

ABSOLUTE TRIPLE NET LEASE

between

CITY OF SAUSALITO,

a Municipal Corporation

as Landlord



and

SAUSALITO CENTER FOR THE ARTS,

a California Nonprofit Public Benefit Corporation

as Tenant



750 BRIDGEWAY, SAUSALITO, CALIFORNIA

Dated: 8/19/2022

REFERENCE PROVISIONS

- Landlord:** CITY OF SAUSALITO, a municipal corporation
- Tenant:** SAUSALITO CENTER FOR THE ARTS, a California non-profit public benefit corporation
- Address:** 750 Bridgeway, Sausalito, California
- Property:** That certain real property with a street address of 750 Bridgeway, Sausalito, California; Marin County Assessor's Parcel Number 065-073-04 ("Property")
- Building:** The former bank building located on the Property
- Premises:** An approximately five thousand seven hundred twenty-five (5,725) square foot portion of the Building, consisting of a portion of the first floor as depicted on Exhibit A-1, the entirety of the mezzanine, and all appurtenant improvements located thereon, (collectively, the "Premises", See Section 1.1).
- Permitted Use:** The Premises shall be used by Tenant only for a Regional-Class Multi-Media Art Center which regularly includes the following Art uses: (a) exhibitions, (b) sales (c) workshops, (c) classes, (d) rental, (e) performances, (f) events, (g) uses directly related to the preceding clauses (a) through (f); (h) Public Events; (i) Private Events; and (j) Third Party Events (collectively, the "Permitted Use").
- Initial Term:** The period of time occurring between the Commencement Date and the last day of the sixtieth (60th) full month following the Commencement Date.
- Option:** One (1) option to extend the Lease for a period of sixty (60) months.

Commencement Date: The date upon which all the following are true: (A) the City Council adopts a resolution approving this Lease; and (B) both parties have fully executed this Lease; (C) Tenant has provided Landlord with the required Security Deposit; (D) Tenant has provided Landlord with a Certificate of Good Standing from the California Secretary of State; and (E) Landlord has delivered possession of the Premises to Tenant.

Expiration Date: The date which is the last day of the sixtieth (60th) full month following the Commencement Date, or the last day of the Option Term if the Option is exercised.

Initial Monthly Base Rent: Four Thousand Twenty-Nine and 23/100 Dollars (\$4,029.23) per month.

Monthly Base Rent: Eleven Thousand Ninety-Five and 25/100 Dollars (\$11,095.25) per month.

Third Party Event Rent: Fifty percent (50%) of the total License Fees collected by Tenant for all Third Party Events occurring during such Event Month in excess of Fifteen Thousand Dollars (\$15,000) per month.

Security Deposit: Four Thousand Twenty-Nine and 23/100 Dollars (\$4,029.23).

THE TERMS SET FORTH IN THESE REFERENCE PROVISIONS ARE FOR CONVENIENCE ONLY AND ARE NOT PART OF THIS LEASE. UNDEFINED CAPITALIZED TERMS IN THESE REFERENCE PROVISIONS SHALL HAVE THE MEANINGS ASCRIBED TO THEM IN THE LEASE. IN THE EVENT OF ANY CONFLICT BETWEEN THE FOREGOING REFERENCE PROVISIONS AND THE BALANCE OF THIS LEASE, THE LEASE SHALL CONTROL.

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ABSOLUTE TRIPLE-NET LEASE

This ABSOLUTE TRIPLE-NET LEASE ("Lease") is made and entered into as of 8/19/2022 by and between CITY OF SAUSALITO, a municipal corporation as owner of the subject property ("Landlord"), and SAUSALITO CENTER FOR THE ARTS, a California non-profit corporation ("Tenant"). Landlord and Tenant are sometimes collectively referred to herein as the "Parties" and singularly, as a "Party."

RECITALS

A. Landlord owns that certain real property with a street address of 750 Bridgeway, Sausalito, California, Marin County Assessor's Parcel Number 065-073-04, more particularly described in Exhibit A attached hereto ("Property"), which is improved with a former bank building ("Building"). As used in this Lease, the term "Land" is defined to mean the land described in Exhibit A.

B. Tenant intends to lease an approximately five thousand seven hundred twenty-five (5,725) square foot portion of the Building, consisting of a portion of the first floor as depicted on Exhibit A-1, the entirety of the mezzanine, and all appurtenant improvements located thereon (collectively, the "Premises") for purposes of a Regional-Class Multi-Media Art Center (as defined below), on the terms and conditions set forth herein.

C. The Building is developed to the Property boundary lines. Tenant has access to the Premises via the adjacent public right of way and public streets.

D. It is anticipated that Landlord will lease the roof of the Building to a third party ("Rooftop Tenant"). Until such time as Landlord enters into a lease with a Rooftop Tenant, Tenant shall maintain all aspects of the Premises and, in the event that Landlord enters into a lease with a Rooftop Tenant, this Lease will be amended to remove the roof from the definition of the Premises and allocate maintenance responsibilities as provided herein.

E. Landlord is retaining the right to use the Premises during the times that Tenant is not using the Premises, upon prior advance reasonable notice and on the terms and conditions set forth herein.

F. Landlord and Tenant have entered into that certain License Agreement dated June 1, 2022 to allow Tenant to use the Premises for the purposes described in the License Agreement under the terms and conditions set forth therein.

G. City issued Minor Use Permit (MUP) No. 2022-00087 which permits the Permitted Use under the Lease for a period of one (1) year.

NOW THEREFORE, the Parties agree as follows:

AGREEMENT

1. Premises.

1.1 Description of Premises/Exclusions from Premises. Landlord, in reliance upon and in consideration of the Rents hereinafter reserved and of the covenants and agreements hereinafter described to be kept and performed by Tenant, does hereby lease and let unto Tenant, and Tenant does hereby hire and take from Landlord the Premises. In connection with Tenant's use of the Premises, Tenant and Tenant's employees, agents, guests and customers shall have the right to use the public restrooms (located on Assessor's Parcel Number 065-073-02) immediately adjacent to the Building at all times that the Premises are open for business, provided that Tenant shall only have the right to use the public restrooms as members of the public during the hours that the restrooms are open to the public and shall not direct Tenant's employees, agents, guests, and customers to use said restrooms after Tenant constructs and opens to the public an accessible restroom within the Premises. Notwithstanding the foregoing, the Premises specifically excludes those certain premises leased to Bank of America, National Association, a national banking association ("BofA") pursuant to that certain ATM Lease Agreement dated September 18, 2020 ("ATM Lease"), between the City of Sausalito, as landlord, and BofA, as tenant, which ATM Lease premises comprises approximately one hundred fifty (150) square feet located on the ground floor of the Building ("ATM Premises"). Landlord retains all necessary, as determined by Landlord in its sole discretion, easement rights over the Property and through the Premises to provide access to, and use of, the roof of the building by Landlord, or by a Rooftop Tenant. Tenant hereby acknowledges and agrees that Landlord may lease the roof to a Rooftop Tenant at any time, without the approval of Tenant but with ongoing communication to Tenant. If Landlord enters into such a lease or leases, Tenant shall comply with the applicable provisions of Section 1.3, below regarding, among other things, Rooftop Tenant's access through the Premises.

1.2 ATM Lease; PSA. Tenant acknowledges that Landlord purchased the Property from BofA pursuant to that certain Purchase and Sale Agreement dated July 1, 2020 between Landlord, as buyer, and BofA, as seller ("PSA"). Tenant shall not take any action which violates the terms of the PSA. Pursuant to the PSA Landlord entered into the ATM Lease with BofA. Tenant hereby agrees not to take any action which disturbs the occupancy of BofA under the ATM Lease, or BofA's use of the ATM Premises for Banking Use, including without limitation interfering with BofA's lighting or security improvements, or equipment or personal property necessary for BofA's use; or making any changes to the Critical Area depicted on Exhibit B without Landlord's prior written consent, which shall be requested two hundred and ten (210) days prior to making any such change and which consent can be granted or denied in Landlord's sole discretion. During the term of the ATM Lease and any extensions thereof Tenant also agrees to comply with the restrictions in Sections 1.2.1, 1.2.2, and 1.2.3 below (the "Restrictions"). In the event that Tenant violates or allows for the violation of the Restrictions that results in Landlord being liable to BofA for liquidated damages or other damages, Landlord shall be entitled to recover such damages from Tenant.

1.2.1 Use Restriction. Tenant shall not use or permit the ground floor of the Premises to be used for Retail Banking Purposes.

1.2.2 Signage Restriction. Other than by BofA as the tenant under the ATM Lease there shall be no signage or advertising of any type placed or permitted upon (a) any portion of the exterior of said Property, or (b) any portion of the interior of the first floor of the building on the Property, or (c) the windows or any other portion of the interior of the second floor of the Building which is visible from outside the Building, that relates to a financial institution. The restrictions in this Section 1.2.2 shall apply to any occupant of the second floor of the Building which is using its space for Retail Banking Purposes; provided, however, that any such business shall be entitled to install minimal directional signage on the exterior and first floor of the Building to the extent reasonably necessary to direct any customers to its location and install signage on those portions of the interior of the second floor of the Building which are not visible from the exterior. Tenant further agrees that BofA shall have the option to place a sign panel on any future pylon/monument sign erected on the Property.

1.2.3 Advertising Restriction. Other than BofA as tenant under the ATM Lease, there shall be no public announcements, advertising, solicitations, business development, notices or other publications relating in any manner to the present or future operation of a financial institution upon the Property.

1.3 Lease of Roof/Access to Roof by Third Parties. Tenant hereby agrees and acknowledges that Landlord intends to lease, or otherwise convey, a real property interest in and to the roof of the Building to Rooftop Tenant and that said Rooftop Tenant, together with its officers, employees, agents, contractors, customers and invitees ("Rooftop Parties") may need access to and from the roof through the Premises; provided, however, that upon completion of Rooftop Tenant's improvements access to the roof shall be designed so as to prevent access to the Premises. Tenant hereby grants Landlord, and its officers, elected and appointed officials, employees, agents, contractors, licensees and invitees, the Rooftop Tenant, and the Rooftop Tenant's employees, agents, and contractors, the right of ingress to and egress from the roof of the Building at all times. Any rules and regulations regarding such rooftop ingress and egress must be reasonable and be approved in writing by Landlord, Tenant and the Rooftop Tenant before they become effective. Landlord acknowledges that Tenant prefers that Rooftop Tenant access the roof through exterior stairs and/or elevator but Landlord reserves the right to allow the Rooftop Tenant to construct a staircase or elevator within the Premises to provide access to the roof upon prior reasonable notice to Tenant. Notwithstanding the foregoing, Landlord shall provide Tenant an opportunity to review and comment on Rooftop Tenant's plans and shall cooperate with Tenant to minimize the impact to Tenant in developing a means to provide Rooftop Tenant with access to the roof. If any portion of the Premises is taken for access to the roof by the Rooftop Tenant an amendment to this Lease shall be prepared which deletes such portion of the Building from the definition of the Premises leased by Tenant. The Rooftop Tenant shall, effective the commencement date of the Rooftop Tenant's lease (should such a lease be entered into by Landlord), be solely responsible for the maintenance and repair of the roof and any other portions of the Building or Property that it exclusively occupies. Rooftop Tenant shall be required to contribute with Tenant based on their respective percentage square footages of the Property towards the maintenance and repair of any common structural systems, footings, foundations, bearing walls, exterior walls, or other systems that service both Tenant's

and Rooftop Tenant's respective leased premises. The cost of constructing, repairing or maintaining any new stairway or elevator installed at the Building shall be allocated solely between Landlord and Rooftop Tenant and Tenant shall not bear any expense in connection with those improvements. If the Rooftop Tenant is required to install new HVAC or other new equipment or systems that will subsequently service both Rooftop Tenant and Tenant, Tenant shall not be required to contribute towards the initial installation cost of such equipment or systems but shall share in the cost of subsequent maintenance of such equipment or systems.

1.4 Condition of Property. Landlord hereby conveys the Property to Tenant in "as is", "where is" condition with all faults, and Landlord makes no representations or warranties, either express or implied, as to the condition of the Property or any improvements thereon, as to the suitability or fitness of the Property, or any improvements thereon, as to Laws and Orders or as to any other matter whatsoever. Landlord shall have no responsibility to prepare the Property, Building or Premises in any way for development or improvement or alteration at any time except as provided in Exhibit C. The work described in Exhibit C shall be completed as soon as practicable following the Commencement Date. Tenant agrees and acknowledges that neither Landlord nor any employee, representative, agent, contractor, consultant or inspector of Landlord has made any representation or warranty, express or implied, with respect to the Property, or any improvements thereon. The provisions hereof shall survive the Expiration Date or the earlier termination of this Lease.

1.5 Approvals. Tenant shall, at its sole cost and expense except as provided in Section 6.2.1, diligently apply for and obtain all necessary entitlements, approvals, and permits required by City or any other governmental agency having jurisdiction over the Property for the use and development of the Property (each an "Approval" and collectively the "Approvals"). Tenant shall not commence construction work prior to issuance of all Approvals required for such construction work. Landlord shall work cooperatively with Tenant to assist in coordinating the expeditious processing and consideration of Approvals. Tenant acknowledges and agrees that execution of this Lease by Landlord does not constitute approval for the purpose of the issuance of building, zoning, or other permits for the Project, does not limit in any manner the discretion of Landlord as City of Sausalito in such approval process, and does not relieve Tenant from the obligation to apply for and obtain Approvals.

2. Definitions. As used in this Lease, the following terms have the following meanings:

"Acknowledgement of Commencement Date" is defined to mean an acknowledgement for attachment to this Lease as Exhibit D.

"ADA" is defined in Section 8.4.2.

"Additional Rent" is defined in Section 5.4.

"Adjacent Property" is defined to mean certain Landlord-owned or controlled property including only: (i) Parking Lot 1; (ii) Parking Lot 2; (iii) Gabrielson Park, (iv) Vina Del Mar Park; and (v) Cascais Plaza.

“Admission Fee” is defined to mean any money, charge, donation (suggested or otherwise), admission fee, or other consideration which is required to be paid to enter, attend or otherwise participate in any Art Use.

“Alterations” is defined in Section 6.3.

“Amortizable Major Repair or Replacement” is defined in Section 16.5.1.

“Approval” is defined in Section 1.5.

“Art” is defined to mean all artistic media, including, without limitation, paint, print, ceramic, music, literature and poetry, photographic, dance, dramatic, sculpture, jewelry, collage, fiber, film, performance, and other forms.

“Art Use” is defined to mean any or all the uses described in Section 3.1(a) through Section 3.1(g) of this Lease.

“ATM Lease” is defined in Section 1.1.

“ATM Premises” is defined in Section 1.1.

“Banking Use” shall have the same meaning as set forth in Section 1.6 of the ATM Lease which defines “Banking Use” as operation of, or use of services for the operation of, automated teller machines or other self-service banking devices capable of accepting and operating with any and all credit, debit and/or identification cards, or by other means, as may exist in the future through advances in technology, including, but not limited to, devices used to make and/or receive deposits, make loans to the general public, open accounts and provide video or other remote access to representatives of BofA, including, but not limited to, so-called “ATMs with Teller Assist and/or Video Teller Machines.

“BofA” is defined in Section 1.1.

“Cash” is defined to mean money, in the form of coins or notes issued by the United States Department of the Treasury, on deposit with a bank, in a demand deposit account, vested in Tenant’s name or, until such time as Tenant is granted 501(c)3 status under the United States Internal Revenue Code, Fiscal Sponsor’s name.

“Cash Equivalent” is defined to mean short-term investment securities with maturities of seven (7) days or less vested in Tenant’s name or, until such time as Tenant is granted 501(c)3 status under the United States Internal Revenue Code, Fiscal Sponsor’s name.

“Certificate of Occupancy” shall mean a building permit signed off as ‘final’ with no outstanding correction items by: (i) the City of Sausalito or its authorized agent; and (ii) the fire marshal having jurisdiction over the Premises, or a final certificate of occupancy evidencing such approvals.

“Commencement Date” is defined to mean the date upon which all the following are true: (A) the City Council adopts a resolution approving this Lease; and (B) both parties have fully executed this Lease; (C) Tenant has provided Landlord with the required Security Deposit; (D) Tenant has provided Landlord with a Certificate of Good Standing from the California Secretary of State; and (E) Landlord has delivered possession of the Premises to Tenant.

“Deadline Date” is defined to mean the dates specified in the second column of the table contained in Section 4.2, below.

“Disability Laws” is defined in Section 8.4.2.

“Diversity, Equity and Inclusion” is defined to mean the representation and participation of different groups of individuals, including people of different ages, races and ethnicities, abilities and disabilities, genders, gender identities, religions, cultures and sexual orientations.

“Doors Open to the Public” shall mean that the Premises is open to the public during the Minimum Hours of Operation (as defined below).

“Effective Date” shall mean the date that this Lease is fully executed.

“Event” is defined to mean, collectively, Public Events, Private Events and Third Party Events.

“Event Month” is defined in Section 5.3.1(a).

“Executive Director” shall mean an employee or contractor of Tenant with experience with (i) raising funds in amounts sufficient to cover Tenant’s obligations under this Lease, including, without limitation, identifying potential donors, sponsors and grantees, (ii) creating and maintaining relationships, (iii) creating and maintaining a donor database, (iv) executing fundraising campaigns, (v) proposal writing, (vi) accounting and tracking donations, (vii) creating and maintaining financial report. The Executive Director may delegate these functions to SCA board members and employees.

“Expiration Date” is defined to mean the date which is the last day of the sixtieth (60th) full month following the Commencement Date, or the last day of the Option Term if the Option is exercised.

“Financial Statement” is defined in Section 17.

“Fiscal Sponsor” shall mean the Sausalito Arts Festival Foundation, a California public benefit corporation (“Fiscal Sponsor”). The Fiscal Sponsor shall act as the non-profit recipient of all donations received by Tenant during the period commencing on the Effective Date and ending on the date Tenant is granted 501(c)3 status under the United States Internal Revenue Code. The Parties recognize this may take over one (1) year to accomplish. The Fiscal Sponsor shall provide evidence to Landlord that it is legally

permitted to act as such prior to the Effective Date. Within ten (10) days of the date that Tenant is granted 501(c)3 status under the United States Internal Revenue Code, Tenant shall notify Landlord, and: (i) Tenant assume responsibility for accepting all donations; and (ii) Fiscal Sponsor shall transfer the entire balance of donations to Tenant.

“Force Majeure Delay” is defined in Section 18.

“Formal Board of Directors” shall mean Tenant’s Board of Directors, duly formed, with: (a) not less than five (5) seats overall; (b) not less than one seat being allocated for a resident of Sausalito; (c) not less than one seat being allocated for resident of Marin City; and (d) one seat being allocated for an individual selected by Landlord in accordance with Section 4.2.1. In no event shall a majority of the board members at any time be: (a) employees of Tenant, or (b) current or former (within the last 2 years) board members of the Sausalito Art Festival Foundation or affiliated entities.

“Fund Raising Expert” shall mean a qualified fundraising consultant or employee of Tenant with extensive skill and experience with fundraising.

“Hazardous Materials” is defined in Section 8.3.1.

“Hazardous Materials Laws” is defined in Section 8.3.1.

“Initial Capital Reserve” shall mean a major repair and maintenance reserve of at least Twenty-Five Thousand Dollars (\$25,000), which shall be in excess of any Net Capital Funding required by this Lease, and which shall be kept and maintained in a separate account by Tenant.

“Initial Monthly Base Rent” is defined in Section 5.1.

“Initial Rent Period” is defined in Section 5.1.

“Initial Term” is defined to mean the period of time occurring between the Commencement Date and the last day of the sixtieth (60th) full month following the Commencement Date.

“Interest Rate” is defined in Section 5.7.

“Landlord Groups” is defined to mean other government agencies, special districts, joint powers authorities, third parties engaged by Landlord for City of Sausalito-related governmental purposes (e.g., engineering, urban planning, architectural, traffic, real estate and similar consultants and experts), and similar entities that Landlord wishes to allow to use the Premises without payment of any fee. Any such entity for which rent or a usage fee would be imposed will be referred to Tenant for booking as a Third Party Event.

“Landlord Use” is defined in Section 3.6.

“Late Charge” is defined in Section 5.7.

“Laws and Orders” is defined in Section 8.1.

“Lease Year” is defined to mean: (i) for the 1st Lease Year, the period commencing upon the Commencement Date and ending on the last day of the twelfth (12th) full calendar month thereafter such that, unless the Commencement Date is the first day of a calendar month, the 1st Lease Year shall actually be twelve (12) months plus the period of time from the Commencement Date until the end of the calendar month in which the Commencement Date occur; and (ii) for each following Lease Year (e.g., 2nd Lease Year, 3rd Lease Year, etc.) the period commencing on the first (1st) day of the first (1st) full calendar month following the anniversary of the Commencement Date and expiring on the last day of the twelfth (12th) calendar month thereafter.

“License Agreement” is defined to mean a license agreement in a form to be agreed upon by the Parties, substantially in the form of City’s standard license form.

“License Fee” is defined to mean all fees, charges and other consideration (including the market value of any non-monetary consideration) collected by Tenant or its Fiscal Sponsor pursuant to the terms of any License Agreement.

“Major” with respect to Alterations is defined in Section 6.3.

“Major Repair or Replacement” is defined in Section 16.5.1.

“Milestone” is defined to mean any milestone described in the first column of the table contained in Section 4.2, below.

“Minimum Hours of Operation” is defined in Section 3.4, below.

“Minimum Number of Programs and Classes” is defined to mean the frequency of Public Events described in Section 3.8, below.

“Minor” with respect to Alterations is defined in Section 6.3.

“Monthly Base Rent” is defined in Section 5.2.

“Name of Center” is defined in Section 44.

“Net Capital Funding” shall mean cash or cash equivalents to which Tenant has less than thirty-six (36) hours unrestricted access. Evidence of Net Capital Funding shall consist of bank or other statements, certified to be true and correct by an officer of Tenant.

“Option” is defined in Section 4.1.

“Option Term” is defined in Section 4.1.

“Permitted Use” is defined in Section 3.1.

“Phase 1 TI Project” shall mean the work described in Section 6.2.1 and depicted on Exhibit E and generally described as demolishing the former bank teller counter, demountable glass partitions and other bank related counters; replacing the flooring within the Premises; and repainting any interior walls of the Premises.

“Planned Event” is defined to mean any Event, Landlord Use or Program and Class which: (i) complies with the terms of this Lease; (ii) is published on the “Schedule” (as defined below); and (iii) which is not a Tentative Event, as defined in Section 3.6.

“Private Event” is defined to mean any event conducted by Tenant occurring outside of the Minimum Hours of Operation (as defined below) and Landlord’s Use, which is not open to any member of the general public, and for which an Admission Fee is required to be paid in order to participate.

“Programs and Classes” is defined to mean classes, events (but not Private Events, Public Events or Third Party Events), programs, exhibitions, lectures, performances, book readings, poetry readings, dance performances, and other Permitted Art uses.

“PSA” is defined in Section 1.2.

“Public Event” is defined to mean any event conducted by Tenant, for which no separate agreement is entered into between Tenant and a Third Party, and which occurs outside of the Minimum Hours of Operation (as defined below) and Landlord’s Use, which is open to any member of the general public, and for which an Admission Fee is required to be paid in order to participate.

“Regional-Class Multi-Media Art Center” is defined to mean an establishment, which is not a gallery or museum, geared toward exposing, selling, generating and making accessible Art of a quality, notoriety and interest level sufficient to attract substantial numbers of: (i) Arts-interested individuals and groups; (ii) residents from the San Francisco Bay Area, and (ii) tourists from other regions and countries.

“Relocation Criteria” is defined in Section 4.3.

“Relocation Premises” is defined in Section 4.3.

“Reserve Fund” is defined in Section 16.2.1.

“Retail Banking Purposes” includes, without limitation, receiving deposits or making loans to the general public, engaging in the sale of insurance or securities, providing trust services or engaging in stock or mortgage brokerage, whether done by a state bank, national bank, savings and loan association, credit union or other entity, whether by walk-in or drive-up teller facility, ATM or otherwise.

“Rooftop Parties” is defined in Section 1.3.

“Schedule” is defined to mean a shared electronic calendar (e.g., Google calendar or similar calendar where the Parties may access it from any computer, laptop, tablet, handheld cellular phone, etc.), accessible by only Landlord and Tenant, which timely depicts Planned Events, Landlord Uses and Programs and Classes, and all approved uses of Adjacent Property (each a “Schedule Item”, collectively, “Schedule Items”) shall be available for Landlord’s and Tenant’s use for planning and other purposes.

“Superior Interest” is defined in Section 22.

“Tenant’s Default” is defined in Section 25.

“Tentative Event” is defined in Section 3.9.

“Term” is defined to mean the Initial Term plus the Option Term, to the extent exercised by Tenant.

“Termination Notice” is defined in Section 4.2.

“Third Party” is defined to mean any party which is not Tenant or Landlord.

“Third Party Event” is defined to mean any event, occurring outside of the Minimum Hours of Operation (as defined below) outside of Landlord’s Use, which is private and not open to any member of the general public and for which a License Agreement (or other agreement) is required to be signed, and a License Fee (or other consideration) is required to be paid by such Third Party to Tenant.

“Third Party Event Rent” is defined to mean the Additional Rent described in Section 5.3.2.

“Third Party Event Rent Statement” is defined in Section 5.3.1(a).

“Third Party Event Rent Threshold” is defined in Section 5.3.2.

“TI Project” shall mean any subsequent tenant improvements consistent with a Regional-Class Multi-Media Art Center that are approved pursuant to Section 6.2, with a cost of at least the difference between the cost of the Phase 1 TI Project and \$400,000.

“Transferee” is defined in Section 12.3.1(b).

“Utilities” is defined in Section 16.6.

3. Permitted Use.

3.1 Use of the Premises. The Premises shall be used by Tenant only for a Regional-Class Multi-Media Art Center which regularly includes the following Art uses: (a) exhibitions, (b) sales (c) workshops, (c) classes, (d) rental, (e) performances, (f) events, (g) uses directly related to Section 3.1 (a) through (f), above; (h) Public Events; (i) Private Events; and (j) Third

Party Events (collectively, the “Permitted Use”). Tenant may serve food and beverages at Events subject to compliance with applicable laws.

3.2 Diversity, Equity and Inclusion Requirements. Tenant covenants that a minimum of twenty percent (20%) of all Art and Events in any given year shall have a focus or theme based on Diversity, Equity, and Inclusion Art promotion and education.

3.3 Pricing and Promotion Requirements. Tenant hereby agrees to offer outreach and pricing promotions targeting Diversity, Equity and Inclusion constituents.

3.4 Minimum Hours of Operation. Notwithstanding any other provision of this Lease, the Premises shall be open to, and operated for, the general public for Art Uses during the following Minimum Hours of Operation, provided, however, that upon written request from Tenant during the first year of the Term the City Manager may make modifications to these minimum hours in their reasonable discretion:

Lease Year 1: 4 days per week, generally Wed.-Sun., 6 hours per day between the hours of 7:00 a.m. and 10.p.m.

Lease Year 2: 5 days per week, generally Wed.-Sun., 6 hours per day between the hours of 7:00 a.m. and 10.p.m.

Lease Year 3 and thereafter: 5 days per week, generally Wed.-Sun., 6 hours per day between the hours of 7:00 a.m. and 10.p.m.

Federally-Observed Holidays excepted (the “Minimum Hours of Operation”).

Tenant shall notify Landlord monthly of the Minimum Hours of Operation. The Minimum Hours of Operation shall not be changed, expanded or diminished unless both Parties expressly agree to do so in writing by amendment to this Lease. Notwithstanding the preceding sentence, Minimum Hours of Operation shall be suspended if Landlord determines pursuant to Section 5.5.1 that the Rooftop Tenant Work (as defined in Section 5.5.1) is materially interfering with Tenant’s operations.

3.5 Events. Pursuant to Section 3.1, above, Tenant may use the Premises for Public Events and Private Events which are not subject to the provisions of this Section 3.5. In the event Tenant uses the Premises for any Third Party Event, Tenant shall, at least fifteen (15) business days prior to such Third Party Event, enter into a License Agreement with the Third Party and provide a true and correct copy thereof to Landlord within five (5) business days, together with evidence of all insurance coverages described in Section 14 and any minor use permit or other entitlement required by the City of Sausalito for such Third Party Event. In no event shall any Third Party Event: (i) interfere with an already Planned Event on the Schedule; or (ii) occur during, be applied to, or reduce Tenant’s Minimum Hours of Operation; or (iii) occur during any time the Premises is used for Programs and Classes; provided, however in the event that the mezzanine level of the Premises is accessible the Parties will meet and confer to determine if Programs and Classes can occur on the mezzanine concurrently with Third Party Events; or (iv) extend for a period of more than fifteen (15) calendar days. Any use of the

Premises by a third party (including for a Third Party Event) is subject to the provisions of Section 5.3, below.

3.6 Landlord Use of Premises. Notwithstanding any other provision of this Lease to the contrary, Landlord and Landlord Groups shall have the right to use the Premises, free of charge, with no Admission Fee, or at any other cost or expense, except as otherwise provided in this Section 3.6. Landlord and Landlord Groups shall have the right to use the Premises (“Landlord Use”) not more than five (5) days per month, not to exceed fifty (50) days in any given Lease Year, not during the Minimum Hours of Operation, subject to advance notice to Tenant not less than forty-five (45) days in advance, which shall not interfere with any Planned Event which is not a Landlord Use. Notwithstanding the foregoing, Tenant shall consider reasonable requests from Landlord to use the Premises for a Landlord Use in excess of five (5) days per month or fifty (50) days per Lease Year if Landlord provides reasonable advance notice, which shall in no event be less than two (2) business days in advance of the proposed Landlord Use, to Tenant and Tenant does not have a Planned Event on the date of the proposed Landlord Use. Landlord shall be responsible for all costs associated with preparing the Premises for Landlord Use and for returning the Premises back to its condition as it existed immediately prior to any such Landlord Use (e.g., setting up tables and chairs, cleaning up trash, emptying trash, arranging AV equipment, etc.). Landlord shall not move or modify in any way any artwork or exhibits in connection with Landlord’s use of the Premises. Tenant and Tenant’s employees and agents at all times shall be the only parties authorized to touch, handle or modify in any way any artwork and exhibits on the Premises. Landlord shall reimburse Tenant for the actual cost of any relocation or modification of artwork required by Landlord’s use of the Premises.

In the event that Landlord sells or transfers the Property or the Premises to a private party, the Landlord Use rights set forth in this Section 3.6 shall terminate on the date of the sale or transfer.

3.7 Landlord Cooperation for Other Landlord-Owned Property. Landlord shall cooperate with Tenant should Tenant desire to use Adjacent Property for Public Events. All such uses of Adjacent Property shall be subject to: (i) Landlord’s prior written approval, which approval may be withheld in Landlord’s sole discretion for any reason; (ii) the prior scheduling of Adjacent Property by Landlord or third parties; (iii) Landlord (as City of Sausalito) event requirements, municipal code requirements, permit requirements, and rules and regulations; (iv) Laws and Orders; and (v) other requirements, including, without limitation, any requirements imposed upon any such event by the Sausalito City Council. In approving any use by Tenant of Adjacent Property, Landlord may require Tenant to: (a) execute a separate agreement or agreements; (b) provide insurance coverages (which may differ from those contained in this Lease and which may change from time to time); and (c) comply with other requirements and conditions as deemed necessary in the sole discretion of Landlord. Landlord makes no representation or warranty that Landlord will approve any specific use of Adjacent Property but acknowledges that it is contemplated by the parties at the time of Lease execution that Tenant will periodically conduct special events that include the use of some Adjacent Property.

3.8 Minimum Number of Programs and Classes. Commencing January 1, 2023, Tenant shall conduct a minimum number of Programs and Classes each calendar month during the Term as shown below:

Lease Year 1: At least four (4) per month

Lease Year 2 – Expiration Date: At least five (5) per month

In the event Tenant fails to provide the minimum number of Programs and Classes each month, for a period of three (3) consecutive months, or for any three (3) months in a calendar year, Landlord may terminate the Lease upon ninety (90) days' prior written notice to Tenant. Notwithstanding the preceding sentence, Tenant shall use reasonable efforts to conduct Programs and Classes at all times, but there shall be no Minimum Number of Programs and Classes during the first sixty (60) days after the Commencement Date and during any time that construction for the Rooftop Tenant is materially interfering with Tenant's use of the Premises or during the time that Tenant is conducting major construction that substantially interferes with use of the Premises.

3.9 Schedule/Schedule Conflicts. The Parties shall maintain a Schedule. The Parties hereby agree to work closely together to ensure that the Schedule is properly kept, timely updated and accurate within thirty (30) minutes for each Schedule Item in order to enable effective scheduling of Schedule Items in a manner which avoids conflicts, double bookings, or the need to reschedule any Schedule Item by either Party. To facilitate scheduling, the Parties shall hold a bi-monthly meeting or video or conference call. Landlord shall notify Tenant by email at mfinnegan@urbanrealestateadvisors.com and Tenant shall email Landlord at czapata@sausalito.gov and mkwagner@sausalito.gov of any updates to the Schedule immediately after such updates are made.

The Schedule shall be shared among designated Landlord representatives and Tenant representatives, and not with the general public, in order to avoid alteration of the Schedule by third parties. Either Landlord or Tenant shall have the right to add a tentatively planned Event, pending confirmation of the availability of a third party ("Tentative Event") to the Schedule, provided that the Tentative Event shall be marked as tentative on the Schedule and Tenant must provide at least thirty (30) days' advance notice to Landlord by email at czapata@sausalito.gov and mkwagner@sausalito.gov of its intent to add a Tentative Event to the Schedule and Landlord must provide notice to Tenant by email at mfinnegan@urbanrealestateadvisors.com in accordance with Section 3.6. Any Tentative Event that is not confirmed within thirty (30) days of the date that it is added to the Schedule will be removed from the Schedule. If one Party has a Tentative Event and the other Party desires to schedule a Planned Event, the Party desiring to schedule a Planned Event shall take priority over the Tentative Event. Tenant shall separately publish a schedule of Events on its website and by other means to inform the public of all Schedule-confirmed Planned Events. If Tenant has a Planned Event for a date proposed by Landlord for a Landlord Use, Tenant's Planned Event shall take priority over any unconfirmed Landlord Use.

Either Party may change its address for email notifications under this Section 3.9 by notice to the other Party in accordance with Section 39.

4. Term. The term of this Lease ("Term") shall commence on the Commencement Date and end on the Expiration Date. Provided the Lease has not been terminated for failure by Tenant to reach any Milestone, and further provided that there is no Tenant's Default and Tenant has cured any prior Tenant's Default(s), Tenant shall have the option (an "Option") to extend the Lease for a period of sixty (60) months ("Option Term"), at the same Monthly Base Rent and

same Third Party Event Rent to the extent applicable under Section 5.2. Tenant shall provide written notice of its exercise of an Option at least one hundred eighty (180) days prior to the end of the Term or the Option Term. The Option granted to Tenant pursuant to this Lease is personal to the Sausalito Center for the Arts, a California nonprofit corporation, and may not be transferred to a third-party, whether by assignment or other means. Notwithstanding the foregoing, Tenant may assign the Option Term, with Landlord's prior written consent, to a Transferee (as defined in Section 12.3.1).

4.2 Milestones. Either party shall have the right to terminate this Lease, upon ninety (90) days' prior written notice to the non-terminating party, in the event Tenant fails to timely reach, for any reason or for no reason, any Milestone by the Deadline Date, as shown in the table below. Tenant shall provide written evidence to Landlord, reasonably acceptable to Landlord, of compliance with the applicable Milestone on or before the Deadline Date. None of the Deadline Dates shall be subject to Force Majeure Delay, excepting only the Deadline Dates for Milestones 6 and 7. In the event a Party receives a termination notice ("Termination Notice") for failure by Tenant to reach a Milestone or Milestones, the other Party shall have the right to appeal by giving written notice to the Party giving the Termination Notice, provided, however, that the Initial Term of the Lease shall in fact be terminated at the end of said ninety (90) day notice period in the event both Parties have not mutually agreed, by amendment to this Lease, to reinstate the Lease.

Milestone	Deadline Date
1. Appoint Fund Raising Expert	Prior to Lease Execution
2. Appoint Executive Director	March 31, 2023
3. Establishment of a Formal Board of Directors	Ninety (90) days after the Commencement Date
4. Raise Four Hundred Thousand Dollars (\$400,000) in Net Capital Funding	Two hundred seventy (270) days after the Commencement Date
5. Fully fund the Initial Capital Reserve	Two hundred seventy (270) days after the Commencement Date

Milestone	Deadline Date
6. Proof of sufficient funds to complete construction project prior to construction of Phase 1 TI Project and the TI Project	At least ten (10) business days prior to intended commencement of construction of Phase 1 TI Project and the TI Project
7. Complete Phase 1 TI Project	One hundred twenty (120) days after the Commencement Date
8. Obtain a Certificate of Occupancy and Doors Open to the Public	One hundred eighty (180) days after Commencement Date
9. Raise additional Net Capital Funding of at least \$300,000	One (1) year after the Commencement Date

In the event either Party terminates this Lease for failure by Tenant to reach any Milestone or all of the Milestones as described above, neither party shall have any further obligation or liability with respect to the other, and possession of the Premises shall be returned by Tenant to Landlord in good condition, free of liens and other encumbrances not of record as of the Effective Date of the Lease, and in the same condition it was delivered to Tenant by Landlord, normal wear and tear excepted.

4.2.1 Board Member. Landlord shall have the right to appoint one (1) member of the Formal Board of Directors. Within thirty (30) days of the Commencement Date, Landlord shall submit to Tenant a list of at least two (2), but not more than five (5), individuals with experience serving on a board of directors and their resumes. Within thirty (30) days of Tenant's receipt of Landlord's list, Tenant shall appoint one (1) of the individuals on Landlord's list to the Formal Board of Directors.

4.3 Termination for Voter-Approved Downtown Revitalization Project. At any time during the Option Term, Landlord shall have the right to terminate this Lease upon eighteen (18) months prior written notice to the Tenant if the Building must be demolished due to a City Council or voter-approved downtown revitalization, realignment or similar project. In the event Landlord so terminates this Lease, neither party shall have any further obligation or liability with respect to the other, and possession of the Premises shall be returned by Tenant to Landlord in good condition, free of liens and other encumbrances not of record as of the Effective Date of the Lease, and in the same condition it was delivered to Tenant by Landlord, normal wear and tear excepted. In the event Landlord terminates this Lease pursuant to this Section 4.3 during the Option Term, Landlord shall relocate Tenant, at Landlord's sole cost and expense, to a

reasonably comparable new location (“Relocation Premises”) within the city limits of the City of Sausalito, with a square footage reasonably comparable to that of the Premises (“Relocation Criteria”), and reimburse Tenant for the value of any unamortized tenant improvements made by Tenant to the Premises, provided, however, that Tenant shall provide Landlord with written evidence (e.g. invoices, cancelled checks and other evidence as reasonably required by Landlord) of Tenant’s actual Phase 1 TI Project costs and any subsequent TI Project actual costs. In the event Tenant rejects the Relocation Premises proposed by Landlord, the termination notice and Landlord’s obligation to reimburse Tenant for any Phase 1 TI Project costs or any subsequent TI Project costs shall remain in effect.

4.4 Holding Over. Provided that Tenant gives Landlord written notice of its intention to hold over and gives such notice at least thirty (30) days prior to the expiration of this Lease and provided further that Tenant continues to pay Rent and fulfill all of its obligations under this Lease, and Landlord consents in writing to such holding over, the same shall be a month-to-month tenancy. If Tenant shall remain in possession of the Premises or any part thereof after expiration of the Term with Landlord's consent, Tenant agrees to pay to Landlord for each month of such retention, a Monthly Base Rent of one hundred five percent (105%) of the Monthly Base Rent required to be paid by Tenant under this Lease for the last full month period prior to the date of such expiration. In addition, Tenant shall continue to pay all other forms of Rent, including, without limitation, Additional Rent. In such event, and in addition to the payment of the foregoing increased Monthly Base Rental, Tenant agrees to indemnify, defend and hold Landlord harmless against all losses, costs, claims, liabilities and expenses (including without limitation attorneys' fees and expenses) sustained by Landlord by reason of such continuing tenancy (including, without limitation, claims for damages by any other person to whom Landlord may have leased or have proposed to lease or sold or have proposed to sell all or any part of the Premises). This provision is in addition to, and does not affect or waive, Landlord's right of reentry or any other right or remedy available to Landlord on account of conflicts of such holding over. Any holding over by Tenant in the event that Landlord has provided Tenant with written notice that Landlord does not consent to Tenant’s holding over after receipt of notice from Tenant, or notice that Landlord does not intend to extend the Term, or notice that Tenant must vacate: (i) shall increase the Monthly Base Rent Tenant is required to pay to one hundred fifty percent (150%) of the Monthly Base Rent Tenant paid for the last full month period prior to the date of such expiration; and (ii) shall entitle Landlord to recover possession of the Premises and exercise any and all rights provided Landlord by this Lease and by applicable Laws and Orders.

5. Rent.

5.1 Initial Monthly Base Rent. For the time period commencing on the Commencement Date and expiring at the end of the eighteenth (18th) full month thereafter (“Initial Rent Period”), Tenant agrees to pay to Landlord in advance on the first (1st) day of each and every calendar month during the Term, without demand, offset or deduction, a base rental (“Initial Monthly Base Rent”) amount of Four Thousand Twenty-Nine and 23/100 Dollars (\$4,029.23) per month. Tenant shall receive a credit in the amount of One Hundred and No/100 Dollars (\$100.00) per month against the Initial Monthly Base Rent for each month that BofA pays Landlord for utilities, in the amount of One Hundred and No/100 Dollars (\$100.00) per month, pursuant to the ATM Lease. Within three (3) business days of the Effective Date, Tenant

shall pay to Landlord one month's Initial Monthly Base Rent, in advance, to be applied against the Initial Monthly Base Rent due for the first month of the Term. Should the Commencement Date occur on a day other than the first day of a calendar month, then the Monthly Base Rent for such first fractional month shall be pro-rated based upon a thirty (30) day month.

5.2 Monthly Base Rent. Commencing on the first (1st) day of the month following the Initial Rent Period and continuing for the duration of the Term, Tenant shall pay Landlord in advance on the first (1st) day of each and every calendar month during the Term, without demand, offset or deduction, a base rental ("Monthly Base Rent") amount of Eleven Thousand Ninety-Five and 25/100 Dollars (\$11,095.25) per month. Tenant shall receive a credit in the amount of One Hundred and No/100 Dollars (\$100.00) per month against the Monthly Base Rent for each month that BofA pays Landlord for utilities, in the amount of One Hundred and No/100 Dollars (\$100.00) per month, pursuant to the ATM Lease. Notwithstanding the foregoing, if the Initial Monthly Base Rent and the Third Party Event Rent collected during the first seventeen (17) months exceeds the Monthly Base Rent, Landlord may at its option provide Tenant notice of its intent to maintain the Initial Monthly Base Rent and maintain Tenant's obligation to pay Third Party Event Rent described in Section 5.3 in effect.

5.3 Third Party Event Rent.

5.3.1 Third Party Event Rent Payment, Calculation and Reporting.

Commencing on the Commencement Date and expiring at the end of the eighteenth (18th) full month thereafter for all uses of the Premises for Third Party Events, Tenant shall pay Third Party Event Rent as defined and described in this Section 5.3. For the purposes of this Lease, the Third Party Event Rent payable by Tenant shall be Additional Rent (as defined below). Within thirty (30) days after the last day of each calendar month occurring during the Term, Tenant shall submit to Landlord:

(a) A statement ("Third Party Event Rent Statement") for the previous month (each an "Event Month") detailing, on a per Event basis, each Third Party Event occurring in such Event Month by:

- (i) Third Party Event name, date and time;
 - (ii) Total License Fees collected by Tenant for such Third Party Event; and
 - (iii) A fully executed copy of the License Agreement or other agreement between Tenant and the Third Party.
- (b) Landlord's share of the Third Party Event Rent (as defined below) for such Event Month.

5.3.2 Third Party Event Rent. Landlord's share of Third Party Event Rent for each calendar month occurring during the Term shall be fifty percent (50%) of the total License

Fees collected by Tenant for all Third Party Events occurring during such Event Month in excess of Fifteen Thousand Dollars (\$15,000) per month ("Third Party Event Rent Threshold").

5.3.3 Adjustment of Third Party Event Rent Threshold. The Third Party Event Rent Threshold shall be adjusted on the first day of the 2nd Lease Year and on the first day of each Lease Year thereafter by the change in the CPI – All Urban Consumers – All Items San Francisco-Oakland-Hayward California (CBSA).

5.4 Additional Rent. All sums in addition to the Monthly Base Rent payable by Tenant pursuant to the provisions of this Lease or arising from Tenant's use and occupancy of the Premises shall be deemed additional rent ("Additional Rent") under this Lease, and default by Tenant in the payment of any such Additional Rent shall entitle Landlord to all the same remedies as are applicable in the case of nonpayment of Monthly Base Rent hereunder. The Monthly Base Rent and the Additional Rent are hereinafter sometimes individually or collectively referred to as "Rent."

5.5 Rental Abatement During Construction of Rooftop. In the event Landlord enters into a lease or other agreement with a Rooftop Tenant, and the leasehold or other improvements constructed by said Rooftop Tenant materially interfere with Tenant's ability to operate a Regional-Class Multi-Media Art Center, such that Tenant is unable to conduct all or substantially all of the Permitted Use in the reasonable discretion of Landlord pursuant to Section 5.5.1, then Tenant shall receive a proportional rental abatement of the Monthly Base Rent.

5.5.1 Meet and Confer. Within two (2) business days' of Tenant becoming aware of construction by the Rooftop Tenant ("Rooftop Tenant Work") that it believes materially interferes with its ability to operate, Tenant shall notify Rooftop Tenant and meet and confer with the Rooftop Tenant for at least ten (10) days to develop a reasonable solution that will enable Tenant to operate. If Tenant and Rooftop Tenant cannot resolve the issue, then Tenant shall provide written notice to Landlord of its claim of material interference and the anticipated length of time of the material interference. Within ten (10) days of receipt of notice, Landlord shall provide written notice to Tenant of Landlord's determination, in its reasonable discretion, of whether the Rooftop Tenant Work is materially interfering with Tenant's operations. If Tenant disagrees with Landlord's determination that the Rooftop Tenant's work is not materially interfering with Tenant's operations, Tenant shall have the right to request that Landlord participate in a mediation at JAMS, provided that Tenant must continue to pay unabated Rent. If Landlord and Tenant agree that Rent should be abated and agree upon the amount of the abatement following mediation, Landlord shall refund to Tenant the agreed-upon amount of abated Rent.

5.6 Payment of Rent. Tenant agrees to pay Rent, including, without limitation, Monthly Base Rent, Landlord's share of Third Party Event Rent and Additional Rent, to the City of Sausalito, Attention: Finance Division, in lawful money of the United States of America, at 420 Litho Street, Sausalito, California 94965, or to such other entity or person or at such other place as Landlord may from time to time designate by written notice to Tenant.

5.7 Late Charge and Interest. It is agreed between the Parties that late payment of Rent (including, without limitation, Initial Monthly Base Rent, Monthly Base Rent, Third Party

Event Rent, Additional Rent, or other sums due hereunder) will cause Landlord to incur costs not contemplated by this Lease. Such costs include, without limitation, processing and accounting charges, loss of use of funds, and unforeseen advancement by Landlord for mortgages and other financing costs. In the event of any such default by Tenant (i) it would be impracticable or extremely difficult to fix the actual damages suffered by Landlord, and (ii) the charges hereinbelow set forth are, as of the date hereof, a fair and reasonable estimate of Landlord's damages. Should Landlord not receive any payment of Rent within five (5) days of when due, Tenant agrees to pay Landlord forthwith a late charge for each such late payment in an amount equal to ten percent (10%) of the delinquent sum ("Late Charge") in each instance. Acceptance of any Late Charge shall not constitute a waiver of the default with respect to the overdue amount and shall not prevent Landlord from exercising any of its rights and remedies under this Lease, or applicable Laws and Orders. In addition to such Late Charge, Tenant shall pay interest to Landlord on any and all sums not paid hereunder when due at the rate of 10% per annum or, if less, the maximum rate permissible under applicable laws ("Interest Rate"), from the date due until paid in full.

5.8 Audit Rights. Landlord shall be entitled to an internal or independent audit of all of Tenant's books and records (including, without limitation, records pertaining to License Fees, bank statements, Net Capital Funding account(s), and Financial Statements as defined below) for the previous three (3) calendar years to be conducted either by Landlord or an accountant to be designated by Landlord, at Landlord's sole cost and expense, except as expressly described below in this Section 5.8. Such audit shall be conducted at the corporate offices of Tenant, or wherever Tenant maintains its accounting books and records, upon not less than thirty (30) days prior written notice. In the event Tenant's corporate or other office where it maintains its books and records is located outside the city limits of Sausalito, California then such audit will be conducted either at Landlord's offices or such other reasonable place that Landlord designates, including, without limitation, the offices of any independent bookkeeper or certified public accountant. Notwithstanding the foregoing, Landlord shall not conduct more than one (1) such audit in any one (1) Lease Year and Tenant shall not be obligated to make Tenant's books and records for a previously audited calendar year available for audit an additional time, except that Tenant shall provide supporting documentation for any adjustments that have been made to Tenant's books and records for a previously audited calendar year. If it shall be established, as a result of such audit, there has been a deficiency in the payment of Third-Party Event Rent or any other Additional Rent, or if the audit reveals that that Tenant is not complying with any monetary provision of this Lease, including, without limitation, Reserve Fund account deposits, withdrawals, use of funds, and reported balance, such deficiency shall become immediately due and payable to Landlord as Additional Rent, and if the deficiency exceeds five percent (5%) of the total payment due by Tenant, Tenant shall also reimburse the reasonable costs and expenses incurred by Landlord for the audit at the time of paying the deficiency. If it is established that there has been an overpayment of Third Party Event Rent, then Tenant shall receive a credit against Rent due in the amount of such overpayment. Any information gained from such statements or inspection shall be confidential and shall not be disclosed to the extent permitted by Laws and Orders, except to carry out the purposes hereof or as may be required by Laws and Orders.

6. Landlord's Work, Tenant Improvements and Alterations.

6.1 No Landlord's Work. Throughout the Term of this Lease, Landlord shall have no obligation whatsoever to make any tenant improvements, perform any repairs, perform any maintenance, install any replacements (including Major Repairs and Replacements (as defined below), or perform any construction or other work on the Property, in the Building or in the Premises.

6.2 Tenant Improvements.

6.2.1 Tenant's Duty to Construct Improvements. Within one hundred twenty (120) days of the Commencement Date, Tenant shall complete the Phase 1 TI Project. It shall be a condition of this Lease that Tenant subsequently completes the TI Project, with a minimum total investment by Tenant of Four Hundred Thousand Dollars (\$400,000) for the Phase 1 TI Project and the TI Project, no later than the date which is three (3) years after the Commencement Date, provided however that in the event that the Rooftop Tenant's construction materially interferes with Tenant's completion of the TI Project, the time period shall be extended by the length of time that Rooftop Tenant's construction materially interferes with Tenant's completion of the TI Project. Acquisition of any Approvals for construction of the TI Project and use of the Premises as a Regional-Class Multi-Media Art Center are the responsibility of Tenant, provided, however, that except as provided in Section 1.5 above Landlord agrees to waive all permit and other entitlement fees related to the Phase 1 TI Project, the TI Project, and any zoning designation change necessary for the Permitted Use. Upon request of Tenant, the Public Works Department will cooperate with and assist Tenant in connection with any applications for Approvals required of Tenant in connection with construction of the improvements. The TI Project shall be completed no later than three (3) years following the Commencement Date.

6.2.2 Tenant's Election to Construct New Improvements. Except as otherwise expressly provided in this Lease, Tenant shall not, without Landlord's prior written consent, which consent shall not be unreasonably withheld, enlarge, remove, demolish, replace, or substantially alter any substantial improvement, now or hereafter, in place on the Property, Building or Premises, if the change would, in the reasonable opinion of Landlord, materially diminish its value.

6.2.3 Conditions of Major Construction. Tenant shall comply with all of the following conditions, or procure Landlord's written waiver, which shall not be unreasonably withheld, of the condition, or conditions, specified in the waiver. These conditions shall be satisfied or waived before any major work of construction, alteration, or repair (as "major" is defined in Section 6.3 of this Lease), is commenced on the Premises, and before any building materials have been delivered to the Premises by Tenant, or under Tenant's authority. The provisions of this Section 6.2.3 shall apply to the Phase 1 TI Project at the City Manager's discretion; provided however, the Phase 1 TI plan attached hereto as Exhibit E is hereby approved. The provisions of this Section 6.2.3 shall apply to the TI Project as well as any other construction project. All plans required to be delivered to Landlord pursuant to this Section shall be delivered to Landlord at the address set forth in Section 39.

(a) Plans and Specifications. Tenant shall deliver to Landlord for Landlord's approval construction plans and specifications prepared by an architect or engineer licensed to practice as such, in California, sufficient to enable potential contractors and subcontractors to make reasonably accurate bid estimates and to enable Landlord to make an informed judgment about the design and quality of construction and about any effect on the reversion of the leasehold created by this Lease to Landlord. All improvements shall be constructed within the exterior property lines of the Property; provided that required work beyond the Property on utilities, access and conditional use requirements do not violate this provision. Landlord shall not unreasonably disapprove plans and specifications. Approval or disapproval shall be communicated to Tenant within thirty (30) days of receipt of such plans and specifications and shall be in the manner provided for notices, and disapproval shall be accompanied by specification of the grounds for disapproval. Tenant shall not deliver working drawings to any governmental body for a building permit, or design review, until Tenant receives approval of the preliminary plans in accordance with this Section 6.2.3(a).

(b) Notice of Intent to Construct. Tenant shall notify Landlord of Tenant's intention to commence a work of improvement at least thirty (30) days before commencement of such work, or delivery of any materials. Landlord shall have the right to post, and maintain, on the Premises, any notices of nonresponsibility provided for under applicable Laws and Orders, and to inspect the Premises in relation to the construction, at all reasonable times. Tenant shall keep the Property, Building and Premises safe and shall take all reasonable measures to prevent harm, or injury, to persons entering on, or near, the construction site.

(c) Construction Contract. The construction contract for the Phase 1 TI Project, the TI Project or any Major Alteration shall give Landlord the right, but not the obligation, to assume Tenant's obligations and rights under that contract, if Tenant should default. Tenant's contract with the general contractor shall comply with all Laws and Orders relating to construction of improvements upon public property, to the extent such laws and regulations are applicable to improvements constructed pursuant to this Lease.

(d) Assurance of Completion. In order to assure completion of the construction, Landlord shall have the right to require a labor and material payment bond and a performance bond, each in an amount not less than the amount established by the parties at the time of submission of the construction contract pursuant to this Section 6.2.3 and shall remain in effect until the entire cost of the work shall have been paid in full and the new improvements shall have been insured as provided in this Lease. The bonds shall be delivered to Landlord promptly after Tenant has complied with all the foregoing conditions of major construction. The bond shall be that of a responsible surety company, licensed to do business in California. The Landlord shall be an additional insured under the bonds

(e) Insurance. Unless waived in writing by the City Manager in his or her reasonable discretion, Tenant (or, as specified below, Tenant's general contractor(s), subcontractor(s), architect(s) and engineer(s)) shall obtain insurance from an insurance company or companies with an A.M. Best Rating of B+VIII or better. The required documentation of insurance shall be furnished to Landlord prior to commencement of any construction or other physical work preparatory to construction upon the Building or Premises. Tenant shall neither commence work nor shall it allow its employees or subcontractors or anyone to commence work

until all insurance required by this Section 6.2.3(d) has been obtained, submitted and approved. Tenant (or, as specified below, the general contractor(s), subcontractor(s), architect(s) and engineer(s)) shall take out and maintain at all times while such work is in progress the following policies of insurance:

(i) Builder's Risk. Tenant shall take out and maintain Special Form Builder's Risk coverage, excluding the perils of earthquake and flood, in an amount equal to the actual cost of the construction work. The City of Sausalito, its officers, elected officials, employees, agents, contractors and consultants shall be named as an additional insured. All builder's risk policies shall be endorsed with the following specific language:

(1) "The City of Sausalito, its officers, elected officials, employees, agents, contractors and consultants is named as an additional insured for all liability arising out of the operations by or on behalf of the named insured in the performance of this agreement."

(2) "This policy shall not be canceled or materially changed without first giving the City of Sausalito thirty (30) days' prior written notice by certified mail."

(3) "The insurer waives the right of subrogation against the City of Sausalito and against its agents and representatives."

(ii) Workers' Compensation. Tenant shall require the general contractor and all subcontractors similarly to provide Workers' Compensation Insurance for all of their employees with statutory limits as required by Laws and Orders (including the Labor Code of the State of California). All policies shall be endorsed with the following specific language: "This policy shall not be canceled or materially changed without first giving thirty (30) days' prior notice to the City of Sausalito by certified mail."

(iii) General Liability. Tenant shall require its general contractor and all subcontractors to carry Commercial General Liability insurance covering bodily injury, personal injury, and property damage for all activities of the general contractor and its subcontractors arising out of or in connection with the construction work, the construction contract or this Lease, using an occurrence policy form, with policy limits of not less than Two Million Dollars (\$2,000,000) per occurrence and not less than Three Million Dollars (\$3,000,000) in General Aggregate and Products/Completed Operations Aggregate. Such insurance shall include but not be limited to premises and operations liability, contractual liability and personal injury liability. Landlord and Tenant shall be named as additional insureds. All Commercial General Liability policies shall be endorsed with the following specific language:

(1) "The City of Sausalito, its officers, elected officials, employees, agents, contractors and consultants shall be named as an additional insured for all liability arising out of the operations by or on behalf of the named insured in the performance of this agreement."

(2) "The inclusion of more than one insured shall not operate to impair the rights of one insured against another insured and the coverage afforded shall apply as though separate policies had been issued to each insured, but the inclusion of more than one insured shall not operate to increase the limits of the company's liability."

(3) "The insurance provided herein is primary coverage to the City of Sausalito with respect to any policy of insurance or self-insurance programs maintained by the City of Sausalito. No insurance held or owned by the City of Sausalito shall be called upon to contribute to a loss."

(4) "This policy shall not be canceled or materially changed without first giving the City of Sausalito thirty (30) days' prior written notice by certified mail."

(5) "The insurer waives the right of subrogation against the City of Sausalito and against its agents and representatives."

(iv) Automobile Liability. Tenant shall require its general contractor and all subcontractors to carry Automobile Liability Insurance covering bodily injury and property damage in an amount not less than One Million Dollars (\$1,000,000), combined single limit for each occurrence. Said insurance shall include coverage for owned, hired and non-owned vehicles. All policies shall be endorsed with the following specific language: "This policy shall not be canceled or materially changed without first giving thirty (30) days' notice to the City of Sausalito by certified mail."

(v) Professional Liability. Tenant shall require its architect and/or engineer to carry Professional liability insurance for all activities of Tenant's architect and/or engineer arising out of or in connection with the construction work, the construction contract or this Lease, on a claims-made basis, in an amount not less than One Million Dollars (\$1,000,000) combined single limit for each occurrence. Tenant's architect and/or engineer shall maintain such insurance in effect for not less than five (5) years following completion of performance of the construction work. All policies shall be endorsed with the following specific language: "This policy shall not be canceled or materially changed without first giving thirty (30) days' notice to the City of Sausalito by certified mail."

(vi) Documentation. The following documentation shall be submitted to Landlord at the time specified above:

(1) Properly executed Certificates of Insurance clearly evidencing all coverages, limits, and endorsements required above.

(2) Copies of the specified endorsements for each policy.

(3) Upon Landlord's written request for certified copies of insurance policies, said policy copies shall be submitted within thirty (30) days of Landlord's request.

(vii) Policy Obligations. Tenant's indemnity and other obligations shall not be limited by the foregoing insurance requirements.

(viii) Material Breach. If Tenant or its general contractor, for any reason, fails to maintain insurance coverage which is required by this Lease, the same shall be deemed a material breach of this Lease if not remedied by Tenant within ten (10) days of notice from Landlord. Landlord, at its sole option, may terminate this Lease and obtain damages from Tenant resulting from such breach. Furthermore, Landlord may purchase the required insurance coverage, and the cost of same shall be payable by Tenant to Landlord, as Additional Rent, within thirty (30) days of Landlord's notice of its action to Tenant.

6.2.4 Soil and Other Conditions. Landlord makes no covenants or warranties respecting the condition of the soil, or sub-soil, or any other condition of the Premises. Tenant shall have the right to conduct any tests, at Tenant's sole cost and expense, it deems to be necessary to determine the condition of the soil. A copy of such soils report, if any, shall be provided to Landlord prior to the Commencement Date. Tenant hereby releases Landlord from any and all claims Tenant may have against Landlord respecting the condition of the soil, subsoil, or any other condition of the Premises, as well as any and all claims Tenant may have against Landlord for the existence of any Hazardous Materials on or about the Property.

6.2.5 Diligent Prosecution to Completion. Once the work is begun, Tenant shall, with reasonable diligence, prosecute to completion all construction of improvements, additions or alterations. The Phase 1 TI Project shall be completed and ready for use within four (4) months after the Commencement Date. Tenant's obligation to complete construction of the Phase 1 TI Project within the time specified herein shall not be extended for any reason except Force Majeure Delays. Construction of the TI Project shall be completed within nine (9) months from the start of construction, but in any event the TI Project must be completed and ready for use within three (3) years of the Commencement Date except as provided in Section 6.2.1 above. Tenant's obligation to complete the construction of the TI Project within the time specified herein shall not be extended for any reason except Force Majeure Delays. All work shall be performed in a good and workmanlike manner and free of substantial defects, the TI Project shall comply with the approved plans and specifications submitted to Landlord as required by Section 6.3 of this Lease, and all work shall comply with all Laws and Orders.

6.2.6 Protection of Landlord Against Cost or Claim. No reference to the Mechanic's Lien Law made in this Lease shall be construed to be an agreement or an acknowledgment that such law applies to improvements constructed pursuant to this Lease, or that such improvements are, or are not, public works. Tenant shall pay, or caused to be paid, the total cost and expense of all works of improvement, as that phrase is defined in the Mechanics' Lien Law (commencing with California Civil Code §3109). No such payment shall be construed as Rent. Tenant shall not suffer or permit to be enforced against the Property, or any part of it, any recorded mechanic's, materialman's, contractor's or subcontractor's lien, arising from any work of improvement, however it may arise. However, Tenant may, in good faith, and at Tenant's own expense, contest the validity of any such asserted lien, claim, or demand, provided Tenant has furnished, within ten (10) days of recordation of such a lien, the bond required in Civil Code § 3143 (or any comparable statute hereafter enacted for providing a bond freeing the premises from the effect of such a lien claim.) Tenant shall defend and indemnify Landlord

against all liability and loss of any type, arising out of work performed on the Premises by Tenant, together with reasonable attorney's fees and all costs and expenses incurred by Landlord in negotiating, settling, defending, or otherwise protecting against such claims; provided, however, that the Landlord shall not negotiate or settle any such liability or loss of any type without first securing in each instance the specific written consent of Tenant.

6.2.7 Landlord's Right to Discharge Lien. If Tenant does not cause to be recorded the bond described in California Civil Code §3143, or otherwise protect the Premises under any alternative or successor statute, and a final judgment has been rendered against Tenant by a court of competent jurisdiction for the foreclosure of a mechanic's, materialman's, contractor's or subcontractor's lien claim, and if Tenant fails to stay the execution of the judgment by lawful means or to pay the judgment, Landlord shall have the right, but not the duty, to pay or otherwise discharge, stay, or prevent the execution of any such judgment or lien or both. Tenant shall reimburse Landlord for all sums paid by Landlord under this Section 6.2.7, together with all Landlord's attorneys' fees and costs, plus interest on those sums, fees and costs.

6.2.8 Notice of Completion. On completion of any substantial work of improvement during the Term, Tenant shall file, or cause to be filed, a notice of completion.

6.2.9 Notice of Changes in Plans. On completion of the TI Project or any Major Alteration, Tenant shall give Landlord notice of all changes in plans or specifications made during the course of the work and shall at the same time and in the same manner, supply Landlord with "as built" drawings accurately reflecting all such changes. Changes that substantially alter plans and specifications previously approved by Landlord shall constitute a breach of Tenant's obligations hereunder.

6.2.10 Improvements Part of the Premises. All improvements constructed on the Premises, the Property or in, on or under the Building shall be deemed to be included in the definition of the term "Premises."

6.3 Alterations. Landlord's approval is not required for Tenant's minor alterations, improvements or additions ("Alterations"). "Minor" is defined to mean an Alteration with a construction cost not exceeding Fifteen Thousand Dollars (\$15,000), none of which is derived from funds advanced on the security of an encumbrance on the leasehold or the Premises, and that will not affect the structural integrity or soundness of the Premises, substantially change the appearance of the Premises, or substantially affect the plumbing, HVAC, electrical, or fire and life safety systems of the Premises. "Construction costs" is defined to mean all costs that would constitute the basis of a valid claim or claims under the mechanics' lien laws in effect at the time the work is commenced for any demolition and any removal of existing improvements or parts of improvements as well as for preparation, construction and completion of all new improvements or parts of improvements. "Major" Alterations are defined to mean those that are not defined as Minor above. For Major Alterations, Tenant shall comply with all provisions contained in Section 6.2, above. Any Alterations made shall remain on and be surrendered at the Expiration Date or sooner termination of the Term; provided, however, that Landlord may, at Landlord's sole election, demand the removal from the Premises of all fixtures and improvements or of certain fixtures or improvements or both provided that Landlord notifies Tenant in writing that it will exercise such election at the time Tenant submits the Alterations to Landlord for approval.

7. Uses Prohibited. Tenant shall not do or permit anything to be done in or about the Property or Building or Premises or sell or bring or keep or permit to be kept anything thereon or therein, which will in any way increase the rate of or affect any fire or other insurance maintained by Landlord upon the Property or Building or Premises or any of its contents or cause a cancellation of any insurance policy covering the Property, Building or Premises. Tenant shall, at its sole cost and expense, comply with any and all requirements pertaining to the Premises of any insurance organization or company necessary for the maintenance of the fire and public liability insurance covering the Property and/or Premises. Tenant shall not use or allow the Premises to be used for any unlawful or hazardous purposes and Tenant shall not cause, maintain or permit any nuisance in, on or about the Premises.

8. Laws and Orders.

8.1 Definition of "Laws and Orders". For purposes of this Lease, the term "Laws and Orders" is defined to mean all federal, state, county, city, or government agency laws, statutes, ordinances, standards, rules, requirements, or orders now in force or hereafter enacted, promulgated, or issued, including the Labor Code of the State of California. The term also includes government measures regulating or enforcing public access or occupational or health or safety standards for employers, employees, landlords, or tenants (including, without limitation, tenants that are public entities).

8.2 Compliance with Laws and Orders. Tenant shall not use the Property, Building or Premises or do or permit anything to be done in or about the Property, Building or Premises which will in any way conflict with any Laws and Orders now in force or which may hereafter be enacted or promulgated. Tenant, at its sole cost and expense, shall promptly comply with all Laws and Orders now in force or which may hereafter be in force and with the requirements of any board or fire underwriters or other similar body now or hereafter constituted pertaining to the use and occupancy of the Premises, and shall obtain all necessary Approvals pertaining to the conduct of Tenant's business and its use and occupancy of the Premises.

8.3 Hazardous Materials.

8.3.1 Compliance with Hazardous Materials Laws. Tenant shall, at its sole cost and expense, comply with all Laws and Orders from time to time in effect ("Hazardous Materials Laws") concerning the management, use, generation, storage, transportation, presence, discharge or disposal of hazardous, toxic, radioactive or carcinogenic materials, substances or wastes ("Hazardous Materials"). Except for materials normally and customarily used for cleaning, neither Tenant nor its agents, employees, contractors, sublessees, assignees or invitees shall use, handle, store, transport, release or dispose of any Hazardous Materials anywhere in, on, under or about the Property, Building or Premises. Tenant shall immediately notify Landlord if Tenant knows or has reasonable cause to believe that any Hazardous Materials have come to be located in, on, under or about the Property, Building, or Premises. Tenant shall cause any and all Hazardous Materials brought onto, used, generated, stored or discharged on or about the Property, Building or Premises to be removed from same and transported for disposal in accordance with applicable Laws and Orders. Landlord shall have the right to enter the Property, Building and Premises from time to time to conduct tests, inspections and surveys concerning Hazardous Materials and to monitor Tenant's compliance with its obligations concerning

Hazardous Materials and Hazard Materials Laws. Tenant shall immediately notify Landlord in writing of any voluntary clean-up or removal action instituted or proposed by Tenant, any enforcement, clean-up, removal or other governmental or regulatory action instituted or threatened, or any claim made or threatened by any person against Tenant or the Premises relating to Hazardous Materials or Hazardous Materials Laws. Tenant shall also supply to Landlord as promptly as possible, and in any event within five (5) business days after Tenant receives or sends same, copies of all claims, reports, complaints, notices, warnings or asserted violations relating in any way to the Property, Building or Premises or Tenant's use thereof and concerning Hazardous Materials or Hazardous Materials Laws.

Tenant acknowledges and agrees that abatement and removal of asbestos, lead paint and PCB's may have to be performed to perform the Phase 1 TI Project or the TI Project or to occupy the Premises in accordance with Laws and Orders, and that Tenant shall perform any such abatement and removal at its sole cost and expense and in compliance with all Laws and Orders. If removal of asbestos, lead paint and PCB's is not required under Laws and Orders, said asbestos, lead paint and PCB's may remain in place provided it is encapsulated or otherwise contained in a manner acceptable to Landlord.

8.3.2 Hazardous Materials Indemnification. Tenant shall indemnify, defend and hold Landlord harmless from any claims, causes of action, liabilities, losses, damages, injunctions, suits, fines, penalties, costs or expenses (including attorneys' fees and expenses) caused or alleged to have been caused by the presence of Hazardous Materials in, on, under or about the Premises, including, without limitation, any bodily injury, death, property damage, decrease in value of the Premises, caused or alleged to have been caused by the use, storage, generation, presence or release of Hazardous Materials, whether such claims, causes of action or liabilities are first asserted during the Term or thereafter, and including without limitation, claims made against Landlord with respect to bodily injury, death or property damage sustained by third parties caused or alleged to have been caused by the use, storage, generation, presence or release of Hazardous Materials in violation of Tenant's obligations under this Lease.

8.4 Accessibility Disability Disclosures/Responsibility for Corrections.

8.4.1 Inspection by CASp/Correction of Deficiencies. For purposes of Section 1938(a) of the California Civil Code, Landlord hereby discloses to Tenant, and Tenant hereby acknowledges, that the Property, Building and Premises have not undergone inspection by a Certified Access Specialist (CASp). In addition, the following notice (which is included in this Lease solely for the purposes of complying with California Civil Code Section 1938(a) and shall not in any manner affect Landlord's or Tenant's respective responsibilities for compliance with construction-related accessibility standards as provided in this Lease) is hereby provided pursuant to Section 1938(e) of the California Civil Code: "A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making

any repairs necessary to correct violations of construction-related accessibility standards within the premises." In the event Tenant requests and obtains a CASp inspection of the Premises, the costs, fees, and expenses related thereto shall be borne by Tenant. The parties shall mutually coordinate and reasonably approve of the timing of any such CASp inspection so that Landlord may, at its option, have a representative present during such inspection. Tenant shall deliver a copy of any CASp inspection to Landlord within two (2) business days after Tenant's receipt thereof. If such CASp inspection notes any deficiencies, then within sixty (60) days after receipt of the CASp inspection, Tenant shall remedy all such deficiencies at Tenant's sole cost and expense except as provided in Section 16.5 below, and Tenant shall obtain and provide to Landlord a copy of the CASp compliance certificate (which shall, without limitation, confirm the correction of all deficiencies noted in the CASp inspection). In the event that the deficiencies cannot be remedied within sixty (60) days despite Tenant's reasonable diligence, Tenant shall advise Landlord and shall remedy such deficiencies within one hundred eighty (180) days after receipt of the CASp inspection.

8.4.2 No Representation or Warranty by Landlord. Landlord makes no express or implied representations or warranties regarding whether the Property, Building or Premises or the appurtenances thereto, or whether the common areas (or any portion thereof), meets any or all applicable construction-related accessibility standards, including requirements of the Americans with Disabilities Act, 42 U.S.C. §§ 12101 et. seq. ("ADA") or any similar California legislation (the ADA and any similar California legislation shall be referred to as the "Disability Laws").

8.4.3 Tenant Responsibility for Compliance with Disability Laws. Notwithstanding the foregoing and any applicable Laws and Orders, Tenant shall be responsible for compliance with the Disability Laws within the Premises, including all appurtenances thereto.

8.4.4 Indemnity for Use of Public Restrooms. Until such time as Tenant constructs and opens to the public an accessible restroom within the Premises in accordance with applicable Laws and Orders, Tenant shall indemnify Landlord against and save Landlord harmless from any and all loss, cost, liability, damage and expense, including, without limitation, reasonable attorneys' fees and costs incurred in connection with or arising from the use of the public restrooms described in Section 1.1 or the failure by Tenant to provide restrooms within the Premises that comply with the ADA, Disability Laws, or other Laws and Orders. Thereafter, Tenant shall indemnify Landlord against and save Landlord harmless from any and all loss, cost, liability, damage and expense, including, without limitation, reasonable attorneys' fees and costs in connection with or arising out of any failure by Tenant to provide restrooms within the Premises that comply with the ADA, Disability Laws, or other Laws and Orders.

9. Security Deposit.

Tenant shall deposit with Landlord the sum of Four Thousand Twenty-Nine and 23/100 Dollars (\$4,029.23) as a "Security Deposit" before or immediately upon the full execution and delivery of this Lease. The Security Deposit shall be held by Landlord, without liability for payment of interest, as security for the faithful performance by Tenant of all terms of this Lease to be observed and performed by Tenant. The Security Deposit shall not be mortgaged, assigned,

transferred or encumbered by Tenant. Landlord may, at its option and without prejudice to any other remedy which Landlord may have on account thereof, appropriate and apply the entire Security Deposit or so much thereof as may be necessary to remedy defaults in the payment of any rental or other charge hereunder, to repair damages to the Premises caused by Tenant, to clean the Premises upon the expiration or termination of this Lease, or otherwise to compensate Landlord for any loss or damage sustained due to any breach or default on the part of Tenant, and Tenant shall forthwith upon demand restore the Security Deposit to the original sum deposited. Should Tenant comply with all said terms and promptly pay all of the Rent as it falls due and all other sums payable by Tenant to Landlord, then, not later than sixty (60) days after the end of the Term, the Security Deposit, or so much thereof as may be remaining, shall be returned to Tenant. Tenant hereby waives the provisions of Section 1950.7 of the California Civil Code, and all other provisions of any Laws and Orders, now or hereinafter in force, which restricts the amount or types of claims that a landlord may make upon a security deposit or imposes upon a landlord (or its successors) any obligation with respect to the handling or return of security deposits.

10. Abandonment. Tenant shall not abandon the Premises at any time during the Term and, if Tenant does abandon or surrender the Premises, or be dispossessed by process of law, or otherwise, any personal property belonging to Tenant and left on the Premises shall be deemed to be abandoned at the option of Landlord, except such property as may be security for a debt to Landlord.

11. Liens. Tenant agrees to keep the Premises, and every part thereof, at all times during the Term, free and clear of mechanics' liens and other liens for labor, services, supplies, equipment or material, furnished to Tenant or the Premises and that it will at all times fully and promptly pay and discharge and wholly protect and save harmless, by bond or otherwise, Landlord, and all and every part of the estate, right, title and interest of Landlord in and to all and every part of the Premises, against any and all such demands or claims which may or could ripen into such liens or claims therefor. A breach by Tenant of any of the foregoing covenants shall entitle Landlord to all the same remedies as for non-payment of Rent hereunder.

12. Assignment and Subletting.

12.1 General. By entering into this Lease for the Term and on the provisions of this Lease, Landlord has relied upon Tenant's business reputation and experience. Accordingly, Tenant may not assign this Lease or sublet all or any portion of the Premises without the prior written consent of City Manager, which consent shall not be unreasonably withheld, as more particularly described below. Should Tenant assign this Lease or sublet all or a portion of the Premises, Tenant will remain primarily liable, and not merely as a surety, for the payment of Rent and performance of the other Lease terms, conditions, provisions, covenants and duties. Tenant shall not sublet all or any portion of the Premises for any period of time extending beyond the period of this Lease or any renewal thereof. If Landlord declines to consent to any proposed assignment or sublease, this Lease shall remain unmodified and in full force and effect as if no request for assignment or subletting had been made by Tenant, subject to the termination rights of Landlord set forth below. The provisions of this Section 12 shall not apply to short term License Agreements by Tenant with third parties for use of the Premises which shall be governed by Section 3.5 of this Lease.

12.2 Landlord's Termination Rights. Following a request from Tenant for consent to any assignment or sublease, City Manager may elect in his or her sole discretion to terminate this Lease in its entirety, in the event of an assignment or a sublease of the entire Premises, or to terminate this Lease with respect to the portion of the Premises proposed to be subleased, in the event of a sublease of less than all of the Premises, in either case by giving Tenant written notice within thirty sixty (60) days after receipt from Tenant of its written request for Landlord's consent. Following any such termination, Landlord may, at its option, enter into a direct lease with the proposed subtenant or assignee.

12.3 Grounds for Disapproval.

12.3.1 Reasonable Grounds for Disapproval.

(a) Landlord and Tenant agree that it shall be deemed to be reasonable under this Lease and under any applicable law for City Manager to withhold consent to any proposed assignment or sublease where one or more of the following apply, without limitation as to other reasonable grounds for withholding consent:

(b) In City Manager's reasonable judgment, the use of the Premises by the proposed assignee or subtenant (the "Transferee") would entail any alterations which would lessen the value of the leasehold improvements in the Premises;

(c) The Transferee is not a nonprofit with a similar mission to Tenant;

(d) The Transferee's intended use of the Premises (a) is inconsistent with the Permitted Use, or (b) would violate any Laws and Orders;

(e) The Transferee has not provided sufficient evidence of financing, grants, or donations to support all of the financial and other obligations of Tenant under this Lease, in Landlord's reasonable judgment;

(f) The proposed assignment or sublease would cause Landlord to be in violation of another lease or agreement to which Landlord is a party;

(g) The Transferee does not intend to occupy the entire Premises and conduct its business therefrom for a substantial portion of the term of the assignment or sublease;

(h) Landlord has experienced previous defaults by, or is in litigation with, the Transferee;

(i) The proposed sublease or assignment fails to include all of the terms and provisions required to be included therein pursuant to this Section 12; or

(j) At the time consent is requested or at any time prior to the granting of consent, Tenant is in default under this Lease or would be in default under this Lease but for the pendency of any applicable cure period.

12.3.2 Unreasonable Grounds for Disapproval. It shall be unreasonable for Landlord to withhold consent to a proposed sublease if all of the following conditions are met:

(a) The sublease provides the proposed subtenant with the right to use one (1) office in the mezzanine level of the Building ("Office"), provided such Office use is allowed under the applicable Zoning regulation;

(b) The Office does not exceed one hundred and twenty (120) square feet;

(c) The proposed sublessee will pay rent that is greater than or equal to a fair market rent for the Office, as determined by an appraisal of the Office obtained by Landlord;

(d) The term of the sublease is no longer than two (2) years, with no options to extend the sublease term.

12.4 Other Provisions. In the case of a sublease of all or a portion of the Premises, the permitted subtenant shall not be permitted to further assign or sublease its interest in the Premises, other than to assign its entire interest in the sublease with the prior written consent of Landlord as herein provided, and each proposed sublease shall contain appropriate restrictions satisfactory to Landlord in furtherance of the foregoing. Any mortgage, pledge, hypothecation, encumbrance or other grant of a security interest in this Lease or any rights of Tenant hereunder, or any assignment or subletting, occupation or use of this Lease or the Premises without the consent of City Manager as aforesaid, shall be void and, at the option of Landlord, constitute a default entitling Landlord to terminate this Lease and give rise to all other remedies available to Landlord for breach of this Lease. For purposes of this Section 12, the following events shall be deemed an assignment of this Lease or a sublease, as appropriate: (i) the issuance of equity interests in Tenant (whether stock or partnership interests or otherwise) to any person or group of persons in a single transaction or a series of related or unrelated transactions, such that, following such issuance, such person or group shall have control of Tenant; or (ii) a transfer of control of Tenant in a single transaction, or a series of related or unrelated transactions (including, without limitation, by consolidation, merger or reorganization); provided, however, that the provisions of this paragraph shall not be applicable if and for so long as the stock of Tenant is traded through the "over-the-counter" market or any recognized national or international securities exchange. "Control" shall mean ownership of fifty percent (50%) or more of all of the voting stock of such corporation or fifty percent (50%) or more of the legal and equitable interest or voting rights or control in any other business entity. The consent by Landlord to an assignment, transfer, encumbering or subletting pursuant to any provision of this Lease shall not relieve Tenant or any assignee or subtenant from obtaining the express prior written consent of City Manager to any other or further assignment, transfer, encumbering or subletting.

12.4.1 Tenant agrees to pay to Landlord the amount of Landlord's actual cost of processing every proposed subletting or assignment (including, without limitation, the costs of attorneys' and other professional fees and administrative, accounting and clerical time of Landlord) in an amount not to exceed Five Thousand Dollars (\$5,000).

12.4.2 In the event of (i) any permitted subletting or assignment at a greater rental rate than the Rent payable by Tenant hereunder or (ii) any permitted subletting or assignment providing for payment of any consideration (including, without limitation, "key money" and the like, and payment for leasehold improvements) by the sublessee or assignee to Tenant, fifty percent (50%) of the amount of all such sublease rental and/or consideration which is in excess of the Rent payable by Tenant hereunder shall be paid to Landlord after deduction of tenant improvement costs Tenant incurs in connection with the sublease or assignment, as evidenced by receipts and invoices.

13. Indemnification.

13.1 Indemnification of Landlord. Tenant agrees to indemnify Landlord against and save Landlord harmless from any and all loss, cost, liability, damage and expense, including, without limitation, reasonable attorneys' fees and costs incurred in connection with or arising from: (a) any default by Tenant in the observance or performance of any of the terms, covenants or conditions of this Lease on Tenant's part to be observed or performed; (b) the use or occupancy or manner of use or occupancy of Tenant; (c) the condition of the Premises or any occurrence on the Premises from any cause whatsoever, except to the extent caused by the negligence or willful misconduct of Landlord; (d) any acts, omissions or negligence of Tenant or of the contractors, agents, servants, employees, visitors or licensees of Tenant in, on or about the Premises or the Building; (e) any violation or enforcement of any Laws and Orders concerning the Permitted Use; and (f) any illegal or potentially illegal conduct by any customers, vendors, invitees, agents, contractors or employees of Tenant in connection with Tenant's use or occupancy of the Premises. Tenant's obligations under this Section 13.1 shall survive the termination of this Lease.

13.2 Indemnification of Tenant. Landlord agrees to indemnify Tenant against and save Tenant harmless from any and all loss, cost, liability, damage and expense, including, without limitation, reasonable attorneys' fees and costs incurred in connection with or arising from: (a) any default by Landlord in the observance or performance of any of the terms, covenants or conditions of this Lease on Landlord's part to be observed or performed; (b) the use or occupancy or manner of use or occupancy of the Building (other than the Premises) by Landlord or any person or entity claiming through or under Landlord, except Tenant; (c) the condition of the Building or any occurrence in the Building (other than the Premises) from any cause whatsoever except to the extent caused by the negligence or willful misconduct of Tenant; or (d) the willful misconduct or negligent acts of Landlord or of the contractors, agents, servants, employees, visitors or licensees of Landlord in, on or about the Building including, without limitation, in connection with a Landlord Use and the design and construction of the Building or the Premises. Landlord's obligations under this Section 13.2 shall survive the termination of this Lease.

13.3 Release of Claims. Tenant hereby releases Landlord and its agents, employees, contractors, lenders, partners, property managers and brokers ("Landlord Parties") and waives all claims against Landlord and Landlord Parties for damage to any property or injury to or death of any person in, upon, or about the Premises caused in whole or in part from (A) any cause other than the negligent acts or wrongful acts of Landlord and Landlord Parties and (B) any and all liability, threatened liability, claims, costs, proceedings or judgments concerning the Permitted

Use and/or any violation of Laws and Orders. In no event shall Landlord be liable for lost revenues, lost profits, loss of goodwill, special damages, or consequential damages.

As a condition of displaying or storing artwork in the Premises, Tenant shall also require artists to execute a waiver and release of all claims against Landlord for any damage to or theft of artwork that will be located within the Premises, including, without limitation, all paint, print, ceramic, photographic, sculpture, jewelry, collage, fiber, and other tangible artwork, except to the extent such damage or theft is caused by the willful misconduct or negligent acts of Landlord Parties.

14. Insurance. Unless waived in writing by the City Manager in his or her reasonable discretion, Tenant shall maintain the following policies of insurance at all times.

14.1 Fire and Extended Coverage Insurance - Tenant. At all times during the term of this Lease, Tenant shall keep the Building insured against damage and destruction by fire and other perils covered by the broadest extended coverage endorsement obtainable with insurance companies licensed to do business in the State of California, in the amount of one hundred percent (100%) of the full replacement value of the Building in its entirety, including debris removal and proper disposal of Hazardous Materials.

14.2 Personal Property Insurance – Tenant. At all times during the term of this Lease, Tenant shall maintain insurance on all personal property and fixtures (including trade fixtures) of Tenant and all Alterations within the Premises that are made by or for Tenant during the Lease Term on an “All Risk” or Special Form basis, insuring such property for the full replacement value of such property (Property—Special Form).

14.3 Liability Insurance -- Tenant. Tenant agrees to purchase at its own expense and to keep in force during the Lease Term, a policy or policies of premises liability insurance, including public liability and property damage. The liability under such insurance shall not be less than Two Million Dollars (\$2,000,000) combined single limit for each occurrence, Three Million Dollars (\$3,000,000) aggregate coverage and a Five Million Dollar (\$5,000,000) umbrella. Said insurance policy shall contain an endorsement (CG2026 or equivalent), signed by the insurance company, naming Landlord, its officers, elected officials, employees, agents, contractors and consultants as an additional insured. Said policy shall be primary insurance over any policy or policies obtained by Landlord insuring the same risks. Said policy (including endorsement) shall include a waiver of subrogation in favor of Landlord. Tenant shall notify Landlord of any potential cancellation or material modification of Tenant’s insurance policies of which Tenant has knowledge at least thirty (30) days before any such insurance shall be cancelled or modified.

14.4 Liability Insurance – Landlord. Landlord agrees to purchase and to keep in force during the term of this Lease, a policy or policies of commercial liability insurance, including bodily injury and property damage, in the amount of Two Million Dollars (\$2,000,000) per occurrence for bodily injury or property damage. Landlord may self-insure for this coverage.

14.5 Workers Compensation Insurance – Tenant. Tenant agrees to purchase at its own expense and to keep in force during the term of this Lease, a policy or policies of workers’

compensation insurance with statutory limits as required by the Labor Code of the State of California. Said policy shall include a waiver of subrogation in favor of Landlord.

14.6 Business Income/Loss of Rents Insurance – Landlord. Landlord agrees to purchase at its own expense and to keep in force during the term of this Lease, a policy or policies of rental interruption insurance to cover one hundred percent (100%) of potential loss of rents.

14.7 Business Automobile Liability – Tenant. Tenant agrees to purchase at its own expense and to keep in force during the term of this Lease, a policy or policies of business automobile liability insurance in the amount of One Million Dollars (\$1,000,000) aggregate coverage.

15. Waiver of Subrogation. Tenant waives any and all rights of recovery against Landlord for or arising out of damage to or destruction of any property of Tenant, whether or not caused by the negligence of Landlord, its agents, servants, employees, contractors, visitors or licensees, but only to the extent that Tenant's insurance policies then in force permit such waiver and only to the extent of actual recovery from the insurance company.

16. Repairs, Maintenance, Major Repairs and Replacements, Services and Utilities.

16.1 Landlord's Maintenance. Landlord shall have no obligation whatsoever to repair, maintain, service, supply, replace or otherwise restore the condition of: (i) the Building; (ii) the Premises; (iii) any improvements, components, systems, features, furniture, fixtures, trade fixtures, equipment, software, or appurtenances servicing the Building or Premises, including without limitation, the roof, gutters, structural components, subfloor, fenestration, glass, doors, window frames, mechanical equipment, etc.; or (iv) any improvements located on or about the Property on which the Building and Premises is situated; or (iii) any other part of the Building, Premises or Property. It is the expressly bargained for intention of the Parties that this is an absolute (or bondable) triple-net lease and Tenant is solely responsible for all such items and that Landlord will have no cost whatsoever associated with the Property, Premises or Building throughout the Term of this Lease, including any extensions thereof. In the event Landlord enters into a lease with a Rooftop Tenant, the Rooftop Tenant shall be solely responsible for all expenses within its leased premises, and shall share proportionally based on their respective square footages in the cost of maintenance and repair of any common walls, structural systems, footings, foundations, bearing walls, exterior walls, or other systems and improvements that serve Tenant's and Rooftop Tenant's respective leased premises. Tenant shall not be required to share in the cost of constructing or maintaining any new stairway or elevator installed at the Property.

16.2 Tenant's Maintenance. It is the expressly bargained for intention of the Parties, in consideration of the below-market Rent payable by Tenant under this Lease, that Tenant shall be responsible, at Tenant's sole cost and expense: (i) to keep the Building and Premises in good condition and repair, consistent with the condition that other Regional-Class Multi-Media Art Centers are kept by their operators, normal wear and tear excepted; and (ii) to repair, maintain, service, supply, replace and restore, as necessary, all portions of the Building and Premises (including those portions of the Building lying outside of the Premises, but excluding the ATM

Premises and BofA's fixtures), including the roof until such time as the Rooftop Tenant's lease commences, if ever, and including, without limitation, and by way of example only, all structural systems, footings, foundations, bearing walls, exterior walls, interior walls, improvements, water systems, sanitation and sewage systems, sprinkler systems, electrical systems, natural gas systems, heating, ventilating and air-conditioning systems, fire and life safety systems, security systems, doors, windows, skylights (including plate glass), locks, interior repairs, replacements and maintenance, exterior repairs, replacements and maintenance, repair, replacement and maintenance of LED, fluorescent and other lighting (e.g., fixtures, wiring, bulbs, ballasts, etc.), restroom repair, replacement and maintenance, repair, tenant improvement repair, replacement and maintenance, and the repair, replacement and maintenance of all business and personal property, furniture, fixtures, trade fixtures, signs, storefronts, plate glass, show windows and all other improvements.

16.2.1 Reserve Fund. Once the Initial Capital Reserve is established pursuant to Section 4.2, Tenant shall thereafter contribute three (3%) of gross revenues per month toward the Initial Capital Reserve until such time as it reaches Fifty Thousand Dollars (\$50,000). The Initial Capital Reserve and all contributions thereto are hereinafter referred to as the "Reserve Fund". The Reserve Fund may only be used for the purposes of making unforeseen major repairs and replacements to the facilities of the Building. In the event any repairs or replacements pursuant to this Section are paid for out of the Reserve Fund, Tenant shall replenish it as quickly as practicable.

16.2.2 Service Contracts. Tenant shall provide Landlord with a true and correct copy of a service contract with a licensed contractor for the maintenance of the heating, ventilation, and air conditioning (HVAC) system within ten (10) days of the execution thereof.

16.2.3 Allocation of Maintenance with Rooftop Tenant. Maintenance and repair obligations shall be shared by Tenant and Rooftop Tenant in the event that Landlord enters into a lease of the roof. If new HVAC or other equipment or systems that will subsequently service both Rooftop Tenant and Tenant are required to be installed to accommodate Rooftop Tenant, Tenant shall not be required to contribute towards the initial installation of such equipment but shall share in the cost of subsequent maintenance of such equipment or systems.

16.2.4 Tenant Waiver. Tenant hereby waives all rights to make repairs at the expense of Landlord as provided by any Laws and Orders now or hereafter in effect, or to offset the cost thereof against Rent.

16.3 Landlord's Rights for Acts or Omissions of Tenant. In the event the Building or Premises are damaged by (i) the willful acts or negligent omissions of Tenant, or its authorized representatives; or (ii) Tenant's failure to perform its obligations under this Section 16, and Tenant does not commence repair of the damage within thirty (30) days of written notice from Landlord (unless the nature of the deficiencies reasonably require more than thirty (30) days to correct, in which case Tenant shall have commenced correction of the deficiencies and thereafter diligently thereafter continue with due diligence to complete correction of the deficiencies), then Landlord may repair the Building or Premises at Tenant's cost, and Tenant shall reimburse Landlord for the actual cost of said repairs, without offset or demand and as Additional Rent, within fifteen (15) days of invoice, unless Section 16.5 below is applicable.

16.4 Landlord's Inspection Rights. Landlord shall, upon 24-hour notice to Tenant (which may be in the form of electronic mail to Tenant's Executive Director, or if Tenant does not have an Executive Director at the time, an officer of Tenant), have the right to have its City Building Official ("Building Official") inspect the Property, Building and Premises and direct Tenant, in writing, which may be in the form of electronic mail to Tenant's Executive Director, or if Tenant does not have an Executive Director at the time, an officer of Tenant) to repair, replace or properly maintain, as necessary, any deficiencies therein or thereon (excepting only minor Building and Premises interior cosmetic deficiencies) needed to keep the Property, Building and Premises in good working order, repair and condition as solely determined by the Building Official, and in a manner consistent with a Regional-Class Multi-Media Art Center and in conformance with Laws and Orders. In the event Tenant does not commence making the needed repairs, replacements or complete the necessary maintenance within thirty (30) days, Landlord shall have the right to complete same and bill Tenant for Landlord's actual cost, as Additional Rent.

16.5 Amortization of Certain Major Repairs and Replacements.

16.5.1 Definitions. As used in this Lease, the following terms have the following meanings:

"Major Repair or Replacement" is defined to mean a repair or replacement to any improvement (other than the Phase 1 TI Project or the TI Project), component or system of the Building which extends or preserves the useful life of the Building.

"Amortizable Major Repair or Replacement" is defined to mean any Major Repair or Replacement for which all of the following are true:

(i) costs more than Twenty-Five Thousand Dollars (\$25,000) in the aggregate;

(ii) is needed either because:

(a) Tenant becomes aware of it based on its own inspection; or

(b) Landlord or the Building Official becomes aware of it pursuant to Section 16.4, above and requires its correction, and

(iii) Tenant's Reserve Fund is not adequate to cover the Amortizable Major Repair or Replacement, and

(iv) Tenant would become insolvent if it incurred the needed expenditure.

16.5.2 Approval Procedure/Amortization Methodology. In the event Tenant desires Landlord to pay for any Amortizable Major Repair or Replacement, then Tenant shall notify Landlord, which notice shall include: (i) the nature of the required work; (ii) at least two (2) written estimates for performing such work obtained by Tenant; and (iii) evidence supporting Tenant's claim that the requirements listed in Section 16.5.1 (i) through (iii), above have been

met. Landlord shall have thirty (30) days after receipt of such notice to either approve or disapprove Tenant's request. In approving or disapproving Tenant's request, Landlord may consider: (i) the Term remaining under this Lease, including the Option Term, (ii) the financial condition of Tenant, including Landlord's understanding of Tenant's financial condition pursuant to Landlord's audit rights, (iii) the overall condition of the Building and Premises, and (iv) other factors, including, without limitation, whether the proposed Amortizable Major Repair or Replacement is an under- or over-improvement of the Building. Landlord's approval of any Amortizable Major Repair or Replacement may be conditioned upon: (i) the timing, methodology, proposed contractor, proposed materials, proposed experts, and other factors; (ii) the estimated cost of the Amortizable Major Repair or Replacement; (iii) Landlord's financial condition at the time of Tenant's notice; (iv) a requirement that Tenant utilize some or all of the Reserve Fund before Landlord contributes any funds; and (v) a requirement that Tenant exercise an Option. In the event Landlord approves any Amortizable Major Repair or Replacement, then the actual cost thereof shall be amortized, as Additional Rent, over the remainder of the Initial Term and the Option Term if the Option has been exercised, at zero percent (0%) interest. In the event Landlord does not require Tenant to exercise an Option in connection with providing approval pursuant to this Section 16.5.1, Tenant may exercise its Option. In the event that the Amortizable Major Repair or Replacement is needed during the Option Term and the useful life of the improvement requiring Amortizable Major Repair or Replacement is longer than the remainder of the Option Term, the Parties will meet and confer regarding an equitable amortization of the actual cost of the Amortizable Major Repair or Replacement.

16.6 Utilities and Janitorial.

16.6.1 Tenant Responsible for All Utilities. Tenant shall make all arrangements for and timely pay for all utilities and services furnished to or used by it or other occupants of the Building, including, without limitation, gas, electricity, water, internet, data, network, telephone service and trash collection (collectively, "Utilities"), and for all connection, demand, usage and other charges associated with such Utilities. In the event that Landlord enters into a lease with a Rooftop Tenant, the Tenant and Rooftop Tenant's percentage share of gas and electric utilities shall be allocated based on a gas technician's estimate and an electrician's estimate, respectively, of the load that the Rooftop Tenant will place on the gas and electric utility lines located within the Premises. An appropriate Lease amendment will be prepared to reflect Tenant's proportionate share of gas and electric utilities as described in the preceding sentence. Notwithstanding the foregoing, Landlord shall use reasonable efforts to have the Rooftop Tenant's premises separately metered for gas and electricity.

16.6.2 Utility Interruptions. Landlord shall not be liable for any failure of any such Utilities unless caused by Landlord's willful act, and Tenant shall not be entitled to any damages or shall any such failure relieve Tenant of the obligation to pay Rent or constitute or be construed as a constructive or other eviction of Tenant. In the event of any stoppage or interruption of services or Utilities, Tenant shall use commercially reasonable efforts to restore same as soon as possible.

16.6.3 Janitorial Service and Supplies. Tenant hereby agrees to provide insured cleaning service for the Premises and Building (excluding the roof and the ATM Lease premises) consistent with comparable Regional Multi-Media Art Centers. Tenant covenants and agrees, at

its sole cost and expense: (a) to comply with all present and future Laws and Orders regarding the collection, sorting and separation of garbage, compost, recycling and other refuse (collectively, "trash"); (b) to comply with Landlord's composting and recycling policy where it may be more stringent than applicable Laws and Orders; (c) that each separately sorted category of trash shall be placed in separate receptacles if required by Laws and Orders; and (d) that Tenant shall pay all costs, expenses, fines, penalties or damages that may be imposed on Landlord or Tenant by reason of Tenant's failure to comply with the provisions of this Section 16.

16.7 Allocation of Repairs, Maintenance, Major Repairs and Replacements, Services and Utilities. In the event Landlord enters into a lease with a Rooftop Tenant, the provisions of Section 1.3 shall apply and be incorporated into the Rooftop Tenant's lease. At such time an amendment to this Lease will be prepared which addresses the method and procedure for the allocation and payment of all shared expenses between Rooftop Tenant and Tenant.

16.8 Responsibility for Landscaping and Hardscaping. Notwithstanding anything contained in this Section 16, Tenant shall not be responsible for the repair, replacement or maintenance of any landscaping or hardscaping located on the Property, provided, however, that if Tenant damages any landscaping or hardscaping, Tenant shall reimburse Landlord for its actual cost of repairing, replacing or maintaining same, as Additional Rent, within thirty (30) days of invoice.

17. Financial Statements. No later than March 31 of each year, Tenant shall provide to Landlord an annual income statement, balance sheet, cash flow statement, and true and correct copies of bank (or other) account statements, including, without limitation, the bank (or other) account statement for the Reserve Fund (each, a "Financial Statement") for the previous calendar year.

18. Force Majeure. Unless otherwise specified in this Lease, the time for performance by either Party of any obligation, other than the payment of money by Tenant to Landlord under this Lease, shall be extended for the period of time during which that Party is prevented from performing by strikes, essential construction material shortages, work shortages, work stoppages, acts of war or terrorism, civil or military disturbances, pandemics, nuclear disasters affecting the San Francisco Bay Area, natural disasters affecting Sausalito, California declared as such under Laws and Orders, Utility interruptions in excess of seven (7) consecutive days, government action, government inaction (in excess of the average turn-around time for the preceding 12-month period) for planning, building, zoning and other entitlement matters, court order, or other major force or major event beyond the reasonable control of that Party ("Force Majeure Delay"), provided, however, that Force Majeure Delay shall not apply to any Milestone, excepting only Milestones 8 and 9.

19. [Intentionally Deleted]

20. Taxes and Assessments. In accordance with the requirements of California Revenue and Taxation Code Section 107.6, Tenant is hereby informed that this Lease will create a possessory interest in Tenant in the Premises, that the possessory interest of Tenant may be subject to property taxation and that Tenant may be subject to the payment of property taxes levied on

Tenant's possessory interest in the Premises. Tenant shall pay, not later than ten (10) business days prior to delinquency, all property taxes and general and special assessments levied or assessed against or upon the Tenant's leasehold interest conveyed by this Lease, and Tenant's furniture, fixtures (including trade fixtures), equipment, and other personal and business property located in the Premises. In the event said taxes or assessments are charged to or paid or payable by Landlord, then Tenant, forthwith upon demand therefor, shall pay to Landlord, as Additional Rent, the amount of all such taxes payable by Landlord.

21. Reservation of Rights to Landlord/Civic Use. Landlord reserves the right to use all or a portion of the Property, Premises or Building in the event of an emergency (declared or otherwise) or major disaster (declared or otherwise) such as flood, fire, tornado, hurricane, earthquake, sink hole, debris flow, riot, insurrection, pandemic health emergency or other emergency or disaster ("Civic Use") at no charge and in addition to Landlord's Use. Such Civic Use would be primary to all other uses of the Premises. During Civic Use, it may be necessary to cancel all, or some, of Tenant uses during the period(s) immediately preceding the Civic Use, during the Civic Use, and the recovery period after Civic Use. In the event Landlord utilizes the Property, Building or Premises for a Civic Use, the Monthly Base Rent shall be equitably abated, and Landlord shall be required to return possession of Property, Building and Premises to Tenant in the condition it existed immediately prior to such Civic Use.

22. Subordination of Lease. This Lease shall be subject and subordinate at all times to all ground or underlying leases which may now exist or hereafter be executed affecting the Premises, or any part thereof, and to the lien of any mortgages or deeds of trust or lease financings in any amount or amounts whatsoever now or hereafter placed on or against the Property, Building or Premises, or any part thereof, or on or against Landlord's interest or estate therein, or on or against any ground or underlying lease (any of the foregoing being a "Superior Interest"), without the necessity of having further instruments on the part of Tenant to effectuate such subordination. Notwithstanding the foregoing, Tenant covenants and agrees to execute and deliver, upon demand, without charge, such further instruments evidencing such subordination of this Lease to such ground or underlying leases and to the lien of any such mortgages or deeds of trust as may be requested by Landlord, provided that the holder of the Superior Interest agrees in writing that Tenant's possession of the Premises, and this Lease, including the Option, will not be disturbed so long as there is no Tenant's Default and Tenant attorns to the record owner of the Premises. In the event of foreclosure or exercise of any power of sale under any mortgage or deed of trust superior to this Lease or to which this Lease is subject or subordinate, Tenant shall upon demand attorn to the lessor under said ground or underlying lease, or to the purchaser at any foreclosure sale or sale pursuant to the exercise of any power of sale under any mortgage or deed of trust.

23. Entry by Landlord. Upon twenty-four (24) hour business day's notice to Tenant (except in the case of an emergency or Civic Use where no notice shall be required), Landlord reserves and shall at any and all reasonable times have the right to enter the Property, Building and Premises to inspect the same, to show the Property, Building and Premises to prospective brokers, agents, lenders, or purchasers, and during the last nine (9) months of the Lease term to prospective tenants, to post notices of non-responsibility, sale or other notices. Tenant hereby waives any claim for damages for any injury, nuisance or other inconvenience to or interference with Tenant's business, any loss of occupancy, business or quiet enjoyment of the Premises, and

other loss occasioned by such entry. For each of the aforesaid purposes, Tenant agrees that Landlord shall at all times have and retain a key with which to unlock all of the doors in and about the Building and Premises, excluding Tenant's vaults and safes (other than the bank vault located in the Premises), and Landlord shall have the right to use any and all means which Landlord may deem proper to open said doors in an emergency in order to obtain entry to the Premises.

24. Insolvency or Bankruptcy. Tenant hereby agrees that neither this Lease nor any interest herein shall be assignable or transferable by operation of law, and it is mutually agreed, covenanted and understood by and between the parties hereto that in the event any proceedings under the Bankruptcy Code or any amendment thereto, or any other Laws and Orders, whether commenced by or against Tenant (provided that if such proceeding be involuntary, Tenant shall have thirty (30) days to dismiss the same), or in the event Tenant be adjudged insolvent, or if Tenant makes an assignment for the benefit of its creditors, or if a writ of attachment or execution be levied on the leasehold estate created hereby or the business of Tenant operated upon the Premises or the assets of Tenant situated thereon and be not released or satisfied within ten (10) days thereafter, or if any receiver be appointed in any proceeding or action to which Tenant is a party, with authority to take possession or control of the Premises or the business conducted thereon by Tenant and such receiver not be dismissed within thirty (30) days after appointment, this Lease, at the option of Landlord (a) shall continue in existence as long as (i) the payment of all Rent agreed to herein is paid or assured to Landlord's satisfaction, in its sole discretion, and (ii) that in the event this Lease is assigned or assumed, no covenants in this Lease will be breached, or (b) shall immediately end and terminate and shall in no way be treated as an asset of Tenant after the exercise of the aforesaid option; and Landlord shall have the right, after the exercise of said option, to forthwith re-enter the Premises as its original estate.

25. Tenant's Default. Tenant shall be in default of its obligations under this Lease if any of the following events occurs ("Tenant's Default"):

25.1 Events of Default.

25.1.1 Tenant shall have failed to pay Monthly Base Rent, Additional Rent or any other Rent when due, and such failure is not cured within three (3) days after delivery of written notice (which may be a 3-day notice to pay or quit) from Landlord specifying such failure to pay; provided, any notice given by Landlord above shall be in lieu of, and not in addition to, any notice required under Section 1161 of the Code of Civil Procedure of California or any similar, superseding statute, or any other notice required under the laws of California; or

25.1.2 Tenant shall have allowed a private or public nuisance to occur on the Premises or shall have failed to perform any other term, covenant, or condition of this Lease, except those requiring the payment of Monthly Base Rent, Additional Rent or any other Rent, and Tenant shall have failed to cure such breach within thirty (30) days after written notice from Landlord specifying the nature of such breach where such breach could reasonably be cured within said thirty (30) day period, or if such breach is not reasonably curable within said thirty (30) day period, Tenant shall have failed to commence such cure within said thirty (30) day period and thereafter continue with due diligence to prosecute such cure to completion within such time period as is reasonably needed; or

25.1.3 Tenant shall have sublet the Premises or assigned its interest in this Lease in violation of the provisions contained in this Lease; or

25.1.4 Tenant shall have abandoned the Premises; or

25.1.5 The occurrence of any of the following: (i) the making by Tenant of any general arrangements or assignments for the benefit of creditors; or (ii) Tenant becomes a "debtor" as defined in 11 U.S.C. Section 101 or any successor statute thereto (unless, in the case of a petition filed against Tenant, the same is dismissed within 60 days); or (iii) the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located at the Property or in the Building or Premises or of Tenant's interest in this Lease, where possession is not restored to Tenant within thirty (30) days; or (iv) the attachment, execution or other judicial seizure of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where such seizure is not discharged within thirty (30) days; provided, however, in the event that any provision of this Section 25.1.5 is contrary to any applicable Law and Orders, such provision shall be of no force or effect; or

25.1.6 Any Financial Statement submitted by Tenant to Landlord is discovered by Landlord to have been materially false.

The notice periods provided for in this Section 25 are intended to satisfy any and all notice requirements imposed on Landlord by Laws and Orders (including, without limitation, California Code of Civil Procedure Section 1161) and are not in addition to any such requirements.

25.2 Landlord's Remedies. If an event of Tenant's Default occurs, Landlord shall have the remedies set forth in this Section 25.2, in addition to all other rights and remedies provided by any Laws and Orders or otherwise provided in this Lease, to which Landlord may resort cumulatively or in the alternative.

25.2.1 Landlord shall have the remedy described in Civil Code Section 1951.4, which provides that, when a tenant has the right to sublet or assign (subject only to reasonable limitations), the Landlord may continue the lease in effect after the tenant's breach and abandonment and recover rent as it becomes due. Accordingly, if Landlord does not elect to terminate this Lease on account of an event of Tenant's Default, Landlord may enforce all of Landlord's rights and remedies under this Lease, including the right to recover all Rent due under this Lease as it becomes due.

25.2.2 Landlord may terminate Tenant's right to possession of the Property, Building and Premises at any time by giving written notice to that effect, and relet the Property, Building and Premises or any part thereof. Tenant shall be liable immediately to Landlord for all costs Landlord incurs in reletting the Property, Building and Premises or any part thereof, including, without limitation, broker's commissions, expenses of cleaning and redecorating the Building and Premises required by the reletting and like costs. Reletting may be for a period shorter or longer than the remaining term of this Lease. No act by Landlord other than giving written notice to Tenant shall terminate this Lease. 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 Lease shall not constitute a termination of Tenant's right to possession. On

termination, Landlord has the right to remove all Tenant's Personal Property and store the same at Tenant's cost and to recover from Tenant as damages:

(a) The worth at the time of award of unpaid Rent and other sums due and payable which had been earned at the time of termination; plus

(b) The worth at the time of award of the amount by which the unpaid Rent and other sums due and payable which would have been earned after termination until the time of awards exceeds the amount of such Rent loss that Tenant prove could have been reasonably avoided; plus

(c) The worth at the time of award of the amount by which the unpaid Rent and other sums due and payable for the balance of the Term after the time of award exceeds the amount of such Rent loss that Tenant proves could be reasonably avoided; plus

(d) Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform Tenant's obligations under this Lease, or which, in the ordinary course of things, would be likely to result therefrom, including, without limitation, any costs or expenses incurred by Landlord: (a) in retaking possession of the Premises; (b) in maintaining, repairing, preserving, restoring, replacing, cleaning, altering or rehabilitating the Premises or any portion thereof, including such acts for reletting to a new tenant or tenants; (c) for leasing commissions; (d) for any other costs necessary or appropriate to relet the Premises; or (e) any and all costs incurred by Landlord in disposing of any abandoned personal property of Tenant; plus

(e) At Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by the laws of the State of California. The "worth at the time of award" of the amounts referred to in Sections 25.2(a) and 25.2(b) above is computed by allowing interest at the Interest Rate on the unpaid Rent and other sums due and payable from the termination date through the date of award. The "worth at the time of award" of the amount referred to in Section 25.2(c) is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

25.2.3 Landlord may, with or without terminating this Lease, re-enter the Property, Building and Premises and remove all persons and property from same; such property may be removed and stored in a public warehouse or elsewhere at the cost of and for the account of Tenant. No re-entry or taking possession of the Premises by Landlord pursuant to this Section 25.2(c) shall be construed as an election to terminate this Lease unless a written notice of such intention is given to Tenant.

25.2.4 Landlord may, if Landlord does not elect to terminate this Lease, from time to time relet the Property, Building and Premises or any part thereof for the Term of this Lease on terms and conditions as Landlord in its sole discretion may deem advisable with the right to make alterations and repairs to the Property, Building and Premises. If Landlord shall elect to so relet, then rents received by Landlord from such reletting shall be applied: first, to the payment of any indebtedness other than Rent due hereunder from Tenant to Landlord; second, to

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

25.2.5 Nothing in this Section 25.2 shall limit Landlord's right to indemnification from Tenant as provided for anywhere else in this Lease. Any notice given by Landlord in order to satisfy the requirements of Section 25.1 shall also satisfy the notice requirements of California Code of Civil Procedure, Section 1161 regarding unlawful detainer proceedings.

25.3 Waiver. One party's consent to or approval of any act by the other party requiring the first party's consent or approval shall not be deemed to waive or render unnecessary the first party's consent to or approval of any subsequent similar act by the other party. The receipt by Landlord of any Rent, Monthly Base Rent, Additional Rent, payment, interest or Late Charge with or without knowledge of the breach of any other provision hereof shall not be deemed a waiver of any such breach unless such waiver is in writing and signed by Landlord. No delay or omission in the exercise of any right or remedy accruing to either party upon any breach by the other party under this Lease shall impair such right or remedy or be construed as a waiver of any such breach theretofore or thereafter occurring. The waiver by either party of any breach of any provision of this Lease shall not be deemed to be a waiver of any subsequent breach of the same or of any other provisions herein contained.

25.4 Limitation on Exercise of Rights. At any time that an event of Tenant's Default has occurred and remains uncured, (i) Landlord may deny or withhold any consent or approval requested of it by Tenant which Landlord would otherwise be obligated to give; and (ii) Tenant may not exercise any option to extend, right to terminate this Lease, or any other right granted to it by this Lease which would otherwise be available to it.

25.5 Waiver by Tenant of Certain Remedies. Tenant waives the provisions of Sections 1932(l), 1941 and 1942 of the California Civil Code and any similar or successor law regarding Tenant's right to terminate this Lease or to make repairs and deduct the expenses of such repairs from the rent due under this Lease. Tenant hereby waives any right of redemption or relief from forfeiture under the laws of the State of California, or under any other present or future law, including the provisions of Sections 1174 and 1179 of the California Code of Civil Procedure.

25.6 Remedies Cumulative. All rights privileges and remedies of the parties are cumulative and not alternative or exclusive to the extent permitted by law except as otherwise provided herein.

26. No Redemption. Tenant hereby expressly waives any and all rights of redemption and relief from forfeiture granted by or under any present or future laws in event of any judgment

declaring a forfeiture of or terminating this Lease for any cause, or in the event of Landlord obtaining possession of the Property, Building or Premises by reason of the violation by Tenant of any of the covenants and conditions of this Lease or otherwise. The rights given to Landlord hereunder are in addition to any rights that may be given to Landlord by Laws and Orders.

27. Damage or Destruction of Premises. If, during the Term, the Building and other improvements that are part of the Premises are totally or partially destroyed from any cause, rendering the Premises totally or partially inaccessible or unusable, and less than one (1) year of the Term remains, Tenant shall have the right to terminate this Lease by giving notice to Landlord. If at least one (1) year of the Term remains, Tenant shall restore said Building and improvements to substantially the same condition as they were in immediately before destruction, if the restoration can be made under then existing Laws and Orders and can be completed within three hundred sixty-five (365) calendar days after obtaining all necessary Permits therefor. Such destruction shall not terminate this Lease. If the restoration cannot be made in the time stated in this Section 27, then within fifteen (15) days after the Parties determine that the restoration cannot be made in the time stated in this Section 27 or such proceeds are inadequate, Tenant may terminate this Lease immediately by giving written notice to Landlord. If Tenant fails to terminate this Lease and if restoration is permitted under the existing Laws and Orders, Landlord, at its election, may either terminate this Lease or allow Tenant to restore the Building, or elect to perform such restoration itself and this Lease shall continue in full force and effect. If the existing Laws and Orders do not permit the restoration, either Party can terminate this Lease immediately by giving notice to the other Party. In the event of the giving of such notice of termination by Landlord or Tenant as provided herein, this Lease and all interest of Tenant in the Property, Building and Premises shall terminate fifteen (15) days after receipt of such notice by the other party. In case of destruction, there shall be an abatement or reduction of Rent, between the date of destruction and the date of completion of restoration if restoration takes place, based on the extent to which the destruction actually interferes with Tenant's use of the Property, Building or Premises. Tenant hereby waives the provisions of Sections 1932, Subdivision 2, and 1933, Subdivision 4, of the Civil Code of California.

28. Eminent Domain. Landlord shall not exercise any right of eminent domain with respect to any portion of the Premises during the initial Lease term, or during the Option Term if the Option has been exercised. If any portion of the Premises is taken by condemnation, this Lease shall remain in effect, except that Tenant can elect to terminate this Lease if ten percent (10%) or more of the total number of square feet in the Building or other improvements that are a part of the Premises is taken or if the remaining portion of the Building or other improvements that are a part of the Premises is rendered unsuitable for Tenant's continued use of the Premises. If Tenant elects to terminate this Lease, Tenant must exercise its right to terminate by giving written notice to Landlord within thirty (30) days after the nature and the extent of the taking have been finally determined. If Tenant elects to terminate this Lease as provided in this paragraph, Tenant also shall notify Landlord of the date of termination, which date shall not be earlier than thirty (30) days nor later than ninety (90) days after Tenant has notified Landlord of its election to terminate; except that this Lease shall terminate on the date of taking if the date of taking falls on a date before the date of termination as designated by Tenant. If Tenant does not terminate this Lease within the thirty (30) day period, Tenant shall perform all work necessary to restore the

remainder of the Premises and this Lease shall continue in full force and effect, except that the Monthly Base Rent thereafter to be paid shall be reduced on a pro-rata square footage basis. Tenant shall be entitled to an award for any fixtures, equipment or tenant improvements, the value of the lease, its business goodwill, and relocation costs to the extent any such costs are applicable.

29. Default by Landlord. If Landlord is in default of this Lease, and as a consequence Tenant recovers a money judgment against Landlord, the officers, employees, appointed officials, elected officials, consultants, agents or representatives of Landlord shall not be personally liable for such judgment.

30. Reserved.

31. Estoppel Certificates. At any time and from time to time, within a time period of ten (10) days after request by Landlord or Tenant, the recipient of the request agrees to execute, acknowledge and deliver to the requesting party a statement certifying the Commencement Date of this Lease, stating that this Lease is unmodified (or if there have been modifications) and in full force and effect and the dates to which the Monthly Base Rent and other Rent has been paid, and setting forth such other matters as may be requested, including, without limitation, the number, if any, of any remaining options. Landlord and Tenant intend that any such statement delivered pursuant to this Section 31 may be relied upon by any mortgagee or the beneficiary of any deed of trust or by any purchaser or prospective purchaser of the Building or by any other third party. The failure to deliver such statement within such time period shall be and constitute the confirmation that (i) this Lease is in full force and effect, without modification, except as may be represented by the requesting party; (ii) there are no uncured defaults in the requesting party's performance and the non-requesting party has no right of offset, counterclaim or deduction against Rent hereunder; and (iii) no more than one (1) month's Monthly Base Rent has been paid in advance.

32. Right of Landlord to Perform. All covenants and agreements to be kept or performed by Tenant under any of the terms of this Lease shall be performed by Tenant at Tenant's sole cost and expense and without any offset or abatement of Rent. If Tenant shall fail to pay any sum of money, other than Rent required to be paid by it hereunder, or shall fail to perform any other act on its part to be performed hereunder, and such failure shall continue for thirty (30) days after notice thereof by Landlord, Landlord may, but shall not be obligated to, and without waiving any default of Tenant or releasing Tenant from any obligations of Tenant hereunder, make any such payment or perform any such other act on Tenant's part to be made or performed as in this Lease provided. All sums so paid or incurred by Landlord and all necessary incidental costs, together with interest thereon at the Interest Rate herein specified from the date of such payment by Landlord, shall be paid to Landlord forthwith on demand, and Landlord shall have (in addition to any other right or remedy of Landlord) the same rights and remedies in the event of nonpayment thereof by Tenant as in the case of default by Tenant in the payment of Rent.

33. Attorney Fees. If either party commences litigation in connection with the enforcement or interpretation of this Lease, the prevailing party shall be entitled to recover its costs and expenses, including reasonable attorneys' fees.

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

35. End of Term. Upon the Expiration Date or other termination of the Term, Tenant shall quit and surrender to Landlord the Premises, broom-clean, in as good order, condition and repair as it now is or may hereafter be placed, ordinary wear and tear excepted. Tenant shall remove all property of Tenant, as directed by Landlord. Any property left on the Property, in the Building or on the Premises at the Expiration Date or other termination of this Lease, or after the happening of any of the events of Tenant's Default, at the option of Landlord, shall be placed in storage at a public warehouse in the name of and for the account of and at the expense and risk of Tenant, or otherwise disposed of by Landlord in the manner provided by law. Tenant expressly releases Landlord of and from any and all claims and liability with respect thereto.

36. Quiet Possession. Landlord covenants and agrees with Tenant that, upon Tenant's paying the Rent and observing and performing all of the terms, covenants, conditions, provisions and agreements of this Lease on Tenant's part to be observed or performed, Tenant shall have quiet possession of the Premises hereby leased for the Term, subject, however, to the terms of this Lease (including, without limitation, Landlord's Use), and of any ground lease(s), underlying leases, mortgages and deeds of trust affecting all or any portion of the Premises.

37. Brokerage. Each Party represents to the other Party that it has not dealt with any broker(s), finder(s) or agent(s) in connection with this Lease and that no other broker, finder, agent or other person on its behalf negotiated this Lease or is entitled to a commission, fee or other compensation in connection herewith. Each Party hereby indemnifies, defends, protects and holds the other Party harmless from and against any and all claims, demands, losses, liabilities, lawsuits, judgments, costs and expenses with respect to any leasing commission or equivalent compensation alleged to be owing on account of the indemnifying Party's dealings with any real estate broker or agent.

38. No Waiver. No delay or omission in the exercise of any right or remedy of Landlord on any Tenant's Default shall impair such a right or remedy or be construed as a waiver. The receipt and acceptance by Landlord of delinquent Rent shall not constitute a waiver of any other default. Such acceptance shall be effective only if made in writing, and such acceptance shall, in any event, constitute only a waiver of timely payment for the particular Rent payment involved. No act or conduct of Landlord, including, without limitation, the acceptance of the keys to the Premises, shall constitute an acceptance of the surrender of the Premises by Tenant before the Expiration Date or later expiration of the Term. Only a written notice from Landlord to Tenant shall constitute acceptance of the surrender of the Premises and accomplish a termination of this Lease. No covenant or condition of this Lease can be waived except by the written consent of Landlord, and forbearance or indulgence by Landlord in any regard whatsoever shall not constitute a waiver of the covenant or condition to be performed by Tenant to which the same may apply, and until complete performance by Tenant of said covenant or condition, Landlord shall be entitled to invoke any remedy available unto it under this Lease or by law, despite said forbearance or indulgence. Landlord's consent to or approval of any act by Tenant requiring Landlord's consent or approval must be in writing and such consent or approval shall not be

deemed to waive or render unnecessary Landlord's consent to or approval of any subsequent act by Tenant. Any waiver by Landlord of any default must also be in writing and shall not be a waiver of any other default concerning the same or any other provision of this Lease.

39. Notices. All notices and demands which may or are required to be given by Landlord to Tenant hereunder shall be delivered personally or sent by United States certified or registered mail, postage prepaid, addressed to Tenant at:

Sausalito Center for the Arts
750 Bridgeway
Sausalito, CA 94965
Attention: Executive Director

or to such other place as Tenant may from time to time by like notice designate. All notices and demands by Tenant to Landlord shall be sent by United States certified mail or registered mail, postage prepaid, addressed to Landlord at:

City of Sausalito
City Hall, Main Floor
420 Litho Street
Sausalito, CA 94965
Attention: City Manager

or to such other place as Landlord may from time to time by like notice designate. Either Party may change its address for notices by notice to the other Party.

40. Defined Terms and Marginal Headings. The words "Landlord" and "Tenant" as used herein shall include the plural as well as the singular. Words used in masculine gender include the feminine and neuter. If there is more than one Tenant, the obligations hereunder imposed upon Tenant shall be joint and several. The marginal headings and titles to the paragraphs of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part hereof. The word "including" shall mean "including without limitation."

41. Time and Applicable Law. Time is of the essence of this Lease and each and all of its provisions. This Lease shall in all respects be governed by the laws of the State of California, without regard to its conflict of laws principles.

42. Successors. Except as otherwise provided herein, the covenants and conditions herein contained shall be binding upon and inure to the benefit of the heirs, successors, executors, administrators and assigns of the parties hereto.

43. Authority. If Tenant is a corporation, partnership, trust, association or other entity, Tenant and each person executing this Lease on behalf of Tenant does hereby covenant and warrant that (i) Tenant is duly incorporated or otherwise established or formed and validly existing under the laws of its state of incorporation, establishment or formation, (ii) Tenant has and is duly qualified to do business in California, (iii) Tenant has full corporate, partnership,

trust, association or other power and authority to enter into this Lease and to perform all of Tenant's obligations hereunder, and (iv) each person (and all of the persons if more than one signs) signing this Lease on behalf of Tenant is duly and validly authorized to do so.

44. Signage. Landlord hereby gives Tenant approval to name the Building "Sausalito Center for the Arts" ("Name of Center"), provided, however, that Tenant agrees that Landlord may also allow the Rooftop Tenant to place its name on the Building. Notwithstanding the foregoing sentence, no signage shall be permitted on the exterior of the Building or the windows of the Building or Premises without Landlord's express advance written approval in its reasonable discretion. If Tenant fails to remove any signage or plaques upon termination or expiration of this Lease, or any earlier termination of rights provided in this paragraph, then Landlord may perform such removal and restoration of all affected areas, and Tenant shall immediately reimburse Landlord for all costs and expenses associated therewith. Tenant shall be solely responsible for obtaining all necessary approvals (including any necessary governmental approvals pursuant to Laws and Orders) for all such signage or plaques, and all costs related to the design, installation, maintenance and repair, and, upon expiration or earlier termination of the Lease or of termination as provided in this paragraph of Tenant's rights to any such signage or plaques, removal and restoration of affected areas, shall be borne solely by Tenant. Tenant shall submit to Landlord detailed plans and specifications for all signage or plaques, and any and all signage or plaques shall be subject to Landlord's express advance written approval in its reasonable discretion, including, without limitation, form, content, size, placement, materials and color.

45. Entire Agreement. Tenant expressly acknowledges that it has not entered into this Lease in reliance on any representations, warranty, agreement or understanding, either oral or written, which is not specifically set forth herein. This Lease is and shall be considered to be the entire and only agreement between the parties hereto. All negotiations and oral agreements acceptable to both parties have been merged into and have been included herein. This Lease shall not be modified by any oral agreement, either express or implied, and all modifications hereof shall be in writing and signed by both Landlord and Tenant.

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

47. No Offer. Submission of this instrument for examination or signature by Tenant does not constitute a reservation of or option for lease and it is not effective as a lease or otherwise until execution and delivery by both Landlord and Tenant.

48. Counting Days. Days shall be counted by excluding the first day and including the last day. If the last day is a Saturday, Sunday, or a legal holiday, it shall be excluded. Any act required by this Lease to be performed by a certain day shall be timely performed if completed before 5:00 p.m. local time on that date. If the day for performance of any obligation under this

Lease is a Saturday, Sunday, or a legal holiday, the time for performance of that obligation shall be extended to 5:00 p.m. local time on the first following date that is not a Saturday, Sunday, or a legal holiday.

49. Venue. The Parties consent to exclusive personal and subject matter jurisdiction in the Marin County Superior Court.

50. Counterparts; Electronic Signature. This Lease may be executed by the Parties in counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument. This Lease may be executed electronically by DocuSign®, which shall have the same force and effect as an original signature.

[Signatures Next Page]

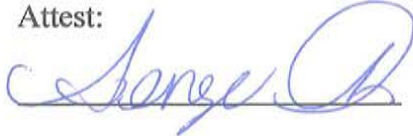
IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease as of the Effective Date.

LANDLORD:

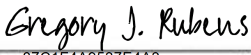
CITY OF SAUSALITO,
a municipal corporation

By: 
Chris Zapata, City Manager

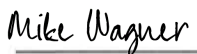
Attest:



Approved as to Form:

DocuSigned by:

87C1F4A9537E4A3...
Gregory Rubens, City Attorney

Approved as to Substance:

DocuSigned by:

BE85DC3CB004AA...
Michael Wagner,
Contract Real Estate Manager

TENANT:

SAUSALITO CENTER FOR THE ARTS,
a California nonprofit corporation


DocuSigned by:
By: 
2B170A177927451...
Kathrin Sears, Secretary

EXHIBIT A

LEGAL DESCRIPTION OF PREMISES

Being that property situated in the City of Sausalito, Marin County, California, and described as follows:

Parcel 1:

BEGINNING at a point on the Southwesterly line of Humboldt Street, distant thereon South 56° 00' East 140.0 feet from its intersection with the Southeasterly line of "B" Street, City of Sausalito, running thence along said Humboldt Street line South 56° 00' East 60.0 feet; thence leaving said line South 34° 00' West 80.0 feet; thence North 56° 00' West 60.0 feet and North 34° 00' East 80.0 feet to the point of beginning.

BEING A portion of Block 4, Map #7 of the State Tideland Commission, filed June 1, 1872 in Book 1 of Maps at page 32, Marin County Records.

Excepting therefrom all oil, gas, minerals and provisions for extracting same as reserved in deed from Northwestern Pacific Railroad Company, a corporation, to Robert C. Rose and Amy W. Rose, his wife, recorded March 4, 1955 under Recorders Serial No. 5189, Official Records.

Parcel 2:

A NON-EXCLUSIVE easement for a walkway for pedestrian use, fifteen feet (15') in width and sixty feet (60') in length, adjacent to and contiguous with and southwesterly of the southwesterly line of that certain parcel of real property more particularly described in the deed of Robert C. Rose and Amy W. Rose, his wife, to Bank of America National Trust and Savings Association, a national banking association, dated March 29, 1955 and recorded March 30, 1955 in Volume 931 at page 415, Official Records, County of Marin, State of California.

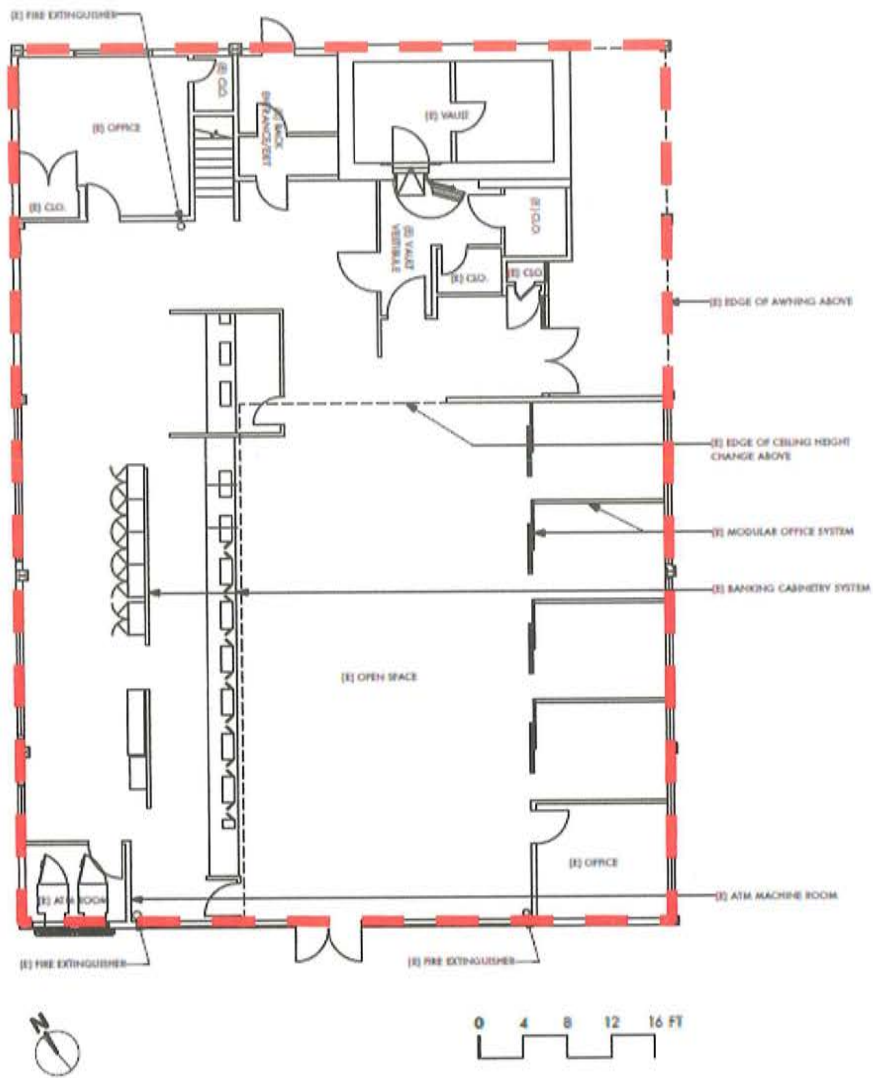
Said easement was recorded January 25, 1956 in Book 1002, Page 22, Official Records, County of Marin, State of California.

Exhibit A

EXHIBIT A-1

DEPICTION OF PORTION OF BUILDING COMPRISING PREMISES

**Depiction of First Floor Portion of Premises
Premises Outlined in Dashed Red Line
(Improvements shown are the responsibility of Tenant)**



SAUSALITO CENTER FOR THE ARTS
EXISTING FLOOR PLAN
08-25-22

Exhibit A-1

EXHIBIT B

CRITICAL AREA
(shown in yellow)



Exhibit B

EXHIBIT C

LANDLORD'S IMPROVEMENTS

Landlord shall be responsible for: (i) changing all locks for the Premises and (ii) disabling the safe lock so that it cannot be locked. All such work shall be completed within thirty (30) days of the Commencement Date.

Exhibit C

EXHIBIT D

FORM OF ACKNOWLEDGEMENT OF COMMENCEMENT DATE

- 1.1 Landlord: CITY OF SAUSALITO, a municipal corporation
- 1.2 Tenant: SAUSALITO CENTER FOR THE ARTS, a California non-profit public benefit corporation
- 1.3 Premises:
- 1.4 Date of Acceptance: _____

The above terms are incorporated into this Acknowledgment of Commencement Date as indicated above and referenced herein.

This Acknowledgment of Commencement Date is made with reference to that certain Absolute Triple-Net Lease between the party designated in Section 1.1 ("Landlord") and the party designated in Section 1.2 ("Tenant"). Tenant certifies to Landlord the following:

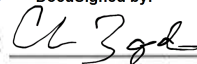
- 2.1 Tenant accepted possession of the Premises on the date set forth in Section 1.4.
- 2.2 All conditions to the Commencement Date (as that term is defined in the Lease) have been satisfied.
- 2.3 Landlord and Tenant acknowledge and agree that the Commencement Date shall be the date set forth in Section 1.4 hereof.
- 2.4 There are no existing defenses or offsets which Tenant has against the enforcement of the Lease by Landlord and no offsets or credits against rental amounts.
- 2.5 The undersigned Tenant has not made any prior assignment, hypothecation, or pledge of said Lease or the rents thereunder.

Exhibit D

[Signature Page Follows]

LANDLORD:

CITY OF SAUSALITO,
a municipal corporation

DocuSigned by:
By: 
75CB1AA4D99E424
Chris Zapata, City Manager

Attest:



Approved as to Form:

DocuSigned by:

Gregory J. Rubens
87C1F4A8537E4A3
Gregory J. Rubens, City Attorney

Approved as to Substance:

DocuSigned by:

Mike Wagner
BE85DC36FCB01AA
Michael Wagner,
Contract Real Estate Manager

TENANT:

SAUSALITO CENTER FOR THE ARTS,
a California nonprofit corporation


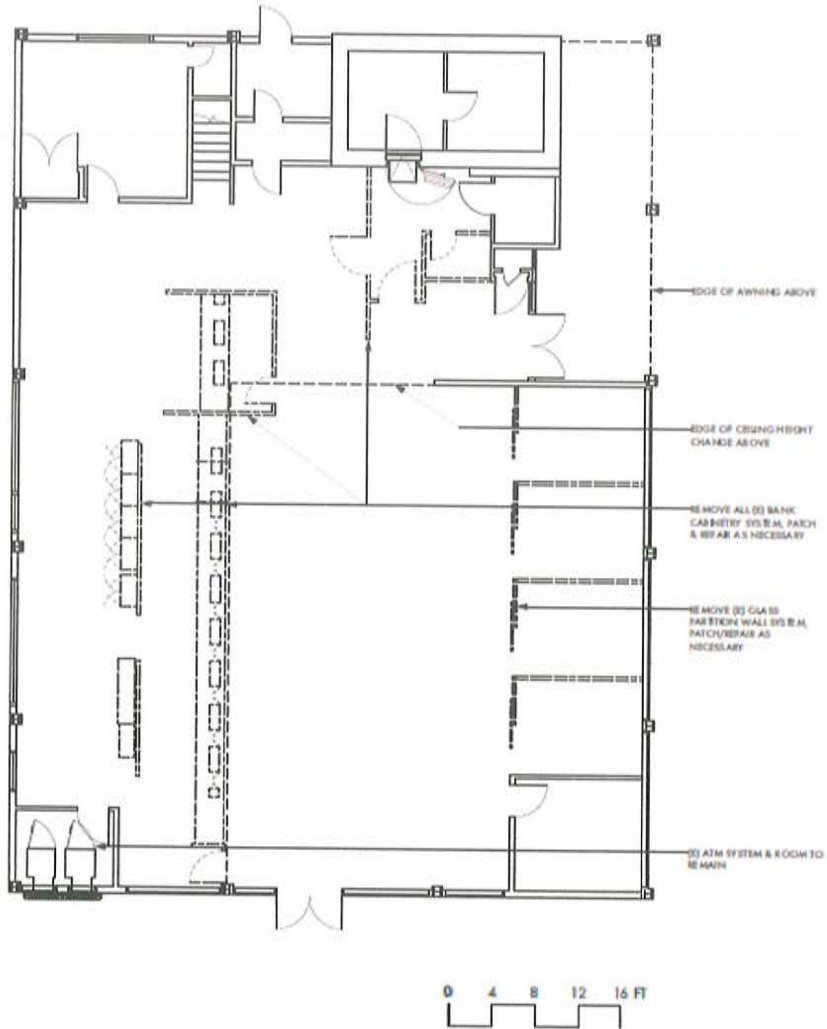
By: 
Kathrin Sears, Secretary

EXHIBIT E

Phase 1 of TI Project



SAUSALITO CENTER FOR THE ARTS
PHASE 1 DEMOLITION PLAN
05-13-22

Exhibit E

-END OF LEASE-

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