvals and authorizations. The phrase "hazardous material," as used herein, has the same meaning as that phrase has in Section 5.7 of this Lease.

Tenant agrees that, except as otherwise expressly provided in this Lease, Tenant is solely responsible without any cost or expense to the Landlord to take all actions necessary, off as well as on the Premises to improve and continuously use the Premises as required by this Lease and in compliance with all applicable laws and regulations.

5.3 Compliance with Law

Tenant shall not use the Premises or permit anything to be done in or about the Premises which will in any way conflict with any law, statute, zoning restriction, ordinance or governmental rule or regulation or requirements of duly constituted public authorities now in force or which may hereafter be in force, or with the requirements of the State Fire Marshal or other similar body now or hereafter constituted, relating to or affecting the condition, use or occupancy of the Premises. The judgment of any court of competent jurisdiction or the admission of Tenant in any action against Tenant, whether Landlord be a party thereto or not, that Tenant has violated any law, statute, ordinance or governmental rule, regulation or requirement, shall be conclusive of that fact as between Landlord and Tenant. Tenant shall not allow the Premises to be used for any unlawful purpose, nor shall Tenant cause, maintain or permit any nuisance in, on or about the Premises. Tenant shall not commit or suffer to be committed any waste in or upon the Premises.

5.4 Petroleum Products

Tenant shall not install facilities for, nor operate on the Premises, a gasoline or petroleum supply station. Tenant shall not permit on the Premises any vehicles used or designed for the transportation or storage of gasoline or petroleum products. Tenant shall also not permit on the Premises any bulk storage of gasoline or petroleum products.

5.5 Explosives and Flammable Materials

The Premises shall not be used for the manufacture of flammable materials or explosives, or for any storage of flammable materials, explosives or other materials or other purposes deemed by Landlord to be a potential fire or other hazard to the transportation facility. The operation and maintenance of the Premises shall be subject to regulations of Landlord so as to protect against fire or other hazard impairing the use, safety and appearance of the transportation facility. The occupancy and use of the Premises shall not be such as will permit hazardous or unreasonably objectionable smoke, fumes, vapors or odors to rise above the surface of the traveled way of the transportation facility.

5.6 Hazardous Materials

Tenant shall at all times and in all respects comply with all federal, state and local laws, ordinances and regulations, including, but not limited to, the Federal Water Pollution Control Act (33 U.S.C. section 1251, et seq.), Resource Conservation and Recovery Act (42 U.S.C. section 6901, et seq.), Safe Drinking Water Act (42 U.S.C. section 300f, et seq.), Toxic Substances Control Act (15 U.S.C. section 2601, et seq.), Clean Air Act (42 U.S.C. section 7401, et seq.), Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. section 9601, et seq.), Safe Drinking Water and Toxic Enforcement Act (California Health and Safety Code section 25249.5, et seq.), other applicable provisions of the California Health and Safety Code (section 25100, et seq., and section 39000, et seq.), California Water Code (section 13000, et seq.), and other comparable state laws, regulations and local ordinances relating to industrial hygiene, environmental protection or the use, analysis, generation, manufacture, storage, disposal or transportation of any oil, flammable explosives, asbestos, urea formaldehyde, radioactive materials or waste, or other hazardous, toxic, contaminated or polluting materials, substances or wastes, including, without limitation, any "hazardous substances" under any such laws, ordinances or regulations (collectively "Hazardous Materials Laws"). As used in the provisions of this Lease, "hazardous materials" include any "hazardous substance" as that term is defined in section 25316 of the California Health and Safety Code and any other material or substance listed or regulated by any Hazardous Materials Law or posing a hazard to health or the environment. Except as otherwise expressly permitted in this Lease, Tenant shall not use, create, store or allow any hazardous materials on the premises. Fuel stored in a motor vehicle for the exclusive use in such vehicle is accepted.

In no case shall Tenant cause or allow the deposit or disposal of any hazardous materials on the Premises. Landlord, or its agents or contractors, shall at all times have the right to go upon and inspect the Premises and the operations thereon to assure compliance with the requirements herein stated. This inspection may include taking samples of substances and materials present for testing, and/or the testing of soils or underground tanks on the Premises.

In the event Tenant breaches any of the provisions of this Section, this Lease may be terminated immediately by Landlord and be of no further force or effect. It is the intent of the parties hereto that Tenant shall be responsible for and bear the entire cost of removal and disposal of hazardous materials introduced to the Premises during Tenant's period of use and possession as owner, operator or Tenant of the Premises. Tenant shall also be responsible for any clean-up and

decontamination on or off the Premises necessitated by the introduction of such hazardous materials on the Premises. Tenant shall not be responsible for or bear the cost of removal or disposal of hazardous materials introduced to the Premises by any party other than Tenant during any period prior to commencement of Tenant's period of use and possession of the Premises as owner, operator or Tenant.

Tenant shall further hold Landlord, and its officers and employees, harmless from all responsibility, liability and claim for damages resulting from the presence or use of hazardous materials on the Premises during Tenant's period of use and possession of the Premises.

5.7 Signs

Not more than four (4) advertising signs of a size not greater than thirty (30) square feet of surface area may be erected on the Premises. The wording on these signs shall be limited to Tenant's name or trade name, the words "Parking," or "Auto Parking," a statement of rates, and a directional arrow. The location of all these signs shall be subject to Landlord's prior approval. None of these signs shall be attached to or painted on any bridge structure or building without the express written consent of Landlord. All of these signs shall also comply with all applicable requirements of local governmental entities, including governmental approval and payment of any fees.

Except as set forth in the previous paragraph of this Section, Tenant shall not construct, erect, maintain or permit any sign, banner or flag upon the Premises without the prior written approval of Landlord. Tenant shall not place, construct or maintain upon the Premises any advertising media that include moving or rotating parts, searchlights, flashing lights, loudspeakers, phonographs or other similar visual or audio media. The term "sign" means any card, cloth, paper, metal, painted or wooden sign of any character placed for any purpose on or to the ground or any tree, wall, bush, rock, fence, building, structure, trailer or thing. Landlord may remove any unapproved sign, banner or flag existing on the Premises, and Tenant shall be liable to and shall reimburse Landlord for the cost of such removal plus interest as provided in Section 19.11 from the date of completion of such removal.

5.8 Landlord's Rules and Regulations

Tenant shall faithfully observe and comply with the rules and regulations that Landlord shall from time to time promulgate for the protection of the transportation facility and the safety of the traveling public. Landlord reserves the right from time to time to make reasonable modifications to said rules and regulations. The additions and modifications to those rules and regulations shall be binding upon Tenant upon delivery of a copy of them to Tenant.

5.9 Wrecked Vehicles

Tenant shall not park or store wrecked or inoperable vehicles of any kind on the Premises, except as necessary in conjunction with the activities specified in Section 5.1. Any wrecked vehicles permitted shall be removed within a period of 96 hours.

5.10 Vending

No third party vending of any kind shall be conducted, permitted or allowed upon the Premises without the prior express written consent of Landlord.

5.11 Water Pollution Control

Tenant shall comply with all applicable State and Federal water pollution control requirements regarding storm water and non-storm water discharges from the tenant's leasehold area and will be responsible for all applicable permits including but not limited to the National Pollutant Discharge Elimination System (NPDES) General Permit and Waste Discharge Requirements for Discharges of Stormwater Associated with Industrial Activities (Excluding Construction), the NPDES General Permit for Stormwater Discharges Associated with Construction and Land Disturbance Activities, and the Caltrans Municipal Separate Storm Sewer System NPDES Permit, and permits and ordinances issued to and promulgated by municipalities, counties, drainage districts, and other local agencies regarding discharges of storm water and non-storm water to sewer systems, storm drain systems, or any watercourses under the jurisdiction of the above agencies. Copies of the current storm water related NPDES permits are available on the State Water Resources Control Board's website at http://www.swrcb.ca.gov/water_issues/programs/stormwater/.

Tenant understands the discharge of non-storm water into the storm sewer system is prohibited unless specifically authorized by one of the permits or ordinances listed above. In order to prevent the discharge of non-storm water into the storm sewer system, vehicle or equipment washing, fueling, maintenance and repair on the Premises is prohibited.

In order to prevent the discharge of pollutants to storm water resulting from contact with hazardous material, the storage or stockpile of hazardous material on Premises is strictly prohibited.

Tenant shall implement and maintain the Best Management Practices (BMPs) shown in the attached Stormwater Pollution Prevention Fact Sheet(s) for: General Land Use, Office/Retail, Parking Lots, Storage, and Vehicle or Equipment Storage marked "Exhibit B." Tenant shall identify any other potential sources of storm water and non-storm water pollution resulting from Tenant's activities on the premises, which are not addressed by the BMPs, contained in the attached Fact Sheet(s), and shall implement additional BMPs to prevent pollution from those sources. Additional BMPs may be obtained from 2 other manuals:

(1) Right of Way Property Management and Airspace Storm Water Guidance Manual available for review online at: www.dot.ca.gov/hq/row/rwstormwater, and

(2) Construction Site Best Management Practices Manual, available for review online at: www.dot.ca.gov/hq/construc/stormwater/manuals.htm.

In the event of conflict between the attached fact sheet(s), the above-referenced manuals, and this Lease, this Lease shall control.

Tenant shall provide Landlord with the Standard Industrial Classification (SIC) code applicable to Tenant's facilities and activities on the lease premises. A list of SIC codes regulated under the General Industrial Permit SIC codes may be found at the State Water Resources Control Board website: http://www.waterboards.ca.gov/water_issues/programs/stormwater/gen_indus.shtml. Other SIC codes may be found at www.osha.gov/pls/imis/sicsearch.html.

Landlord, or its agents or contractors, shall at all times have the right to enter and inspect the Premises and the operations thereon to assure compliance with the applicable permits, and ordinances listed above. Inspection may include taking samples of substances and materials present for testing, and/or the testing of storm sewer systems or watercourses on the Premises.

ARTICLE 6. IMPROVEMENTS

No improvements of any kind shall be placed in, on, or upon the Premises, and no alterations shall be made in, on, or upon the Premises without the prior written consent of Landlord and the concurrence of the Federal Highway Administration. Tenant may, at its sole expense, install and maintain any additional fencing and entrances that may be required by its use of the Premises, subject to the approval of the location by Landlord, the Federal Highway Administration and the City of San Francisco and County of San Francisco; provided that Tenant shall at its sole expense construct and maintain sidewalks and driveways at the locations where the additional entrances are

installed. In the event Tenant violates any of the provisions of this Article, this Lease may be terminated immediately by Landlord and be of no further force or effect.

ARTICLE 7. SURRENDER OF PREMISES AT EXPIRATION OR TERMINATION OF LEASE

At the expiration or earlier termination of this Lease, Tenant shall peaceably and quietly leave, surrender, and yield up to Landlord the Premises together with all appurtenances and fixtures in good order, condition and repair, reasonable wear and tear excepted.

ARTICLE 8. OWNERSHIP AND REMOVAL OF IMPROVEMENTS AND PERSONAL PROPERTY

8.1 Ownership of Improvements

All improvements constructed and placed on the Premises pursuant to Article 6 shall, at the expiration or termination of this Lease, vest in Landlord. Tenant shall not remove any of these improvements from the Premises nor waste, destroy or modify them in any way. Tenant shall deliver these improvements to Landlord in good condition and repair, reasonable wear and tear excepted, without compensation to Tenant, any subtenant or third party, free and clear of all claims to or against them by Tenant, any subtenant or third party, and Tenant shall defend and hold Landlord harmless from all liability arising from such claims or from the exercise by Landlord of its rights under this section. Landlord and Tenant covenant for themselves and all persons claiming under or through them that the improvements are real property.

8.2 Removal of Personal Property and Ownership at Termination

Any signs or other appurtenances placed on the Premises by Tenant under this Lease are the personal property of Tenant. At the expiration or earlier termination of this Lease, Tenant shall remove all personal property placed on the Premises and shall restore the Premises to its previous condition, except surfacing, wheel rails and column guards, at Tenant's sole expense. Any personal property not removed by Tenant after thirty (30) days from Landlord's sending written notice to Tenant may be removed by Landlord. Tenant shall be liable to Landlord for all costs incurred by Landlord in effecting the removal of personal property and restoring the Premises. Landlord may, in its sole discretion, declare all personal property not removed by Tenant to be abandoned by Tenant and this property shall, without compensation to Tenant, become Landlord's property, free and clear of all claims to or against it by Tenant or any other person.

ARTICLE 9. MAINTENANCE AND REPAIRS

9.1 Tenant's Obligations

Tenant, at its own cost and expense, shall maintain the Premises, and keep it free of all grass, weeds, debris, and flammable materials of every description. Tenant shall ensure that the Premises is at all times in an orderly, clean, safe, and sanitary condition. Landlord requires a high standard of cleanliness, consistent with the location of the Premises as an adjunct of the California State Highway System.

Tenant hereby expressly waives the right to make repairs at the expense of Landlord and waives the benefit of the provisions of Sections 1941 and 1942 of the California Civil Code or any successor thereto.

Tenant shall take all steps necessary to protect effectively the fences, guardrails, and the piers and columns, if any, of the all structures from damage incident to Tenant's use of the Premises and

any improvements, all without expense to Landlord. Tenant shall, at its own cost and expense, repair in accordance with Landlord's standards any damage to any property owned by Landlord, including, but not limited to, all fences, guardrails, piers and columns, caused by Tenant, subtenants, invitees or other third parties. At Tenant's request, Landlord may elect to repair the damage to its property, and Tenant agrees to reimburse Landlord promptly after demand for the amount Landlord has reasonably expended to complete the repair work.

Tenant shall be responsible for the care, maintenance, and any required pruning of trees, shrubs, or any other landscaping on the Premises. Tenant assumes the liability for any damage or injury caused by any falling branches or other such materials from any tree or shrub whether the branches fall due to lack of maintenance or act of god or any other natural or unnatural causes. Tenant's liability insurance required within Article 10 shall cover any damage caused by any falling tree or shrub branches or other materials; and, furthermore, per the same Article 10, Tenant covenants and agrees to indemnify and save harmless Landlord from all liability, loss, cost, and obligation on account of any injuries or losses caused by any falling branches or material from any tree or shrub.

Tenant shall designate in writing to Landlord a representative who shall be responsible for the day-to-day operation and level of maintenance, cleanliness and general order.

9.2 Landlord's Rights

In the event Tenant fails to perform Tenant's obligations under this Article, Landlord shall give Tenant notice to do such acts as are reasonably required to so maintain the Premises. If within ten (10) days after Landlord sends written notice to repair, Tenant fails to do the work and diligently proceed in good faith to prosecute it to completion, Landlord shall have the right, but not the obligation, to do such acts and expend such funds at the expense of Tenant as are reasonably required to perform such work. Any amount so expended by Landlord shall be paid by Tenant promptly after demand plus interest as provided in Section 19.11 from the date of completion of such work to date of payment. Landlord shall have no liability to Tenant for any damage, inconvenience or interference with the use of the Premises by Tenant as a result of performing any such work.

ARTICLE 10. INSURANCE

10.1 Exemption of Landlord from Liability

This Lease is made upon the express condition that Landlord is to be free from all liability and claims for damages by reason of any injury to any person or persons, including Tenant, or property of any kind whatsoever and to whomsoever belonging, including Tenant, from any cause or causes resulting from the operation or use of the Premises by Tenant, its agents, customers or business invitees. Tenant hereby covenants and agrees to indemnify and save harmless Landlord from all liability, loss, cost and obligation on account of any such injuries or losses.

10.2 Commercial General Liability Insurance

Tenant shall at its own cost and expense procure and keep in force during the term of this Lease comprehensive bodily injury liability and property damage liability insurance adequate to protect Landlord, its officers, agents and employees, against any liability to the public resulting from injury or death of any person or damage to property in connection with the area, operation or condition of the Premises, including any and all liability of Landlord for damage to vehicles parked on the Premises. Such insurance shall be in an amount of not less than \$5,000,000 combined single limit for bodily injury and property damage. The limits of such insurance shall not limit the liability

of Tenant. All insurance required hereunder shall be with companies to be approved by Landlord. All such policies shall be written as primary policies, not contributing with and not in excess of coverage which Landlord may carry. Said policies shall name the State as an additional insured and shall insure against the contingent liabilities, if any, of Landlord and the officers, agents, and employees of Landlord and shall obligate the insurance carriers to notify Landlord, in writing, not less than thirty (30) days prior to the cancellation thereof, or any other change affecting the coverage of the policies. If said policies contain any exclusion concerning property in the care, custody or control of the insured, an endorsement shall be attached thereto stating that such exclusion shall not apply with regard to any liability of the State of California, its officers, agents, or employees. Tenant shall furnish to Landlord a Certificate of Insurance acceptable to Landlord within not more than ten (10) days after execution thereof. Landlord shall retain the right at any time to review the coverage, form, and amount of the insurance required hereby. If, in the opinion of Landlord, the insurance provisions in this Lease do not provide adequate protection for Landlord and for members of the public using the Premises, Landlord may require Tenant to obtain insurance sufficient in coverage, form and amount to provide adequate protection. Landlord's requirements shall be reasonable but shall be designed to assure protection from and against the kind and extent of the risks which exist at the time a change in insurance is required. Landlord shall notify Tenant in writing of changes in the insurance requirements; and if Tenant does not deposit copies of acceptable insurance policies with Landlord incorporating such changes within sixty (60) days of receipt of such notice, this Lease may be terminated, at Landlord's option, without further notice to Tenant, and be of no further force and effect.

10.3 Business Automobile Liability Insurance

Tenant shall obtain and keep in effect at all times during the term of this Lease business automobile liability insurance in an amount not less than \$1,000,000 for each occurrence combined single limit for bodily injury and property damage, including coverage for owned, non-owned and hired automobiles, as applicable. Any deductible under such policy shall not exceed \$10,000 each occurrence.

10.4 Garage Keeper's Legal Liability Insurance

If Tenant's use involves any auto repair or storage of customer vehicles, Tenant shall obtain and keep in effect at all times during the term of this Lease garage keeper's legal liability insurance in an amount not less than \$1,000,000 for each occurrence combined single limit for loss and damage to vehicles in Tenant's care, custody or control caused by fire, explosion, theft, riot, civil commotion, malicious mischief, vandalism or collision, with any deductible not exceeding \$1,000 for each occurrence, and coverage for non-automobile property customarily left in the custody of a garage with a limit of \$5,000.

10.5 Workers' Compensation Insurance

If Tenant employees enter the Premises, Tenant shall obtain and keep in effect at all times during the term of this lease workers' compensation insurance, including employers' liability, in an amount not less than \$1,000,000 for each accident, covering all employees employed in or about the Premises to provide statutory benefits as required by the laws of the State of California. Said policy shall be endorsed to provide that the insurer waive all rights of subrogation against Landlord.

10.6 Failure to Procure and Maintain Insurance

If Tenant fails to procure or maintain the insurance required by this Article in full force and effect, this Lease may be terminated immediately by Landlord and be of no further force or effect. In addition, if Tenant fails to procure or maintain the insurance required by this Article, Tenant shall cease and desist from operating any business on the Premises and the improvements erected thereon and shall prevent members of the public from gaining access to the Premises during any period in which such insurance policies are not in full force and effect.

10.7 Waiver of Subrogation

Tenant hereby waives any and all rights of recovery against Landlord, or against the officers, employees, agents and representatives of Landlord, for loss of or damage to Tenant or its property or the property of others under its control to the extent that such loss or damage is insured against under any insurance policy in force at the time of such loss or damages. Tenant shall give notice to its insurance carrier or carriers that the foregoing waiver of subrogation is contained in the Lease.

10.8 Self-Insurance Coverage

The insurance required under Article 10 may include a self-insurance program, subject to Landlord's prior express written consent and approval. No such self-insurance program shall diminish the rights and privileges to which Landlord would otherwise have been entitled to under the terms of this Agreement had there been a third-party insurer.

Tenant's self insurance shall include such coverage as would have been covered by Commercial General Liability Insurance with respect to the Premises with limits of liability not less than Five Million Dollars (\$5,000,000) per occurrence with no aggregate limit. Tenant shall provide Landlord with a certificate of self-insurance specifying the extent of self-insurance coverage hereunder and containing a waiver of subrogation provision reasonably satisfactory to Landlord. Tenant shall notify Landlord in writing not less than thirty (30) days prior to the effective date of the termination of its self-insurance coverage and shall obtain the insurance coverage required by this Article effective on that termination date. Execution of this Lease Agreement shall be Tenant's acknowledgment that Tenant will be bound by all laws as if the Tenant were an insurer as defined under California Insurance Code Section 22 (7-1.12B(5)).

ARTICLE 11. PAYMENT OF TAXES

Tenant agrees to pay and discharge, or cause to be paid and discharged when due, before the same become delinquent, all taxes, assessments, impositions, levies and charges of every kind, nature and description, whether general or special, ordinary or extraordinary, which may at any time or from time to time during the term of this Lease, by or according to any law or governmental, legal, political, or other authority whatsoever, directly or indirectly, be taxed, levied, charged, assessed or imposed upon or against, or which shall be or may be or become a lien upon the Premises or any buildings, improvements or structures at any time located thereon, or any estate, right, title or interest of Tenant in and to the Premises, buildings, improvements or structures. Specifically, and without placing any limitation on Tenant's obligations under the immediately preceding sentence, Tenant shall pay when due, before delinquency, any and all possessory interest taxes, parking taxes, workers' compensation, taxes payable to the California Franchise Tax Board, personal property taxes on fixtures, equipment and facilities owned by Tenant, whether or not the same have become so fixed to the land as to comprise a part of the real estate.

Tenant understands that any possessory interest of Tenant created in the Premises by this Lease may be subject to property taxation and that Tenant may be liable for payment of any such tax levied on such interest. Any obligation of Tenant under this Article, including possessory interest tax that the city or county may impose upon Tenant's interest herein, shall not reduce any rent due

Landlord hereunder and any such obligation shall become the liability of and be paid by Tenant. In the event Tenant defaults in the payment of any of the obligations set forth in this Article, this Lease may be terminated immediately by Landlord and be of no further force or effect.

ARTICLE 12. RIGHT OF ENTRY

12.1 Inspection, Maintenance, Construction and Operation of Freeway Structures

Landlord, through its agents or representatives, and other city, county, state and federal agencies, including the Federal Highway Administration, through their agents or representatives, shall have full right and authority to enter in and upon the Premises and any building or improvements situated thereon at any and all reasonable times during the term of this Lease for the purpose of inspecting the same without interference or hindrance by Tenant, its agents or representatives.

Landlord further reserves the right of entry for the purpose of inspecting the Premises, or the doing of any and all acts necessary or proper on said Premises in connection with the protection, maintenance, reconstruction, and operation of the freeway structures and its appurtenances; provided, further, that Landlord reserves the further right, at its discretion, to immediate possession of the same in case of any national or other emergency, or for the purpose of preventing sabotage, and for the protection of said freeway structures, in which event the term of this Lease shall be extended for a period equal to the emergency occupancy by Landlord, and during said period Tenant shall be relieved, to the degree of interference, from the performance of conditions or covenants specified herein. Landlord further reserves the right of entry by any authorized officer, engineer, employee, contractor or agent of the Landlord for the purpose of performing any maintenance activities upon the Premises which Tenant has failed to perform. All agreements which Tenant enters into for the sublease or use of all or any part of the Premises shall contain a provision, approved by Landlord, which describes Landlord's right of entry as set forth in this Article.

12.2 Landlord's Use of the Premises

Tenant understands and agrees that Landlord may, from time to time, be required to perform retrofit work on all or a part of the freeway structures which are situated on, above or adjacent to the Premises or be required to use all or a portion of the Premises in connection with the protection, maintenance, reconstruction, and operation of the state highway system. Landlord shall have the right to impose such restrictions on Tenant's right to enter, occupy, and use the Premises and to construct improvements thereon as Landlord deems are necessary to enable it to maintain, protect, reconstruct or operate the state highway system without interference from Tenant.

In the event Landlord determines that it needs to obtain possession of all or a portion of the Premises, or needs to place restrictions on Tenant's use of the Premises, Landlord shall, at least thirty (30) days prior to the effective date of the commencement of such possession or restrictions notify Tenant in writing describing the extent of the possession or restrictions and the effective date of their commencement. Upon the effective date of said notice, Tenant shall peaceably surrender possession of all or any specified portion of the Premises and comply with the restrictions as stated therein. The monthly rent stated in Section 4.1, shall be reduced by an amount equal to the proportion which the area of the portion of the Premises which Tenant is restricted from using or which has been surrendered to Landlord bears to the total area of the Premises. This reduction in rent shall be Tenant's sole remedy against Landlord for Tenant's inability to possess or use the entire area of the Premises, or for any disruption of Tenant's ability to use any part of the Premises, and Tenant expressly agrees to hold Landlord harmless from any and all liability for, and expressly waives any right it may have to recover compensation from Landlord, waives any right it may have to recover for damages to the Premises or any improvements constructed on the Premises, waives any right it

may have to assert or recover lost profits or other revenue, and waives its right to use or possess any portion of the Premises or improvements thereon, and damages to any other property, project or operation caused by Landlord's possession, imposition of restrictions or Tenant's inability to use or possess all or any portion of the Premises. In addition, Tenant expressly recognizes that it is not entitled to receive benefits under the federal or state Uniform Relocation Assistance Acts (United States Code, title 42, Section 4601, et seq.; California Government Code, Section 7260, et seq.) as a result of Landlord's use or possession of any portion of the Premises.

Tenant shall conduct its operations on the Premises in such a manner so as not to interfere with Landlord's or its contractor's performance of any work done on or above the Premises. Tenant acknowledges that the performance of the work may cause damage to paving or other improvements constructed by Tenant on the Premises.

ARTICLE 13. TERMINATION OF LEASE

13.1 Termination by Mutual Consent

Notwithstanding any provision herein to the contrary, this Lease may be terminated, and the provisions of this Lease may be altered, changed or amended by mutual consent of Landlord and Tenant.

13.2 Termination by One Party

Notwithstanding any provision herein to the contrary, this Lease may be terminated at any time by Tenant upon providing Landlord with NINETY (90) days prior notice in writing, or by Landlord upon providing Tenant with NINETY (90) days prior notice in writing, but in no event shall the notice be given before December 1, 2016. Notices of termination under this section shall be delivered in accordance with the provisions of Section 19.13 to the addresses set forth in Article 1. If Tenant exercises its right to terminate the Lease under this Section, it immediately forfeits any right to bid at the next lease auction for the Premises. In addition, if at the time Tenant terminates this Lease, the entire cost of Tenant's improvements has not been amortized over the remaining term, those improvements shall become the property of Landlord, and Landlord shall not refund or otherwise reimburse Tenant for the remaining unamortized cost of the improvements.

ARTICLE 14. UTILITIES

Tenant shall pay when due, and shall hold Landlord harmless from any liability for, all charges for water, gas, heat, light, power, telephone, sewage, air conditioning and ventilating, scavenger, janitorial and landscaping services and all other materials and utilities supplied to the Premises. Landlord shall not be liable in damages or otherwise for any failure or interruption of any utility service furnished to the Premises, and no such failure or interruption shall entitle Tenant to terminate this Lease.

ARTICLE 15. DEFAULT

15.1 Default

The occurrence of any of the following shall constitute a material breach and default of this Lease by Tenant.

(a) Any failure by Tenant to pay rent or any other monetary sums required to be paid hereunder, where such failure continues for ten (10) days after written notice thereof has been given by Landlord to Tenant.

(b) The abandonment or vacation of the Premises by Tenant. Failure to occupy and operate the Premises for thirty (30) consecutive days following the mailing of written notice from Landlord to Tenant calling attention to the abandonment shall be deemed an abandonment or vacation.

(c) The making by Tenant of any general assignment or general arrangement for the benefit of creditors; the filing by or against Tenant of a petition to have Tenant adjudged bankrupt or of a petition for reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against Tenant the same is dismissed within sixty (60) days); the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets, where possession is not restored to Tenant within forty-five (45) days; or the attachment, execution or other judicial seizure of substantially all of Tenant's assets, where such seizure is not discharged within thirty (30) days.

(d) The failure by Tenant to comply with any provision of any law, statute, zoning restriction, ordinance or governmental rule, regulation or requirement as set forth in Section 5.3 of this Lease.

(e) The failure by Tenant to comply with the requirements of the Public Parking Lease Application.

(f) The failure by Tenant to comply with the requirements regarding hazardous materials as set forth in Article 5 of this Lease.

(g) The construction by Tenant of any improvements on the Premises contrary to the provisions of Article 6 of this Lease.

(h) The failure by Tenant to pay any tax, assessment, imposition, levy or charge of any kind as set forth in Article 11 of this Lease.

(i) The failure by Tenant to observe and perform any other provision of this Lease to be observed or performed by Tenant, where such failure continues for thirty (30) days after written notice thereof by Landlord to Tenant; provided, however, that if the nature of such default is such that it cannot be reasonably cured within such thirty (30) day period, Tenant shall not be deemed to be in default if Tenant shall within such period commence such cure and thereafter diligently prosecute the same to completion.

15.2 Landlord's Remedies

In the event of any material default or breach by Tenant, Landlord may at any time thereafter, without limiting Landlord in the exercise of any right of remedy at law or in equity which Landlord may have by reason of such default or breach, terminate Tenant's right to possession by any lawful means, in which case this Lease shall immediately terminate and Tenant shall immediately surrender possession of the Premises to Landlord. In such event Landlord shall be entitled to recover from Tenant all damages incurred by Landlord by reason of Tenant's default including, but not limited to, the following:

(a) the worth at the time of award of any unpaid rent which had been earned at the time of such termination; plus

(b) the worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that is proved could have been reasonably avoided; plus

(c) the worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss that is proved could be reasonably avoided; plus

(d) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of events would be likely to result therefrom; plus

(e) at Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable State law. Upon any such re-entry Landlord shall have the right to make any reasonable repairs, alterations or modifications to the premises, which

Landlord in its sole discretion deems reasonable and necessary. As used in subparagraphs (a) and (b), above, the "worth at the time of award" is computed by including interest on the principal sum at a rate one percent (1%) above the discount rate of the Federal Reserve Bank of San Francisco from the date of default. As used in subparagraph (c), above, the "worth at the time of award" is computed by discounting such amount at a rate one percent (1%) above the discount rate of the Federal Reserve Bank of San Francisco at the time of award. The term "rent" as used in this Article shall be deemed to be and to mean rent to be paid pursuant to Article 4 and all other monetary sums required to be paid by Tenant pursuant to the terms of this Lease.

15.3 Late Charges

Tenant hereby acknowledges that late payment by Tenant to Landlord of rent and other sums due hereunder will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges. Accordingly, if any installment of rent or any other sum due from Tenant shall not be received by Landlord or Landlord's designee within ten (10) days after such amount shall be due, a late charge equal to one and one-half percent (1.5%) of the payment due and unpaid plus \$100.00 shall be added to the payment, and the total sum shall become immediately due and payable to Landlord. An additional charge of one and one-half percent (1.5%) of such payment, excluding late charges, shall be added for each additional month that such payment remains unpaid. Landlord shall apply any monies received from Tenant first to any accrued delinquency charges and then to any other payments due under the Lease. The parties hereby agree that such late charges represent a fair and reasonable estimate of the costs Landlord will incur by reason of late payment by Tenant. Acceptance of such late charges by Landlord shall in no event constitute a waiver of Tenant's default with respect to such overdue amount, nor prevent Landlord from exercising any of the other rights and remedies granted hereunder.

ARTICLE 16. ASSIGNMENTS, TRANSFERS, SUBLEASES AND ENCUMBRANCES

16.1 Prohibition on Assignments, Transfers and Subleases

Tenant shall not assign, transfer or sublease all or any part of its interest in this Lease or in the Premises, and Landlord reserves the right to deny its consent to any assignment, transfer or sublease of all or any part of this Lease or the Premises.

16.2 Voluntary Assignments and Subleases

In addition, with respect to transactions not expressly prohibited under Section 16.1, Tenant shall not voluntarily assign or transfer all or any part of its interest in this Lease or in the Premises, or sublet all or any part of the Premises, or allow any other person or entity (except Tenant's authorized representatives) to occupy or use all or any part of the Premises without first obtaining Landlord's written consent and the concurrence of the Federal Highway Administration.

Landlord may, at its sole discretion, elect to consent to any such assignment, transfer or sublease if all of the following express conditions are satisfied:

(a) Landlord receives compensation from Tenant upon the assignment, transfer, sale or sublease of any of Tenant's rights in the Premises per the provisions of Article 4.2.

(b) The prospective assignee, transferee or subtenant completes a Lease Application and meets all of the requirements for eligibility to lease from the State of California.

Tenant's failure to obtain Landlord's required written approval prior to any assignment, transfer or sublease shall render such assignment, transfer or sublease void. Occupancy of the Premises by a prospective transferee, subtenant or assignee before approval of the transfer, sublease

or assignment by Landlord shall constitute a breach of this Lease. Landlord's consent to any assignment, transfer or sublease shall not constitute a waiver of any of the terms, covenants or conditions of this Lease. Such terms, covenants and conditions shall apply to each and every assignment, sublease and transfer of rights under this Lease and shall be severally binding upon each and every party thereto. Any document to transfer, sublet, or assign the Premises or any part thereof shall incorporate directly or by reference all the provisions of this Lease.

16.3 Change in Partnership or Limited Liability Partnership

If Tenant is a partnership or limited liability partnership, a withdrawal or change, voluntary, involuntary or by operation of law, or the dissolution of the partnership, shall be deemed a voluntary assignment subject to the provisions of Section 16.2.

16.4 Change in Tenants

If Tenant consists of more than one person, a purported assignment, voluntary, involuntary or by operation of law, from one tenant to another shall be deemed a voluntary assignment subject to the provisions of Section 16.2.

16.5 Change in Corporation or Limited Liability Company

If Tenant is a corporation or limited liability company, any dissolution, merger, consolidation, or other reorganization of Tenant, or the sale or other transfer of a controlling percentage of the capital stock of Tenant, or the sale of 51% of the value of the assets of Tenant, shall be deemed a voluntary assignment subject to the provisions of Section 16.2. The phrase "controlling percentage" means the ownership of, and the right to vote, stock possessing at least 51% of the total combined voting power of all classes of Tenant's capital stock issued, outstanding, and entitled to vote for the election of directors or a controlling interest in the LLC.

16.6 Assignment of Rent from Subtenants

Tenant immediately and irrevocably assigns to Landlord, as security for Tenant's obligations under this Lease, all rent from any subletting of all or a part of the Premises as permitted by this Lease, and Landlord, as assignee and attorney-in-fact for Tenant, or a receiver for Tenant appointed on Landlord's application, may collect such rent and apply it toward Tenant's obligations under this Lease; except that, until the occurrence of an act of default by Tenant, Tenant shall have the right to collect such rent.

16.7 Information to be Supplied to Landlord

Tenant shall supply Landlord with all information Landlord determines to be necessary on all persons or firms to which Tenant proposes to sublet, transfer or assign any of its interest in the Premises, or which might establish rights to enter, control, or otherwise encumber the Premises by reason of any agreement made by Tenant. In addition, with respect to any proposed sublease, transfer or assignment, Tenant shall provide Landlord with:

- (a) a copy of all documents relating thereto,
- (b) a statement of all terms and conditions of said transaction, including the consideration therefor, and
- (c) a copy of the financial statement of the prospective subtenant, transferee or assignee.
- (d) a copy of all documents showing compliance by the prospective subtenant, transferee or assignee with all of the bid eligibility requirements contained in the bid package.

16.8 Processing Fees for Assignments, Transfers and Subleases

(a) In addition to the sum specified in Section 4.2, a fee of one thousand five hundred dollars (\$1,500) shall be paid to Landlord for processing each consent to assignment, transfer, or sublease to Landlord as required by this Lease. This processing fee shall be deemed earned by Landlord when paid and shall not be refundable.

(b) If a processing fee has been paid by Tenant for another phase of the same transaction, a second fee will not be charged.

(c) The amounts specified above for processing fees shall be automatically adjusted at the end of the first year of this Lease and every year thereafter in accordance with an annual fee schedule adopted by Landlord. Landlord shall make said fee schedule available to Tenant upon receiving a request therefor.

16.9 Encumbrances

Tenant shall not encumber the Premises in any manner whatsoever.

ARTICLE 17. NONDISCRIMINATION

Tenant, for itself, its personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that: (1) no person, on the ground of race, color, or national origin shall be excluded from participation in, be denied the benefits of, or otherwise subjected to discrimination in the use of said facilities, (2) in connection with the construction of any improvements on said land and the furnishing of services thereon, no discrimination shall be practiced in the selection of employees and contractors, by contractors in the selection and retention of first-tier subcontractors, and by first-tier subcontractors in the selection and retention of second-tier subcontractors, (3) such discrimination shall not be practiced against the public in its access to and use of the facilities and services provided for public accommodations (such as eating, sleeping, rest, recreation, and vehicle servicing) constructed or operated on, over, or under the premises, and (4) Tenant shall use the land in compliance with all other requirements imposed pursuant to Title 49, Code of Federal Regulations, Part 21 (49 C.F.R., Part 21) and as said regulations may be amended. In the event of breach of any of the above nondiscrimination covenants, the Landlord shall have the right to terminate this Lease, and to re-enter and repossess said land and the facilities thereon, and hold the same as if said Lease had never been made or issued.

ARTICLE 18. SECURITY DEPOSIT

Concurrently with Tenant's execution of this Lease, Tenant shall deposit with Landlord the sum of \$-0- as a Security Deposit. Said sum shall be held by Landlord as a Security Deposit for the faithful performance by Tenant of all of the terms, covenants and conditions of this Lease to be kept and performed by Tenant during the term hereof. If Tenant defaults with respect to any provision of this Lease, including but not limited to the provisions relating to the payment of rent and any of the monetary sums due herewith, Landlord may use, apply or retain all or any part of this Security Deposit for the payment of any other amount which Landlord may spend by reason of Tenant's default or use it to compensate Landlord for any other loss or damage which Landlord may suffer by reason of Tenant's default. If any portion of said Deposit is so used or applied, Tenant shall within ten (10) days after written demand therefor, deposit cash with Landlord in an amount sufficient to restore the Security Deposit to its original amount; Tenant's failure to do so shall be a material breach of this Lease. Landlord shall not be required to keep this Security Deposit separate

from its general funds, and Tenant shall not be entitled to interest on such deposit. If Tenant shall fully and faithfully perform every provision of this Lease to be performed by it, the Security Deposit or any balance thereof shall be returned to Tenant at the expiration of the Lease term and after Tenant has vacated the premises.

ARTICLE 19. ADDITIONAL PROVISIONS

19.1 Quiet Enjoyment

Landlord covenants and agrees with Tenant that upon Tenant paying rent and other monetary sums due under the Lease and performing its covenants and conditions, Tenant shall and may peaceably and quietly have, hold and enjoy the Premises for the term.

19.2 Captions, Attachments, Defined Terms

The captions of the Articles of this Lease are for convenience only and shall not be deemed to be relevant in resolving any question of interpretation or construction of any section of this Lease. Exhibits attached hereto, and addenda and schedules initiated by the parties, are deemed by attachment to constitute part of this Lease and are incorporated herein. The words "Landlord" and "Tenant," as used herein, shall include the plural as well as the singular. Words used in neuter gender include the masculine and feminine and words in the masculine or feminine gender include the neuter. If there be more than one Landlord or Tenant, the obligations hereunder imposed upon Landlord or Tenant shall be joint and several. If the Tenants are husband and wife, the obligations shall extend individually to their sole and separate property as well as to their community property.

19.3 Entire Agreement

This instrument along with any exhibits and attachments hereto constitutes the entire agreement between Landlord and Tenant relative to the premises and this agreement and the exhibits and attachments may be altered, amended or revoked only by an instrument in writing signed by both Landlord and Tenant. Landlord and Tenant agree hereby that all prior or contemporaneous oral agreements between and among themselves and their agents and representatives relative to the leasing of the premises are merged in or revoked by this agreement.

19.4 Severability

If any terms or provision of this Lease shall, to any extent, be determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Lease shall not be affected thereby, and each term and provision of this Lease shall be valid and be enforceable to the fullest extent permitted by law.

19.5 Costs of Suit

If Tenant or Landlord shall bring any action for any relief against the other, declaratory or otherwise, arising out of this Lease, including any suit by Landlord for the recovery of rent or possession of the premises, the losing party shall pay the successful party a reasonable sum for attorney's fees which shall be deemed to have accrued on the commencement of such action and shall be paid whether or not such action is prosecuted to judgment. Should Landlord, without fault on Landlord's part, be made a party to any litigation instituted by Tenant or by any third party against Tenant, or by or against any person holding under or using the premises by license of Tenant, or for the foreclosure of any lien for labor or materials furnished to or for Tenant or any such other

person or otherwise arising out of or resulting from any act or transaction of Tenant or of any such other person, Tenant shall save and hold Landlord harmless from any judgment rendered against Landlord or the premises or any part thereof, and all costs and expenses, including reasonable attorney's fees, incurred by Landlord in connection with such litigation.

19.6 Time, Joint and Several Liability

Time is of the essence of this Lease and each and every provision hereof, except as to the conditions relating to the delivery of possession of the premises to Tenant. All the terms, covenants and conditions contained in this Lease to be performed by either party if such party shall consist of more than one person or organization shall be deemed to be joint and several, and all rights and remedies of the parties shall be cumulative and non-exclusive of any other remedy at law or in equity.

19.7 Binding Effect; Choice of Law

The parties hereto agree that all the provisions hereof are to be construed as both covenants and conditions as though the words importing such covenants and conditions were used in each separate section hereof; and all of the provisions hereof shall bind and inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns. This Lease shall be governed by the laws of the State of California.

19.8 Waiver

No covenant, term or condition or the breach thereof shall be deemed waived, except by written consent of the party against whom the waiver is claimed and any waiver or the breach of any covenant, term or condition shall not be deemed to be a waiver of any preceding or succeeding breach of the same or any other covenant, term or condition. Acceptance by Landlord of any performance by Tenant after the time the same shall have become due shall not constitute a waiver by Landlord of the breach or default of any covenant, term or condition. Acceptance by Landlord of any performance by Tenant after the time the same shall have become due shall not constitute a waiver by Landlord of the breach or default of any covenant, term or condition unless otherwise expressly agreed to by Landlord in writing.

19.9 Surrender of Premises

The voluntary or other surrender of this Lease by Tenant, or a mutual cancellation thereof, shall not work a merger and shall, at the option of the Landlord, terminate all or any existing subleases or subtenancies, or may, at the option of Landlord, operate as an assignment to it of any or all such subleases or subtenancies.

19.10 Holding Over

If Tenant remains in possession of all or any part of the premises after the expiration of the term hereof, with or without the express or implied consent of Landlord, such tenancy shall be from month to month only and not a renewal hereof or an extension for any further term, and in such case, rent and other monetary sums due hereunder shall be payable at the time specified in this Lease and such month-to-month tenancy shall be subject to every other term, covenant, condition and agreement contained herein, except that the monthly rental rate set forth in Section 4.1 may be increased by Landlord effective the first month of the holdover period, or upon 30 days notice any time thereafter.

19.11 Interest on Past Due Obligations

Except as expressly herein provided, any amount due to Landlord not paid when due shall bear interest at a rate one percent (1%) above the discount rate of the Federal Reserve Bank of San Francisco from the due date. Payment of such interest together with the amount due shall excuse or cure any default by Tenant under this Lease.

19.12 Recording

Neither Landlord nor Tenant shall record this Lease.

19.13 Notices

All notices or demands of any kind required or desired to be given by Landlord or Tenant hereunder shall be in writing and shall be deemed delivered forty-eight (48) hours after depositing the notice or demand in the United States mail, certified or registered, postage prepaid, addressed to the Landlord or Tenant respectively at the addresses set forth in Article 1.

19.14 No Reservation

Submission of this instrument for examination or signature by Tenant does not constitute a reservation of or option for lease; it is not effective as a lease or otherwise until execution and delivery by both Landlord and Tenant.

19.15 Corporate Authority

If Tenant is a corporation, each individual executing this Lease on behalf of said corporation represents and warrants that he/she is duly authorized to execute and deliver this Lease on behalf of said corporation in accordance with a duly adopted resolution of the Board of Directors of said corporation or in accordance with the Bylaws of said corporation, and that this Lease is binding upon said corporation in accordance with its terms. If Tenant is a corporation, Tenant shall, within thirty (30) days after execution of this Lease, deliver to Landlord a certified copy of resolution of the Board of Directors of said corporation authorizing or ratifying the execution of this Lease.

19.16 Force Majeure

If either Landlord or Tenant shall be delayed or prevented from the performance of any act required hereunder by reason of acts of God, governmental restrictions, regulations or controls (except those reasonably foreseeable in connection with the uses contemplated by this Lease) or other cause without fault and beyond the control of the party obligated (except financial inability), performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay. Nothing in this clause shall excuse Tenant from prompt payment of any rent, taxes, insurance or any other charge required of Tenant, except as may be expressly provided in this Lease.

In Witness Whereof Landlord and Tenant have executed this Lease as of the date first written above.

LANDLORD: STATE OF CALIFORNIA DEPARTMENT OF TRANSPORTATION

Dated: _____ By: _____
LINDA EMADZADEH, Chief
R/W Airspace, LPA, and Utilities

TENANT: CITY AND COUNTY OF SAN FRANCISCO,
A municipal corporation, acting by and through its
Municipal Transportation Agency

Dated: _____ By: _____
Edward D. Reiskin
Director of Transportation

San Francisco Municipal Transportation Agency
Board of Directors

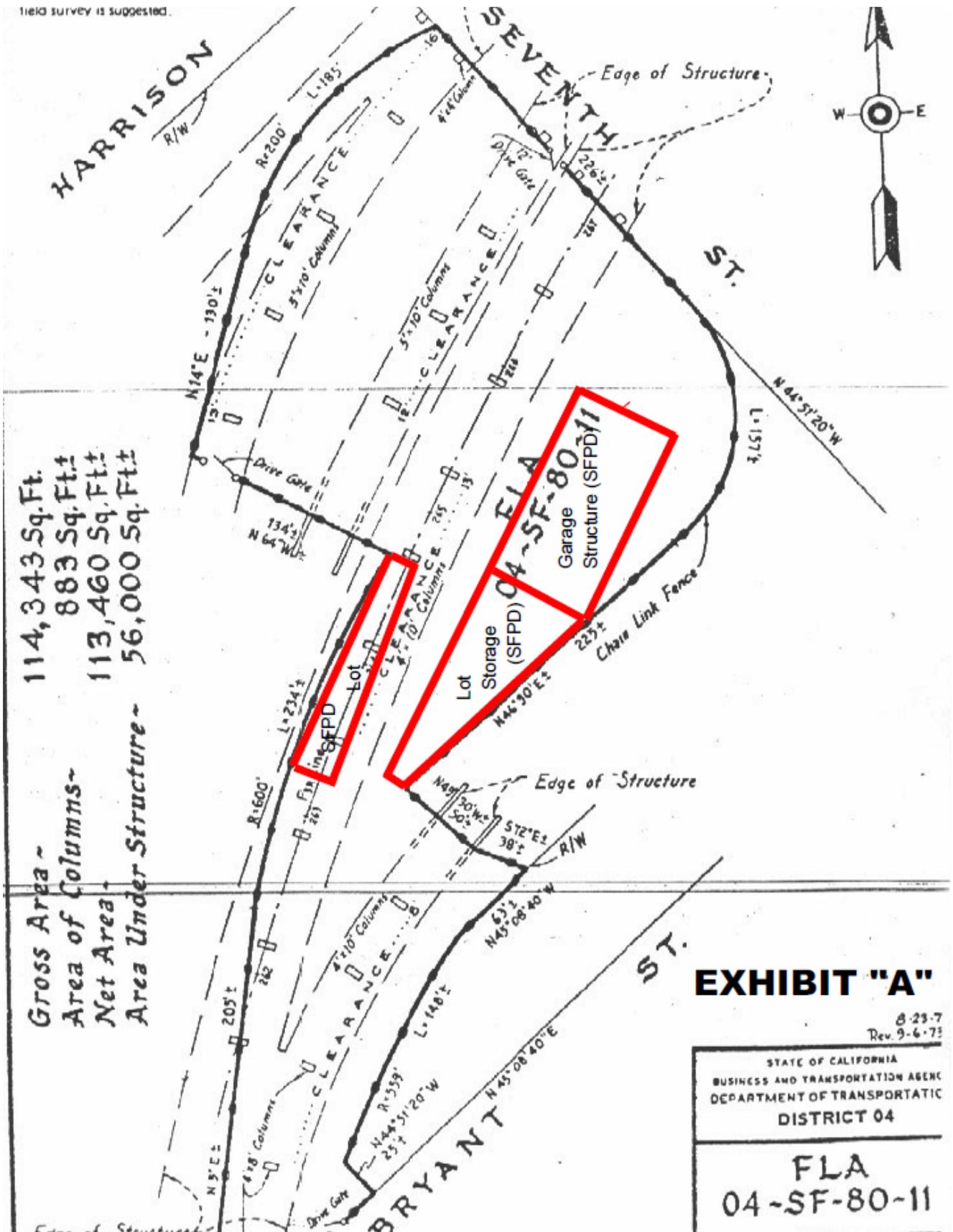
Resolution No. _____
Adopted: _____
Attest: _____
Secretary, SFMTA Board of Directors

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

By: _____
Robert K. Stone, Deputy City Attorney

EXHIBIT A
(Site diagram)

field survey is suggested.



Gross Area - 114,343 Sq. Ft.
 Area of Columns - 883 Sq. Ft.±
 Net Area - 113,460 Sq. Ft.±
 Area Under Structure - 56,000 Sq. Ft.±

EXHIBIT "A"

8-23-7
Rev. 9-6-73

STATE OF CALIFORNIA
 BUSINESS AND TRANSPORTATION AGENCY
 DEPARTMENT OF TRANSPORTATION
 DISTRICT 04

FLA
 04-SF-80-11

EXHIBIT B

Stormwater Pollution Prevention

General Land Use

Illicit Connections/Illegal Discharge

- Locate solid waste storage areas away from drainage facilities and watercourses and not in areas prone to flooding or ponding. Prevent storm water run-on from contacting stored solid waste through the use of ditches, berms, dikes and swales. Use dry cleanup techniques (e.g., vacuuming, sweeping, dry rags) to remove solid waste from the site when practicable. Use wet cleaning techniques only when dry cleanup techniques are not practicable. Periodically inspect the solid waste storage areas and review the disposal procedures.
- Non-storm water discharges to drainage paths, drain systems and watercourses are prohibited. Fluids should be collected by vacuum or other methods and contained and recycled, evaporated or discharged to the sanitary sewer system with approval from the publicly-owned treatment works.
- Store, transport and dispose of all hazardous waste in accordance with federal, state and local regulations. Follow label instructions regarding the proper handling, mixing and application of materials which could generate hazardous waste and a discharge to waterways.
- Train employees in proper waste disposal and cleaning, maintenance and good housekeeping procedures.



General Maintenance and Repair

Properly collect and dispose of water when pressure washing buildings, rooftops, and other large objects. Properly prepare work area before conducting building maintenance. Properly clean and dispose of equipment and wastes used and generated during building maintenance.

Recycle residual paints, solvents, lumber, and other materials to the maximum extent practical. Buy recycled products to the maximum extent practical.

Do not dump waste liquids down the storm drain. Make sure that nearby storm drains are well marked to minimize the chance of inadvertent disposal of residual paints and other liquids.



Keep the work site clean and orderly. Remove debris in a timely fashion. Sweep the area. Cover materials of particular concern that must be left outside, particularly during the rainy season. Use drip pans or absorbent material under leaking vehicles and equipment to capture fluids.

All maintenance activities should practice water conservation. Keep water application equipment in good working condition. Use the minimum amount of water needed to complete each maintenance activity.

Stormwater Pollution Prevention

General Housekeeping

- Purchase only the amount of material that will be needed for foreseeable use. Choose products that do the same job with less environmental risk.
- Keep work sites clean and orderly. Remove debris in a timely fashion. Sweep the area. Dispose of wash water, sweepings, and sediments, properly. Recycle or dispose of fluids properly.
- Specific employees should be assigned specific inspection responsibilities at the work site and given the authority to remedy any problems found.
- Prohibit littering by employees, subcontractors, and visitors.
- Keep lids on dumpsters closed. Arrange for larger dumpsters or more frequent collection of trash from dumpsters to prevent overflow. Do not conduct dumpster washout on the work site. Notify trash hauling contractors that only watertight dumpsters are acceptable for use on-site.

Stormwater Pollution Prevention

Office/Retail

Trash/Trash Bins/Dumpsters Connections/Illegal Discharge

Post "No Littering" signs and enforce anti-litter laws. Provide a sufficient number of litter receptacles for the facility. Clean out and cover litter receptacles frequently to prevent spillage.

Keep dumpster areas clean. Recycle materials whenever possible. Use all of a product before disposing of the container. Ensure that only appropriate solid wastes are added to the solid waste container. Certain wastes such as hazardous wastes, appliances, fluorescent lamps, pesticides, etc., may not be disposed of in solid waste containers. Take special care when loading or unloading wastes to minimize losses.

Inspect dumpsters and trash bins weekly for leaks and to ensure that lids are on tightly. Replace any that are leaking, corroded, or otherwise deteriorating. Sweep and clean the storage area regularly and clean up spills immediately.

If the dumpster area is paved, do not hose it down to a storm drain. Instead, collect the wash water and discharge it to the sewer if allowed by the local sewer authority. Use dry methods when possible (e.g., sweeping, use of absorbents). Prevent stormwater run-on from entering the dumpster area by enclosing it or building a berm around the area. Prevent waste materials from directly contacting rain. Cover dumpsters to prevent rain from washing waste out of holes or cracks in the bottom of the dumpster.



Building Maintenance

Properly collect and dispose of water if pressure washing buildings, rooftops, and other large objects. If pressure washing where the surrounding area is paved, use a water collection device that enables collection of wash water and associated solids. Use a sump pump, wet vacuum or similarly effective device to collect the runoff and loose materials. Dispose of the collected runoff and solids properly. If pressure washing on a landscaped area (with or without soap), runoff must be dispersed as sheet flow as much as possible, rather than as a concentrated stream. The wash runoff must remain on the landscaping and not drain to pavement.

Do not dump any toxic substance or liquid waste on the pavement, the ground, or toward a storm drain. Store toxic material under cover when not in use and during precipitation events. Switch to non-toxic chemicals for maintenance when possible. If cleaning agents are used, select biodegradable products whenever feasible. Consider using a waterless and non-toxic chemical cleaning method for graffiti removal (e.g. gels or spray compounds). Use chemicals that can be recycled. Buy recycled products to the maximum extent practicable

Use water-based paints whenever possible. They are less toxic than oil-based paints and easier to clean up. Look for products labeled "latex" or "cleans with water." Develop paint handling procedures for proper use, storage, and disposal of paints. Transport paint and materials to and from job sites in containers with secure lids and tied down to the transport vehicle. Test and inspect spray equipment prior to starting to paint. Tighten all hoses and connections and do not overfill paint containers. Mix paint indoors before using so that any spill will not be exposed to rain. Do so even during dry weather because cleanup of a spill will never be 100% effective.



Transfer and load paint away from storm drain inlets. When there is significant risk of a spill reaching storm drains or if sand blasting is used to remove paint, cover nearby storm drain inlets prior to starting painting and remove covers when job is complete. Use a ground cloth to collect the chips if painting requires scraping or sand blasting of the existing surface. Dispose the residue properly.

Cover or enclose painting operations properly to avoid drift. Clean the application equipment in a sink that is connected to the sanitary sewer if using water based paints. Capture all cleanup-water and dispose of properly. Store leftover paints if they are to be kept for the next job properly, or dispose properly.

Regularly train employees on appropriate Best Management Practices implementation, storm water discharge prohibitions, and wastewater discharge requirements. Train employees on proper spill containment and cleanup.

Stormwater Pollution Prevention

Landscaping

Where feasible, retain and/or plant native vegetation since it usually requires less maintenance than new vegetation. When planting or replanting consider using flowers, trees, shrubs, and groundcovers that have low water use. Consider alternative landscaping techniques such as naturoscaping and xeriscaping. Use mulch or other erosion control measures on exposed soils.

Dispose of grass clippings, leaves, sticks, or other collected vegetation as garbage at a permitted landfill or by composting. Do not dispose of gardening wastes in streets, waterways, or storm drainage systems. Place temporarily stockpiled material away from watercourses and storm drain inlets, and berm and/or cover.

Irrigate slowly or pulse irrigate so the infiltration rate of the soil is not exceeded. Inspect irrigation system regularly for leaks and to ensure that excessive runoff is not occurring. If re-claimed water is used for irrigation, ensure that there is no runoff from the landscaped area(s). Use automatic timers to minimize runoff. Use popup sprinkler heads in areas with a lot of activity or where pipes may be broken. Consider the use of mechanisms that reduce water flow to broken sprinkler heads.

Follow all federal, state, and local laws and regulations governing the use, storage, and disposal of fertilizers. Follow manufacturers' recommendations and label directions. Employ techniques to minimize off-target application (e.g. spray drift) of fertilizer, including consideration of alternative application techniques. Calibrate fertilizer distributors to avoid excessive application. Periodically test soils for determining proper fertilizer use. Fertilizers should be worked into the soil rather than dumped or broadcast onto the surface. Sweep pavement and sidewalk if fertilizer is spilled on these surfaces before applying irrigation water. Use slow release fertilizers whenever possible to minimize leaching.

Whenever possible, use mechanical methods of vegetation removal such as hand weeding rather than applying herbicides. When conducting mechanical or manual weed control, avoid loosening the soil, which could lead to erosion.

If using pesticides, follow all federal, state, and local laws and regulations governing their use, storage, and disposal. Follow manufacturers' recommendations and label directions. When applicable, use less toxic pesticides that will do the job and avoid use of copper-based pesticides if possible. Do not apply pesticides if rain is expected or if wind speeds are above 5 mph. Do not mix or prepare pesticides for application near storm drains. Prepare the minimum amount of pesticide needed for the job and use the lowest rate that will effectively control the targeted pest. Do not apply any chemicals directly to surface waters and do not spray pesticides within 100 feet of open waters. Employ techniques to minimize off-target application (e.g. spray drift) of pesticides, including consideration of alternative application techniques. Purchase only the amount of pesticide that you can reasonably use in a given time period. Careful soil mixing and layering techniques using a topsoil mix or composted organic material can be used as an effective measure to reduce weeds and watering. Check irrigation schedules so pesticides will not be washed away and to minimize non-stormwater discharge.

Integrate pest management techniques where appropriate. Mulch can be used to prevent weeds where turf is absent. Remove insects by hand and place in soapy water or vegetable oil. Alternatively, remove insects with water or vacuum them off the plants. Use species-specific traps (e.g. pheromone-based traps or colored sticky cards). Sprinkle the ground surface with abrasive diatomaceous earth to prevent infestations by soft-bodied insects and slugs. Slugs also can be trapped in small cups filled with beer that are set in the ground so that slugs can get in easily. In cases where microscopic parasites, such as bacteria and fungi, are causing damage to plants, the affected plant material can be removed and disposed of (pruning equipment should be disinfected with bleach to prevent spreading the disease organism). Small mammals and birds can be excluded using fences, netting, and tree trunk guards. Promote beneficial organisms, such as bats, birds, green lacewings, ladybugs, praying mantis, ground beetles, parasitic nematodes, trichogramma wasps, seedhead weevils, and spiders that prey on detrimental pest species.

Patio, Walkway, Driveway

- Use dry clean-up methods, such as a broom, mop or absorbent material for surface cleaning whenever possible. Do not sweep or blow trash or debris into the street or gutter. Avoid graffiti abatement activities during rain events and use the least toxic materials available (e.g. water based paints, gels or sprays for graffiti removal). Avoid using cleaning products that contain hazardous substances that can create hazardous waste.
- If water must be used for surface cleaning, use it sparingly. Never discharge washwater into the street, a ditch, or storm drain. Determine how you are going to capture the water and where you are going to discharge it before starting the wash job. Capture and collect the washwater and properly dispose of it (i.e., landscaped areas, private sewer system, sanitary sewer system).
- Provide regular training to employees and/or contractors regarding surface cleaning.



Stormwater Pollution Prevention

Parking Area

Clean parking lots on a regular basis to prevent accumulated wastes and pollutants from being discharged into storm drain systems during rainy conditions. When cleaning heavy oily deposits, use absorbent materials on oily spots prior to sweeping or washing. Dispose of used absorbents appropriately.

Allow sheet runoff to flow into biofilters (vegetated strip and swale) and/or infiltration devices. Utilize sand filters or oleophilic collectors for oily waste in low concentrations. Clean out oil/water/sand separators regularly, especially after heavy storms.

Have designated personnel conduct inspections of the parking facilities and storm drain systems associated with them on a regular basis. Inspect cleaning equipment/sweepers for leaks on a regular basis.

Have spill cleanup materials readily available and in a known location. Cleanup spills immediately and use dry methods if possible. Properly dispose of spill cleanup material.



Stormwater Pollution Prevention

Parking Lots

Leaking Vehicles

Clean parking lots on a regular basis to prevent accumulated wastes and pollutants from being discharged into storm drain systems during rainy conditions. When cleaning heavy oily deposits, use absorbent materials on oily spots prior to sweeping or washing. Dispose of used absorbents appropriately.

Allow sheet runoff to flow into biofilters (vegetated strip and swale) and/or infiltration devices. Utilize sand filters or oleophilic collectors for oily waste in low concentrations. Clean out oil/water/sand separators regularly, especially after heavy storms.

Have designated personnel conduct inspections of the parking facilities and storm drain systems associated with them on a regular basis. Inspect cleaning equipment/sweepers for leaks on a regular basis.

Have spill cleanup materials readily available and in a known location. Cleanup spills immediately and use dry methods if possible. Properly dispose of spill cleanup material.



Trash

- Post "No Littering" signs and enforce anti-litter laws.
- Provide trash receptacles in parking lots to discourage litter. Clean out and cover trash receptacles frequently to prevent spillage. Regularly inspect, repair, and/or replace trash receptacles.
- Routinely sweep, shovel and dispose of litter in the trash. Remove litter and debris from drainage grates, trash racks and ditch lines to reduce discharge to the storm water drainage systems and watercourses.
- Provide regular training to field employees and/or contractors regarding cleaning of paved areas and proper operation of equipment.

Stormwater Pollution Prevention

Storage

Trash/Trash Bins/Dumpsters

- Post "No Littering" signs and enforce anti-litter laws. Provide a sufficient number of litter receptacles for the facility. Clean out and cover litter receptacles frequently to prevent spillage.
- Keep dumpster areas clean. Recycle materials whenever possible. Use all of a product before disposing of the container. Ensure that only appropriate solid wastes are added to the solid waste container. Certain wastes such as hazardous wastes, appliances, fluorescent lamps, pesticides, etc., may not be disposed of in solid waste containers. Take special care when loading or unloading wastes to minimize losses. Loading systems can be used to minimize spills and fugitive emission losses such as dust or mist. Vacuum transfer systems can minimize waste loss.
- Inspect dumpsters and trash bins weekly for leaks and to ensure that lids are on tightly. Replace any that are leaking, corroded, or otherwise deteriorating. Sweep and clean the storage area regularly and clean up spills immediately.
- If the dumpster area is paved, do not hose it down to a storm drain. Instead, collect the wash water and discharge it to the sewer if allowed by the local sewer authority. Use dry methods when possible (e.g., sweeping, use of absorbents). Prevent stormwater run-on from entering the dumpster area by enclosing it or building a berm around the area. Prevent waste materials from directly contacting rain. Cover dumpsters to prevent rain from washing waste out of holes or cracks in the bottom of the dumpster.



Leaking Vehicles

Place drip pans under leaking vehicles. Drain all vehicles in long-term storage. Clean storage facilities on a regular basis to prevent accumulated wastes and pollutants from being discharged into conveyance systems during rainy conditions. When cleaning heavy oily deposits, use absorbent materials on oily spots prior to sweeping or washing. Dispose of used absorbents appropriately.



Train employees on proper spill containment and cleanup. Have spill cleanup materials readily available and in a known location. Cleanup spills immediately and use dry methods if possible. Properly dispose of spill cleanup material.

Allow sheet runoff to flow into biofilters (vegetated strip and swale) and/or infiltration devices. Utilize sand filters or oleophilic collectors for oily waste in low concentrations. Clean out oil/water/sand separators regularly, especially after heavy storms.

Sediment on Stored Construction Equipment

- Conduct regular cleaning. Sweeping or vacuuming the storage facility is encouraged over other methods. Sweep all storage lots at least once before the onset of the wet season. Establish frequency of sweeping based on usage and field observations of sediment accumulation.
- Washing or rinsing of equipment shall be performed in designated areas and the resulting runoff shall not be discharged to the storm drain system.

Stormwater Pollution Prevention

Potential Illegal Discharge from Unknown Materials Inside Storage Units

- Design storage areas to minimize stormwater exposure. Construct a berm or intercept trench at doorways. Install a collection system for pretreatment and sewer disposal under permit by the local sewer authority.
- Utilize dry cleanup methods such as sweeping for removal of litter and debris, or use of rags and absorbents for leaks and spills. Properly dispose of collected wastes.
- Use secondary containment or protective barriers for indoor liquid storage.
- Train employees on the proper implementation of Best Management Practices, storm water discharge prohibitions, and wastewater discharge requirements. Train employees on proper spill containment and cleanup.

Outdoor Storage of Loose Materials

Store materials indoors, if feasible. Designate a secure material storage area that is paved with Portland cement concrete, free of cracks and gaps, and impervious in order to contain leaks and spills.

Protect materials stored outside from rainfall and wind dispersal by covering them with a fixed roof or a temporary waterproof covering made of polyethylene, polypropylene, or hypalon. Keep covers in place at all times when work is not occurring. If areas are so large that they cannot feasibly be covered and contained, implement erosion control practices at the perimeter of the area and at catch basins to prevent dispersion of the stockpiled material. Implement erosion control practices at the perimeter of your site and at catch basins to prevent erosion of the stockpiled material off-site, if the stockpiles are so large that they cannot feasibly be covered and contained. Minor slides/slipouts usually occur during major storms. Stockpiles should be removed as soon as practicable and materials should be placed so that waterways are not impacted.



Cover wood products treated with chromated copper arsenate, ammonical copper zinc arsenate, creosote, or pentachlorophenol with tarps or store indoors.

Protect materials stored outside from stormwater runoff. Construct a berm around the perimeter of the material storage area to prevent the runoff of uncontaminated stormwater from adjacent areas as well as runoff of stormwater from the material. Paved areas should be sloped in a manner that minimizes pooling of water on the site. A minimum slope of 1.5% is recommended.

Keep storage areas clean and dry. Sweep and maintain routes to and from storage areas. Conduct regular inspections of storage areas.

Stormwater Pollution Prevention

Vehicle or Equipment Storage

Oil Leaks

Place drip pans under leaking vehicles. Drain all vehicles in long-term storage. Clean storage facilities on a regular basis to prevent accumulated wastes and pollutants from being discharged into conveyance systems during rainy conditions. When cleaning heavy oily deposits, use absorbent materials on oily spots prior to sweeping or washing. Dispose of used absorbents appropriately.

Use dry cleaning methods as much as possible. When wet cleaning methods are necessary, storm drains should be blocked and the wash water should be collected and pumped to the sanitary sewer or discharged to a pervious surface. After cleaning, remove blocks from storm drains. Wash water should not be allowed to enter the storm drains. Do not discharge wash water to the sanitary sewer before contacting the local sewer authority.

Train employees on proper spill containment and cleanup. Have spill cleanup materials readily available and in a known location. Cleanup spills immediately using dry methods if possible. Properly dispose of spill cleanup material. Designate personnel to conduct inspections of the facility and stormwater conveyance systems associated with them. Inspect cleaning equipment/sweepers for leaks on a regular basis.

Allow sheet runoff to flow into biofilters (vegetated strip and swale) and/or infiltration devices. Utilize sand filters or oleophilic collectors for oily waste in low concentrations. Clean out oil/water/sand separators regularly, especially after heavy storms.



Caked Dirt on Tires

- Conduct regular cleaning. Sweeping or vacuuming the storage facility is encouraged over wet cleaning methods. Sweep all storage lots at least once before the onset of the wet season. Establish frequency of sweeping based on usage and field observations of sediment accumulation.



- Washing or rinsing of equipment shall be performed in designated areas and the resulting runoff shall not be discharged to the storm drain system.
- Train employees on appropriate Best Management Practices, storm water discharge prohibitions, and wastewater discharge requirements.

EXHIBIT C

Per Section 5.2, Tenant does not know nor has reasonable cause to believe that any release of hazardous material has come to be located on or beneath the Premises

ADDENDUM TO AIRSPACE LEASE AGREEMENT

This Addendum to Airspace Lease Agreement (this “Addendum”) is a part of and modifies that certain Airspace Lease Agreement (the “Base Lease”) for Lease Area No. 04-SF-80-11 between the State of California, acting by and through its Department of Transportation (“Landlord”), and the City and County of San Francisco, a municipal corporation (“Tenant”), dated as of October 1, 2016.

All undefined, capitalized terms used in this Addendum shall have the meanings given to them in the Base Lease. All references in the Base Lease and in this Addendum to “the Lease” or “this Lease” shall mean the Base Lease, as modified by this Addendum.

1. Non-Liability of City Officials, Employees and Agents. Notwithstanding anything to the contrary in this Lease, no elective or appointive board, commission, member, officer, employee or agent of City shall be personally liable to Landlord, its successors and assigns, in the event of any default or breach by City or for any amount which may become due to Landlord, its successors and assigns, or for any obligation of City under this Lease.

2. Controller’s Certification of Funds. The terms of this Lease shall be governed by and subject to the budgetary and fiscal provisions of the City's Charter. Notwithstanding anything to the contrary contained in this Lease, there shall be no obligation for the payment or expenditure of money by Tenant under this Lease unless the Controller of the City and County of San Francisco first certifies, pursuant to Section 3.105 of the City's Charter, that there is a valid appropriation from which the expenditure may be made and that unencumbered funds are available from the appropriation to pay the expenditure. Without limiting the foregoing, if in any fiscal year of City after the fiscal year in which the Term of this Lease commences, sufficient funds for the payment of Rent and any other payments required under this Lease are not appropriated, then Tenant may terminate this Lease, without penalty, liability or expense of any kind to Tenant, except for Tenant’s obligation to remove any personal property and restore the Premises to the prior condition per Article 8.2, as of the last date on which sufficient funds are appropriated. Tenant shall use its reasonable efforts to give Landlord reasonable advance notice of such termination.

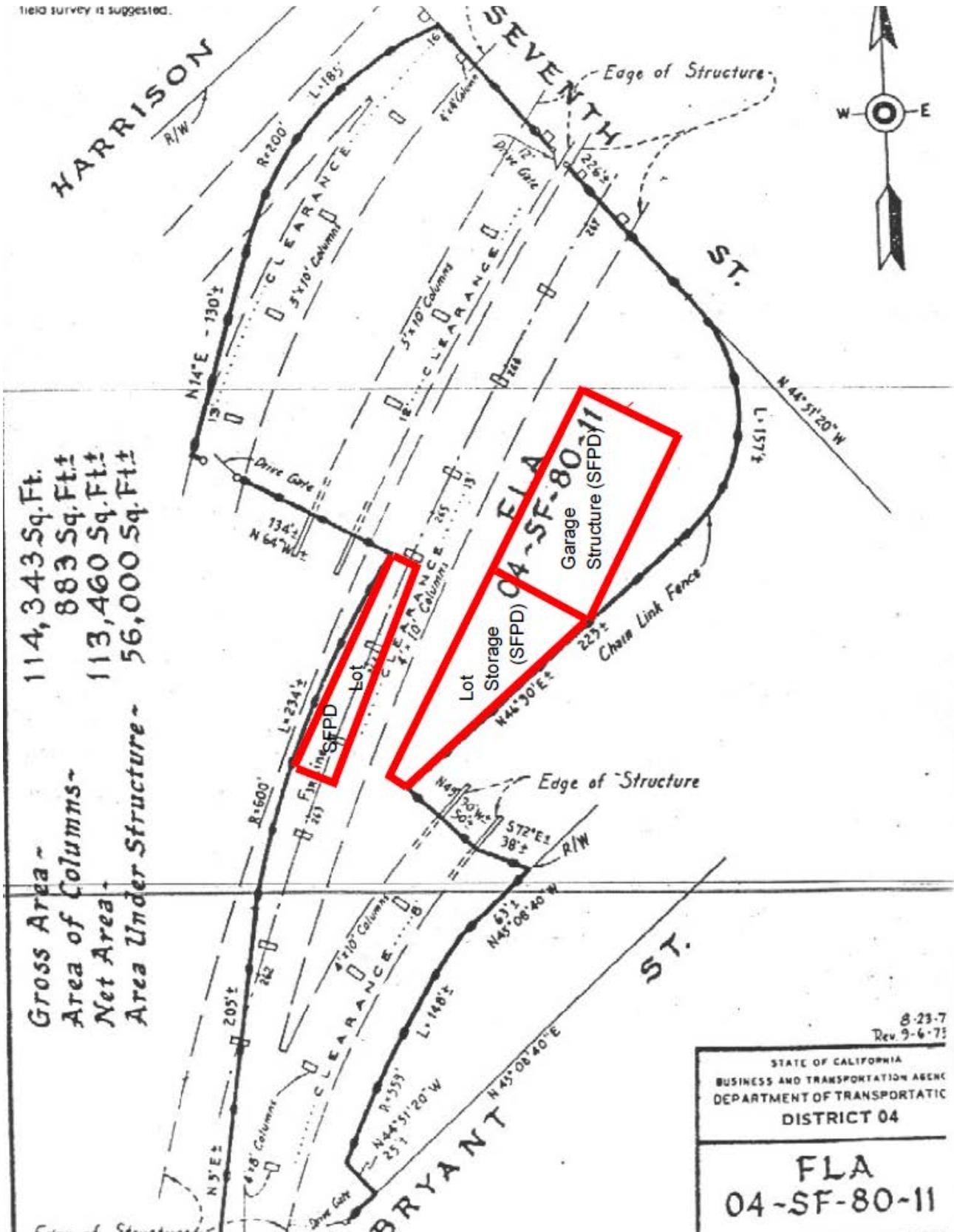
3. Non Discrimination in City’s Contracts and Benefits Ordinance. To the extent Landlord is subject to San Francisco Administrative Code Section 12B in the performance of this Lease, Landlord covenants and agrees not to discriminate on the basis of the fact or perception of a person’s race, color, creed, religion, national origin, ancestry, age, sex, sexual orientation, gender identity, domestic partner status, marital status, disability, weight, height, or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status) against any employee of, or any Tenant employee working with, or applicant for employment with, Landlord in any of Landlord’s operations within the United States, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in any business, social, or other establishment or organization operated by Landlord.

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

5. Bicycle Storage Facilities. Article 1.5, Section 155.1, of the San Francisco Planning Code (the “Planning Code”) requires the provision of bicycle storage at City-leased buildings at no cost to Landlord. In the event public and/or private donations, grants or other funds become available, at any time during the term of this Lease including any extension thereof, Tenant may apply for a Caltrans Encroachment Permit proposing to install compliant bicycle storage at the Premises per Section 6 hereinabove.

(ATTACHMENT 2 TO REVOCABLE LICENSE – PROPERTY DIAGRAM)

field survey is suggested.



**City and County of San Francisco
Municipal Transportation Agency
One South Van Ness Ave. 7th floor
San Francisco, California 94103**

First Amendment to Agreement

Contract No. SFMTA-CCO No. 15-1349

THIS AMENDMENT (this “Amendment”) is made as of October 1, 2016, in San Francisco, California, by and between TEGSCO, LLC, dba San Francisco AutoReturn, (“Contractor”), and the City and County of San Francisco, a municipal corporation (“City”), acting by and through its Municipal Transportation Agency (“SFMTA”).

RECITALS

- A.** City and Contractor have entered into the Agreement (as defined below).
- B.** City and Contractor desire to modify the Agreement on the terms and conditions set forth herein to include reference to the license agreement between Contractor and the City for property at 7th and Harrison Streets in San Francisco for use, by Contractor, as the Primary Storage Facility under the Agreement.

NOW, THEREFORE, Contractor and the City agree as follows:

- 1. Definitions.** The following definitions shall apply to this Amendment:
 - 1a. Agreement.** The term “Agreement” shall mean the Agreement dated April 1, 2016 between Contractor and City.
 - 1b. Other Terms.** Terms used and not defined in this Amendment shall have the meanings assigned to such terms in the Agreement.

- 2. Modifications to the Agreement.** The Agreement is modified as follows:

- 2a.** Section 4.3. (Designated Facilities) is replaced in its entirety to read as follows:

- 4.3 Designated Facilities.** Contractor shall perform the Services required under this Agreement at the Primary and Long-term Storage Facilities, which shall be located on premises designated by City.

- 4.3.1 Long-term Storage Facility.** As of the Effective Date of this Agreement, the City designates 2650 Bayshore Boulevard, Daly City, California as the site of the Long-term Storage Facility. Contractor shall operate the Long-term Storage Facility from 2560 Bayshore Boulevard in accordance with the terms and conditions of the Revocable License to Enter and Use Property at 2650 Bayshore Boulevard (“the 2650 Bayshore License”), which is attached hereto as Appendix D, and is incorporated by reference as though fully set forth herein. At any time during the Term of this Agreement, City may, at its sole and absolute discretion, designate a

new facility to serve as the Long-term Storage Facility, and may require Contractor to relocate to that facility in accordance with the terms and conditions of the 2650 Bayshore License.

4.3.2 Primary Storage Facility. As of the Effective Date of this Agreement, the City designates 450 7th Street, San Francisco, California as the site of the Primary Storage Facility. As of October 1, 2016, Contractor shall operate the Primary Storage Facility from 450 7th Street in accordance with the terms and conditions of the Revocable License to Enter and Use Property at 450 7th Street (“the 7th Street License”), which is attached hereto as Appendix F, and is incorporated by reference as though fully set forth herein. At any time during the Term of this Agreement, City may, at its sole and absolute discretion, designate a new facility to serve as the Primary Storage Facility, and may require Contractor to relocate to that facility in accordance with the terms and conditions of the 7th Street License.

2b. Section 4.9 (Performance Surety Bond) is replaced in its entirety to read as follows:

4.9 Performance Surety Bond. Upon the Effective Date of this Agreement, Contractor shall provide to the City, and shall maintain throughout the Term of this Agreement and for a period of at least ninety (90) days after expiration or termination of this Agreement, or until all of Contractor’s obligations have been performed under this Agreement, whichever date is later, a performance guarantee of two million dollars (\$2,000,000), which shall consist of a Performance Surety Bond of two million dollars (\$2,000,000) in favor of the City and County of San Francisco, a municipal corporation, acting by and through its Municipal Transportation Agency, guarantying the faithful performance by Contractor of this Agreement, of the 2650 Bayshore License, of the 7th Street License, and of the covenants, terms and conditions of this Agreement the 2650 Bayshore License, and the 7th Street License, including all monetary obligations set forth herein, and including liquidated damages and any dishonesty on the part of Contractor.

The City may draw upon such Performance Surety Bond in circumstances which include, but are not limited to:

(a) To ensure regulatory compliance in the event that Contractor receives a notice of violation or other regulatory order from a governmental or regulatory agency with jurisdiction over Contractor’s operations or the properties used by Contractor for the performance of this Agreement and Contractor does not achieve compliance with the notice of violation or order to the satisfaction of the issuing agency within the time specified by the agency, or by the City if the agency does not specify a timeframe.

(b) To reimburse the City for any fine or other charge assessed against the City related to any notice of violation or other regulatory order issued to Contractor.

(c) To reimburse the City for costs associated with City’s environmental assessments or corrective action related to Contractor’s violation of any of the requirements of Appendix D, the 2650 Bayshore License, or Appendix F, the 7th Street License, which may be performed at the City’s sole discretion.

(d) To satisfy any overdue payment obligations owed by Contractor to City pursuant to Appendices D or F.

(e) To satisfy fines assessed by City against Contractor pursuant to Appendices D or F.

(f) To compensate City for losses or damage to property caused by Contractor.

The Performance Surety Bond required by this Section 4.8 shall be issued on a form prescribed by City, which is attached hereto as Appendix E, and issued by a financial institution acceptable to the City in its sole discretion, which financial institution shall (a) be a bank, insurance or trust company doing business and having an office in the State of California, (b) have a combined capital and surplus of at least \$25,000,000, and (c) be subject to supervision or examination by federal or state authority. If Contractor defaults with respect to any provision of this Agreement, City may, but shall not be required to, make its demand under said Performance Surety Bond for all or any portion thereof, to compensate City for any loss or damage which City may have incurred by reason of Contractor's default or dishonesty, including (but not limited to) any claim for fines or liquidated damages; provided, however, that City shall present its written demand to said bank, insurance or trust company for payment under said Performance Surety Bond only after City first shall have made its demand for payment directly to Contractor, and five (5) full days have elapsed without Contractor having made payment to City.

2c. Section 4.14 (Maintenance Deposit) is replaced in its entirety to read as follows:

4.14 Upon execution of this Agreement, Contractor shall deposit with City the amount of one hundred thousand dollars (\$100,000) as a maintenance deposit. These funds may be used by City as specified in Appendices D and F, including but not limited to when maintenance required by Appendices D or F is not done in a timely manner or in accordance with the standards of this Agreement, including the standards of Appendices D or F. Contractor shall be responsible for replenishing this maintenance deposit fund to maintain a balance of one hundred thousand dollars (\$100,000) within fifteen (15) days of any date that the fund falls below the minimum balance. Failure to replenish the maintenance deposit fund for more than forty-five (45) days shall be an Event of Default under Section 8.2 of this Agreement. Any interest accrued and earned on the maintenance deposit fund shall be retained by City.

2d. Section 4.16 (Environmental Oversight Deposit) is replaced in its entirety to read as follows:

4.16 Environmental Oversight Deposit. Upon the Effective Date of this Agreement, Contractor shall provide to the City, and shall maintain and replenish throughout the term of the property licenses set forth in Appendices D and F of this Agreement and for a period of at least ninety (90) days after termination or expiration of those licenses, an Environmental Oversight Deposit in the amount of ten thousand dollars (\$10,000), which shall be deposited in an account specified by City. If Contractor receives a notice of violation or other regulatory order from a governmental or regulatory agency with jurisdiction over the designated facilities or its operations, and such notice is not cured within fourteen (14) days, the City may draw from this deposit to reimburse the City for staff costs incurred by the City while inspecting site conditions and enforcing and administering the Hazardous Materials provisions of the licenses. If Contractor receives a

notice of violation or other regulatory order from a governmental or regulatory agency with jurisdiction over the site and or its operations, and such notice is cured within fourteen (14) days, the City may draw from this deposit in an amount not to exceed \$500 to reimburse the City for staff costs incurred by the City. The City will submit an invoice to Contractor for any such costs, and Contractor will pay such invoiced amounts within thirty (30) days to replenish the Environmental Oversight Deposit. Contractor's failure to pay such costs within thirty (30) days, or to replenish the Environmental Oversight Deposit if drawn upon, will constitute an Event of Default under Section 8.2 of this Agreement.

2e. Section 8.2 (Termination for Default; Remedies.) is replaced in its entirety to read as follows:

8.2 Termination for Default; Remedies.

Each of the following shall constitute an immediate event of default (“Event of Default”) under this Agreement:

Contractor fails or refuses to perform or observe any term, covenant or condition contained in any of the following Sections of this Agreement:

3.5	Submitting False Claims
4.5	Assignment
4.9	Performance Bond
4.14	Maintenance Deposit
4.15	Claims Fund
4.16	Environmental Oversight Deposit
Article 5	Insurance and Indemnity
Article 7	Payment of Taxes
10.4	Nondisclosure of Private, Proprietary or Confidential Information
10.10	Alcohol and Drug-Free Workplace
11.10	Compliance with Laws

Contractor fails or refuses to perform or observe any other term, covenant or condition contained in this Agreement, including any obligation imposed by ordinance or statute and incorporated by reference herein, and such default continues for a period of ten days after written notice thereof from to Contractor.

Contractor (i) is generally not paying its debts as they become due; (ii) files, or consents by answer or otherwise to the filing against it of a petition for relief or reorganization or arrangement or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy, insolvency or other debtors’ relief law of any jurisdiction; (iii) makes an assignment for the benefit of its creditors; (iv) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers of Contractor or of any substantial part of Contractor’s property; or (v) takes action for the purpose of any of the foregoing.

A court or government authority enters an order (i) appointing a custodian, receiver, trustee or other officer with similar powers with respect to Contractor or with

respect to any substantial part of Contractor's property, (ii) constituting an order for relief or approving a petition for relief or reorganization or arrangement or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy, insolvency or other debtors' relief law of any jurisdiction or (iii) ordering the dissolution, winding-up or liquidation of Contractor.

On and after any Event of Default, City shall have the right to exercise its legal and equitable remedies, including, without limitation, the right to terminate this Agreement or to seek specific performance of all or any part of this Agreement. In addition, where applicable, City shall have the right (but no obligation) to cure (or cause to be cured) on behalf of Contractor any Event of Default; Contractor shall pay to City on demand all costs and expenses incurred by City in effecting such cure, with interest thereon from the date of incurrence at the maximum rate then permitted by law. City shall have the right to offset from any amounts due to Contractor under this Agreement or any other agreement between City and Contractor: (i) all damages, losses, costs or expenses incurred by City as a result of an Event of Default; and (ii) any liquidated damages levied upon Contractor pursuant to the terms of this Agreement; and (iii), any damages imposed by any ordinance or statute that is incorporated into this Agreement by reference, or into any other agreement with the City.

All remedies provided for in this Agreement may be exercised individually or in combination with any other remedy available hereunder or under applicable laws, rules and regulations. The exercise of any remedy shall not preclude or in any way be deemed to waive any other remedy. Nothing in this Agreement shall constitute a waiver or limitation of any rights that City may have under applicable law.

Any notice of default must be sent by registered mail to the address set forth in Article 11.

2f. Appendix F (Revocable License to Enter and Use Property at 450 7th Street) is hereby attached and incorporated into this Agreement as though fully set forth herein.

3. Effective Date. Each of the modifications set forth in Section 2 shall be effective on and after the date of this Amendment.

4. Legal Effect. Except as expressly modified by this Amendment, all of the terms and conditions of the Agreement shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, Contractor and City have executed this Amendment as of the date first referenced above.

<p>CITY</p> <p>San Francisco</p> <p>Municipal Transportation Agency</p> <hr/> <p>Edward D. Reiskin Director of Transportation</p> <p>San Francisco Municipal Transportation Agency Board of Directors Resolution No. _____ Adopted: _____ Attest:</p> <p>_____ Secretary, SFMTA Board of Directors</p> <p>Approved as to Form:</p> <p>Dennis J. Herrera City Attorney</p> <p>By:</p> <hr/> <p>Robert K. Stone Deputy City Attorney</p>	<p>CONTRACTOR</p> <p>TEGSCO, dba San Francisco AutoReturn</p> <hr/> <p>John Wicker, President</p> <p>City vendor number: 66307</p>
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Appendices:

F: 7th Street License Agreement