

EXHIBIT A:

LEASE AND CONCESSIONAIRE AGREEMENT FOR USE OF SPACE IN THE SOUTH SAN FRANCISCO LIBRARY | PARKS AND RECREATION CENTER

This Lease (“Lease”) is entered into as of the date set forth in Article I by and between Landlord and Tenant.

ARTICLE 1

FUNDAMENTAL LEASE PROVISIONS

- 1.1 Date of Lease: [TBD, effective when lease is signed by the City Manager]
- 1.2 Landlord: The City of South San Francisco, a municipal corporation. Following execution of this Lease, the duties of the Landlord shall be performed by the City Manager or their designee unless otherwise noted in the Lease, provided that such delegation shall not affect in any manner whatsoever the obligations of Landlord under the terms and provisions of this Lease.
- 1.3 Tenant: Mata MV Corporation, a California Corporation, or its assignees
(See Article 24)
- 1.4 Tenant’s Trade Name: Morning Vibes Café, or other such dba as may be proposed by Tenant and approved by Landlord.
- 1.5 Building: The Library | Parks and Recreation Center, located at 901 Civic Campus Way, South San Francisco, California (“LPR”)
- 1.6 Demised Premises: Third floor lobby of the Library | Parks and Recreation Center.
(See Article 2)
- 1.7 Floor Area: Approximately One Hundred and Ninety-Two (192) square feet (as indicated on Exhibit B).
- 1.8 Lease Effective Date: This Lease shall be effective as of the date the first party to execute this Lease receives from the last party to execute this Lease, a fully executed original of this Lease (the

"Effective Date"). The "Term" (as defined below) will be calculated from the date specified in Article 3.

(See Article 3)

1.9 Term: An "Initial Term" of thirty-six (36) calendar months with the option by the Landlord to renew for up to three (3) additional twelve (12) month Option Periods (see Section 1.10 below and Article 3).

1.10 Options: Three Option Periods of twelve (12) successive calendar months. After the expiration of the three Options Periods, the Term may be extended by the City at its own discretion.
(See Article 3)

1.11 Delivery Date See Section 3.1

1.12 Rental Commencement Date Rent to commence thirty (30) calendar days after the Delivery Date. Tenant is eligible for Tenant Improvement Credit against Minimum Monthly Rent up to a maximum of \$1,500, exclusive of Percentage Rent in accordance with Section 6.1 hereof.
(See Article 4)

1.13 Rent: Minimum Monthly Rent: \$500.00 per month, plus percentage rent of monthly gross sales as listed below.

Percentage Rent:

Year 1: 4 percent (4%) of monthly Gross Sales

Year 2: 4.5 percent (4.5%) of monthly Gross Sales

Year 3+: 5 percent (5%) of monthly Gross Sales

1.14 Use of Demised Premises: For a coffee shop, as more particularly described in Section 5.0.

1.15 Default Rate: One percent (1%) per month, or the maximum legal rate of interest, whichever is less (See Section 29.15).

1.16 Security Deposit \$1,000

1.17 Addresses for Notices and Payments:

Notices to Landlord
City Manager
City of South San Francisco
400 Grand Avenue
South San Francisco, CA 94080

Notices to Tenant
Mata MV Corporation
1392 9th Avenue
San Francisco, CA 94122

This Article 1 is intended to supplement and/or summarize the provisions set forth in the balance of this Lease. If there is any conflict between any provisions contained in this Article 1 and the balance of this Lease, the balance of this Lease shall control.

ARTICLE 2 – DEMISED PREMISES

2.0 LEASE OF DEMISED PREMISES. Landlord hereby leases the Demised Premises to Tenant, together with all easements, rights and privileges appurtenant thereto. The term "Demised Premises" and "Premises", as used in this Lease, shall mean all areas designated on Exhibit B and having the floor area described in Section 1.7.

2.1 LANDLORD'S USE. Landlord reserves the right to use the walls, floor, roof and plenum above the Demised Premises for the installation, maintenance, use and replacement of pipes, ducts, conduits, wires, alarm lines, heating, ventilating and air conditioning lines, fire protection lines and systems, electric power, telephone and communication lines and systems, gas lines and systems, water lines and systems, sewer lines and systems and structural elements serving the Building, provided the Demised Premises and the business conducted therein are not adversely affected or aesthetically altered thereby, and provided further that Tenant's use of the Demised Premises (as defined in Article 5) is not materially impaired or interfered with. A general space plan is attached hereto as Exhibit B and made a part hereof (the "Space Plan").

ARTICLE 3 – TERM

3.0 TERM AND OPTIONS.

3.0.1 TERM. Subject to the terms and provisions of this Lease, the term of this Lease shall commence on the Delivery Date (as defined in Section 3.1 below) and shall continue, unless sooner terminated in accordance with the provisions of this Lease, for the period of Thirty-Six (36) calendar months from the Delivery Date (the "Initial Term"). References to the "Term" of this Lease shall include the Initial Term and the Option Period, if exercised, in accordance with the terms and provisions of Section 3.0.2.

3.0.2 OPTIONS. In addition to the Initial Term, Landlord shall have the option to extend this Lease for up to Three (3) additional successive Twelve (12) month periods (each 12-month period hereinafter referred to as an "Option Period), following expiration of the Initial Term. In the event that either Party is interested in agreeing to an Option Period, the interested Party shall give written notice of its interest ("Option Notice") to the other Party at least six (6) months but not more than one (1) year before expiration of the Initial Term. Notwithstanding the foregoing, if Tenant is in default on either (a) the date occurring six (6) months prior to the expiration of the term in question or (b) the date of the Option Period is to commence, and fails to cure the default following notice

from the Landlord pursuant to Article 22 of this lease, the Option Period in question shall not commence, and this Lease shall expire at the end of the Initial Term. After the expiration of the three Options Periods, the Term may be extended by the City at its own discretion.

During the Option Periods and any additional extension of the Term all terms and conditions of this Lease shall remain the same.

3.1 DELIVERY OF POSSESSION. For purposes of this Lease, the term "Delivery Date" means the date upon which Landlord delivers to Tenant of actual possession of the Demised Premises, free of Hazardous Materials (as defined in Section 5.3.2, below), and in a manner to meet and comply with all federal, state, and local laws, ordinances and regulations and all handicapped accessibility standards, including, without limitation, those promulgated under the Americans With Disabilities Act 1990, 42 USC sections 12101 et seq., as the same maybe amended from time to time, or by any similar or successor law and the rules promulgated there under (the "ADA"), such that the Demised Premises, including, without limitation, the foundation, roof, exterior walls, plumbing for water serving the Demised Premises, and building electrical shall be in good, workable, structurally sound and sanitary order, condition, and repair, and free and clear of all prior tenancies, tenants and occupants. No more than two (2) weeks prior to anticipated Delivery of Possession, Landlord and Tenant shall perform a walk-through of the Demised Premises to develop a punch list of items to be repaired or completed by Landlord before Delivery of Possession may occur. Thereafter, Tenant shall be deemed to have accepted the Demised Premises "as is," "where-is" and "with all faults" condition, and Tenant hereby expressly waives the implied warranty of habitability and suitability for a particular purpose as may be provided by law.

3.2 CERTIFICATES. Within twenty (20) days after receipt of a request from Landlord given subsequent to the date Tenant initially opens for business to the public in the Premises, Tenant shall execute and deliver to Landlord a certificate substantially in the form set forth in Exhibit A of this Lease (the "Acknowledgment of Commencement").

ARTICLE 4 – RENTAL

4.0 RENTAL COMMENCEMENT DATE. Tenant's obligation to pay rent shall commence thirty calendar days after the Delivery Date (the "Rental Commencement Date").

4.1 MINIMUM MONTHLY RENT. Tenant covenants and agrees to pay Minimum Monthly Rent, in the amount set forth in Section 1.13, above, in advance, on or before the first day of each month, without prior demand, offset or deduction (except as otherwise permitted by the terms of this Lease), commencing on the Rental Commencement Date. If the Rental Commencement Date is a day other than the first day of a month, Minimum Monthly Rent for the first partial month shall be pro-rated based upon a thirty-day month.

4.2 PERCENTAGE RENT. In addition to Minimum Monthly Rent, Tenant covenants and agrees to pay to Landlord [4] percent ([4]%) of monthly Gross Sales in Year 1, [4.5] percent (4.5%) of monthly Gross Sales in Year 2, and [5] percent (5%) of monthly Gross Sales in Year 3+ (as defined in

Section 4.4 below). Percentage Rent shall apply solely to sales generated from Tenant's normal café operations conducted within the Premises.

Within sixty (60) days after the close of each fiscal year, Tenant agrees to furnish or cause to be furnished to Landlord a statement of the Gross Sales made from or upon the Demised Premises. Notwithstanding the foregoing, in the event Tenant's accounting for the fiscal year in question has not been finalized within such sixty (60) day period, Tenant shall have an additional thirty (30) days to finalize its accounting for said fiscal year in question and submit such finalized accounting to the Landlord with appropriate adjustments (upwards or downwards) to any previously paid Percentage Rent being made concurrently therewith.

The Percentage Rent calculation for any partial month of the Term shall be based upon a pro rata share of the thresholds described above in this section.

Tenant shall pay to Landlord the Percentage Rent provided for in this section within thirty (30) days after the close of each fiscal year. If Tenant fails to pay such Percentage Rent when due and payable, the unpaid amounts shall bear interest at the Default Rate from the date due to the date of payment. If Tenant submits a revised finalized accounting as provided above which indicates an underpayment of Percentage Rent, Tenant shall pay to Landlord the amount of such underpayment concurrently with the submission of the finalized accounting. If Tenant submits a revised finalized accounting as provided above which indicates an overpayment of Percentage Rent, Landlord shall return the amount of overpayment to Tenant within thirty (30) days after receipt of the finalized accounting. At the request of Landlord, Tenant's annual statement of Gross Sales shall include copies of quarterly sales tax returns for the year covered by such annual statement.

Landlord acknowledges that Tenant has made no representation, covenant or warranty with respect to its business volume or the anticipated volume of Gross Sales.

4.3 STATEMENT OF GROSS SALES. Tenant shall keep and shall require subtenants and concessionaires, if any, to keep at Tenant's address for notices, full and accurate books of accounts, records and other commercially reasonable, pertinent data regarding the Gross Sales and the business conducted on the Demised Premises. Such books, records and other pertinent data regarding the Gross Sales shall be kept for a period of two (2) years after the close of each calendar year. The receipt by Landlord of any statement or of any payment of Percentage Rental for any period shall not bind it as to the correctness of such statement or of such payment.

Within two (2) years after the receipt of such statement Landlord shall be entitled to cause an independent audit of the Gross Sales for either of the preceding two (2) years to be made by Certified Public Accountant to be designated by Landlord. Such audit shall be limited to a determination of the Gross Sales, as defined this Lease, shall be conducted during normal business hours, upon five (5) business days' notice, and shall occur at Tenant's address for notices. If it shall be determined as a result of such audit that there has been a deficiency in the payment of Percentage Rent, then such deficiency shall become immediately due and payable with interest at the Default Rate. In addition, if Tenant's statement for the subject calendar year shall be found to

have understated Gross Sales by more than [2] percent ([2]%) and Landlord is entitled to any additional Percentage Rent as a result of said understatement, then Tenant shall pay all of Landlord's reasonable costs and expenses connected with such audit. If there has been any overpayment, Landlord shall immediately refund the same to Tenant.

The Gross Sales for any calendar year may not be audited more than once.

Any information gained from such statements, inspection or audit shall be confidential and shall not be disclosed except to carry out the purposes hereof, except however, that Landlord shall be permitted to divulge the contents of any such statement as is reasonably necessary in connection with any financing arrangements or assignments of Landlord's interest in the Demised Premises or in connection with the enforcement of Landlord's rights hereunder, provided that such information provided to others pursuant to this provision shall be subject to their agreement to maintain such information as confidential.

4.4 DEFINITION OF GROSS SALES. The term "Gross Sales," as used in this Lease, is defined to mean the gross selling price of all food, other merchandize and services sold in or from the Demised Premises by Tenant, its subtenants, licenses and concessionaires, whether for cash or on credit, and whether made by employees or vending machines.

There shall be excluded from Gross Sales the following: (1) the amount of any federal, state or local tax in respect of any sales (or substantially similar tax imposed in the future) collected by Tenant from customers of the Demised Premises and paid by Tenant to any such governmental authorities; (2) the amount of any actual refunds or credits made by Tenant to purchasers for returned merchandise or refunds made to customers for merchandise or services claimed to be defective or unsatisfactory, the sale of which was previously included in Gross Sales; (3) gratuity revenue reflected on charge slips to the extent such revenue is actually paid by Tenant to Tenant's employees; (4) the discounted portion of meals offered to employees to the extent such meals are included at the non-discounted retail price in Tenant's gross receipts provided that no revenue or other value is received for such discounted portion; (5) credit card fees or similar fees; (6) revenues attributable to complimentary items given to customers (i.e. if complimentary items are given to customers free of any charge, such gifts shall not be deemed to generate revenue included in gross sales, but the costs of such gifts shall not be deducted from gross sales); (7) the discounted portion of meals or services offered in conjunction with charitable endeavors provided by Tenant as a public service to the extent that such meals are included at the non-discounted retail price in Tenant's gross receipts, provided all gross revenues actually received are included in Gross Sales; (8) any sums received in settlement of claims for loss or damage to merchandise; (9) sales or trades of Tenant's equipment, furniture, fixtures or other personal property previously used in the Demised Premises so long as such items are not part of Tenant's inventory of stock-in-trade and merchandise; (10) revenues received by Tenant for parcel post or other delivery charges, gift boxes or gift wrapping of merchandise purchases, outside rental equipment, items supplied by outside vendors (e.g., florals) and for other similar miscellaneous items or services which are not generally considered to be merchandise or services sold or delivered by Tenant, provided that such

merchandise or services are provided by an outside vendor, and further provided that Tenant does not receive any revenues for such merchandise or services in any amount greater than the amount paid by Tenant to the outside vendor for the merchandise or services; (11) all refundable deposits made by customers on returnable containers; (12) the discounted portion of meals served in conjunction with money-off coupons or other similar promotional incentives to customers to the extent that such meals are included at the non-discounted retail price in Tenant's gross receipts, provided all gross revenues actually received are included in Gross Sales; (13) bulk sales as such term is defined in the Uniform Commercial Code; provided, however, that the sum of items 4, 6 and 13 shall not exceed five percent (5%) of Gross Sales as defined in this section, before any exclusions, (14) transfers of goods or merchandise between Tenant's stores, and (15) revenue derived from catering or food service provided for events held within the building that are outside of Tenant's normal business activities. Except as otherwise provided in the foregoing paragraph, all sales originating at the Demised Premises shall be considered as made and complete therein, even though bookkeeping and payment of the account may be transferred to another place for collection and even though actual filling of the sale and actual delivery of the merchandise may be made from a place other than the Demised Premises.

4.4 ADDITIONAL RENT PROVISIONS

- A. Tenant shall pay as additional rent all other sums of money or charges required to be paid to Landlord pursuant to the terms of this Lease, whether or not the same is designated "Additional Rental." If such amount or charges are not paid at the time provided for in this Lease, they shall nevertheless, if not paid when due, be collectible as additional rent with the next installment of rent thereafter falling due hereunder, but the foregoing shall not be deemed to suspend or delay the payment of any amount of money or charge at the time the same becomes due and payable hereunder, or limit any remedy of Landlord.
- B. If Tenant fails to pay when the same is due and payable any Percentage Rent or Additional Rental, and the same remains unpaid for ten (10) business days of such nonpayment, the unpaid amounts shall bear an additional late fee at the Default Rate (as defined in Section 29.15 below) from the date due to the date of payment.

In addition, Tenant acknowledges that the late payment of any installment of Percentage Rent will cause Landlord to incur certain costs and expenses not contemplated under this Lease, the exact amount of which are extremely difficult or impractical to fix. These costs and expenses will include, without limitation, administrative and collection costs and processing and accounting expenses. Therefore, if any installment of Percentage Rental is not received by Landlord from Tenant within ten (10) days after the installment is due, Tenant shall immediately pay to Landlord a late charge equal to five percent (5%) of the Percentage Rent. Landlord and Tenant agree that this late charge represents a reasonable estimate of the costs and expenses and is fair compensation to Landlord for its loss suffered by the nonpayment by Tenant. A late charge shall not be imposed more than once on any particular installment not paid when due.

Notwithstanding anything to the contrary contained herein, however, for the first two (2) times in any calendar year that Tenant has failed to pay any such installment of Percentage Rent or Additional Rent, such interest and late charge shall not apply unless Tenant has failed to make such payments within ten (10) days after the installment is due.

- C. All rental and other payments shall be paid by Tenant to Landlord at Landlord's address set forth in Article 1 hereof, or at such other place as may from time to time be designated by Landlord in writing during the Term of this Lease.

ARTICLE 5 – USE OF PREMISES

5.0 USES BY TENANT. Tenant is permitted to use the Demised Premises for a coffee shop serving coffee, tea, other non-alcoholic drinks, salads, sandwiches, baked goods and similar items. Items may be sold for consumption at the Demised Premises or for take-out. Tenant shall not prepare or serve items that would cause odors to unreasonably permeate the balance of the Building unless approved by the Landlord. Tenant may make other similar uses of the Demised Premises if approved by Landlord in writing in advance.

Tenant covenants and agrees that during the Term hereof the Demised Premises and every part thereof, shall be kept by Tenant in a clean and wholesome condition, free of any objectionable noises, odors or nuisances, and that all health and police regulations shall, in all respects and at all times, be fully complied with by Tenant.

5.1 TRASH. Tenant shall provide and designate adequate trash receptacles for Tenant's business, in number and size as reasonably approved by Landlord. Tenant agrees to cause all trash and rubbish of Tenant to be deposited within such receptacles on at least a daily basis.

Furthermore, Landlord agrees to subscribe to recycling services for recyclable materials including but not limited to glass, aluminum, paper, cardboard. Recycling receptacles shall be placed within designated trash area.

In the event Tenant fails to comply with Landlord's trash and rubbish and recycling removal procedures set forth herein, Tenant shall be liable to Landlord for all reasonable costs to facilitate removal and maintenance of a neat and clean trash enclosure area, to the extent such costs are incurred as a result of Tenant's failure to comply with the provisions of this section and provided that such failure is not the result of Landlord's failure to provide adequate trash receptacles pursuant to this section.

5.2 OUTDOOR DINING AREA; DISPLAY; WASTE. Except as expressly provided in this Lease, or otherwise permitted in writing by the City, Tenant may not display or sell merchandise or allow portable signs, devices or any other objects to be stored or remain outside the exterior walls and permanent doorways of the Demised Premises.

Tenant shall not use, or suffer or permit any person or persons to use the Demised Premises in any manner that will tend to create waste or nuisance and shall not unreasonably disturb the Building

operations or the use of the Building by its patrons, provided nothing herein shall prohibit Tenant from conducting its normal business activities in the Demised Premises.

5.3 LANDLORD'S REPRESENTATION.

5.3.1. CONDITION OF DEMISED PREMISES. Tenant agrees that, except as otherwise provided in this Lease, neither Landlord nor Landlord's agents have made any representations or promises with respect to the physical condition of the building, the land upon which it is erected or the Demised Premises, the rents, leases, expenses of the operation or any other matter or thing affecting or related to the Demised Premises. Tenant agrees that, except as expressly provided in this Lease, neither Landlord nor any agent of the Landlord has made any representation or warranty as to the suitability of the Demised Premises for the conduct of the Tenant's business.

5.3.2. HAZARDOUS MATERIAL.

- A. As used herein, the term "Hazardous Material" shall mean (i) any waste, material or substance (whether in the form of a liquid, a solid, or a gas and whether or not airborne), which is or is deemed to be a pollutant or a contaminant, or which is or is deemed to be hazardous, toxic, ignitable, reactive, corrosive, dangerous, harmful or injurious, or which presents a risk, to public health or to the environment, or which is or may become regulated by or under the authority of any applicable local, state or federal laws, judgments, ordinances, orders, rules, regulations, codes or other governmental restrictions, guidelines or requirements, any amendments or successor(s) thereto, replacements thereof or publications promulgated pursuant thereto (collectively "Environmental Regulations," and individually, "Environmental Regulation"); (ii) petroleum, including crude oil or any fraction thereof; (iii) ACM; (iv) any polychlorinated biphenyl; (v) any radioactive material; (vi) urea formaldehyde or (vii) any hazardous or toxic wastes, materials or substances or related materials (whether potentially injurious by themselves or in combination with other materials) in concentrations which may be hazardous to human health or the environment or which are or become regulated as such by any federal, state or local government agency or authority. In addition to the foregoing, the term "Environmental Regulations" shall be deemed to include, without limitation, local, state and federal laws, judgments, ordinances, orders, rules, regulations, codes and other governmental restrictions, guidelines and requirements, any amendments and successors thereto, replacements thereof and publications promulgated pursuant thereto, which deal with or otherwise in any manner relate to, environmental matters of any kind.
- B. Landlord shall not cause or knowingly permit any Hazardous Material to exist on, or to escape, seep, leak, spill or be discharged, emitted or released from, the Building during the Term of this Lease in violation of any applicable Environmental Regulation. Landlord hereby agrees to and shall indemnify, protect, and defend Tenant and its successors and assigns, and agrees to hold Tenant and its successors and assigns harmless from and against any and all losses, liabilities, damages, injuries, penalties, fines, costs, expenses and claims of any and every kind whatsoever, including, without limitation, reasonable attorneys' and

consultants' fees and costs, and the costs of clean-up, remediation, removal and restoration (collectively "Environmental Liabilities"); paid, incurred or suffered by, or asserted against, Tenant and/ or its successors and/or assigns as a result of any claim, demand or judicial or administrative action by any person or entity (including governmental or private entities) for, with respect to, or as a direct or indirect result of, the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission, release, or disposal on, under or from the Building or the improvements thereon of any Hazardous Material, or caused by breach by Landlord of any Environmental Regulation to which Landlord or any portion of the Building is subject. Tenant hereby agrees to and shall indemnify, protect and defend Landlord for such Environmental Liabilities with respect to Hazardous Material brought into the Demised Premises by Tenant. The representations, warranties and indemnity contained in this section shall survive the termination of this Lease.

5.3.3 LANDLORD'S TITLE. Landlord represents and warrants to Tenant that it has good and marketable fee simple title to the Building, including Demised Premises, and that Landlord has no knowledge of anything that would prevent Tenant from operating its business from the Demised Premises as contemplated by this Lease. In the event of breach of Landlord's representation and warranty in this section, Landlord shall reimburse Tenant for all of Tenant's costs and expenses incurred in negotiation of this Lease and the planning and design of Tenant's Improvements within ten (10) days' of Landlord's receipt of written demand therefore. This provision shall survive the termination of this Lease.

5.4 RULES AND REGULATIONS. Tenant agrees that its use of the Demised Premises and the trash enclosure area shall at all times be subject to, and Tenant agrees and covenants to comply with all of the rules and regulations as set forth in Exhibit D attached hereto. Landlord and Tenant along with all other tenants of the Building may agree to mutually beneficial amendments and additional new rules and regulations for the care, safety, maintenance and cleanliness of the Demised Premises and the Building, or for the preservation of good order. On delivery of a copy of such amendments and additional new rules and regulations shall constitute a default by Tenant under this Lease. Notwithstanding the above, however, Tenant shall not be obligated to abide by any rule or regulation which (a) purports to deprive Tenant of any material rights under this Lease; (b) purports to impose on Tenant any material obligation or obligations beyond those contained in this Lease; and/or (c) is enforced in a discriminatory fashion by Landlord. If there is a conflict between said rules and regulations and any provisions of this Lease, the provisions of this Lease shall prevail.

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, ordinance or governmental rule or regulation now in force or which may hereafter be enacted or promulgated. Tenant shall, at its sole cost and expense, promptly comply with all laws, statutes, ordinances and governmental rules, regulations or requirements now in force or which may hereafter be in force with respect to Tenant's use of the Demised Premises; provided, however, if there is a change in any governmental statute, law, rule, order, regulation or ordinance affecting the Demised Premises and not related to Tenant's specific

use of the Demised Premises, which requires the making of a change to any structural element to the Demised Premises, Landlord shall be responsible for and bear the cost of any such change.

5.5 HOURS OF OPERATION. Beginning no later than 30 days after the Delivery Date, Tenant shall operate its business at the Demised Premises from at least Monday – Friday, 10:00 a.m. to 5:00 p.m. and Saturday during peak hours. Landlord may upon 30 days' written notice from time to time change the days and hours which the Tenant is required to be open by this section to conform to changes in the regular hours which the Building is open to the public.

5.6 DELIVERIES. All deliveries to the Demised Premises shall be made from the loading zone in the Building surface parking lot. Tenant shall advise its concessionaires, agents, employees, vendors, suppliers and independent contractors of this restriction.

ARTICLE 6 – CONSTRUCTION OF IMPROVEMENTS IN DEMISED PREMISES

6.0 TENANT CONSTRUCTION. Provided that Tenant has not previously terminated this Lease pursuant to the terms of this Lease, after the Delivery Date Tenant may, subject to Landlord's prior approval, construct any new interior improvements (the "Tenant Improvements") within the Demised Premises. Tenant shall be responsible for obtaining all permits and paying all fees for all Tenant Improvements, including but not limited to building and construction permits, and design review fees.

Provided that Tenant has not previously terminated this Lease pursuant to the terms of this Lease, Tenant shall deliver to Landlord a set of plans and specifications for the Tenant Improvements and Tenant's signage for the Premises ("Tenant's Signage") no later than sixty (60) days from the Effective Date of this Lease. Landlord shall approve or disapprove these plans in writing to Tenant within thirty (30) days of Tenant's receipt of Landlord's plans and specifications. If Landlord disapproves the plans, the parties shall promptly meet to reach agreement on alterations to the plans. If the parties are not able to so agree, either party may terminate this Lease. Tenant acknowledges that the City of South San Francisco has dual but separate roles as Landlord and as a government regulator. Tenant acknowledges that Landlord's approval of Tenant's plans, in Landlord's role as the Landlord under this Lease shall not affect the obligation of Tenant to obtain other City approvals, nor shall it prejudice the City's authority to review and approve or disapprove any plans as regulator.

6.1 TENANT IMPROVEMENT CREDIT. Tenant shall be entitled to a credit ("Tenant Improvement Credit") equal to the Tenant's actual cost of construction and improvements made to the Demised Premises, up to a maximum cumulative total of \$720. Tenant shall submit copies of contracts and invoices for the Tenant Improvements to Landlord, and evidence of Tenant's payment of such costs. Upon Tenant's submission of complete building and/or construction permit applications for the Tenant Improvements to the City, the Tenant Improvement Credit shall be applied to the Minimum Monthly Rent due for the following month. Upon Landlord's confirmation of Tenant's payment of the costs of the Tenant Improvements, and determination that the Tenant Improvements have been completed in accordance with the requirements of this Lease, the Tenant Improvement Credit shall

be applied to the Minimum Monthly Rent due hereunder until the Tenant Improvement Credit is depleted. The Tenant Improvement Credit shall not apply to the required security deposit, which remains the Tenant's responsibility.

ARTICLE 7 – SIGNS

7.0 SIGNS. Tenant agrees to comply with all City ordinances relating to signs, including the City's Sign Regulations contained in Chapter 360 of Title 20 of the South San Francisco Municipal Code within thirty (30) days after opening for business.

Except as otherwise provided in this Lease, Tenant shall not install any exterior decoration or painting, or build any fences, or install any radio or television antennae, loud speakers, sound amplifiers or similar devices on the roof or exterior walls of the Demised Premises, or make any changes to the exterior of the Demised Premises.

The City reserves the right to post notices of appreciation for major donors of Library I Parks and Recreation Center Programs and Services.

ARTICLE 8 – TAXES

8.0 TAXES. As used in this Lease, the term "Taxes" shall include any form of tax or assessment, possessory interest tax, license fee, license tax, tax or excise on rent, or any other levy, charge, expense or imposition (individually and collectively "impositions") imposed by any Federal, State, County or City authority having jurisdiction, or any political subdivision thereof, or any school, agricultural, lighting, drainage or other improvement or special assessment district (individually and collectively "governmental agencies"), on any interest of Tenant in the Demised Premises, its improvements, fixtures, inventory or any other aspect of its business, the remainder of the Building or the underlying land, including but not limited to: (i) Any impositions (whether or not such impositions constitute tax receipts to governmental agencies) in substitution, partially or totally, of any impositions now or previously included within the definition of real property taxes including those imposed or required by governmental agencies to increase tax increments to governmental agencies, and for services such as fire protection, street, sidewalk and road maintenance, refuse removal or other governmental services formerly provided without charge to property owners or occupants; (ii) any impositions allocable to or measured by the area of the Demised Premises or any rental payable under this Lease; and (iii) any impositions upon this Lease transaction or any document to which Tenant is a party, creating or transferring an interest or an estate in the Demised Premises. Taxes shall not include the federal or state income, franchise, inheritance or estate taxes of Landlord.

Tenant shall have such rights to contest the validity or amount of taxes as are permitted by law, either in its own name or in the name of Landlord, in either case with Landlord's full cooperation. In conjunction with any such contest, Landlord shall make available to Tenant such information in Landlord's files as Tenant may reasonably request with respect to Taxes, including, without limitation, statements of income and expenses, and rent rolls listing all rents, rent concessions and other pertinent information. Any resultant refund, rebate or reduction shall be used first to repay

the expenses of obtaining such relief. Landlord shall provide Tenant with government notices of assessment (or reassessment) in time sufficient to reasonably permit Tenant, at Tenant's election, to make contest; and if Landlord fails to do so, then there shall be excluded from the tax bill to which Tenant contributes, any increased taxes resulting from such assessment (or reassessment). The term "contest" means contest, appeal, abatement or other proceeding prescribed by applicable law to obtain tax reduction or tax refund, howsoever denominated.

8.1 TENANT PAYMENT. Tenant shall pay all taxes attributable to the Demised Premises when due and payable. In the event any such Taxes are not separately assessed against the Demised Premises, such Taxes shall be prorated by multiplying the entire cost of such Taxes by a fraction, the numerator of which is the gross leasable area of the Demised Premises (as set forth in Section 1.7) and the denominator of which is the gross leasable area of the entire Building. Such fraction is referred to in this Lease as the "Pro Rata Share." In no event shall Tenant be responsible for any Taxes attributable to any area other than the Premises (payable on a pro rata basis if not separately assessed against the Demised Premises) including, without limitation, the parking area. Pursuant to Section 107.6 of the Revenue and Taxation Code, Landlord hereby advises, and Tenant recognizes and understands, that this Lease does create a possessory interest subject to property taxation and that the Tenant will be subject to the payment of property taxes levied on such interest. From and after the Delivery Date, Tenant shall pay taxes directly to the Assessor on or before the date such taxes are due and payable.

ARTICLE 9 – LICENSE AND PERMITS

9.0 LICENSE AND PERMITS. Tenant represents and warrants to Landlord that Tenant and its employees, agents, and any subcontractors have all licenses, permits, qualifications, and approvals, including from the City of South San Francisco ("City"), of what-so-ever nature that are legally required to practice their respective professions. Tenant represents and warrants to Landlord that Tenant and its employees, agents, any subcontractors shall, at their sole cost and expense, keep in effect at all times during the Term of this Agreement any licenses, permits, and approvals that are legally required to practice their respective professions. In addition to the foregoing, Tenant and any subcontractors shall obtain and maintain during the Term of this Agreement valid Business Licenses from the City.

ARTICLE 10 – INSURANCE

10.0 INSURANCE. Tenant shall at all times during the Term hereof, produce and continue in force Commercial General Liability Insurance, Workers' Compensation Insurance, Employer's Liability Insurance, and Property Insurance.

A. Minimum Scope of Insurance.

Coverage at least as broad as:

- (1) Insurance Services Office Commercial General Liability Insurance (occurrence form CG 0001).

- (2) Workers' Compensation insurance as required by the State of California and Employers Liability Insurance.
- (3) Property insurance against all risks of loss to any Tenant Improvements or betterments.

B. Minimum Limits of Insurance.

Tenant shall maintain policy limits no less than:

- (1) General Liability: \$2,000,000 combined single limit per occurrence for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to this location or the general aggregate limit shall be twice the required occurrence limit. Tenant shall also maintain an umbrella policy with liability limits of no less than \$4,000,000.
- (2) Workers' Compensation and Employers Liability: Worker's compensation limits as required by the Labor Code and Employers Liability limits of \$1,000,000 per accident.
- (3) Property Insurance: Eighty percent (80%) of replacement cost with no coinsurance penalty provision.

C. Deductibles and Self-Insured Retentions.

Any deductibles or self-insured retentions must be declared to and approved by the Landlord. At the option of the Landlord either: (1) the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the Landlord, its officers, officials, employees and volunteers, or (2) Tenant shall guarantee payment of losses and related investigations, claim administration and defense expenses.

D. Other Insurance Provisions.

The policies shall contain, or be endorsed to contain, the following provisions:

- (1) Landlord, and its officers, officials, employees, agents and volunteers shall be covered as additional insureds with respect to liability arising out of ownership, maintenance or use of the Premises.
- (2) Tenant's insurance coverage shall be primary insurance as respects the Landlord, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by the Landlord, its officers; officials, employees, agents or volunteers shall be the excess of Tenant's insurance and shall not contribute with it.
- (3) Each insurance policy required by this clause shall be endorsed to state that coverage shall not be suspended, voided, canceled by either party, reduced in coverage or in limits except after thirty (30) days' prior written notice by first class mail, return receipt requested, has been given to the Landlord (except that ten (10) days' notice shall be sufficient for any cancellation due to non-payment by Tenant).

- (4) Insurance is to be placed with insurers with a Best's Insurance Reports rating of no less than B+.

10.1 LANDLORD FIRE AND EXTENDED COVERAGE PROPERTY INSURANCE. Landlord shall at all times and during the Term hereof maintain in effect a policy or policies of property insurance covering the Building and other improvements of which the Premises are a part, in an amount not less than one hundred percent (100%) of the insurable value of such Building, and improvements (to the extent Tenant gives Landlord written notice of the value of all improvements) providing protection against any peril generally included within the classification "Fire and Extended Coverage," and insuring against such other risks as Landlord may designate. The insurance Landlord procures may include coverage on buildings other than the Premises.

10.2 INSURANCE POLICIES. All insurance required to be carried by Tenant hereunder shall be issued by responsible insurance companies, qualified to do the business of issuing the applicable types of policies in the State of California and reasonably acceptable to Landlord and Tenant. Copies of all policies, and original endorsements evidencing the existence and amounts of such insurance, shall be delivered by each party to the other within sixty (60) days of the Delivery Date. No such policy shall be cancelable or substantially reduced in limits or coverage except after thirty (30) days written notice to the other party. Tenant shall, at least thirty (30) days prior to the expiration of such policy, furnish Landlord with renewals or "binders" thereof together with original endorsements, or Landlord may order such insurance and charge the cost thereof to Tenant, which amount shall be payable by Tenant upon demand. Any insurance required hereunder may be carried under so-called "blanket coverage" form of insurance policies.

10.3 INCREASES IN LIMITS. Not less than every three (3) years during the Term of this Lease, Landlord may require increases in all of Tenant's insurance policy limits for all insurance to be carried by Tenant as set forth in this Article, if such increases are commercially reasonable. Neither party shall be required to carry earthquake insurance.

10.4 WAIVER OF SUBROGATION. Tenant and Landlord hereby waive and release any and all right of recovery against the other, including employees and agents, arising during the Term for any and all loss or damage to any property located within or constituting a part of the Building in which the Demised Premises are located, including loss of rental, which loss or damage arises from the perils covered by Fire and Extended Coverage Policy to the extent such loss or damage is not within a deductible and is actually paid under the policy. This mutual waiver is in addition to any other waiver or release contained in this Lease. Landlord and Tenant shall each have their insurance policies issued in such form as to waive any right of subrogation which might otherwise exist.

ARTICLE 11 – UTILITIES

11.0 UTILITIES SERVICES. For purposes of this Lease, the following definitions shall be applicable:

- A. "Utilities" shall mean and be deemed to include, but not be limited to, any of the following if not exclusively serving the premises of any tenant located in the Building: sanitary sewer

lines and systems, gas lines and systems, water lines and systems, fire protection lines and systems, heating, ventilating and air conditioning lines and systems, electric power, telephone and communication lines and systems, and storm drainage and retention facilities.

- B. Services. Landlord agrees that the Demised Premises shall have available to it necessary utilities including electric, water, gas, telephone and other necessary utility lines, as well as refuse collection service and sewerage lines in no event of less capacity than exist on the Effective Date.

11.1 UTILITY CHARGES. Landlord shall separately meter the Demised Premises for electric services. Tenant shall be solely responsible for its electricity hook-up and use charges and shall make such payments directly to the service provider. At Landlord's option, Landlord may instead charge Tenant a flat monthly amount estimating electricity usage charges. Also at Landlord's option, Landlord shall separately meter the Demised Premises for water usage. Until Landlord separately meters the Demised Premises for water usage, Tenant shall not pay water use charges. Tenant shall also be solely responsible for any telephone or internet hook-up and use charges and fees and shall make such payments directly to the service provider. Landlord shall cover the costs sewage and garbage removals. Tenant shall use its best efforts to minimize its use of electricity and water.

11.2 WAIVER OF LIABILITY. Regardless of the entity which supplies any of the Utilities or provides any service referred to in this Article, Landlord shall not be liable in damages for any failure or interruption of any utility or service, unless caused by an act or omission to act of Landlord. No failure or interruption of any utility or service, unless caused by Landlord, shall entitle Tenant to terminate this Lease. If any utility to the Demised Premises should become unavailable for a period in excess of seventy-two (72) consecutive hours and such unavailability is directly caused by the willful act or negligence of Landlord; Minimum Monthly Rent charges shall abate until utility service to the Demised Premises is restored.

11.3 UTILITY ROOMS. In the event any meters, controls or conduits for any utility system serving the Demised Premises are at any time situated outside the Demised Premises (the "Utility Room"), Tenant shall at all times have access to the relevant Utility Room as determined by the Landlord and to controls and other conduits therein in common with Landlord and other tenants affected by such utility systems. No other party other than Landlord and other tenants of the Building shall have access to the Utility Room at any time without the consent of Tenant. Landlord shall provide adequate heat and security for the Utility Room and shall cause the Utility Room to be kept locked at all times.

ARTICLE 12 – PARKING

12.0 PARKING. Landlord and Tenant acknowledge and represent that the parking lot and garage outside of the Building is and shall remain for public parking. Tenant shall not have any exclusive right to any of this parking.

Tenant shall follow all posted parking signage and rules. Parking permits for extended parking beyond the posted maximum parking duration may be provided by the Landlord. The loading stall in the Building Garage shall remain available for weekday Library deliveries.

ARTICLE 13 – INDEMNITY

13.0 TENANT'S DUTY. Tenant hereby agrees to protect, defend, indemnify and hold Landlord harmless against any and all injury, loss, damage, liability (or claims in respect to the foregoing), costs or expenses of whatever nature, to any person or property to the extent caused by or claimed to be caused by or resulting from Tenant's construction on or use of the Demised Premises (and Building as along as such are maintained by Tenant) for the conduct of its business or from any activity, work, or thing done, permitted or suffered by Tenant, and its agents, employees and contractors in or about the Demised Premises, and further Tenant agrees to defend, indemnify and hold Landlord harmless from any and all claims arising from any breach or default in the performance of any obligation on Tenant's part to be performed under the terms of this Lease, or arising from any willful act or negligence of Tenant, or any of its officers, agents, contractors or employees.

13.1 LANDLORD'S DUTY. Landlord hereby agrees to protect, defend, indemnify and hold Tenant harmless against any and all injury, loss, damage, liability (or claims in respect to the foregoing), costs or expenses of whatever nature to any person or property to the extent caused by or claimed to be caused by or resulting from Landlord's manner of design and construction of the Building, and further Landlord agrees to protect, defend, indemnify and hold Tenant harmless from any and all claims arising from any breach or default in the performance of any obligation on Landlord's part to be performed under the terms of this Lease, or arising from any willful act or negligence of Landlord's, its officers, agents, contractors or employees.

ARTICLE 14 – EXEMPTION OF LANDLORD FROM LIABILITY

14.0 Landlord shall not be liable to Tenant for any damages to Tenant arising from any act or neglect of any other tenant of the Building.

ARTICLE 15 – QUIET POSSESSION

15.0 Landlord agrees that, provided Tenant is not in default beyond all notice and cure periods provided in this Lease, Tenant shall quietly have, hold and enjoy the Demised Premises during the Term hereof without any unreasonable disturbance by or from Landlord or anyone lawfully claiming rights under Landlord.

ARTICLE 16 – ESTOPPEL CERTIFICATE

16.0. Within twenty (20) days after request by Landlord, Tenant shall execute and deliver to Landlord a statement substantially in the form of Exhibit C, attached hereto (“Statement of Tenant”). Any such statement may be conclusively relied upon by any prospective purchaser or encumbrancer of the Demised Premises or of all or any portion of the Building of which the Demised Premises are a part. If Tenant fails to deliver such certificate (showing any exceptions to any of the statements required thereby) to Landlord within said twenty (20)-day period, Landlord may provide such certificate on Tenant's behalf which shall be conclusively presumed as against Tenant to be accurate and correct. Within twenty (20) days after receipt of request therefore, Landlord shall deliver to the Tenant a written statement acknowledging the commencement and termination dates of the Lease, that it is in full force and effect (if the same be true), that it has not been modified (or if it has, stating such modifications), and providing any other pertinent information as to which the Tenant might reasonably inquire. Landlord may exercise its right hereunder only in connection with a proposed sale or refinancing of the building, and Tenant may exercise its right hereunder only in connection with a proposed assignment or subletting of the Demised Premises, a financing of its fixtures and equipment, a loan to repair or construct Tenant improvements to the Demised Premises, or with a sale of Tenant's business.

ARTICLE 17 – REPAIRS AND MAINTENANCE

17.0 TENANT REPAIRS. Tenant shall, during the Term of this Lease (except for normal wear and tear, damage by casualty or condemnation and that caused by Landlord) maintain, keep in good order, condition and repair the interior nonstructural portions of the Demised Premises, including all improvements constructed by the Tenant therein, including, to the extent applicable: the interior surface of exterior walls; all windows, doors, door frames, and door closures; all plate glass, storefronts and showcases; all carpeting and other floor covering; all electrical equipment; all trade fixtures and other personal property whether provided by the Landlord or Tenant necessary and convenient for the operations of the coffee shop, and all interior plumbing and sprinkler systems, doors, door locks, plate glass, display windows, window casements, exterior restaurant light fixtures, light bulbs, ballast transformers and electrical panel if any, installed therein. Tenant shall as necessary, or when required by governmental authority, make modifications or replacements of the foregoing. Landlord shall have no obligation to repair or maintain the Demised Premises or improvements constructed thereon or any trade fixtures or any other personal property located therein except as in this Lease provided. Tenant hereby waives the right to make repairs at Landlord's expense under the provisions of any laws permitting repairs by a tenant at the expense of the landlord (including Section 1942 of the Civil Code of the State of California) to the extent allowed by law, in that Landlord and Tenant have by this Lease made specific provisions for such repairs and have defined their respective obligations relating thereto. Janitorial services shall be the responsibility of the Tenant. Tenant shall maintain and keep in a good, cleanly order any chairs, tables, counters, floors and equipment within the Demised Premises. Tenant shall also work with Building staff to coordinate the cleaning of any areas within the Building that are not part of the Demised Premises in order to keep them clean from any impacts of Tenant's operations (i.e., to clean any spills and dispose of trash).

17.1 LANDLORD REPAIRS. Unless for the purpose of exclusive Tenant use, the Landlord shall, at its sole cost and expense, maintain in good order, repair and replace the following: the foundation, roof, roofing, exterior walls, the heating, ventilation and air conditioning system and structural portions of the Demised Premises. Landlord shall repair any damage or defects caused by the negligence of Landlord, its agents or contractors, or by any previous Landlord work done improperly. Tenant shall give Landlord notice of such repairs as may be required under the terms of this Article, and Landlord shall proceed forthwith to affect the same with reasonable diligence, but in no event later than thirty (30) days after having received notice.

17.2 RIGHT OF ENTRY. In the event of emergency repairs, Tenant hereby grants Landlord the right to enter upon the Demised Premises at any time for the purpose of making such repairs.

17.3. BROOM CLEAN. Tenant agrees upon the expiration or early termination of this Lease to remove all of its trade fixtures, furniture and other personal property from the Demised Premises and repair any damage caused thereby and shall surrender the Demised Premises to Landlord broom clean and in good order, condition and repair, ordinary wear and tear, damage by casualty and condemnation, and damage caused by Landlord excepted.

ARTICLE 18 – ALTERATIONS

18.0 ALTERATIONS. Tenant shall not, without Landlord's prior written consent, make any improvements or alterations to the Demised Premises without Landlord approval. All alterations, additions and improvements made to the realty which is the Demised Premises by Tenant shall be Landlord's property, and, at the end of the Term, shall remain in the Demised Premises without compensation to Tenant. Subject to Section 17.3, it is further agreed that upon termination of this Lease, Tenant may remove its furniture, fixtures, equipment and other personal property, and Landlord will accept the Demised Premises as altered without any obligation upon Tenant to restore the Demised Premises to its former condition, other than repair of any damage occasioned by such removal.

ARTICLE 19 – MECHANICS LIENS

19.0 Tenant hereby agrees that it will pay or cause to be paid all costs for work performed by Tenant or caused to be performed by Tenant on the Demised Premises, and it will keep the Demised Premises free and clear of all mechanics' liens on account of work done by Tenant or persons claiming under it.

If Tenant shall be in default in paying any charge for which a mechanics' lien claim and suit to foreclose the lien have been filed, and shall not have given Landlord security to protect the Demised Premises and Landlord against such claims of Lien, then Landlord may, but shall not be obligated to, pay the said claim and any costs, and the amount so paid, together with reasonable attorneys' fees incurred in connection therewith, shall be immediately due and owing from Tenant to Landlord, and Tenant agrees to and shall pay the same with interest at the Default Rate.

Should any claims of lien be filed against the Demised Premises or any action affecting the title to such property be commenced, the party receiving notice of such lien or action shall forthwith give the other party written notice thereof.

ARTICLE 20 – DAMAGE AND DESTRUCTION

20.0 In the event of the partial or total damage or destruction of the Building of which the Demised Premises are a part during the Term or any extensions thereof, from any cause, Landlord shall, to the extent of the proceeds available to Landlord from the insurance required to be carried by Landlord pursuant to Article 10 of this Lease, forthwith repair and reconstruct said building to substantially the same condition which said building was in immediately prior to such damage or destruction, provided such repairs or reconstruction can be made under then existing laws and regulations. Notwithstanding anything to the contrary, in the event the Demised Premises are (1) partially or totally damaged or destroyed by a cause or casualty other than those covered by said insurance and the Landlord does not elect to repair such damage at its sole cost, or (2) the Demised Premises are partially or totally damaged or destroyed by any cause at any time during the last two (2) years of the Term hereof (including any Option Terms, if exercised), or (3) in the event the Building in which the Demised Premises is situated is damaged or destroyed by any cause or casualty to the extent that more than thirty-three percent (33%) of the replacement cost thereof at the time of such damage or destruction is uninsured, then either party may elect to terminate this Lease by giving notice of such termination within ninety (90) days after the occurrence of such damage or destruction. Provided that with respect to the occurrence of an event specified in (1) and (3) above, if either party elects to terminate this Lease, the other party shall have thirty (30) days after receipt of such notice of termination to notify the other of its election to repair and rebuild the buildings and other improvements so damaged or destroyed at its cost and expense in which event this Lease shall not be terminated, such repairs and rebuilding to be performed as soon as reasonably possible.

Unless this Lease is terminated as provided above, and Tenant shall continue the operation of its business during any period to the extent reasonably practicable from the standpoint of prudent business management; provided that the minimum annual rent shall be reasonably reduced by Landlord in proportion to the extent that Tenant is deprived of the use of the Demised Premises.

ARTICLE 21 – EMINENT DOMAIN

21.0 TAKING. The term "total taking" means the taking of so much of the Demised Premises by right of eminent domain or other authority of law, including a voluntary transfer under the threat of the exercise thereof, that the remainder of the Demised Premises is not suitable to conduct the business which Tenant is conducting therein pursuant to Article 5, as reasonably determined by Tenant. The term "partial taking" means the taking of a portion of the Demised Premises which does not constitute a total taking as above defined.

21.1 TOTAL TAKING. If during the Term hereof there shall be a total taking by public authority under the power of eminent domain, then this Lease and the leasehold estate of Tenant in and to

the Demised Premises, shall cease and terminate as of the date the condemning authority takes actual physical possession of the Demised Premises.

21.2 PARTIAL TAKING. Subject to the provisions of Section 21.4 below, if during the Term hereof there shall be a partial taking of the Demised Premises, this Lease, as to the portion of the Demised Premises so taken, shall terminate on the date on which the condemning authority takes actual physical possession of such portion, but this Lease shall continue in full force and effect as to the remainder of the Demised Premises and Landlord shall make all necessary repairs or alterations to the extent condemnation proceeds are available in order to make the remaining portion of the Demised Premises a complete architectural unit as near as possible to the condition as existed prior to the taking. During the course of restoration, Tenant's total obligation for any Rent shall be adjusted as provided in the event of casualty damage. Rent shall thereafter be abated in the amount of that fraction of Rent the numerator of which is the leasable floor area taken, and the denominator of which is the leasable floor area of the Demised Premises prior to the taking, as specified in Section 1.7.

21.3 ELECTION. Notwithstanding anything above to the contrary, in the event (1) there shall be a total or partial taking of the Demised Premises during the last two (2) years of the Term hereof (including any Option Periods, if exercised), or (2) in the event there shall be a partial taking of not less than thirty-three and one-third percent (33-1/3%) of the Demised Premises, or (3) in the event there is a partial taking and the Demised Premises are no longer suitable for Tenant's use thereof, as reasonably determined by Tenant, then either party may elect to terminate this Lease by giving thirty (30) days' notice to the other party of such termination within thirty (30) days after the occurrence of such taking.

21.4 DAMAGES. All compensation and damages awarded for the taking of the Demised Premises or any portion thereof shall belong to and be the sole property of Landlord, and Tenant shall not have any claim or be entitled to any award for diminution in value of its leasehold interest hereunder or for the value of any unexpired term of this Lease; provided, however, that Tenant shall be entitled to petition the court having jurisdiction over the matter for any award that may be made for Tenant's trade fixtures, equipment and Tenant Improvements not paid for by Landlord, the bonus value of the Lease, if any, all relocation costs and any loss of goodwill associated with Tenant's business operated from the Demised Premises.

21.5 TERMINATION. If this lease is terminated pursuant to the provisions of this Article 21 then all rentals and other charges payable by Tenant to Landlord hereunder shall be paid up to the date on which possession shall be taken by the condemning authority and any rentals and other charges theretofore paid by Tenant which are applicable to any period subsequent to the date possession is taken, shall be repaid to Tenant by Landlord, and the parties shall thereupon be released from all further liability hereunder.

21.6 WAIVER. The parties waive such rights of Lease termination as may be granted them in the event of condemnation by the laws of the state wherein the Demised Premises is located, it being their agreement that the rights of termination set forth in this Lease shall be exclusive.

ARTICLE 22 – DEFAULTS BY TENANT AND LANDLORD’S REMEDIES

22.0 TENANT DEFAULTS. The occurrence of any one or more of the following events shall constitute a material default and breach of this Lease by Tenant:

A. Material default and breach:

- (1) Any failure by Tenant to pay Minimum Monthly Rent, Percentage Rent, Additional Rent required hereunder or to make any other payment required to be made by Tenant hereunder, as and when due where such failure continues for ten (10) days after receiving written notice from Landlord of such failure.
- (2) The abandonment of the Demised Premises by Tenant.
- (3) A failure by Tenant to observe and perform any other provisions 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 the same cannot reasonably be 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.
- (4) The making by Tenant of any general assignment for the benefit of creditors; the filing by or against Tenant of a petition to have Tenant adjudged as bankrupt or 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 located at the Demised Premises, or of Tenant's interest in this Lease, where possession is not restored to Tenant within thirty (30) days; or the attachment, execution or other judicial seizure of substantially all of Tenant's assets located at the Demised Premises or of Tenant's interest in this Lease, where such seizure is not discharged within thirty (30) days.
- (5) The failure of the Tenant to commence business within 30 days of the Delivery Date, or the failure to be open for business continuously during all hours described in Section 5.5 for any seven (7) consecutive business days.

B. In the event of any such default by Tenant, then in addition to any other remedies available to Landlord at law or in equity, Landlord shall have the immediate option to terminate this Lease and all rights of Tenant hereunder by giving written notice of such intention to terminate. In the event that Landlord shall elect so to terminate this Lease, then Landlord may recover from Tenant:

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

- (2) 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 Tenant proves could have been reasonably avoided; plus
- (3) 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 Tenant proves could be reasonably avoided, plus
- (4) 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 things would be likely to result therefrom; and
- (5) At Landlord's election, such other amount in addition to or in lieu of the foregoing as may be permitted from time to time by applicable California law.

The term "rent" as used herein shall be deemed to include the Minimum Monthly Rent and Percentage Rent and all other sums required to be paid by Tenant pursuant to the terms of this Lease. All such sums, other than the Minimum Monthly Rent and Percentage Rent, shall be computed on the basis of the average monthly amount thereof accruing during the immediately preceding thirty (30) day period prior to default, except that if it becomes necessary to compute such rental before such a thirty (30) day period has occurred, then on the basis of the average monthly amount during the shorter period.

As used in subparagraphs (1) and (2) above, the "worth at the time of award" is computed by allowing interest at the default rate. As used in subparagraph (3) above, the "worth at the time of award" is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

- C. In the event of any such default by Tenant, Landlord shall also have the right, with or without terminating this Lease, to re-enter the Demised Premises and remove all persons and property therefrom by summary proceedings or otherwise; such property may be removed and stored in a public warehouse or elsewhere at the cost of and for the account of Tenant.
- D. In the event of abandonment of the Demised Premises by Tenant, or in the event that Landlord shall elect to reenter as provided in paragraph C above or shall take possession of the Demised Premises pursuant to legal proceeding or pursuant to any notice provided by law, and if Landlord does not elect to terminate this Lease as provided in paragraph B above, then Landlord may from time to time, without terminating this Lease, either recover all rental as it becomes due or relet the Demised Premises or any part thereof for such term or terms and at such rental or rentals and upon such other terms and conditions as Landlord in its sole discretion may deem advisable, with the right to make reasonably necessary alterations and repairs to the Demised Premises.

In the event that Landlord shall elect to so relet, then rentals received by Landlord from such reletting shall be applied first, to the payment of any indebtedness, other than rent due hereunder, owed by Tenant to Landlord; second, to the payment of any cost of such reletting;

third, to the payment of the cost of any alterations and repairs to the Demised Premises; fourth; to the payment of rent due and unpaid hereunder; and the residue, if any, shall be held by Landlord and applied in payment of future rent as the same may become due and payable hereunder. Should that portion of such rentals received from such reletting during any months, which is applied to the payment of rent hereunder, be less than the rent payable during that month by Tenant hereunder, then Tenant shall pay such deficiency to Landlord. Such deficiency shall be calculated and paid monthly. Tenant shall also pay to Landlord, as soon as ascertained, any reasonable costs and expenses incurred by Landlord in such reletting or in making such alterations and repairs not covered by the rentals received from such reletting.

- E. No reentry or taking possession of the Demised Premises by Landlord pursuant to this Article shall be construed as an election to terminate this Lease unless a written notice of such intention is given to Tenant or unless the termination thereof is decreed by a court of competent jurisdiction. Landlord may at any time after such reletting elect to terminate this Lease for any such default by Tenant.
- F. Certain provisions of this Lease grant to Tenant the right to offset specified amounts against, or to deduct such amounts from, rents or other charges payable under this Lease. The exercise by Tenant of any such right shall not constitute a default under this Lease unless and until a court having jurisdiction there over shall determine by means of a final judgment or award that such right to offset or deduct has been exercised improperly by Tenant, and following the entry of such judgment or award, and within thirty (30) days after receipt by Tenant from Landlord of a bill in the amount determined by such court to have been improperly offset or deducted by Tenant, Tenant shall fail to pay such amount to Landlord, together with interest thereon retroactive to the date that the offset or deduction was taken by Tenant at a rate per annum equal to the Default Rate.

ARTICLE 23 – DEFAULTS BY LANDLORD

23.0 LANDLORD DEFAULTS. If Landlord should be in default in the performance of any of its obligations under this Lease, which default continues for a period of more than thirty (30) days after receipt of written notice from Tenant specifying such default, or (only as to a failure by Landlord to perform any maintenance, repair or replacement which Landlord is obligated to perform pursuant to the terms of this Lease) if such default is of a nature to require more than thirty (30) days for remedy and continues beyond the time reasonably necessary to cure (provided Landlord must have undertaken procedures to cure the default within such thirty (30) day period and diligently pursue such efforts to cure to completion), Tenant may, in addition to availing itself of any other remedies available at law and in equity, at its option, upon written notice, terminate this Lease, or may incur any expense necessary to perform the obligation of Landlord specified in such notice and deduct such expense from the rents or other charges next becoming due.

ARTICLE 24 – ASSIGNMENT, SUBLETTING AND ENCUMBRANCE

24.0 ASSIGNMENT. Tenant shall not assign this Lease, sublet the Demised Premises, enter into franchise, license or concession agreements with respect thereto or otherwise transfer this Lease or any interest therein (collectively "Assignment" or "Assign") without first procuring the written consent of Landlord, not to be unreasonably withheld, conditioned or delayed. Landlord's consent to any Assignment shall be subject to the terms, covenants and conditions contained in this Lease.

24.1 PROCEDURES. Should Tenant desire to enter into an Assignment, Tenant shall request in writing Landlord's consent to the Assignment at least sixty (60) days before the effective date of the Assignment, providing the following: (a) The full particulars of the proposed Assignment, including its nature, effective date and terms and conditions, (b) a description of the identity, net worth and previous business experience of the proposed transferee, in audited form, if available, and certified as accurate by the proposed transferee; (c) a detailed description of the proposed use of the Demised Premises together with the proposed trade name of the transferee; and (d) any further information reasonably related to the proposed Assignment which Landlord shall have requested within fifteen (15) days after receipt of Tenant's request for consent.

Within thirty (30) days after receipt of Tenant's request for consent, together with all of the above required information, Landlord shall respond as follows: (i) Consent to the proposed Assignment, subject to Section 24.5 below; or (ii) refuse to consent to the proposed Assignment, stating the grounds upon which the Landlord based its refusal to consent.

24.2 LANDLORD CONSENT. If Tenant requests Landlord's consent to an Assignment, Landlord and Tenant agree (by way of example and without limitation) that it shall be reasonable for Landlord to withhold its consent if any of the following situations exist or may exist: (a) in Landlord's reasonable business judgment, the proposed transferee lacks sufficient business reputation or experience to operate a successful business of the high quality type and quality required under this Lease; (b) Tenant is in material default beyond all notice and cure periods pursuant to this Lease; (c) the proposed transferee has never operated a business of a type and sales volume comparable to the coffee shop located at the Demised Premises and/or (d) the Assignment would breach any covenant of Landlord respecting radius, location, use or exclusivity in any other Lease, financing agreement or other agreement relating to the Building.

Any attempted or purported Assignment without Landlord's prior written consent (where the same is required) shall be void and of no force or effect, and shall not confer any estate or benefit on anyone. A consent to one (1) Assignment by Landlord shall not be deemed to be a consent to any subsequent Assignment to any other party.

24.3 RELEASE. In the event Landlord consents to an Assignment pursuant to the terms of this Article 24, and the assignee has not committed a material default beyond all notice and cure periods provided in this Lease for the period of one (1) year from and after the effective date of the Assignment, Landlord and Tenant shall enter into a written release of Tenant pursuant to which Tenant shall be fully or forever released from any further liability or responsibility under this Lease arising out of any act, occurrence or omission relating to the Demised Premises or to this Lease occurring after the effective date of the Assignment.

24.4 FORM. Any Assignment shall be evidenced by an instrument in writing and shall be executed by the transferor, assignor, sublessor, licensor, concessionaire, hypothecator or mortgagor and the transferee, assignee, sublessee, licensee, concessionaire or mortgagee in each instance, as the case may be.

24.5 PERMITTED ASSIGNMENT. Notwithstanding the foregoing, Tenant shall have the right, without Landlord's consent, to Assign this Lease to a corporation with which it may merge or consolidate, or in connection with the sale of all or substantially all of its assets, or to any parent or subsidiary of Tenant, or a subsidiary of Tenant's parent, or to a franchisee of Tenant. The sale of stock by Tenant or by any shareholder of it shall not constitute an assignment under the terms of this lease. Tenant shall have the right to operate departments within the Demised Premises without Landlord's consent by means of licenses or concession agreements provided that such departments shall not be separated by demising walls from the balance of Tenant's operations in the Demised Premises.

ARTICLE 25 – NOTICES

25.0 NOTICES. Whenever under this Lease a provision is made for any demand, notice or declaration of any kind or where it is deemed desirable or necessary by either party to give or serve any such notice, demand or declaration to the other, it shall be in writing and either served personally or sent by registered mail or certified mail, return receipt requested, with postage prepaid, addressed to Tenant or Landlord, as the case may be, at the address specified for each in Article 1 hereof. Either party may by like notice at any time and from time to time designate a different address to which notices shall be sent. Notices shall be effective upon receipt or the date of refusal to accept delivery.

ARTICLE 26 – SALE OF DEMISED PREMISES BY LANDLORD

26.0 SALE. Notwithstanding anything contained herein to the contrary, Landlord may assign, in whole or in part, Landlord's interest in this Lease, and may sell all or part of the Building. In the event of any sale or exchange of the Demised Premises by Landlord and/or an assignment by Landlord of this Lease, Landlord shall be and is hereby entirely freed and relieved of all liability under any and all of its covenants and obligations contained in or derived from this Lease arising out of any act, occurrence or omission relating to the Demised Premises or to this Lease occurring after the consummation of such sale or exchange and/or assignment, provided such purchaser or exchangee has assumed Landlord's obligations under this Lease.

ARTICLE 27 – SECURITY DEPOSIT

27.0 SECURITY DEPOSIT. No later than the Delivery Date, Tenant will deposit with Landlord the sum of \$1,000 as security for the full and faithful performance of every provision of this Lease to be performed by Tenant. If Tenant defaults with respect to any provision of this Lease, including but not limited to the provisions relating to the payment of any rent or other charge in default, or 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 therefore, deposit cash with Landlord in an amount sufficient to restore said deposit to the full amount hereinabove stated, and Tenant's failure to do so shall be a material breach of this Lease.

If Tenant shall fully and faithfully perform every provision of this Lease to be performed by it, the deposit or so much thereof as has not theretofore been applied by Landlord, shall be returned, without payment of interest or other increment for its use, to Tenant (or, at Landlord's option, to the last assignee of Tenant's interest hereunder) at the expiration of the Initial Term and any applicable Option Periods. The making by Tenant of such deposit, or the application thereof by Landlord in the manner hereinabove provided, shall not constitute nor be construed as a limitation upon the exercise by Landlord of any other rights or remedies provided to Landlord under the terms of this Lease in the event of Tenant's default. In the event Landlord sells the Building, then Landlord may assign said deposit to the purchaser of Landlord's interest in the Demised Premises without liability to Tenant. No trust relationship is created herein between Landlord and Tenant with respect to said deposit.

28 – TITLE OF LANDLORD

28.0 CONDITION OF TITLE. Landlord covenants that as of the date hereof the City of South San Francisco holds title to the subject property, there are no liens upon its estate other than (a) the effect of easements, rights of way, and any other matters or documents of record, (b) the effect of any zoning laws of the City, County and State where the Building is situated, and (c) general and special taxes not delinquent. Landlord represents and warrants that, as of the Effective Date, there are no mortgages or deeds of trust recorded against the real property that the Building, and Demised Premises are located upon.

ARTICLE 29 – MISCELLANEOUS

29.0 WAIVERS. One or more waivers of a breach of any covenant, term or condition of this Lease by either party shall not be construed by the other party as a waiver of a subsequent breach of the same covenant, term or condition. The consent or approval of either party to or of any act by the other party of a nature requiring consent or approval shall not be deemed to waive or render unnecessary consent to or approval of any subsequent similar act.

29.1 RELATIONSHIP OF PARTIES. Nothing herein contained, either in the method of computing rent or otherwise, shall create between the parties hereto, or be relied upon by others as creating, any relationship or partnership, association, joint venture, or otherwise. The sole relationship or the parties hereto shall be that of Landlord and Tenant.

29.2 LAWS OF CALIFORNIA. The laws of the State of California shall govern the validity, performance, and enforcement of this Lease. Should either party institute legal suit or action for enforcement of any obligation contained herein, it is agreed that the venue of such suit or action shall be in San Mateo County.

29.3 TENANT. The word “Tenant” shall be deemed and taken to mean each and every person or party mentioned as a Tenant herein, be the same one or more, and if there shall be more than one Tenant, any notice required or permitted by the terms of this Lease may be given by or to any one thereof, and shall have the same force and effect as if given by or to all thereof. The use of the singular pronoun to refer to Tenant shall be deemed a proper reference even though Tenant may be an individual, a partnership, a corporation or a group of two or more individuals or corporations. The necessary grammatical changes required to make the provisions of this Lease apply in the plural sense where there is more than one Tenant and to either corporations, associations, partnerships or individuals, males or females, shall in all instances be assumed as though in each case fully expressed.

29.4 SUCCESSORS. The terms and agreements as contained in this Lease shall apply to, run in favor of, and shall be binding upon and inure to the benefit of the parties hereto, and their respective heirs, executors, administrators, personal representatives and assigns and successors in interest.

29.5 INTEGRATION OF REPRESENTATIONS. IT IS UNDERSTOOD THAT THERE ARE NO ORAL AGREEMENTS OR REPRESENTATIONS BETWEEN THE PARTIES HERETO AFFECTING THIS LEASE, AND THIS LEASE SUPERSEDES AND CANCELS ANY AND ALL PREVIOUS NEGOTIATIONS, ARRANGEMENTS, BROCHURES, AGREEMENTS OR REPRESENTATIONS AND UNDERSTANDINGS, IF ANY, BETWEEN THE PARTIES HERETO OR DISPLAYED BY LANDLORD TO TENANT WITH RESPECT TO THE SUBJECT MATTER THEREOF, AND NONE THEREOF SHALL BE USED TO INTERPRET OR CONSTRUE THIS LEASE. THERE ARE NO OTHER REPRESENTATIONS, OR WARRANTIES BETWEEN THE PARTIES AND ALL RELIANCE WITH RESPECT TO REPRESENTATIONS IS SOLELY UPON THE REPRESENTATIONS AND AGREEMENTS CONTAINED IN THIS LEASE AND ITS EXHIBITS. LANDLORD RESERVES THE RIGHT TO AFFECT SUCH OTHER TENANCIES IN THE BUILDING AS PROVIDED IN THIS LEASE.

TENANT INITIAL _____

TENANT INITIAL _____

LANDLORD INITIAL _____

29.6 EXECUTION AUTHORIZED. In the event Tenant hereunder shall be a corporation, the parties executing this Lease on behalf of the Tenant hereby covenant and warrant that Tenant is a duly qualified corporation and all steps have been taken prior to the date hereof to qualify Tenant to do business in California and all franchise and corporate taxes have been paid to date; and all future forms, reports, and fees and other documents necessary to comply with applicable law will be filed when due. Each individual executing this Lease on behalf of said corporation represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of said corporation in accordance with its terms. If Tenant is a corporation, Tenant shall, within thirty (30) days after receipt of request from Landlord given within thirty (30) days after execution of this

Lease, deliver to Landlord a certified copy of a resolution of the Board of Directors of said corporation authorizing or ratifying the execution of this Lease.

Landlord shall present evidence that this Lease was approved by its City Council, and that the official executing of the Lease was authorized by law or the Council to execute the Lease, and by delivery hereof warrants that execution by no other signatory is required and will hold Tenant harmless from any claim to the contrary (and loss suffered by reason thereof).

29.7 TITLES. The titles of Articles and sections herein are for convenience only and do not in any way define, limit or construe the contents thereof.

29.8 NO OFFER. The submission of this document for examination and negotiation does not constitute an offer to lease, or a reservation of, or option for, the Demised Premises; and this document shall become effective and binding only upon execution and delivery hereof by Tenant and by Landlord.

29.9 VOID PROVISIONS. If any provision of this Lease shall be determined to be void by any court of competent jurisdiction, then such determination shall not affect any other provisions of this Lease and all such other provisions shall remain in full force and effect; and it is the intention of the parties hereto that if any provision of this Lease is capable of two constructions, only one of which would render the provision valid, then the provision shall be the meaning which renders it valid.

29.10 FORCE MAJEURE. Any prevention, delay or stoppage due to strikes, lockouts, labor disputes, acts of God, inability to obtain labor or other materials or reasonable substitutes therefore, governmental restrictions, governmental regulations, governmental controls, enemy or hostile governmental action, civil commotion, fire or other casualty, and other causes beyond the reasonable control of the party obligated to perform any term, covenant or condition of this Lease (each a "Force Majeure Event" and collectively, "Force Majeure Events"), shall excuse the performance by such party for a period equal to any such prevention, delay or stoppage provided that written notice is provided to the other party within five (5) business days of any such Force Majeure Event. Notwithstanding the foregoing, however, "Force Majeure Events" shall not excuse the performance of financial obligations of the parties under this Lease. Landlord shall not be responsible for loss of sales due to "Force Majeure Events" that make the facility temporarily uninhabitable.

29.11 RULES AND REGULATIONS. Subject to Section 5.4, above, Tenant agrees and covenants to comply with all of Landlord's rules and regulations set forth in Exhibit D attached hereto. If there is a conflict between the said rules and regulations and any of the provisions of this Lease, the provisions of this Lease shall prevail.

29.12 CONSENT OR APPROVAL. Wherever in this Lease Landlord or Tenant is required to give its consent or approval to any action on the part of the other, such consent or approval shall not be unreasonably withheld.

29.13 USE OF CONTRACTOR. Whenever in this Lease it provides that Landlord shall perform certain work or services, Landlord shall be entitled to contract with an independent contractor to perform said work or services, or provide the service itself.

29.14 TIME OF ESSENCE. Time is of the essence in the performance of each provision of this Lease.

29.15 DEFAULT RATE. Any payment or money due accruing to Landlord or Tenant under the provisions of this Lease which bears interest shall bear interest at the Default Rate of one percent (1%) per month or the maximum legal rate of interest, whichever is less (the "Default Rate").

29.16 HOLDING OVER. If Tenant shall remain in possession of the Demised Premises or any portion thereof after the expiration of the Term, then in the absence of an agreement in writing between the parties, Tenant shall be deemed a tenant at sufferance until acceptance of rent by Landlord, at which time Tenant shall become a tenant from month-to-month at the same rent and under the same terms and conditions as existed immediately prior to the expiration of this Lease.

ARTICLE 30 – MEMORANDUM OF LEASE

30.0 RECORDING. This Lease shall not be recorded. However, at the request of either party a Memorandum shall be executed, in recordable form, by both parties concurrently herewith. Tenant shall have the right to record the Memorandum against the Property in the Official Records of San Mateo County at Tenant's expense.

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the date first above written.

<p>"Landlord"</p> <p>CITY OF SOUTH SAN FRANCISCO</p> <p>BY: _____</p> <p>TITLE: _____</p> <p>DATE: _____</p> <p>APPROVED AS TO FORM BY:</p> <p>_____</p> <p>City Attorney</p>	<p>"Tenant"</p> <p>Mata MV Corporation</p> <p>BY: <u>Haydee M. Mata</u></p> <p>TITLE: <u>Owner and Co-Founder</u></p> <p>DATE: _____</p> <p>BY: <u>Victor G. Caicero</u></p> <p>TITLE: <u>Owner and Co-Founder</u></p>
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DRAFT

EXHIBIT A

ACKNOWLEDGMENT OF COMMENCEMENT

Location: South San Francisco

This Acknowledgment is made as of _____, with reference to that certain Lease (hereinafter referred to as the "Lease") dated _____, 20__ between City of South San Francisco as "Landlord" therein, and Mata MV Corporation, a California corporation, as "Tenant."

The undersigned hereby confirm the following:

1. That Tenant accepted possession of the Premises (as described in said Lease) on _____.
2. That in accordance with the provisions of said Lease, the Rental Commencement Date of the Term is _____, and that, unless sooner terminated, the original Term thereof expires on _____.

Landlord:

**CITY OF SOUTH SAN
FRANCISCO**

By: _____

Title: _____

Tenant:

MATA MV CORPORATION

By: _____

Title: _____

By: _____

Title: _____

DRAFT

EXHIBIT B

SPACE PLAN OF THE 3RD FLOOR LIBRARY | PARKS AND RECREATION CENTER (LPR)

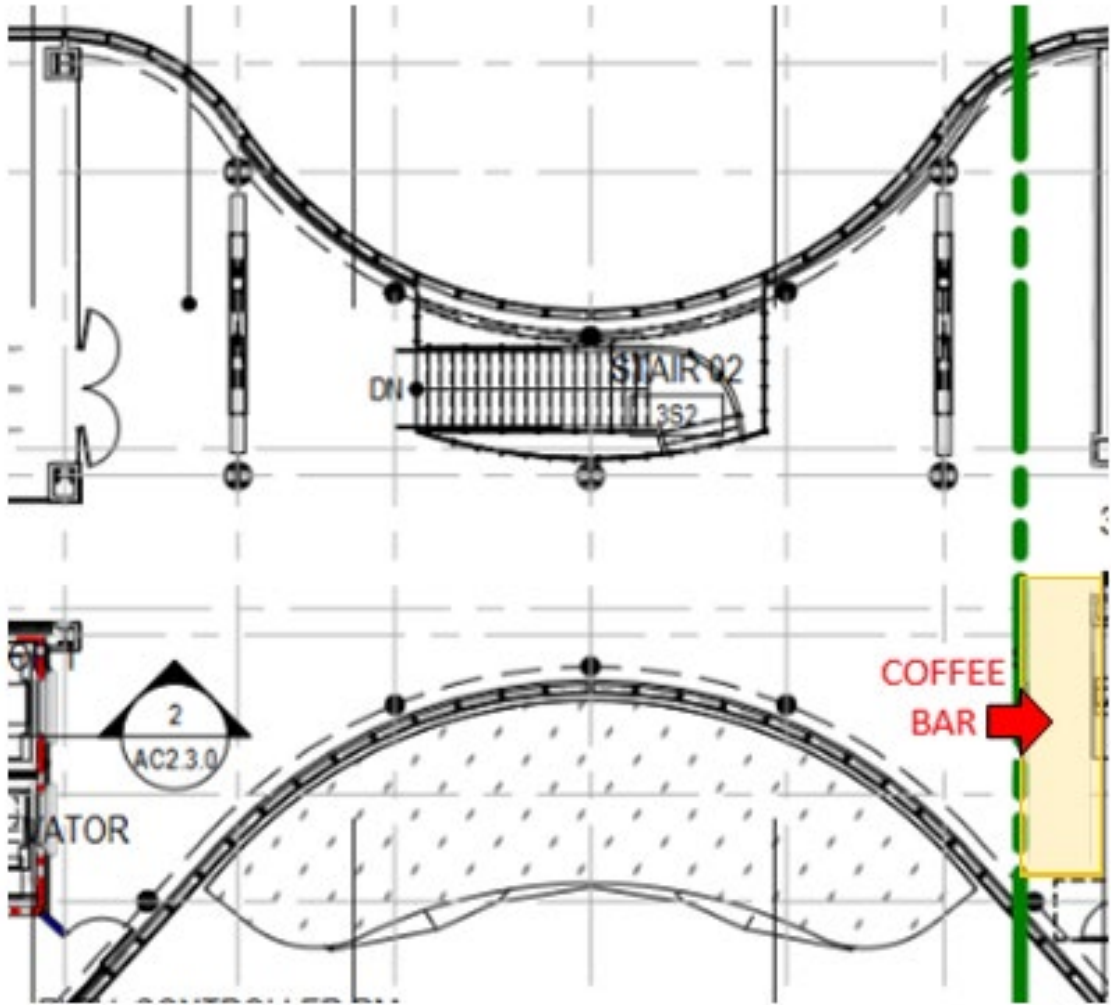


EXHIBIT C

STATEMENT OF TENANT

The undersigned, as Tenant, under that Lease dated _____ made with City of South San Francisco as Landlord, hereby certifies as follows:

1. That the undersigned has entered into occupancy of the premises described in said lease;
2. That said lease is in full force and effect and has not been assigned, modified, supplemented or amended in any way, except as follows:

_____;
3. That the same represents the entire agreement between the parties as to said leasing;
4. That the Rental Commencement Date of said lease is Thirty (30) days after delivery date;
5. That there is an unexpired Term hereunder of ____ years;
6. That to Tenant's actual knowledge all conditions of said lease to be performed by Landlord and necessary to the enforceability of said lease have been satisfied, except as follows:
_____;
7. That to Tenant's actual knowledge there are no defaults by either Tenant or Landlord hereunder, except as follows:
_____;
8. That no rents have been prepaid, other than as provided in said lease; and
9. That to Tenant's actual knowledge on this date there are no existing presently exercisable defenses or offsets which the undersigned has against the enforcement of said lease by Landlord.

The undersigned hereby agrees:

1. To disclaim all right, title or interest in said premises except the rights granted by said lease;
and
2. To give to the holder of any mortgage affecting the Demised Premises, or its assignee, the same right as the Landlord has to cure any default complained of in any notice or demand.

EXECUTED this _____ day of _____, 20____.

By: _____

By: _____

DRAFT

EXHIBIT D

RULES AND REGULATIONS

Landlord hereby establishes the following rules and regulations for the safety, care and cleanliness of the leased areas (hereinafter referred to as the "Premises") of any tenant or tenants of the Building (hereinafter referred to as the "tenant") and in general or for the presentation of good order.

A. FOR THE LEASED AREAS:

1. All floor areas of the Premises (including vestibules, entrances and air returns), doors, fixtures, windows, and plate glass shall be maintained in a clean, safe and good condition.
2. All trash, refuse, and waste materials shall be stored in adequate containers and regularly removed from the Premises. These containers shall be stored in the trash area and not visible to the general public and shall not constitute a health or fire hazard or nuisance to any tenant. In the event that any tenant shall fail to remedy such a health or fire hazard or nuisance within five (5) days after written notice by Landlord, Landlord may remedy and/or correct such health or fire hazard or nuisance at the expense of the tenant involved.
3. No portion of the Premises shall be used for lodging purposes or storage of personal property.
4. No person or persons shall use the Premises, or any part thereof, for conducting therein a second-hand store, auction, distress or fire sale or bankruptcy sale, or "going-out-of-business" sale or "lost our lease" sale.
5. No portion of the Premises shall be used for the storage of any merchandise, materials or other properties, other than those reasonably necessary for the operation of a tenant's business; Landlord may, from time to time, inspect the Premises to ensure compliance with the foregoing provisions.
6. Subject to the applicable provisions of the Lease Landlord shall have the absolute right to enter upon the Premises to perform such cleaning and clearing of these pipes and drains servicing the Premises (including rotorooter service), as Landlord shall deem necessary.
7. When the store is closed, tenant shall secure and lock all equipment and materials to prevent unauthorized access.

B. IN GENERAL:

1. No pets shall be allowed in or about the Premises or the Building. Service animals are excepted as required by law.
2. All tenants and their authorized representatives and invitees shall not loiter in the parking or other common areas that any tenant has the right to use. They shall in no way obstruct the sidewalks, entry passages, pedestrian passageways, driveways, entrances, and exits; they shall use them only as ingress to and egress from their work areas.
3. The toilet rooms, toilets, urinals, washbowls, and other apparatus available to tenants shall not be used for any purpose other than that for which they were constructed. No foreign substance of any kind shall be thrown into them, and the expenses of any breakage, stoppage, or damage shall be paid by the tenant responsible.

4. Landlord shall not be responsible to any tenant or to any other person for the nonobservance or violation of these rules and regulations by any other tenant or other person, but Landlord agrees to uniformly enforce those rules and regulations against all tenants. All tenants shall be deemed to have read these rules and to have agreed to abide by them as a condition to their occupancy of the space leased.
5. In the event that these rules and regulations were not delivered to a tenant at the time of its execution of a lease for the Premises, or attached as an exhibit to said lease, upon tender by Landlord the tenant involved shall acknowledge receipt of these rules and regulation in the space provided below.
6. The Building, tenant, and all facility occupants are subject to the South San Francisco Public Library Use Policy and South San Francisco Municipal Code Chapter 10.76 - Rules of Conduct for City Property.

Tenant acknowledges receipt of these rules and regulations as of this ____ day of _____, 20____.

“TENANT”

By: _____

By: _____

Its: _____

Its: _____