

DRAFT DECEMBER 13, 2018

**SUBLEASE AGREEMENT  
(634 El Camino Real)**

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CITY OF SOUTH SAN FRANCISCO

This Sublease Agreement ("Sublease") is entered into effective as of 02/15/2019 (the "Effective Date") by and between the City of South San Francisco, a California municipal corporation, ("Landlord" or "City"), and Ryan Dantes, Fitness Therapy LLC, (collectively "Tenant"). Landlord and Tenant are hereinafter referred to collectively as the ("Parties"),

**ARTICLE I**

**BASIC SUBLEASE PROVISIONS**

- 1.1 Landlord's mailing address: City of South San Francisco  
P.O. Box 711, South San Francisco, CA 94083.
- 1.2 Landlord's contact: Alex Greenwood, Director of Economic and Community Development  
Telephone: (650) 829-6620
- 1.3 Tenant's address: 538 Sea Spray Court, Pacifica Ca. 94044
- 1.4 Tenant's contact: Ryan Dantes, (650) 270-4573
- 1.5 Premises address: 634 El Camino Real South San Francisco, CA 94080
- 1.6 Premises Square Footage and Location: Rentable Square Footage: Approximately 2,650 square feet in Exhibit A.
- 1.7 Commencement Date: August 9, 2019
- 1.8 Term: Sixty (60) months.
- 1.9 Expiration Date: August 8, 2023
- 1.10 Option(s) to Extend Term: one (1) options to extend the Term for a period of sixty (60) months. See Section 3.5.
- 1.11 Base Rent: Period Monthly Annual Base Rent Per (Month)

Period (Month)	Monthly Base Rent	Annual Rent
1-12	\$5,300.00	\$63,600.00
13-24	\$5,459.00	\$65,508.00
25-36	\$5,623.00	\$67,476.00

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37-48	\$5,792.00	\$69,504.00
49-60	\$5,966.00	\$71,592.00

See Section 4.3 regarding Triple Net Expenses in addition to Base Rent and Section 4.1 regarding annual increases beginning as of the thirteenth (13<sup>th</sup>) month.

- 1.12 Security Deposit: Upon execution hereof Tenant shall deposit with Landlord the sum of **\$15,000**, as security for the full and faithful performance of each and every term, provision, covenant and condition of this Lease, as set forth in Section 4.6..
- 1.13 Rent Commencement: Upon execution of the lease, and delivery of landlord work, Tenant shall have up to six months to complete tenant improvements and obtain the required permits and entitlements,
- 1.14 Permitted Uses: Fitness gym
- 1.15 Parking: Tenant be assigned no fewer than four (4) parking spaces.

## ARTICLE II

### DEFINITIONS

Definitions. As used in this Sublease, the following terms shall have the definitions set forth below. Additional terms are defined in the remainder of the Sublease.

- 2.1 "Additional Rent" means any and all sums other than Base Rent which Tenant is or becomes obligated to pay to Landlord under this Sublease (whether or not specifically called "Additional Rent" in this Sublease).
- 2.2 "Affiliate of Tenant" means any entity that controls, is controlled by, or is under common control with Tenant. "Control" means the direct or indirect ownership of more than fifty percent (50%) of the voting securities of an entity or possession of the right to vote more than fifty percent (50%) of the voting interest in the ordinary direction of the entity's affairs.
- 2.3 "Alterations" means any alterations, decorations, modifications, additions or improvements made in, on, about, under or contiguous to the Premises by or for the benefit of Tenant (other than the Tenant Improvements) including but not limited to, telecommunications and/or data cabling, lighting, HVAC and electrical fixtures, pipes and conduits, partitions, cabinetwork and carpeting.
- 2.4 "Applicable Laws" is defined in Section 5.4.
- 2.5 "Base Rent" means for each Sublease Year the monthly amount payable for the amount of square feet of the Premises rented by Tenant as set forth in Section 1.11 .

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- 2.6 "Building" means the building located at 636 El Camino Real, South San Francisco, California.
- 2.7 "Claims" is defined in Section 6.3.
- 2.8 "Commencement Date" is the date set forth in Section 1.7.
- 2.9 "Common Area" means all areas and facilities located on the Land or in the Building, exclusive of the Premises. The Common Area includes, but is not limited to, retail parking areas, access and perimeter roads, sidewalks, landscaped areas and similar areas and facilities.
- 2.10 "Environmental Laws" is defined in Section 6.6.
- 2.11 "Hazardous Material" is defined in Section 6.5.
- 2.12 "Indemnities" defined in Section 6.3.
- 2.13 "Master Lease Agreement" is defined in Section 3.1.
- 2.14 "Premises" means the premises shown on Exhibit A consisting of 1,600 square feet of rentable space in the Building
- 2.15 "Real Property" means collectively, (i) the Building; (ii) the parcel of real property on which the Building is situated (the "Land"); and (iii) the other improvements on the Land, including, without limitation, a retail parking lot, driveways, lighting and landscaping.
- 2.16 "Real Property Taxes" is defined in Section 4.5.
- 2.17 "Rent" means Base Rent and any Additional Rent, collectively.
- 2.18 "Rules and Regulations" means the Rules and Regulations set forth in Exhibit B attached hereto as such may be modified or amended from time to time by Landlord.
- 2.19 "Tenant Parties" is defined in Section 6.1.
- 2.20 "Term" means the term of this Sublease as set forth in Section 1.8 as such may be extended pursuant to the terms hereof.

### **ARTICLE III**

#### **PREMISES AND TERM**

- 3.1 Lease and Sublease of Premises. Landlord leases the Premises pursuant to its assignment and assumption of a Master Lease Agreement dated as of March 1, 2011 between MP South City, L.P., a California limited partnership, and the former Redevelopment Agency of the City of South San Francisco, and incorporated herein by reference ("Master Lease Agreement"). Tenant shall comply with the terms of the Master Lease Agreement to the extent applicable to the Premises subleased to Tenant. Subject to and upon the terms and conditions set forth herein, Landlord hereby subleases

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the Premises to Tenant and Tenant hereby subleases the Premises from Landlord. The Premises consist of the Building commonly known as 636 El Camino Real which is depicted in the diagram attached hereto as Exhibit A. Tenant acknowledges that Landlord has made no representation or warranty regarding the condition of the Premises, the Building or the Real Property except as specifically stated in this Sublease.

As used in this Sublease, the term "Rentable Square Footage" means the net rentable area measured according to standards similar to the standards published by the Building Owners and Managers Association International, Publication ANSI Z65.1-1996, as amended from time to time. The Parties agree that the Rentable Square Footage of the Premises is 1,600 square feet and the Usable Square Footage of the Premises is 1,600 square feet. Tenant and Landlord hereby stipulate and agree that the same are correct, notwithstanding any minor variations in measurement or other minor variations that may have been incurred in the calculation thereof. If the Building is ever demolished, altered, remodeled, renovated, expanded or otherwise changed in such a manner as to alter the amount of space contained therein, then the Rentable Square Footage of the Building shall be adjusted and recalculated by using the foregoing method of determining Rentable Square Footage, but such recalculation shall not increase the rental hereunder. The Rentable Square Footage of the Building is stipulated for all purposes to be 1,600 square feet.

- 3.1.1 Appurtenant Rights. Tenant is granted the right during the Term to the nonexclusive use of the common corridors and hallways. Landlord has sole discretion to determine the manner in which the public and common areas are maintained and operated, and the use of such areas shall be subject to the Rules and Regulations.
- 3.2 Term and Commencement. The Term of this Sublease shall commence on the Commencement Date, and unless sooner terminated as provided herein, the Term shall be for the period set forth in Section 1.8 as the same may be extended in accordance with any option or options to extend the Term granted herein.
- 3.3 Delay in Delivery of Premises. If Landlord fails to deliver possession of the Premises to Tenant on or before the Commencement Date, Landlord shall not be subject to any liability for its failure to do so. This failure shall not affect the validity of this Sublease or the obligations of Tenant hereunder, but the Sublease Term shall commence on the date upon which Landlord delivers possession of the Premises to Tenant.
- 3.4 Early Access. Tenant shall not occupy the Premises prior to the Commencement Date except with the express prior written consent of Landlord. Provided that (i) the Sublease has been executed by Tenant and Landlord; (ii) Tenant has provided to Landlord certificates of insurance for all insurance that Tenant is required to maintain under this Sublease, the Security Deposit, and the amount of first month's Rent; and (iii) such access does not interfere with the work of Landlord, or including without limitation any work of another tenant; Tenant shall be permitted to access to the Premises commencing upon full execution of this Sublease, and thus prior to the Commencement Date, for the purpose of installing Tenant's designated trade fixtures and other necessary improvements and to conduct such work as may be necessary to obtain necessary permits. Such early access shall not be for the purpose of operating Tenant's business on the Premises. Prior to the Commencement Date, all of the terms and provisions of this Sublease shall apply to Tenant's use of the Premises except for the requirement for the payment of Rent beyond that provided for in this Section 3.4, and Tenant shall abide by all of such terms and provisions.

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- 3.5 Options to Extend Term. Landlord grants Tenant one (1) option to extend the Sublease Term ("Extension Options") for a period of sixty (60) months ("Extension Terms"), subject to the conditions set forth in this Section 3.5. -
- 3.5.1 Extension Option Conditions. An Extension Option may be exercised with respect to all or any portion of the Premises, subject to this Sublease at the time of exercise, only by written notice delivered by Tenant to Landlord no later than nine (9) months prior to the expiration of the initial Term, and only if as of the date of delivery of the notice, Tenant is not in default under this Sublease. An Extension Option may be exercised only by the originally named Tenant or by an assignee or sublessee approved pursuant to Article X and only if the originally named Tenant or such approved assignee or sublessee is not in default under the Sublease at the time of delivery of notice of exercise and occupies the entire Premises as of the date it exercises the Extension Option. If Tenant or such approved assignee or sublessee properly exercises the Extension Option and is not in default at the end of the initial Term, the Term shall be extended for the applicable Extension Term. The failure to exercise an Extension Option in accordance with this Section shall constitute an election to terminate this Sublease at the end of the initial Term, and Landlord's acceptance of any Rent subsequent to the expiration of such Term shall not constitute a waiver by Landlord of the requirement of timely exercise of the Extension Option by delivery of notice pursuant to this Section.
- 3.5.2 Extension Term Rent. The Rent payable by Tenant during the First Extension Term shall be equal to, and subject to all terms and conditions of, the Rent for the Initial Term. The Rent payable by Tenant during the Second Term Extension shall be the Fair Market Rental Value of the Premises as of the commencement date of the Second Extension Term. For purposes of this Section, "Fair Market Rental Value" shall be the amount that a willing, comparable, new (i.e. non-renewal), non-equity tenant would pay, and that a willing landlord of a comparable space in the vicinity of the Building would accept at arm's length. Appropriate consideration shall be given to: (i) the annual rental rate per rentable square foot; (ii) the definition of rentable square feet for purposes of comparing the rate; (iii) location and quality of the Building; (iv) the financial conditions (e.g. creditworthiness) of Tenant, (v) escalation (including type, base year and stop) and abatement provisions (if any); (vi) brokerage commissions, if any, (vii) length of the lease term; (viii) size of the Premises; (ix) building standard work letter and/or tenant improvement allowance, if any; provided, however, the Fair Market Rental Value shall not include any tenant improvements or any alterations made by Tenant at Tenant's expense; (x) condition of space; (xi) lease takeover/assumptions, moving expenses and other concessions (if any); (xii) extent of services to be provided; (xiii) distinctions between "gross" and "net" leases; (xiv) base year figures or expense stops (if any) for escalation purposes for both operating costs and ad valorem/real estate taxes; (xv) the time the particular rental rate under consideration becomes or is to become effective; (xvi) applicable caps (if any) on the amount of real estate taxes or assessments passed through to Tenant; and (xvii) other generally applicable conditions of tenancy for space in question.
- 3.5.3 Arbitration. If Landlord and Tenant are not able to agree on the Fair Market Rental Value of the Premises within forty-five (45) days following the date upon which Tenant delivers notice of exercise of the Extension Option (the "Agreement Deadline"), the Fair Market Rental Value will be determined by "baseball arbitration" in accordance with this Subsection 3.5.3. Landlord and Tenant shall each make a separate determination of Fair Market Rental Value and notify the other Party within fifteen (15) days after the Agreement Deadline. If either Party fails to make a

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determination of the Fair Market Rental Value within the fifteen (15) day period, that failure shall be conclusively deemed to be that Party's approval of the Fair Market Rental Value submitted within such period by the other Party. If both Parties timely make determinations of Fair Market Rental Value, such determinations shall be submitted to an arbitrator. The determination of the arbitrator shall be limited to the sole issue of determining which of the Party's determinations is closest to the actual Fair Market Rental Value as determined by the arbitrator, taking into consideration the requirements of Section 3.5.2. The arbitrator must be a licensed real estate broker who has been active in the leasing of commercial properties in the South San Francisco market area. If the Parties are unable to agree upon an arbitrator, then each Party shall appoint one arbitrator within fifteen (15) days following the Agreement Deadline and shall notify the other Party of such appointment. Within ten (10) days following the appointment of the second arbitrator, the two arbitrators so selected shall agree upon and appoint a third arbitrator who shall have the qualifications specified in this paragraph and shall notify the Parties of such appointment. Within thirty (30) days following the appointment of the third arbitrator, the three arbitrators shall decide whether to use Landlord's or Tenant's determination of Fair Market Rental Value and shall notify the parties of their decision. The decision of the majority of the arbitrators shall be binding. If either Party fails to appoint an arbitrator within fifteen (15) days following the Agreement Deadline, then the arbitrator timely appointed shall reach a decision and shall notify Landlord and Tenant of such decision within thirty (30) days after such arbitrator's appointment. The decision of such arbitrator shall be binding on Landlord and Tenant. The cost of the arbitration shall be paid by the losing Party.

- 3.5.4 Amendment to Sublease. If Tenant timely exercises the Extension Option, Landlord and Tenant shall, within fifteen (15) days after the Extension Term rent is determined, execute an amendment to this Sublease extending the Term on the terms and conditions set forth in Section 3.5.
- 3.5.5 Extension Term Rent Floor. In no event shall the Rent for the Extension Term be less than the Base Rent payable during the prior year under this Sublease.
- 3.6 No Representations. Tenant acknowledges that neither Landlord nor any of Landlord's agents has made any representation or warranty as to the suitability or fitness of the Premises for the conduct of Tenant's business, and that neither Landlord nor any of Landlord's agents has agreed to undertake any alterations or additions or to construct any tenant improvements to the Premises except as expressly provided in this Sublease.
- 3.7 AS-IS Sublease.-Tenant acknowledges and agrees that by executing this Sublease Tenant shall be deemed to have approved of all characteristics and conditions of the Premises, the Building and the Real Property, following its own independent investigation and due diligence, and that Tenant is leasing and accepting same in its present condition, "AS IS" WHERE IS AND WITH ALL FAULTS, and no present or latent defect or deficiency in any legal or physical condition thereof, whether or not known or discovered, shall affect the rights of either Landlord or Tenant hereunder, nor shall Rent be reduced as a consequence thereof. Without limiting the foregoing, Landlord shall, prior to the Commencement Date, ensure that the Building's mechanical equipment, plumbing and roof are in working order. Except as expressly provided herein, Landlord shall have no further obligation to make the Building ready for Tenant. Without limiting the foregoing, Landlord and Tenant acknowledge that Landlord shall have no obligation to remove or pay for the removal of flooring and mastic.

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## ARTICLE IV

### RENT, OPERATING EXPENSES, TAXES AND SECURITY DEPOSIT

- 4.1 Monthly Rent. From and after the Rent Commencement Date, Tenant shall pay to Landlord for each calendar month of the Term, the monthly Base Rent set forth in Section 1.11, as the same may be adjusted upon Tenant's exercise of the Extension Option as provided in Section 3.5.2. Each monthly installment of Base Rent shall be due and payable to Landlord in lawful money of the United States, in advance, on the first (1st) day of each calendar month during the Term or Extension Term, without abatement, deduction, claim or offset, and without prior notice, invoice or demand, at Landlord's address set forth in Section 1.1 or such other place as Landlord may designate from time to time. Tenant's payment of Base Rent for the first month of the Term shall be delivered to Landlord concurrently with Tenant's execution of this Sublease. Beginning as of the thirteenth (13<sup>th</sup>) month, and continuing throughout the initial Term of this Sublease, annual Rent shall be increased by three percent (3%) of the Rent paid in the prior year as shown in Section 1.11.
- 4.2 Prorations. Monthly installments for any fractional calendar month at the beginning or end of the Term shall be prorated based on the number of days in such month.
- 4.3 Additional Rent; Triple Net Sublease; Property Management Fee. All Additional Rent, including without limitation, all of Tenant's required payments pursuant to this Article IV, shall be due and payable to Landlord in lawful money of the United States without abatement, deduction, claim or offset within twenty (20) days of receipt of Landlord's invoice or statement for same (or if this Sublease provides another time for the payment of certain items of Additional Rent, then at such other time) at Landlord's address set forth in Section 1.1 or such other place as Landlord may designate from time to time. This is a triple net sublease to Landlord. Tenant agrees to pay, without abatement, deduction, claim or offset, all costs and expenses relating to the Premises or any part thereof, of any kind or nature whatsoever. Such costs and expenses shall include, without limitation, all amounts attributable to, paid or incurred in connection with the ownership, operation, repair, restoration, maintenance and management of the Premises; property taxes and payments in lieu thereof; rent taxes; gross receipt taxes (whether assessed against Landlord or assessed against Tenant and collected by Landlord, or both); water and sewer charges; insurance premiums (including earthquake); utilities; refuse disposal; lighting (including outside lighting); fire-detection systems including monitoring, maintenance and repair; security; janitorial services; labor; air conditioning and heating; maintenance and repair costs and service contracts; costs of licenses, permits and inspections; and all other costs and expenses paid or incurred with respect to the Premises or part thereof. During the initial Term of this Sublease, triple net expenses shall not exceed \$.50 per square foot of rentable space per month. In addition, Tenant shall pay a property management fee of fifteen percent (15%) of the common area maintenance expenses.
- 4.4 Late Charge. Tenant acknowledges that the late payment of Rent will cause Landlord to incur administrative costs and other damages, the exact amount of which would be impracticable or extremely difficult to ascertain. Landlord and Tenant agree that if Landlord does not receive any such payment within five (5) calendar days after such payment is due, Tenant shall pay to Landlord as Additional Rent an amount equal to five percent (5%) of the overdue amount as a late charge for each month or partial month that such amount remains unpaid. The Parties acknowledge that this late charge represents a fair and reasonable estimate of the costs that Landlord will incur by reason of the late payment by Tenant. Acceptance of any late Rent and late charge therefore shall not

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prevent Landlord from exercising any of the other rights and remedies available to Landlord for any other Event of Default under this Sublease.

- 4.5 **Taxes.** The term "Real **Property Taxes**" means any form of tax, assessment, charge, license, fee, rent tax, levy, penalty (if a result of Tenant's delinquency), real property or other tax (other than Landlord's net income, estate, succession, inheritance, or franchise taxes), now or hereafter imposed with respect to the Building, the Real Property or any part thereof (including any Alterations), this Sublease or any Rent payable under this Sublease by any authority having the direct or indirect power to tax, or by any city, county, state or federal government or any improvement district or other district or division thereof, whether such tax or any portion thereof (i) is determined by the area of the Building, the Real Property, or any part thereof or the Rent payable under this Sublease by Tenant, including, but not limited to any gross income or excise tax levied by any of the foregoing authorities with respect to receipt of Rent due under this Sublease, (ii) is levied or assessed in lieu of, in substitution for, or in addition to, existing or additional taxes with respect to the Building, the Real Property or any part thereof whether or not now customary or within the contemplation of Landlord or Tenant, or (iii) is based upon any legal or equitable interest of Landlord in the Building, the Real Property or any part thereof. Tenant and Landlord intend that all Real Property Taxes, including without limitation all new and increased assessments, taxes, possessory interest taxes charged or levied in place of real property taxes, fees, levies, and charges and all similar assessments, taxes, fees, levies and charges shall be included within the definition of Real Property Taxes" for purposes of this Sublease.
- 4.5.1 **Apportionment of Taxes.** If the Building is assessed as part of a larger parcel, then Landlord shall equitably apportion the Real Property Taxes and reasonably determine the Real Property Taxes attributable to the Building. If other buildings exist on the assessed parcel, the Real Property Taxes apportioned to the Building shall be based upon the ratio of the square footage of the Building to the square footage of all buildings on the assessed parcel. Landlord's reasonable determination of such apportionment shall be conclusive.
- 4.5.2 **Tax on Improvements.** Notwithstanding anything to the contrary set forth in this Sublease, Tenant shall pay prior to delinquency any and all taxes, fees and charges which are levied or assessed against Landlord or Tenant: (a) upon Tenant's equipment, furniture, fixtures, improvements and other personal property located in the Premises, (b) by virtue of any alterations or leasehold improvements made to the Premises by Tenant, and (c) upon this transaction or any document to which Tenant is a party creating or transferring an interest or an estate in the Premises. If any such tax, fee or charge is paid by Landlord, Tenant shall reimburse Landlord for Landlord's payment upon demand.
- 4.6 **Security Deposit.** If Tenant fails to pay Rent, or otherwise defaults under the Lease, Landlord may use, apply or retain all or any portion of said Security Deposit for the payment of any amount due Landlord or to reimburse or compensate Landlord for any liability, expense, loss or damage which Landlord may suffer or incur by reason thereof. If Landlord uses or applies all or any portion of the Security Deposit, Tenant shall within ten (10) days after written request therefore, deposit monies with Landlord sufficient to restore said Security Deposit to the full amount required by this Lease. Landlord shall not be required to keep the Security Deposit separate from its general accounts. Within fourteen (14) days after the expiration or termination of this Lease, if Landlord elects to apply the Security Deposit only to unpaid Rent, and otherwise within thirty (30) days after the



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Premises have been vacated pursuant to Article XIV, Landlord shall return that portion of the Security Deposit not used or applied by Landlord. No part of the Security Deposit shall be considered to be held in trust, to bear interest or to be prepayment for any monies to be paid by Tenant under this Lease. Tenant shall have no right to apply the Security Deposit, or any portion thereof, to the last month rent due under this Lease. If Landlord disposes of its interest in the Premises and the Real Property, Landlord may deliver or credit the Security Deposit to Landlord's successor in interest to the Premises and Real Property, and thereupon Landlord shall be relieved of further responsibility with respect to the Security Deposit.

## ARTICLE V

### USE OF PREMISES

- 5.1 Permitted Use; Entitlements. The Premises shall be used solely for the purposes set forth in Section 1.14 and for no other purpose without the written consent of Landlord, which may be granted or withheld in Landlord's sole discretion. Tenant shall not do or suffer or permit anything to be done in or about the Premises, the Building or the Real Property, nor bring or keep anything therein that would in any way subject Landlord to any liability, increase the premium rate of or affect any fire, casualty, rent or other insurance relating to the Real Property or any of the contents of the Building, or cause a cancellation of, or give rise to any defense by the insurer to any claim under, or conflict with, any policies for such insurance. If any act or omission of Tenant results in any such increase in premium rates, Tenant shall pay to Landlord upon demand the amount of such increase.

Tenant shall bear sole responsibility for obtaining and securing all required permits and other entitlements, pursuant to Applicable Laws, prior to commencing occupancy of the Premises.

- 5.2 Exclusive Use. Landlord shall not lease other space in or about the Premises to any other tenant whose primary source of business is the Permitted Use described in Section 1.1 4. Such exclusive use provision shall terminate immediately in the event that either; (a) Tenant's Permitted Use ceases as the result of any cause other than remodeling, repair, maintenance or casualty that prohibits Tenant from being open, or (b) Tenant changes its use of the Premises. Further, such exclusive use provision shall not apply to any leases in existence at time of execution of this Sublease or to any incidental sales of excluded items by other tenants.

- 5.3 Signage. Tenant shall obtain the prior approval of the Landlord, which approval may be withheld in Landlord's sole discretion, before placing any sign or symbol on doors or windows or elsewhere in or about the Premises so as to be visible from the public areas or exterior of the Building, or upon any other part of the Building or Real Property, including building directories. Any signs or symbols which have been placed without Landlord's approval may be removed by Landlord. Upon expiration or termination of this Sublease, all signs installed by Tenant shall be removed and any damage resulting therefrom shall be promptly repaired by Tenant, or such removal and repair may be done by Landlord and the cost charged to Tenant as Additional Rent. Tenant shall be provided signage as a part of the Building directory.

Tenant is hereby granted the right to place and maintain in place during the Term of this Sublease Tenant's name on the exterior of the Building with lighting. The design of the signage and the

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lighting shall be subject to Landlord's approval. Landlord shall determine in its reasonable discretion the position, location and configuration of Tenant's name on the Building. All signs or lettering shall conform in all respects to the sign and/or lettering criteria reasonably established by Landlord. All signage shall comply with regulations promulgated by the City of South San Francisco.

- 5.4 Rules and Regulations. Tenant shall comply with the rules attached hereto as Exhibit B and any amendments or additions thereto promulgated by Landlord from time to time for the safety, care and cleanliness of the Premises, Building and Real Property (the "Rules and Regulations"). Tenant shall not use or permit any person to use the Premises for any purpose that is contrary to the Rules and Regulations, that violates any Applicable Law, that constitutes waste or nuisance, or that would unreasonably annoy or interfere with other occupants of the Building or the occupants of buildings adjacent to the Building. Landlord shall not be responsible to Tenant for the nonperformance or noncompliance by any other tenant or occupant of the Building of or with any of the Rules and Regulations. In the event of any conflict between the provisions of this Sublease and the provisions of the Rules and Regulations, the provisions of this Sublease shall control.
- 5.5 Compliance with Laws. Tenant shall procure and maintain all governmental approvals, licenses and permits required for the proper and lawful conduct of Tenant's permitted use of the Premises. Tenant shall throughout the Term comply with and shall not use the Premises, the Building or the Real Property, or suffer or permit anything to be done in or about the same which would in any way conflict with any of the following (collectively "Applicable Laws"): (i) the provisions of all recorded covenants, conditions and restrictions applicable to the Building or the Real Property, or (ii) any federal, state, county, local or other governmental agency rules, regulations, statutes, ordinances, orders, standards, requirements or laws now in force or hereafter enacted, promulgated or issued which are applicable to the Real Property, Premises, the Building, or the use or occupancy thereof, including without limitation building, zoning, and fire codes and regulations.

## ARTICLE VI

### ENVIRONMENTAL MATTERS

- 6.1 Use of Hazardous Materials. Tenant shall not cause or permit any Hazardous Material to be generated, brought onto, used, stored, or disposed of in or about the Premises, the Building or the Real Property by Tenant or Tenant's agents, employees, contractors, subtenants or invitees (collectively "Tenant Parties"), except for limited quantities of standard office and janitorial supplies. At Tenant's sole cost and expense, Tenant shall use, store and dispose of all such Hazardous Materials in strict compliance with all Environmental Laws, and shall in all other respects comply with all Environmental Laws.
- 6.2 Notice of Release or Investigation. If during the Sublease Term (including any extensions), Tenant becomes aware of (a) any actual or threatened release of any Hazardous Material on, under, or about the Premises, the Building or the Real Property, or (b) any inquiry, investigation, proceeding, or claim by any government agency or other person regarding the presence of Hazardous Material on, under, or about the Premises, the Building, or the Real Property, Tenant shall give Landlord written notice of the release or investigation within five (5) days after learning of it and shall simultaneously furnish to Landlord copies of any claims, notices of violation, reports, or other writings received by

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Tenant that concern the release or investigation.

- 6.3 Indemnification. Tenant shall defend (with counsel acceptable to Landlord), indemnify and hold harmless Landlord and Landlord's elected and appointed officers, officials, employees, agents and representatives (collectively, "Indemnitees") from and against any and all liabilities, losses, damages, fines, deficiencies, penalties, claims, demands, suits, actions, causes of action, legal or administrative proceedings, judgments, costs and expenses (including without limitation reasonable attorneys' fees and expenses, court costs, expert witness fees and post judgment collection costs) (all of the foregoing, collectively "Claims") resulting or arising from or in connection with any release of any Hazardous Material in or about the Premises, the Building or the Real Property by Tenant, or Tenant's agents, assignees, sublessees, contractors, or invitees, or any other violation of any Environmental Law by Tenant, or Tenant's agents, assignees, sublessees, contractors, or invitees. This indemnification includes: (i) losses attributable to diminution in the value of the Premises or the Building, (ii) loss or restriction of use of rentable space in the Building, (iii) adverse effect on the marketing of any space in the Building; and (iv) all other liabilities, obligations, penalties, fines, claims, actions (including remedial or enforcement actions of any kind and administrative or judicial proceedings, orders, or judgments), damages (including consequential and punitive damages), and costs (including attorney, consultant, and expert fees and expenses) resulting from the release or violation. The indemnity provided in this Section shall not extend to Claims to the extent the same are caused by the gross negligence or willful misconduct of Indemnitees. The provisions of this Section shall survive the expiration or termination of this Sublease.
- 6.3.I Landlord's Representations and Warranties. Landlord represents and warrants that Landlord has received no notice, warning, notice of violation, administrative complaint, judicial complaint, or other written notice alleging that the Building or the Real Property are in violation of any Environmental Laws (defined below) or informing Landlord that the Building or the Real Property is subject to investigation or inquiry concerning Hazardous Materials, nor is Landlord aware of any such violation. In addition, to the best knowledge of Landlord, there is no pending or threatened litigation, administrative proceeding, or other legal or governmental action with respect to the Building or the Real Property in connection with the presence of Hazardous Materials in, on or under the Building or the Real Property. Whenever used in this Agreement, the phrase "to the best knowledge of Landlord" shall mean the actual knowledge of Landlord's Facilities Services Manager.
- 6.4 Remediation Obligations. If the presence of any Hazardous Material brought onto the Premises or the Building by Tenant or Tenant's employees, agents, contractors, or invitees results in contamination of the Building, Tenant shall promptly take all necessary actions to remove or remediate such Hazardous Materials, whether or not they are present at concentrations exceeding state or federal maximum concentration or action levels, or any governmental agency has issued a cleanup order, at Tenant's sole expense, to return the Premises and the Building to the condition that existed before the introduction of such Hazardous Material. Tenant shall first obtain Landlord's approval of the proposed removal or remedial action. This provision does not limit the indemnification obligation set forth in Section 6.3.
- 6.5 Definition of Hazardous Material. As used in this Sublease, the term "Hazardous Material" means any hazardous or toxic substance, material, or waste at any concentration that is or becomes regulated by the United States, the State of California, or any government authority having

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jurisdiction over the Building. Hazardous Material includes: (a) any "hazardous substance," as that term is defined in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA) (42 United States Code sections 9601-9675); (b) "hazardous waste," as that term is defined in the Resource Conservation and Recovery Act of 1976 (RCRA) (42 United States Code sections 6901-6992k); (c) any pollutant, contaminant, or hazardous, dangerous, or toxic chemical, material, or substance, within the meaning of any other applicable federal, state, or local law, regulation, ordinance, or requirement (including consent decrees and administrative orders imposing liability or standards of conduct concerning any hazardous, dangerous, or toxic waste, substance, or material, now or hereafter in effect); (d) petroleum products; (e) radioactive material, including any source, special nuclear, or byproduct material as defined in 42 United States Code sections 2011-2297g-4; (f) asbestos in any form or condition; and (g) polychlorinated biphenyls (PCBs) and substances or compounds containing PCBs.

- 6.6 Definition of Environmental Laws. As used in this Sublease, the term "Environmental Laws" means all federal, state and local laws, ordinances, regulations, rules orders and directives pertaining to Hazardous Materials, including without limitation, the laws, statutes, and regulations cited in the preceding Section 6.5, as any of the foregoing may be amended from time to time.
- 6.7 Environmental Reports. Landlord shall provide to Tenant copies of all studies, reports and investigations concerning the environmental condition of the Building and the Real Property which were prepared within the past five years and which are in Landlord's possession.

## **ARTICLE VII**

### **UTILITIES AND SERVICES**

- 7.1. Utility Services. Tenant shall contract and pay for all utility services ("Utility Services"), including, without limitation, the following: (i) electricity for Building lighting and power suitable for use of the Premises for ordinary retail store and veterinary service purposes; (ii) air conditioning and heating; and (iii) water for drinking, lavatory and veterinary service purposes.
- 7.2 Maintenance Services and Repairs. Tenant shall be responsible for all interior and maintenance of the Premises and the Building's common retail areas (collectively, "Maintenance Services"), including, without limitation: (i) maintenance and repair of the Premises mechanical, electrical, HVAC, plumbing equipment and systems, floors and walls, (ii) maintenance of all public and common retail areas of the Building including retail parking lot, corridors and windows; (iii) provision of exterior window washing with reasonable frequency, but in no event less than two times per year; and (iv) provision of janitorial services to the common areas ("Janitorial Services"). Tenant shall be responsible for janitorial service to the Premises and interior window cleaning. Tenant shall, at all time during the Term of this Sublease, at Tenant's sole expense, keep the Premises (including all tenant improvements, Alterations, fixtures and furnishings) in good order, repair and condition at all times during the Term. Subject to Landlord's prior approval and within any reasonable period specified by Landlord, Tenant shall, at Tenant's sole expense, promptly and adequately repair all damage to the Premises and replace or repair all damaged or broken fixtures and other leasehold improvements. If Tenant fails to maintain or keep the Premises in good repair or if such failure results in a nuisance or health or safety risk, at Landlord's option, Landlord may perform any such required maintenance and repairs and within ten days after receipt of Landlord's

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invoice therefor, Tenant shall pay Landlord's costs incurred in connection with such repairs, plus a percentage of such costs sufficient to reimburse Landlord for all overhead, general conditions, fees and other costs and expenses in connection therewith.

- 7.3 Waiver. Tenant hereby waives the provisions of Sections 1941 and 1942 of the California Civil Code and any other present or future law permitting repairs by a tenant at the expense of a landlord or termination of a lease by reason of the condition of the leased premises.
- 7.4 Compliance with Applicable Laws. Landlord and Tenant shall each comply with (and shall cause their respective employees, agents and contractors to comply with) all Applicable Laws, including without limitation all Environmental Laws, whenever either party undertakes any work of construction, alteration or improvement in the Premises or the Building,

## **ARTICLE VIII**

### **ALTERATIONS AND ADDITIONS**

- 8.1 Alterations and Improvements. Tenant may not make any improvements, alterations, additions or changes to the Premises ("Alterations") without the prior written approval of Landlord, which approval shall not be unreasonably withheld or delayed. Any such Alterations shall be done at Tenant's expense, in a good and workmanlike manner conforming in quality and design with the Premises existing as of the Commencement Date, by a licensed contractor reasonably approved by Landlord, in conformity with plans and specifications reviewed and approved by Landlord, and in compliance with all Applicable Laws. Tenant shall obtain all necessary governmental approvals and permits for such Alterations. Tenant shall give Landlord not less than ten (10) business days' notice prior to the commencement of construction so that Landlord may post a notice of non-responsibility on the Premises. Notwithstanding any other provisions in this Sublease, unless Landlord otherwise agrees in writing, Tenant shall remove, prior to expiration of the Term and at Tenant's sole cost and expense, any and all wires, cables and related telecommunications devices installed by or on behalf of Tenant, and Landlord may at its option by written notice to Tenant, require that Tenant, upon the expiration or sooner termination of this Sublease, at Tenant's expense, remove any or all other Alterations and return the Premises to its condition as of the Commencement Date, normal wear and tear excepted. In no event shall any Alteration (i) affect the exterior of the Building, (ii) affect any of the structural portions of the Building, including without limitation, the roof, (iii) require any change to the basic floor plan of the Premise or any change to the structural or mechanical components of the Premises, (iv) diminish the value of the Premises, (v) result in an increase in the demand for any utilities or services that Landlord is required to provide, (vi) cause an increase in the premiums for hazard or liability insurance carried by Landlord, or (vii) overload the floor load capacity or unduly burden the plumbing, heating, ventilation, air conditioning, electrical or other basic systems that serve the Building. Upon completion of any Alteration, Tenant shall (a) cause a timely notice of completion to be recorded in the official records of San Mateo County in accordance with Civil Code Section 3093 or any successor statute, and (b) deliver to Landlord evidence of full payment and unconditional final waivers of all liens for labor, services, or materials.
- 8.2 Liens. Tenant shall not permit any mechanics' materialmen's or other liens, to be filed against the Building or the Real Property or against Tenant's leasehold interest in the Premises. Landlord has

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the right at all times to post and keep posted on the Premises any notice that it considers necessary for protection from such liens. If Tenant fails to cause the release of record of any lien(s) filed against the Premises or Tenant's leasehold estate therein, by payment or posting of a proper bond within ten (10) days from the date of the lien filing(s), then Landlord may, at Tenant's expense, cause such lien(s) to be released by any means Landlord deems proper, including but not limited to payment of or defense against the claim giving rise to the lien(s). All sums reasonably disbursed, deposited or incurred by Landlord in connection with the release of the lien(s), including but not limited to all costs, expenses and attorney's fees, shall be due and payable by Tenant to Landlord as Additional Rent on demand by Landlord.

## ARTICLE IX

### INSURANCE AND INDEMNITY

- 9.1 Indemnity. To the fullest extent permitted by law, Tenant shall defend (with counsel reasonably acceptable to Landlord), indemnify and hold Indemnitees harmless from and against any and all Claims arising out of or relating directly or indirectly to this Sublease or the Premises (including without limitation, Claims for or relating to loss of or damage to property, injury or death of any person or animal), including any Claim arising from or in connection with or in any way attributable to: (i) the use or occupancy, or manner of use or occupancy of the Premises, the Building or the Real Property by Tenant or the Tenant Parties, (ii) any act, error, omission or negligence of Tenant Parties or any invitee, guest or licensee of Tenant in, on or about the Real Property, (iii) any Alterations, (iv) construction of any Tenant Improvements, (v) work performed pursuant to Section 7.2 above, and (vi) any activity, work, or thing done, omitted, permitted, allowed or suffered by Tenant or Tenant Parties in, at, or about the Premises, the Building or the Real Property, except to the extent caused by the gross negligence or willful conduct of Landlord. The provisions of this section shall not be construed or interpreted as in any way restricting, limiting or modifying Tenant's insurance obligations under this Sublease. Tenant's compliance with the insurance requirements set forth in this Sublease shall not in any way restrict, limit or modify Tenant's indemnification obligations hereunder. The provisions of this section shall survive the expiration or earlier termination of this Sublease.
- 9.2 Tenant's Insurance. Tenant shall, at its sole expense, procure and maintain throughout the Term (plus such earlier and later periods as Tenant may be in occupancy of the Premises) all of the following:
- (a) Commercial general liability insurance including contractual liability coverage, written on an "occurrence" policy form, covering bodily injury, property damage and personal injury arising out of or relating (directly or indirectly) to Tenant's operations, conduct, assumed liabilities, or use or occupancy of the Premises, the Building or the Real Property naming the Indemnitees as additional insureds, with minimum coverage in the amount of Two Million Dollars (\$2,000,000) per occurrence combined single limit for bodily injury and property damage and Five Million Dollars (\$5,000,000) in the aggregate;
  - (b) Property insurance protecting Tenant against loss or damage by fire and such other risks as are insurable under then available standard forms of "all risk" insurance policies, covering Tenant's personal property and trade fixtures in or about the Premises or the Real Property,

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and any improvements and/or Alterations in the Premises, in an amount not less than one hundred percent (100%) of their actual replacement cost or highest insurable value;

- (c) Workers' compensation insurance that satisfies the minimum statutory limits.
- (d) If Tenant operates owned, leased or non-owned vehicles on the Real Property, comprehensive automobile liability insurance with a minimum coverage of one million dollars (\$1,000,000) per occurrence, combined single limit.
- (e) The foregoing policies shall protect Tenant as named insured, and Landlord and the other Indemnitees as additional insureds, and if subject to deductibles shall provide for deductible amounts not in excess of those approved in advance in writing by Landlord in its reasonable discretion. Landlord reserves the right to increase the foregoing amount of required liability coverage from time to time (but not more often than once each calendar year) to adequately protect Indemnitees and to require that Tenant cause any of its contractors, vendors or other parties conducting activities in or about or occupying the Premises to obtain and maintain insurance as determined by Landlord and as to which the Indemnitees shall be additional insureds. All insurance policies shall be written on an occurrence basis. If the Tenant's insurance policy includes a self-insured retention that must be paid by a named insured as a precondition of the insurer's liability, or which has the effect of providing that payments of the self-insured retention by others, including additional insureds or insurers do not serve to satisfy the self-insured retention, such provisions must be modified by special endorsement so as to not apply to the additional insured coverage required by this Sublease so as to not prevent any of the Parties to this agreement from satisfying or paying the self-insured retention required to be paid as a precondition to the insurer's liability. Additionally, the certificates of insurance must note whether the policy does or does not include any self-insured retention and also must disclose the deductible. The certificates shall contain a statement of obligation on the part of the carrier to notify City of any material change, cancellation, termination or non-renewal of the coverage at least thirty (30) days in advance of the effective date of any such material change, cancellation, termination or non-renewal. The City's Risk Manager may waive or modify any of the insurance requirements of this section.

9.3 Excess Coverage Liability Policy. Nothing in this Article IX shall prevent Tenant from obtaining insurance of the kind and in the amounts provided for under this Section under an excess coverage liability insurance policy covering other properties as well as the Premises; provided, however, that any such policy of excess coverage liability insurance (i) shall specify those amounts of the total insurance allocated to the Premises, which amounts shall not be less than the amounts required by Section 9.2, (ii) such amounts so specified shall be sufficient to prevent anyone of the insureds from becoming a co-insurer within the terms of the applicable policy, and (iii) shall, as to the Premises, otherwise comply with the requirements of this Article as to endorsements and coverage.

9.3.1 Self-Insurance. Any insurance required to be maintained by the Tenant pursuant to this Sublease may be maintained under a plan of self-insurance through a wholly-owned subsidiary of Tenant's parent company which specializes in providing such coverage for Tenant's parent company and its subsidiaries, provided that Tenant's parent company's net worth exceeds One Hundred Million Dollars (\$100,000,000). Tenant agrees that if Tenant elects to self-insure, Landlord shall have the same benefits and protections as if Tenant carried insurance with a third-party insurance company satisfying the requirements of this Sublease (including without limitation, waiver of subrogation

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provisions).

- 9.4. Policy Form. Each insurance policy required pursuant to Section 9.2 shall be issued by an insurance company licensed in the State of California and with a general policyholders' rating of "A+" or better and a financial size ranking of "Class VIII" or higher in the most recent edition of Best's Insurance Guide. Each insurance policy, other than Tenant's workers' compensation insurance, shall (i) provide that it may not be cancelled, materially changed, terminated, or allowed to lapse unless thirty (30) days' prior written notice to Landlord is first given; (ii) provide that no act or omission of Tenant shall affect or limit the obligations of the insurer with respect to any other insured; (iii) include all waiver of subrogation rights endorsement necessary to effect the provisions of Section 9.6; and (iv) provide that the policy and the coverage provided shall be primary, that Landlord, although an additional insured, shall nevertheless be entitled to recovery under such policy for any damage to Landlord or the other Indemnites by reason of acts or omission of Tenant, and that any coverage carried by Landlord shall be noncontributory with respect to policies carried by Tenant. A certificate evidencing each insurance policy shall be delivered to Landlord by Tenant on or before the Commencement Date, and thereafter Tenant shall deliver to Landlord renewal policies or certificates at least thirty (30) days prior to the expiration dates of expiring policies. If Tenant fails to procure such insurance or to deliver such certificates to Landlord, and such failure continues five (5) business days after notice thereof from Landlord to Tenant, Landlord may, at its option, procure the same for Tenant's account, and the cost thereof shall be paid to Landlord by Tenant upon demand.
- 9.5 Insurance of Tenant's Contractors and Agents. In addition to any other insurance requirements, Tenant expressly agrees that none of its agents, contractors, workmen, mechanics, suppliers or invitees performing construction or repair work in the Premises shall commence such work unless and until each of them shall furnish Landlord with satisfactory evidence of insurance coverage, financial responsibility and appropriate written releases of mechanic's or materialmen's lien claims, as necessary.
- 9.6 Waiver of Subrogation. Tenant and Landlord to cause the insurance companies issuing their respective property (first party) insurance to waive any subrogation rights that those companies may have against Tenant or Landlord, respectively, as long as the insurance is not invalidated by the waiver. If the waivers of subrogation are contained in their respective insurance policies, Landlord and Tenant waive any right that either may have against the other on account of any loss or damage to their respective property to the extent that the loss or damage is insured under their respective insurance policies.
- 9.7 Landlord's Insurance. Landlord maintains a program of self-insurance comparable to or exceeding the coverage and amounts of insurance carried by reasonably prudent landlords of comparable buildings and workers' compensation coverage as required by law. If Landlord so chooses, Landlord may maintain "Loss of Rents" insurance, insuring that the Rent will be paid in a timely manner to Landlord for a period of at least twelve (12) months if the Premises or the Building or any portion thereof are destroyed or rendered unusable or inaccessible by any cause insured against under this Sublease.

## ARTICLE X

### ASSIGNMENT AND SUBLETTING



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- 10.1 Landlord's Consent Required. Tenant shall not directly or indirectly, voluntarily or involuntarily, by operation of law or otherwise, assign, mortgage, pledge, encumber or otherwise transfer this Sublease, or permit all or any part of the Premises to be subleased or used or occupied for any purpose by anyone other than Tenant without the prior written consent of Landlord, which consent shall not be unreasonably withheld, delayed or conditioned. Any assignment or sublease without Landlord's prior written consent shall, at Landlord's option, be void and shall constitute an Event of Default entitling Landlord to terminate this Sublease and to exercise all other remedies available to Landlord under this Sublease and at law. Notwithstanding anything to the contrary contained herein, Tenant shall be permitted to assign this Sublease and to sublet the Premises in whole or in part to any Affiliate of Tenant without Landlord consent ("Permitted Transfer").
- 10.2 Basis for Withholding Consent. Landlord agrees that it will not unreasonably withhold, delay or condition its consent to Tenant's assigning this Sublease or subletting the Premises. In addition to other reasonable bases, Tenant hereby agrees that Landlord shall be deemed to be reasonable in withholding its consent if: (i) there exists an Event of Default (as defined in Section 16.1) at the time of request for consent or on the effective date of such subletting or assigning; (ii) the proposed subtenant or assignee seeks to use any portion of the Premises for a use not consistent with other uses in the Building, or is financially incapable of assuming the obligations of this Sublease; (iii) the assignment or subletting would materially increase the operating costs for the Building; (iv) the assignment or subletting may conflict with the terms of any easement, covenant, condition or restriction or other agreement affecting the Real Property; or (vi) the assignment or sublease would involve a change in use from that expressly permitted under this Sublease.
- Tenant shall submit to Landlord the name of a proposed assignee or subtenant, the terms of the proposed assignment or subletting, the nature of the proposed subtenant's or assignee's business, and such information as to the assignee's or subtenant's financial responsibility and general reputation as Landlord may reasonably require.
- 10.3 No Release of Obligations. The consent by Landlord to an assignment or subletting hereunder shall not relieve Tenant or any assignee or subtenant from the requirement of obtaining Landlord's express prior written consent to any other or further assignment or subletting. No subtenant may assign its sublease, or further sublet its subleased premises, without Landlord's prior written consent, which consent may be withheld in Landlord's sole discretion. Neither an assignment or subletting nor the collection of rent by Landlord from any person other than Tenant shall be deemed a waiver of any of the provisions of this Article or release Tenant from its obligations to comply with this Sublease, and Tenant shall remain fully and primarily liable for all of Tenant's obligations under this Sublease.
- 10.4 Permitted Assignment to Affiliates. Provided that no Event Default, or event which with the passage of time or the giving of notice would constitute an Event of Default, exists under this Sublease, Tenant may, without Landlord's consent, assign or sublet all or a portion of this Sublease or the Premises to an Affiliate of Tenant or to any non-Affiliated entity with which Tenant merges or which purchases substantially all of the assets of Tenant, if (i) Tenant notifies Landlord at least fifteen (15) days prior to such assignment or sublease; and (ii) the transferee assumes and agrees in a writing reasonably acceptable to Landlord to perform Tenant's obligations under this Sublease and to observe all terms and conditions of this Sublease.

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- 10.5 **Administrative Costs of Assignment Transaction.** In connection with any request by Tenant for approval of an assignment or sublease other than a Permitted Transfer, Tenant shall pay Landlord's then standard reasonable processing fee, any taxes or other charges imposed upon Landlord or the Real Property as a result of such assignment or sublease, and shall reimburse Landlord for all reasonable costs, including the reasonable fees of attorneys consulted by Landlord in connection with such assignment or sublease, whether or not such proposed assignment or sublease is consented to by Landlord.

## ARTICLE XI

### DAMAGE AND DESTRUCTION

- 11.1 **Repair and Restoration; Termination Rights.** If all or part of the Premises is damaged by fire or other casualty, or if the Building is so damaged that access to or use and occupancy of the Premises is materially impaired, within forty-five (45) days of the date of the damage, Landlord shall notify Tenant of the estimated time, in Landlord's reasonable judgment, required for repair or restoration ("Repair Period"). If the estimated time is one hundred eighty (180) days or less, Landlord shall proceed promptly and diligently to repair or restore the Premises or the portion of the Building necessary for Tenant's occupancy, and this Sublease shall remain in effect, except that for the time unusable, Tenant shall receive a Rent abatement for that part of the Premises rendered unusable in the conduct of Tenant's business. If the estimated time for repair or restoration is in excess of one hundred eighty(180) days from the date of the casualty, either Party, at its option exercised by written notice to other Party within sixty (60) days after the date of the casualty, may terminate this Sublease as of the date specified by Landlord or Tenant in the notice, which date shall be not less than twenty-five (25) nor more than forty-five (45) days after the date such notice is given, and this Sublease shall terminate on the date specified in the notice. In the event that neither Party elects to terminate this Sublease, Landlord shall commence to timely repair the damage, in which case this Sublease shall continue in full force and effect. In either case, if Landlord fails to repair the damage by the date that is forty-five (45) days after the end of the Repair Period, then Tenant may give notice terminating this Sublease to Landlord, within ten (10) business days after the forty-five (45) days after the end of the Repair Period. Termination of the Sublease shall be effective as of the date specified in Tenant's termination notice, which date shall not be earlier than thirty (30) days after the date of Tenant's termination notice. However, if Landlord repairs the damage for which it is responsible within thirty (30) days after receipt of Tenant's termination notice, Landlord may elect to nullify Tenant's termination notice (and thereupon this Sublease shall continue in full force and effect) by Landlord's notice of such repair and election given to Tenant on or prior to the expiration of such thirty (30)day period.
- 11.2 **Damage Near End of Term.** Notwithstanding anything to the contrary set forth in this Article, if the Premises or Building are damaged, such that the Premises or Building cannot be used for the purpose for which it is Subleased for more than thirty (30) days during the last twelve (12) months of the Term, including any Extension Term, Landlord and Tenant shall each have the option to terminate this Sublease by giving written notice to the other of the exercise of that option within thirty (30) days after the damage or destruction, and this Sublease shall terminate as of the date specified in such notice which shall be not before the date of such notice nor more than thirty (30) days after the date of such notice.

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- 11.3 Rent Apportionment. If Landlord or Tenant elects to terminate this Sublease under this Article XI, Tenant shall pay Rent, prorated on a per diem basis and paid up to the date of the casualty. If the Premises are wholly untenable and this Sublease is not terminated, Rent shall abate on a per diem basis from the date of the casualty until the Premises are ready for occupancy by Tenant. If part of the Premises are untenable, Rent shall be prorated on a per diem basis and abated in proportion to the portion of the Premises which is unusable until the damaged part is ready for Tenant's occupancy. Notwithstanding the foregoing, if any damage was caused by the gross negligence or willful misconduct of Tenant, its employees or agents, then, in such event, Tenant agrees that Rent shall not abate or be diminished.
- 11.4 Waiver of Statutory Provisions. The provisions of this Sublease, including those in this Article XI, constitute an express agreement between Landlord and Tenant that applies in the event of any damage to the Premises, Building, or Real Property. Tenant therefore, fully waives the provisions of any statute or regulation, including California Civil Code sections 1932(2) and 1933(4) or any successor statute, relating to any rights or obligations concerning any such casualty.

## ARTICLE XII

### CONDEMNATION

- 12.1 Total Taking -Termination. If title to the Premises or so much thereof is taken through the exercise of any government power (by legal proceedings or otherwise) by any public or quasi-public authority or by any other party having the right of eminent domain, or by a voluntary sale or transfer either under threat of exercise of eminent domain or while legal proceedings for eminent domain are pending so that reconstruction of the Premises will not result in the Premises being reasonably suitable for Tenant's continued occupancy for the uses and purposes permitted by this Sublease, this Sublease shall terminate as of the date possession of the Premises or part thereof is so taken.
- 12.2 Partial Taking. If any part of the Premises is taken through the exercise of eminent domain (or is voluntarily conveyed under the threat thereof) and the remaining part is reasonably suitable for Tenant's continued occupancy for the uses and purposes permitted by this Sublease, this Sublease shall as to the part so taken terminate as of the date that possession of such part of the Premises is taken and the Rent shall be reduced in the same proportion that the floor area of the portion of the Premises taken (less any addition thereto by reason of any reconstruction) bears to the original floor area of the Premises as reasonably determined by Landlord or Landlord's architect. Landlord shall, at its own cost and expense, make all necessary repairs or alterations to the Premises so as to make the portion of the Premises not taken a complete unit.
- 12.3 No Apportionment of Award. All condemnation awards and similar payments shall be paid and belong to Landlord, except for any amounts awarded or paid specifically to Tenant for leasehold improvements, removal and reinstallation of Tenant's trade fixtures and personal property, Tenant's moving costs and Tenant's goodwill. It is expressly understood and agreed by Tenant that except as otherwise stated in this section, Landlord shall be entitled to the entire award for any partial or total taking.
- 12.4 Temporary Taking. No temporary taking of the Premises (which shall mean a taking of all or any

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part of the Premises for one hundred eighty (180) days or less) shall terminate this Sublease or give Tenant any right to any abatement of Rent. Any award made to tenant by reason of such temporary taking shall belong entirely to Tenant, and Landlord shall not be entitled to share therein.

### **ARTICLE XIII**

#### **SUBORDINATION AND ESTOPPEL**

- 13.1 Estoppel Certificate. From time to time and within fifteen (15) days after request by Landlord, Tenant shall execute and deliver a certificate to any proposed lender or purchaser, or to Landlord, certifying, with any appropriate exceptions, (a) that this Sublease is in full force and effect without modification except as noted, (b) the amount, if any, of prepaid rent and deposits paid by Tenant to Landlord (and not returned to Tenant), (c) the nature and kind of concessions, rental or otherwise, if any, which Tenant has received or is entitled to receive, (d) that, to Tenant's knowledge, Landlord has performed all of its obligations due to be performed under this Sublease and that there are no defenses, counterclaims, deductions or offsets outstanding or other excuses for Tenant's performance under this Sublease as of such date, and (e) any other fact reasonably requested by Landlord or such proposed lender or purchaser.
- 13.2 Subordination and Attornment. Tenant agrees that this Sublease is subject and subordinate to (i) the lien of any mortgage, deed of trust or other encumbrance of the Building or the Real Property, (ii) all present and future ground or underlying leases of the Building or Real Property now or hereafter in force against the Building or Real Property, and (iii) all renewals, extensions, modifications, consolidations, and replacements of the items described in clauses (i) and (ii), provided that the mortgagee or beneficiary thereunder agrees that so long as no Event of Default exists, (a) Tenant's possession of the Premises and rights and privileges under this Sublease shall not be diminished or interfered with by such mortgagee or beneficiary during the term of this Sublease or any extensions or renewals hereof, and (b) such mortgagee or beneficiary or lessor will not join Tenant as party for the purpose of terminating or otherwise affecting Tenant's interest in this Sublease in any action of foreclosure or other proceeding to enforce any rights arising out of any default under any mortgage or deed of trust.
- 13.3 Subordination Agreement. The subordination described in this Article XIII is self-operative, and no further instrument of subordination shall be required to make it effective. To confirm this subordination, however, Tenant shall, within fifteen (15) days after Landlord's request, execute any further instruments or assurances in recordable form that Landlord reasonably considers necessary to evidence or confirm the subordination of this Sublease to any such encumbrances or underlying leases, provided that that any such instrument provides that the mortgagee or the beneficiary agrees that so long as no Event of Default exists, (a) Tenant's possession of the Premises and rights and privileges under this Sublease shall not be diminished or interfered with by such mortgagee or beneficiary during the term of this Sublease or any extensions or renewals hereof, and (b) such mortgagee or beneficiary will not join Tenant as party for the purpose of terminating or otherwise affecting Tenant's interest in this Sublease in any action of foreclosure or other proceeding to enforce any rights arising out of any default under any mortgage or deed of trust. Tenant shall have no obligation to execute any instrument subordinating its rights hereunder to the lien of any mortgage or deed of trust unless such instrument contains the foregoing conditions. Tenant's failure to execute and deliver such instrument(s) shall constitute a default under this Sublease.

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- 13.4 Attornment. Tenant covenants and agrees to attorn to the transferee of Landlord's interest in the Real Property or the Building by foreclosure, deed in lieu of foreclosure, exercise of any remedy provided in any encumbrance or underlying lease affecting the Building or the Real Property, or operation of law (without any deductions or setoffs), if requested to do so by the transferee, and to recognize the transferee as the lessor under this Sublease. The transferee shall not be liable for any acts, omissions, or defaults of Landlord that occurred before the sale or conveyance other than acts, omissions or defaults that are continuing upon transferee's acquisition of the Real Property and Transferee fails to cure the same after receiving notice thereof.
- 13.5 Notice of Default; Right to Cure. Tenant agrees to give written notice of any default by Landlord to the holder of any encumbrance or underlying lease affecting the Building or the Real Property, provided that Tenant has received written notice of the name and address of such encumbrance holder or lessor. Tenant agrees that, before it exercises any rights or remedies under the Sublease, the lienholder or lessor shall have the right, but not the obligation, to cure the default within the same time, if any, given to Landlord to cure the default, plus an additional thirty (30) days. Tenant agrees that this cure period shall be extended by the time (not to exceed an additional sixty (60) days) necessary for the lienholder to begin foreclosure proceedings and to obtain possession of the Building or Real Property, as applicable.
- 13.6 Nondisturbance. Landlord agrees to use commercially reasonable efforts to obtain from the holder of any existing and future indebtedness secured by the Building, a subordination, nondisturbance and attornment agreement which provides that in the event of foreclosure or transfer in lieu of foreclosure, so long as no default by Tenant has occurred under this Sublease and remains uncured beyond any applicable cure period (i) Tenant shall not be named or joined in any proceeding that may be instituted to foreclose or enforce the mortgage unless such joinder is legally required to perfect such proceeding, and (ii) Tenant's possession and use of the Premises in accordance with the provisions of the Sublease shall not be affected or disturbed by reason of the subordination to or any modification of or default under the mortgage.

## ARTICLE XIV

### SURRENDER OF PREMISES; HOLDING OVER

- 14.1 Surrender of Premises. On expiration of this Sublease, Tenant shall surrender the Premises in the same condition as when the Term commenced, ordinary wear and tear excepted. Except for furniture, equipment and trade fixtures (other than those which are affixed to the Premises so that they cannot be removed without material damage to the Premises) all alterations, additions or improvements, whether temporary or permanent in character, made in or upon the Premises, either by Landlord or Tenant, shall be Landlord's property and at the expiration or earlier termination of the Sublease shall remain on the Premises without compensation to Tenant; provided that, upon reasonable written request of Landlord, Tenant shall, at its expense and without delay, remove any alterations, additions or improvements (including, without limitation, all telecommunications equipment and cabling, and all alterations and improvements made by Tenant after the Commencement Date) made to the Premises by Tenant and designated by Landlord to be removed, and shall repair any damage to the Premises or the Building caused by such removal. If Tenant fails to complete any removal required by this section or to repair the Premises, Landlord may complete

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such removal and repair, and Tenant shall reimburse Landlord therefor. If Tenant fails to remove such property as required under this Sublease, Landlord may dispose of such property in its sole discretion without any liability to Tenant, and further may charge the cost of any such disposition to Tenant.

- 14.2 **Hold Over Tenancy.** If Tenant remains in possession of the Premises after the expiration or earlier termination of this Sublease with Landlord's written consent, Tenant shall be deemed, at Landlord's option, to occupy the Premises as a tenant from month-to-month. During such tenancy (and prior to any termination by Landlord), Tenant agrees to pay Landlord, monthly in advance, an amount equal to: (a) during the first ninety (90) days of such tenancy One Hundred Twenty Five Percent (125%) of all Base Rent which would become due during the last month of the Term, together with all other amounts payable by Tenant to Landlord under this Sublease, and (b) for any period following the first ninety (90) days of such tenancy, One Hundred Fifty Percent (150%) of all Base Rent which would become due during the last month of the Term, together with all other amounts payable by Tenant to Landlord under this Sublease. Except as provided in the preceding sentence, such month-to-month tenancy shall be on the same terms and conditions of this Sublease except that any renewal options, expansion options, rights of first refusal or any other rights or options pertaining to additional space in the Building contained in this Sublease shall be deemed to be terminated and shall be inapplicable thereto. Landlord's acceptance of rent after such holding over with Landlord's written consent shall not result in any other tenancy or in a renewal of the initial term of this Sublease.

If Tenant remains in possession of the Premises after the expiration or earlier termination of this Sublease without Landlord's written consent, Tenant's continued possession shall be on the basis of a tenancy at sufferance and Tenant shall pay monthly Rent during the holdover period in an amount equal to two hundred percent (200%) of all Base Rent which would become due the last month of the Term, together with all other amounts payable by Tenant to Landlord.

## **ARTICLE XV**

### **LANDLORD'S RESERVED RIGHTS.**

- 15.1 **Rights Reserved to Landlord.** Without notice and without liability to Tenant, and without affecting an eviction or disturbance of Tenant's use or possession, Landlord shall have the right to (i) grant utility easements or other easements in, or subdivide or make other changes in the legal status of the Land, the Building or the Real Property as Landlord shall deem appropriate in its sole discretion, provided such changes do not substantially interfere with Tenant's use of the Premises for the Permitted Use; (ii) enter the Premises at reasonable times and with reasonable advance notice (and at any time in the event of an emergency), to inspect (including inspections by prospective lenders for or buyers of the Real Property), or repair the Premises or the Building and to perform any acts related to the safety, protection, reletting, sale or improvement of the Premises or the Building; (iii) install and maintain signs on and in the Building and the Real Property; and (iv) make such rules and regulations as, in the reasonable judgment of Landlord, may be needed from time to time for the safety of the tenants, the care and cleanliness of the Premises, the Building and the Real Property and the preservation of good order therein. Landlord shall at all times retain a key with which to unlock all of the doors in the Premises, except Tenant's vaults and safes. If an emergency

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necessitates immediate access to the Premises, Landlord may use whatever force is necessary to enter the Premises and any such entry to the Premises shall not constitute a forcible or unlawful entry into the Premises, a detainer of the Premises or an eviction of Tenant from the Premises or any portion thereof.

## ARTICLE XVI

### DEFAULT AND REMEDIES

16.1 Tenant's Default. It shall be an "Event of Default" hereunder if Tenant shall:

- (a) fail to pay when due any monthly installment of Rent (or, if applicable under this Sublease, Operating Expenses), or fail to pay any other amount owed by Tenant to Landlord under this Sublease as and when due and such failure continues for five (5) days following written notice thereof to Tenant by Landlord;
- (b) fail to provide any certificate, instrument or assurance as required pursuant to Article IX if the failure continues for five (5) days after written notice of the failure from Landlord to Tenant;
- (c) make a general assignment for the benefit of its creditors or file a petition for bankruptcy or other reorganization, liquidation, dissolution or similar relief;
- (d) have a proceeding filed against Tenant seeking any relief mentioned in (c) above which is not discharged within sixty (60) days thereafter;
- (e) have a trustee, receiver or liquidator appointed for Tenant or a substantial part of its property;
- (f) abandon the Premises for more than three (3) consecutive months;
- (g) assign this Sublease or sublease any portion of the Premises in violation of Article X; or
- (h) fail to comply with any other provision of this Sublease in the manner required hereunder and such failure continues for thirty (30) days after written notice thereof to Tenant by Landlord (or if the noncompliance cannot by its nature be cured within the thirty (30)-day period, if Tenant fails to commence to cure such noncompliance within the thirty (30)-day period and thereafter diligently prosecute such cure to completion).

16.2 Remedies on Default. Upon the occurrence of an Event of Default, Landlord shall have the right to pursue anyone or more of the following remedies in addition to any other remedies now or later available to Landlord at law or in equity. These remedies are not exclusive but instead are cumulative.

- (a) Continue Sublease. Landlord may continue this Sublease in full force and effect. In such case, so long as Landlord does not terminate Tenant's right to possession, the Sublease will continue in effect and Landlord shall have the right to collect Rent when due, and may undertake efforts to relet the Premises, or any part of them, to third parties for Tenant's

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account. Tenant shall be liable to Landlord for all reasonable costs Landlord incurs in reletting the Premises including, without limitation, broker's commissions, expenses of remodeling the Premises required by the reletting, and like costs. Reletting can be for a period shorter or longer than the remaining term of this Sublease. Tenant shall pay to Landlord the Rent due under this Sublease on the date the Rent is due, less the Rent Landlord receives from any reletting. No act by Landlord allowed by this section shall terminate this Sublease unless Landlord terminates Tenant's right to possession. After an Event of Default and for as long as Landlord does not terminate Tenant's right to possession of the Premises, if Tenant obtains Landlord's consent, Tenant shall have the right to assign or sublet its interest in this Sublease, but Tenant shall not be released from liability.

(b) Terminate Sublease. Landlord may terminate the Sublease and Tenant's right to possession of the Premises at any time following an Event of Default. No act by Landlord other than giving written notice to Tenant shall terminate this Sublease. Acts of maintenance, efforts to relet the Premises or the appointment of a receiver on Landlord's initiative to protect Landlord's interest under this Sublease shall not constitute a termination of Tenant's right to possession. On termination, Landlord shall have the right to recover from Tenant all of the following:

- (i) The worth, at the time of the award, of any unpaid Rent that had been earned at the time of termination of this Sublease;
- (ii) The worth, at the time of the award, of the amount by which the unpaid Rent that would have been earned after the date of termination of this Sublease until the time of the award exceeds the amount of the unpaid Rent that Tenant proves could have been reasonably avoided;
- (iii) The worth, at the time of the award, of the amount by which the unpaid Rent for the balance of the Term after the time of the award exceeds the amount of unpaid Rent that Tenant proves could have been reasonably avoided;
- (iv) Any other amount necessary to compensate Landlord for all detriment proximately caused by Tenant's failure to perform obligations under this Sublease, including, without limitation, brokerage commissions, advertising expenses, expenses of remodeling the Premises for a new tenant, and any special concessions made to obtain a new tenant; and
- (v) Any other amounts, in addition to or in lieu of those listed above that may be permitted by law.

"The worth, at the time of the award" as used in clauses (i) and (ii) of this Paragraph (b) is to be computed by allowing interest at the maximum rate allowed by law at that time, or if there is no such maximum, at a rate of ten percent (10%) per annum. "The worth, at the time of the award," as referred to in clause (iii) of this Paragraph (b) is to be computed by discounting the amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of the award plus one percent (1 %).

(c) Receiver. Landlord shall have the right to have a receiver appointed to collect Rent. Neither the filing of a petition for the appointment of a receiver nor the appointment



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itself shall constitute an election by Landlord to terminate this Sublease.

- 16.3 Landlord's Default. Landlord's failure to perform any of its obligations under this Sublease shall constitute a Landlord Event of Default hereunder if the failure continues for thirty (30) days after written notice of the failure from Tenant to Landlord. If the required performance cannot be completed within thirty (30) days, Landlord's failure to perform shall not constitute a Landlord Event of Default if Landlord undertakes to cure the failure within such thirty (30)-day period and diligently and continuously attempts to complete the cure as soon as reasonably possible. Tenant waives any right to terminate this Sublease and to vacate the Premises upon Landlord's default under this Sublease. Tenant's sole remedy on Landlord's default is an action for damages or injunctive or declaratory relief.

## ARTICLE XVII

### TENANT IMPROVEMENTS AND PARKING

- 17.1 Parking. Landlord hereby grants to Tenant a nonexclusive license and right, in common with Landlord and all persons conducting business on the Real Property and their respective customers, guests, licensees, invitees, employees and agents, to use the retail parking area, excluding reserved spaces, located on the Real Property for vehicular parking, such nonexclusive license to be appurtenant to Tenant's leasehold estate created by this Sublease. Tenant may use unreserved parking spaces in Landlord's surface retail parking lot on an unreserved basis. The nonexclusive license and right granted pursuant to this section shall be subject to the Rules and Regulations. There shall be no overnight parking of any vehicles, and vehicles which have been parked in violation of the terms hereof may be towed away at the owner's expense. Tenant shall not permit or allow any vehicles that belong to or are controlled by Tenant or Tenant's employees, suppliers, shippers, customers or invitees to be loaded, unloaded, or parked in areas other than those designated by Landlord for such activities. Landlord reserves the right to assign reserved parking spaces at its discretion to individual tenants, but under no circumstance will Tenant be assigned no fewer than four (4) parking spaces.
- 17.2 Tenant Improvements; Landlord shall pay for or undertake initial improvements to the unit, as described in Exhibit B, prior to the Tenant occupying the unit. The cost of the Landlord's improvements will not exceed \$50,000. Tenant shall be responsible for all other Tenant Improvements identified in Exhibit B. The obligations of Landlord and Tenant, with respect to the Tenant Improvements, including without limitation Tenant's obligation to pay for such work and provide third-party invoices and written evidence of Tenant's payment therefor, are set forth in the Work Letter attached hereto as Exhibit B. Exhibit B will be detailed upon tenant permit submittal.

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## ARTICLE XVIII

### MISCELLANEOUS

- 18.1 No Waiver. No receipt and retention by Landlord of any payment tendered by Tenant in connection with this Sublease shall constitute an accord and satisfaction, or a compromise or other settlement, notwithstanding any accompanying statement, instruction or other assertion to the contrary unless Landlord expressly agrees to an accord and satisfaction, or a compromise or other settlement, in a separate writing duly executed by Landlord. Landlord will be entitled to treat any such payments as being received on account of any item or items of Rent, interest, expense or damage due in connection herewith, in such amounts and in such order as Landlord may determine at its sole option. Failure of any party to exercise any right in one or more instance shall not be construed as a waiver of the right to strict performance or as an amendment to or modification of this Sublease. Any waiver of any condition or provision set forth in this Sublease shall not be deemed a waiver of any subsequent breach of such condition or provision or of any other condition or provision, nor shall any such waiver be deemed a continuing waiver.
- 18.2 Severability. The Parties intend this Sublease to be legally valid and enforceable in accordance with all of its terms to the fullest extent permitted by law. If an arbitrator or a court of competent jurisdiction holds any provision hereof to be invalid or unenforceable in whole or in part for any reason, the validity and enforceability of the remaining clauses, or portions of them, shall not be affected unless an essential purpose of this Sublease would be defeated by loss of the invalid or unenforceable provision.
- 18.3 Governing Law; Construction. This Sublease shall be construed according to the laws of the State of California without regard to principles of conflict of laws. The parties acknowledge that this Sublease is the product of negotiation and compromise on the part of both parties, and agree that the provisions hereof shall be construed in accordance with their fair meaning and not in accordance with any rule providing for interpretation against the party who causes the uncertainty to exist or against the drafter. The captions used for the Sections and Articles of this Sublease have been inserted for convenience only and shall not be used to alter or interpret the content of this Sublease.
- 18.4 Binding Effect; Survival. The covenants, conditions, warranties and agreements contained in this Sublease shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns. The representations and warranties of Landlord and Tenant and the indemnification obligations of Landlord and Tenant set forth herein shall survive the expiration or termination of this Sublease as shall all other provisions hereof which are intended to survive such expiration or termination.
- 18.5 Time. Time is of the essence of each provision of this Sublease.
- 18.6 Entire Agreement; Amendments. This Sublease and all exhibits attached hereto and incorporated herein by this reference, constitutes the final, complete, and exclusive statement of the terms of the agreement between Landlord and Tenant pertaining to the lease of space in the Building and supersedes all prior and contemporaneous understandings or agreements of the parties. This

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Sublease may not be amended or modified except in a writing signed by both parties.

- 18.7 Notices. All notices delivered pursuant to this Sublease shall be in writing and delivered to Landlord or Tenant at the applicable address designated in Section 1.1 or to such other address as may hereafter be designated by either party by written notice delivered to the other party in accordance with this Section. Such notices shall be effective upon receipt or refusal of delivery. Such notices shall be sent by (i) United States mail, certified mail with return receipt requested, or (ii) overnight delivery service.
- 18.8 Force Majeure. Except as otherwise provided in this Sublease, the time for performance of an obligation other than the payment of money under this Sublease shall be extended for the period during which a party is prevented from performing due to Unavoidable Delay. "Unavoidable delay" shall mean any and all delay beyond the applicable party's reasonable control, including without limitation, delays caused by the other party; governmental restrictions, regulations, controls, preemptions or delays; orders of civil, military or naval authorities; strikes, labor disputes, lock-outs, shortages of labor or materials or reasonable substitutes therefore; Acts of God; fire, earthquake, floods, explosions or other casualties; extreme weather conditions or other actions of the elements; enemy action, civil commotion, riot or insurrection.
- 18.9 Attorneys' Fees; Prejudgment Interest. If the services of an attorney are required by either Party to secure the performance hereof or otherwise upon the breach or default of the other Party, or if any judicial remedy is necessary to enforce or interpret any provision of this Sublease, or if the services of an attorney are required upon the bankruptcy of a party to this Sublease to compel or object to assumption or rejection of this Sublease, seek relief from the automatic stay or object to an action to recover a preference or fraudulent transfer, the prevailing party shall be entitled to reasonable attorneys' fees, costs, expert witnesses fees, post judgment collection costs, and other expenses, in addition to any other relief to which such party may be entitled. Any award of damages following judicial remedy as a result of the breach of this Sublease or any of its provisions shall include an award of prejudgment interest from the date of the breach at the maximum amount of interest allowed by law.
- 18.10 Authority. Each Party warrants and represents that it has full authority to enter into this Sublease, that this Sublease constitutes a binding obligation of such Party, and that the individual(s) signing on behalf of such party are duly authorized to bind such Party hereto. In that regard, Landlord represents that title to the Real Property was previously conveyed from the Redevelopment Agency of the City of South San Francisco, a public body, corporate and politic, to the City of San Francisco, a municipal corporation, prior to the dissolution of the Redevelopment Agency effective February 1, 2012. By operation of law, real property held by the former Redevelopment Agency is or will be transferred to the Successor Agency as successor in interest. The governing bodies of the Successor Agency and the City agree to take such actions as may be necessary to approve, affirm or ratify this Sublease.
- 18.11 Landlord Approvals. Whenever the consent or approval of Landlord is required hereunder, such consent or approval may be granted or withheld by the Successor Agency Executive Director/City Manager or his or her designee, unless the Successor Agency Executive Director/City Manager determines in his or her discretion that such matter shall be referred to the Successor Agency/City governing board(s) for consideration.

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- 18.12 Counterparts. This Sublease may be executed in counterparts, each of which shall constitute an original, and all of which together shall constitute one and the same instrument. The signature page of any counterpart may be detached therefrom without impairing the legal effect of the signature(s) thereon provided such signature page is attached to any other counterpart identical thereto except having additional signature pages executed by any other party. This Sublease shall take effect when signed by all parties hereto and all parties have written notice of the signature of all the remaining parties. The parties agree that a signed copy of this Sublease transmitted by one party to the other party(ies) by facsimile transmission shall be binding upon the sending party to the same extent as if it had delivered a signed original of the Sublease.
- 18.13 Brokers. With the exception of SC Properties' commission contemplated in Section 18.13.1 below, Tenant and Landlord each represent and warrant to the other that except as stated in this Section, no broker or agent is entitled to a broker's commission or finder's fee in connection with the execution of this Sublease or the consummation of the transaction contemplated hereby, and each Party agrees to defend and indemnify the other Party against any loss, expense or liability incurred by the other party as a result of a breach of such representation and warranty. The provisions of this Section shall survive the expiration or earlier termination of the Sublease.
- 18.13.1 SC Properties. Landlord and SC Properties ("Contractor") entered into that certain Professional Services Agreement ("Agreement") dated December 2015, whereby Contractor agreed to perform professional services related to the marketing of commercial leases for retail space at 636 El Camino Real, South San Francisco. As compensation for services performed, Landlord will pay Contractor according to the commission schedule for the full and satisfactory completion of the work in accordance with the terms and conditions of the Agreement.
- 18.14 Submission of Sublease. Submission of this document for examination or signature by the Parties does not constitute an option or offer to lease the Premises on the terms in this document or a reservation of the Premises in favor of Tenant. This document is not effective as a lease or otherwise until executed and delivered by both Landlord and Tenant.
- 18.15 Non-Agency. It is not the intention of Landlord or Tenant to create hereby a relationship of principal and agent, and under no circumstances shall Tenant be considered the agent of Landlord, it being the sole purpose and intent of the Parties to create a relationship of landlord and tenant.
- 18.16 No Merger. The voluntary or other surrender of this Sublease by Tenant or a mutual cancellation thereof, or a termination by Landlord, shall not work a merger, and shall at the option of Landlord terminate all or any existing subtenancies or may at the option of Landlord, operate as an assignment to Landlord of any or all such subtenancies.

***SIGNATURES ON FOLLOWING PAGE***

DRAFT DECEMBER 13, 2018

NOW, THEREFORE, Landlord and Tenant have executed this Sublease as of the date first written above.

**LANDLORD, City of South San Francisco**

By:

Its: City Manager

Date:

**TENANT, Ryan Dantes**

By:

Its

Date: 2/20/2019 | 5:33:42 PM PST

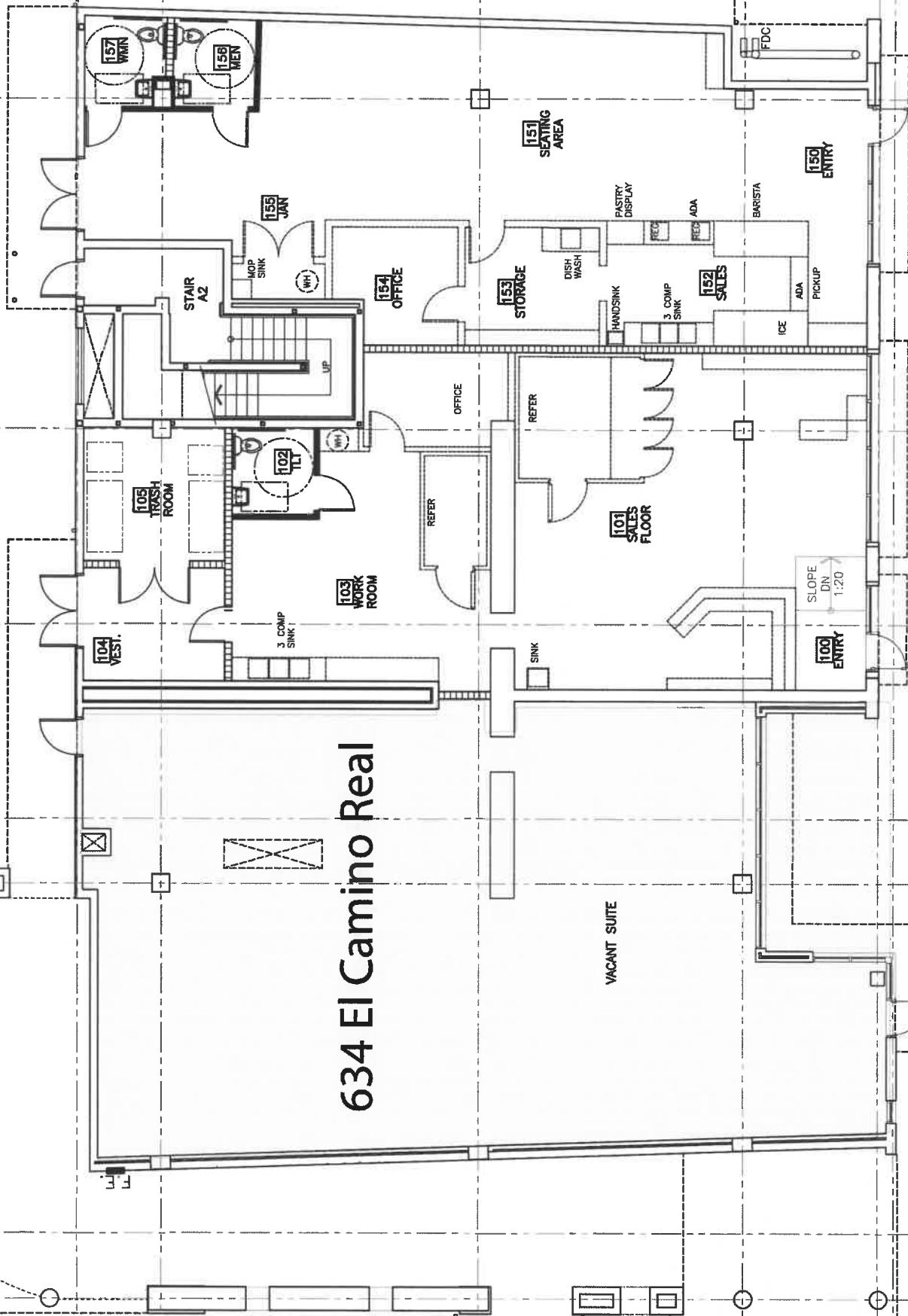
City Attorney, Approved as to Form

City Clerk, Attest

DRAFT DECEMBER 13, 2018

**EXHIBIT A**  
**DIAGRAM OF PREMISES**

634 El Camino Real









# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

05/06/2019

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

**IMPORTANT:** If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

<b>PRODUCER</b> American Specialty Insurance & Risk Services, Inc. dba A.S.I.R.S.I. Insurance Agency 7609 W. Jefferson Blvd., Suite 100 Fort Wayne IN 46804		<b>CONTACT NAME:</b> <b>PHONE</b> (A/C, No, Ext): <b>E-MAIL ADDRESS:</b>		<b>FAX</b> (A/C, No):
<b>INSURED</b> Ryan Dantes dba Fitness Therapy LLC 538 Sea Spray Ct Pacifica CA 94044		<b>INSURER(S) AFFORDING COVERAGE</b> INSURER A : Arch Insurance Company INSURER B : INSURER C : INSURER D : INSURER E : INSURER F :		<b>NAIC #</b> 11150

**COVERAGES****CERTIFICATE NUMBER:** 1001649955**REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSD WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> <b>COMMERCIAL GENERAL LIABILITY</b> <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR  GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:	Y	SBCGL1085300	07/17/2019	07/17/2020	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000 MED EXP (Any one person) \$ 2,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 5,000,000 PRODUCTS - COMP/OP AGG \$ 5,000,000
	<input type="checkbox"/> <b>AUTOMOBILE LIABILITY</b> <input type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> NON-OWNED AUTOS ONLY					COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
A	<input type="checkbox"/> <b>UMBRELLA LIAB</b> <input checked="" type="checkbox"/> OCCUR <input checked="" type="checkbox"/> <b>EXCESS LIAB</b> <input type="checkbox"/> CLAIMS-MADE DED RETENTION \$		SBFXS0114800	07/17/2019	07/17/2020	EACH OCCURRENCE \$ 1,000,000 AGGREGATE \$ 1,000,000
	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N <input type="checkbox"/> N/A	<div>Approved as to form: Date: 5/7/19 By: [Signature] City Attorney</div>			PER STATUTE OTH-ER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$

**DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES** (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

- The Certificate Holder is only an Additional Insured with respect to liability caused by the negligence of the Named Insured as per endorsement no. 01  
Additional Insured - Negligence, effective July 17, 2019.

**CERTIFICATE HOLDER**

City of South San Francisco

P.O. Box 711

South San Francisco

CA 94083

**CANCELLATION**

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE





# City of South San Francisco

P.O. Box 711 (City Hall, 400  
Grand Avenue)  
South San Francisco, CA

## Legislation Text

**File #:** 18-1144  
**Version:** 1

**Agenda Date:** 1/23/2019  
**Item #:** 2a.

Resolution authorizing the City Manager to execute a sublease agreement with Ryan Dante, owner of Fitness Therapy, LLC, for the commercial space at 634 El Camino Real

WHEREAS, in March 2016, staff instructed SC Properties, the City's property management firm, to advertise for a tenant for 630 El Camino Real. The property manager prepared marketing material and advertised for two units at 636 El Camino Real utilizing standard real estate resources including but not limited to advertising the units on the "Loopnet" website, placing "for lease" signs on the building, and calling retail businesses that are known to be expanding; and

WHEREAS, in November 2018, the property manager received a formal proposal to lease 634 El Camino Real, from Ryan Dante, owner of Fitness Therapy, LLC; and

WHEREAS, SC Properties and staff reviewed the proposals to ascertain the most suitable tenant for the unit, and

WHEREAS, in reviewing the proposal, SC Properties and staff considered financial information, proposed rent and tenant improvements and neighborhood compatibility and determined that Ryan Dantes was the most suitable tenant for the unit; and

WHEREAS, Fitness Therapy, LLC is a local company that is growing and is proposing to rent the unit at the Fair Market rate, which will allow the City to realize a net income of \$287,680.00 over 60 months and;

WHEREAS, the sublease agreement ("Sublease") will contain standard provisions, including the term of the Sublease, the time-table for rent increases, periodic provision of sales reports and financial information, circumstances for extension of the term, maintenance requirements and responsibilities, insurance and liability, and the commencement date; and

WHEREAS, staff recommends that the City Council approve the Sublease with Ryan Dantes, owner of Fitness Therapy, LLC.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of South San Francisco that the City Council hereby takes the following actions:

1. Approves the Sublease with Ryan Dantes, owner of Fitness Therapy, LLC. for 634 El Camino Real, attached hereto as Exhibit A, and incorporated herein; and'
2. Authorizes the City Manager, or his designee, to execute the Sublease and any related documents, subject to review and approval as to form by the City Attorney, and
3. Authorizes the City Manager to take any other related actions necessary to carry out the intent of this Resolution.

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**File #:** 18-1144  
**Version:** 1

**Agenda Date:** 1/23/2019  
**Item #:** 2a.

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