

Security Pacific Plaza

ADDENDUM TO LEASE

This Addendum to Lease ("Addendum") is made to the Lease dated as of October 21, 1991 ("Lease"), by and between Pacific Southwest Realty Company, a Delaware corporation ("Landlord") and The City of San Diego, a Municipal corporation ("Tenant").

Landlord and Tenant hereby agree that notwithstanding anything contained in the Lease to the contrary, the provisions set forth below shall be deemed to be a part of the Lease and shall supersede, to the extent appropriate, any contrary provision in the Lease. All references in the Lease and in this Addendum to "Lease" shall be construed to mean the Lease as amended and supplemented by this Addendum. All capitalized terms used in this Addendum unless specifically defined in this Addendum shall have the same meaning as the terms used in the Lease.

IN GENERAL

1 Non-Disturbance Agreement. Landlord agrees that it will provide Tenant, within ninety (90) days of the execution of the Lease, with non-disturbance agreements in favor of Tenant from any ground lessors, Mortgagees or lien holders then in existence. Landlord also agrees to provide Tenant with commercially reasonable non-disturbance agreements in favor of Tenant from any ground lessors, Mortgagees or lien holders who later come into existence at any time during the Term of the Lease in consideration of, and as a condition precedent to, Tenant's agreement to be bound by the subordination provisions of the Lease. All such agreements, if obtained, shall provide, at a minimum, that as long as Tenant is not in default of the provisions of this Lease, this Lease shall remain in effect, notwithstanding a judicial foreclosure or sale in lieu of foreclosure. If Landlord fails to obtain any non-disturbance agreement in favor of Tenant from any ground lessors, Mortgagees or lienholders in existence as of the execution and delivery of this Lease within the ninety (90) day period set forth above, then Landlord must agree to indemnify and hold Tenant harmless from any damages (including without limitation attorneys' fees) which Tenant may suffer as a result of Landlord's failure to obtain any such non-disturbance agreement. A copy of the Non-Disturbance Agreement which Landlord will provide to Tenant concurrently with the execution of the Lease is attached to the Lease as Exhibit H.

2 Operating Expense Exclusions. Notwithstanding anything to the contrary in the definition of Operating Expenses in the Lease, Operating Expenses shall not include the items listed below as "Excluded Items", except to the extent specifically permitted below. In the event of a conflict between the provisions of this Addendum and those of the Lease, this Addendum shall control.

Excluded Items. The following "Excluded Items" shall be excluded from Operating Expenses:

- (1) Ground Lease Rent. Any ground lease rental;
- (2) Costs of Capital Repairs and Alterations. Costs of capital repairs, alterations, improvements and equipment except for those expressly included in the definition of Operating Expenses set forth in Section 1.16 of the Lease;
- (3) Rental of Capital Items. Rental for items (except when needed in connection with normal repairs and maintenance of permanent systems) which if purchased, rather than rented, would

constitute a capital improvement which is specifically excluded in Subsection (2) above (excluding, however, equipment not affixed to the Building which is used in providing janitorial or similar services);

(4) Costs of Repairs Covered by Insurance. Costs incurred by Landlord for the repair of damage to the Building, to the extent that Landlord is reimbursed by insurance proceeds;

(5) Tenant Decorating Costs. Costs, including permit, license and inspection costs, incurred with respect to the installation of tenant or other occupant improvements made for tenants or other occupants in the Building or Project or incurred in renovating or otherwise improving, decorating, painting or redecorating vacant space for tenants or other occupants of the Building or Project;

(6) Marketing Costs. Marketing costs including leasing commissions, attorneys' fees in connection with the negotiation and preparation of letters, deal memos, letters of intent, leases, subleases and/or assignments, space planning costs, and other costs and expenses incurred in connection with lease, sublease and/or assignment negotiations and transactions with present or prospective tenants or other occupants of the Building or Project;

(7) Intentionally Omitted.

(8) Intentionally Omitted.

(9) Exclusive Services to Tenants. Expenses in connection with services or other benefits which are not offered to Tenant or for which Tenant is charged directly, but which are provided to another tenant or occupant of the Building or Project the cost of which is included as an Operating Expense;

(10) Costs of Lease Violations. Costs incurred by Landlord due to the violation by Landlord or any tenant of the terms and conditions of any lease of space in the Building or Project;

(11) Profit on Related Party Transactions. Overhead and profit increment paid to Landlord or to subsidiaries or affiliates of Landlord for goods and/or services in the Building or Project, to the extent the same exceeds the costs of such goods and/or services rendered by unaffiliated third parties on a competitive basis;

(12) Loan Costs. Interest, principal, points and fees on debts or amortization on any Mortgage or Mortgages or any other debt instrument now or hereafter encumbering the Building or the Project;

(13) Landlord's Overhead. Landlord's general corporate overhead and general and administrative expenses;

(14) Compensation Paid to Employees of Concessionaires. Any compensation paid to clerks, attendants or other persons in commercial concessions operated by Landlord or in the parking garage of the Building or Project or wherever Tenant is granted its parking privileges and/or all fees paid to any parking facility operator (on or off site); provided, however, if Landlord provides such parking free of charge to Tenant, those expenses may be included as Operating Expenses;

(15) Leasing Building System Equipment. Except for making repairs or keeping permanent systems in operation while repairs are being made, rentals and other related expenses incurred in leasing air conditioning systems, elevators or other equipment ordinarily considered to be of a capital nature, except equipment not affixed to the Building which is used in providing janitorial or similar services;

(16) Advertising Expenses. Advertising and promotional expenditures, and costs of signs in or on the Building or Project identifying the owner of the Building or other tenants' signs;

(17) Direct Contract Electricity. Electric power costs for which any tenant directly contracts with the local public service company; provided, however, that the cost of Building Standard electricity for any such space shall be included in the gross-up of the Operating Expenses for the applicable calendar year including the Base Year;

(18) Costs of Certain Business Operations. Services provided, taxes attributable to, and costs incurred in connection with the operation of the retail, restaurant, and garage operations in the Building or Project, and any replacement garages or parking facilities and any shuttle services;

(19) Costs to Comply with Pre-Existing Building Codes. Costs incurred in connection with upgrading the Building to comply with handicap, life, fire and safety codes in effect prior to the execution and delivery of this Lease or with the provisions of Title III of the Americans With Disabilities Act of 1990;

(20) Normally Excluded Expenses. Except to the extent any such expense is expressly set forth in the definition of Operating Expenses set forth in Section 1.16 of the Lease, any other expenses which, in accordance with generally accepted accounting and management principles, consistently applied, would not normally be treated as operating expenses by landlords of comparable Class A Buildings;

(21) Tax Penalties. Tax penalties incurred as a result of Landlord's negligence, inability or unwillingness to make payments and/or file any Property Taxes, income tax or informational returns when due;

(22) Payment of Assessments and Premiums in Installments. All assessments and premiums which are not specifically charged to Tenant because of what Tenant has done, which can be paid by Landlord in installments, shall be deemed to be paid by Landlord in the maximum number of installments permitted by law and not included as Operating Expenses except in the year in which the assessment or premium installment is deemed to be paid; provided, however, that if the prevailing practice in other comparable Class A Buildings is to pay such assessments or premiums on an earlier basis, and Landlord pays on such basis, such assessments or premiums shall be included in Operating Expenses as paid by Landlord; in no event, however, shall Landlord include any accrued interest (resulting from such assessments or premiums) in its computation of Operating Expenses;

(23) Reassessments Upon a Change in Ownership. Any increase of, or reassessment in, Property Taxes resulting from a sale, transfer, or other change in ownership of the Building or Project during the initial ten (10) year Term;

(24) Cost Savings Limit on Cost of Capital Improvements. Costs for capital improvements to reduce Operating Expenses in excess of the amount reasonably anticipated to constitute cost savings;

(25) Intentionally Omitted

(26) No Double Dipping. Costs for which Landlord has been compensated by a management fee;

(27) Cost Due to Negligence in Construction. Costs arising from the negligence or fault of Landlord or its agents, or any vendors, contractors, or providers of materials or

services selected, hired or engaged by Landlord or its agents including, without limitation, the selection of building materials;

(28) Costs of Abating Hazardous Materials.

Notwithstanding any contrary provision of this Lease, including, without limitation, any provision relating to, capital expenditures, costs arising from the presence of Hazardous Materials in or about the Building or Project including, without limitation, hazardous substances in the ground water or soil, not placed in the Premises or Building by Tenant; provided, however, that this particular exclusion shall apply only with respect to those materials which were deemed to be and were regarded as and classified as "Hazardous Materials" on or before the later of (i) the date of their introduction into the Project or (ii) the date of execution of this Lease and in the case of those materials which are included in the definition of Hazardous Materials set forth in Section 4.6 of the Lease as of the execution of this Lease whose exclusion or removal was mandated prior to such time;

(29) Costs Due to Negligence of Others. Costs arising from Landlord's or another tenant's negligence or intentional acts;

(30) Landlord Contributions. Costs arising from Landlord's charitable or political contributions;

(31) Earthquake Insurance. Costs arising from earthquake insurance; provided, however, that to the extent earthquake insurance was included in the Operating Expenses for the Base Year, the cost of such coverage and any subsequent increases thereto shall be included in Operating Expenses;

(32) Latent Defects. Costs arising from latent defects in the base, shell, or core of the Building or improvements installed by Landlord or repair thereof;

(33) Artwork. Costs for acquiring sculpture, paintings or other objects of art;

(34) Litigation Costs. Costs (including in connection therewith all attorneys' fees and costs of settlement, judgments and payments in lieu thereof) arising from claims, disputes or potential disputes in connection with potential or actual claims litigation or arbitrations pertaining to Landlord and/or the Building and/or the Project;

(35) Landlord's Business Expenses. Costs associated with the operation of the business of the partnership or entity which constitute Landlord as the same is distinguished from the costs of operation of the Building, including partnership accounting and legal matters, costs of defending any lawsuits with any Mortgagee (except as the actions of Tenant may be in issue), costs of selling, syndicating, financing, mortgaging or hypothecating any of Landlord's interest in the Building, costs of any disputes between Landlord and its employees (if any) not engaged in Building operation, disputes of Landlord with Building management, or outside fees paid in connection with disputes with other tenants; and

(36) Tenant Improvement Taxes. Taxes and assessments attributable to the tenant improvements of tenants other than Tenant if such taxes or assessments relate to, or are attributable to, improvements that are above or over the Building's building standard improvements as such may be adjusted from time to time or the property of tenants other than Tenant if such taxes or assessments are separately paid by any such tenants or separately billed by the applicable taxing authority.

Landlord further agrees that since one of the purposes of Operating Expenses and the gross up provision is to allow

Landlord to require Tenant to pay for the expenses attributable to the Premises, Landlord agrees that (i) Landlord will not collect or be entitled to collect Operating Expenses from all of its tenants in an amount which is in excess of 100% of the Operating Expenses actually paid by Landlord in connection with operation of the Project and (ii) Landlord shall make no profit from Landlord's collection of Operating Expenses.

BASIC LEASE PROVISIONS

3 Premises. The following is deemed added to Section 5 of the Basic Lease Provisions:

All of the space to be occupied by Tenant pursuant to this Lease (including without limitation the Initial Premises and all Expansion Space) which shall (except for any Additional Space which Tenant may lease pursuant to the First Right to Lease set forth in Section 2.5 of the Lease which is found in Addendum Provision 7) be located on the floors and in the square footage as designated on Schedule 1 attached to this Addendum and incorporated herein by this reference. Subject to the provisions of Article 42 of the Lease (which is found in Addendum Provision 13), Tenant shall initially occupy as of the Commencement Date, and pay rent on, not less than 100,000 square feet of Rentable Area ("Initial Premises"). The exact number of square feet of Rentable Area (subject, however, to the requirement that such Rentable Area must be at least 100,000 square feet) in the Initial Premises and the exact location thereof shall be determined by Tenant on or before November 8, 1991 and shall be subject to Landlord's approval thereof, which approval shall not be unreasonably withheld, conditioned or delayed. If Tenant wishes to include more than 100,000 square feet in the Initial Premises, then the dates on which Tenant will occupy any such space in excess of the Initial Premises as designated by Tenant pursuant to the preceding sentence shall be determined by Tenant and Tenant shall advise Landlord in writing of such determination and the exact location thereof (subject to Landlord's approval thereof which shall not be unreasonably withheld, conditioned or delayed) within ninety (90) days following the date of this Lease; provided, however, that Landlord shall not be obligated to provide more than 160,000 square feet as the Initial Premises. Landlord acknowledges that the total amount of space ultimately occupied by Tenant may be less than the 207,001 square feet of Rentable Area described in Schedule 1 hereto depending upon space planning, "must take" space (i.e., future availability accommodating departments of Tenant which are vacating other buildings), and expansion options but in no event shall the Initial Premises be less than 100,000 square feet of Rentable Area. All of such space shall be leased directly from Pacific Southwest Realty Company unless Pacific Southwest Realty Company cannot satisfy Tenant's space requirements, in which case Security Pacific National Bank will sublet such space to Tenant on the terms and conditions provided for herein.

4 Term. The following provision is deemed added to Section 6 of the Basic Lease Provisions:

Renewal Option. Provided that at the commencement of each Renewal Term (hereinafter defined), there is no continuing and uncured default in existence under this Lease by Tenant and provided further Tenant has not assigned the Lease or sublet more than fifty percent (50%) of the Premises other than to an Affiliate, Tenant shall have the option to renew (the "Renewal Option") this Lease for two (2) additional terms of five (5) years each (each such additional term hereinafter referred to as a "Renewal Term"). To exercise the Renewal Option, Tenant must deliver written notice of exercise ("Exercise Notice") to Landlord not less than six (6) months prior to (i) the date of expiration of the initial Term in the case of the first Renewal Option and (ii) the date of expiration of the first Renewal Term in the case of the second Renewal Option. During each Renewal Term, all of the terms and provisions of this Lease shall apply, except that, (i) after the second Renewal Term, there shall be no

further right of renewal, (ii) the Base Monthly Rent payable during each Renewal Term shall be determined in accordance with the following provisions and (iii) the Base Year shall be modified to reflect the Base Year that is applicable to the Market Rental Rate determined for such Renewal Term pursuant to the provisions hereof.

Base Monthly Rent shall be payable during the Renewal Term in accordance with Section 3.1 of this Lease, except that the amount of Base Monthly Rent payable for each month of the Renewal Term shall be equal to one-twelfth (1/12) of that amount determined by multiplying the Rentable Area of the Premises by ninety percent (90%) of the "Market Rental Rate" for the Premises at the commencement of the applicable Renewal Term. The "Market Rental Rate" shall mean the fully serviced effective rental rate, on a rentable square foot per year basis, that will yield to Landlord (and then being obtained by landlords of comparable Class A Buildings) over the term in question, the net number of dollars that Landlord and such landlords would earn if Landlord were to put the premises in question in its then existing condition (or comparable space in comparable Class A Buildings) on the market for lease to a new tenant or tenants, assuming a new tenant or tenants with attributes similar to Tenant. It is agreed by Tenant that in determining the Market Rental Rate, all typical concessions and expenses shall be considered, including but not limited to, refurbishment allowances, tenant improvements and rental abatements but shall exclude existing infrastructure building standard improvements already in place. If, in connection with the exercise of any First Right to Lease pursuant to Section 2.5 of the Lease (which is found in Addendum Provision 7), Additional Space is added to the Premises demised hereunder during any of the Renewal Terms, then to the extent that Tenant would receive, pursuant to the definition of Market Rental Rate set forth above, a greater Tenant Improvement Allowance, moving and space planning allowance and other economic concessions in connection with the installation of the initial Tenant Improvements (the "Market TI Package"), then Tenant is entitled to receive under Section 2.5 of this Lease for such Additional Space (the "Lease TI Package"), then, upon the addition of any such Additional Space to the Premises demised hereunder, Tenant will receive an additional cash allowance equal to the difference between the Market TI Package and the Lease TI Package. Similarly, in the event that with respect to any such Additional Space the Lease TI Package is greater than the Market TI Package, then the Base Monthly Rent for such Additional Space shall be increased to reflect the difference between the two TI Packages. Under no circumstances shall Tenant receive both a credit in setting the Market Rental Rate and also the Lease TI Package.

Landlord and Tenant shall have sixty (60) days after Landlord's receipt of Tenant's Exercise Notice (the "Negotiating Period") within which to negotiate a Market Rental Rate for the then applicable Renewal Term acceptable to both Landlord and Tenant; provided, however, that in no event shall the Negotiating Period commence prior to the beginning of the ninth month prior to the date of expiration of the initial Term or the first Renewal Term, as the case may be.

If no agreement can be reached as to the Market Rental Rate within the Negotiating Period, then, within seven (7) days after the Negotiating Period expires, Tenant and Landlord shall mutually appoint a certified M.A.I. appraiser qualified and knowledgeable in the leasing of high-rise office space in downtown San Diego and who is on Tenant's approved list of appraisers. Concurrently with the appointment of the appraiser, Tenant shall submit to the appraiser a written determination of the then Market Rental Rate as determined by Tenant using the criteria set forth above ("Tenant's Determination") and Landlord shall submit to the appraiser a written determination of the then Market Rental Rate as determined by Landlord using the criteria set forth above ("Landlord's Determination"). If Landlord and

Tenant are unable to agree on an appraiser, either of the parties to this Lease, after giving five (5) days prior written notice to the other party, may apply to the then presiding judge of the San Diego Superior Court for the selection of an appraiser who meets the foregoing qualifications, which selection shall be made within three (3) days. The appraiser shall, within ten (10) days of his appointment, review Landlord's Determination and Tenant's Determination of the Market Rental Rate and such other information as he shall deem necessary and shall determine which of the two is closer to the actual Market Rental Rate. The appraiser shall be instructed, in deciding whether Landlord's Determination or Tenant's Determination of the Market Rental Rate is closer to the actual Market Rental Rate, to use the criteria as to Market Rental Rate set forth above. The appraiser shall not establish his or her own Market Rental Rate, and must select either Landlord's or Tenant's Determination and shall immediately notify the parties of his or her selection. The Market Rental Rate determined by Landlord or Tenant and selected as the one closer to the actual Market Rental Rate by the appraiser shall be the Market Rental Rate used to determine the Base Monthly Rent payable for each month of the Renewal Term. Each of the parties shall bear one-half the cost of the appraiser.

If the Market Rental Rate shall not have been determined by the commencement of the Renewal Term, Tenant shall continue to pay the Base Monthly Rent payable as of the month immediately preceding such commencement until the Market Rental Rate is established at which time there shall be an adjustment between the parties so that the Base Monthly Rent established for the Renewal Term using the Market Rental Rate shall be retroactive to the commencement of the Renewal Term.

5 Base Monthly Rent. The following is deemed added to Section 8 of the Basic Lease Provisions:

Subject to the provisions of Article 42 of the Lease (which is found in Addendum Provision 13), the Base Monthly Rent for all space occupied by Tenant in the Building pursuant to this Lease (except for storage space) shall be at the rate of \$1.35 per square foot of Rentable Area, "fully serviced". The Base Monthly Rent shall not be increased during the initial Term.

ARTICLE 2 - LEASE OF PREMISES

6 The following provisions are deemed added to Article 2 of the Lease as Sections 2.4, 2.5, 2.6 and 2.7 respectively:

2.4 Options to Expand. Provided there is no continuing and uncured default by Tenant under this Lease and provided further Tenant has not assigned this Lease or sublet more than fifty percent (50%) of the Premises other than to an Affiliate, during each Lease Year during the initial Term of the Lease, Tenant shall have one unilateral option ("Expansion Option") to lease additional space in the Building consisting of approximately three percent (3%) (plus or minus, at Landlord's discretion, 15%) of the Rentable Area of the Premises then occupied by Tenant in the Building. By way of illustration, if in any Lease Year, Tenant is occupying 100,000 square feet in the Building, then Tenant may, during that Lease Year, exercise one option to add approximately 3,000 square feet (plus or minus, at Landlord's discretion, 15%), which means the space designated by Landlord may be as small as 2,550 square feet or as large as 3,450 square feet. All such space (each an "Expansion Space") shall be at a location within the Building designated by Landlord. Landlord shall use reasonable efforts to provide such space contiguous to Tenant's existing space. The term for each Expansion Space shall commence upon the earlier of (i) the first business day of the week following the date which is thirty (30) days after the earlier of (x) the date Landlord delivers to Tenant a factually correct written notice stating that the applicable Expansion Space is Substantially Complete (as defined in the Tenant Improvement Agreement) and (y) the date Landlord delivers to

Tenant a factually correct written notice stating that the applicable Expansion Space would have been Substantially Complete, except for Tenant Delays (as defined in the Tenant Improvement Agreement) or (ii) the date on which Tenant first commences business operations from any such Expansion Space (any such determination of the Commencement Date for any Expansion Space shall be made on the same terms and conditions and in accordance with the same procedures as are provided for the Initial Premises in the Tenant Improvement Agreement attached hereto as Exhibit "G") and shall end contemporaneously with the expiration of the Term (as the same may be extended). All terms and conditions of the Lease will apply to any Expansion Space, including, without limitation, the Base Monthly Rent set forth in Section 8 of the Basic Lease Provisions and the Base Year set forth in Section 19 of the Basic Lease Provisions.

2.4.1 Notice. Tenant shall provide Landlord with at least six (6) months prior written notice ("Expansion Notice") of Tenant's election to exercise any Expansion Option provided for herein. The failure of Tenant to exercise an Expansion Option in any one Lease Year shall not preclude Tenant from exercising any subsequent Expansion Option(s) and Landlord may then lease such space on which Tenant has not exercised its Expansion Option to a third party.

2.4.2 Delivery and Improvement of Expansion Space. Landlord shall have twelve (12) months from receipt of any Expansion Notice to deliver the applicable Expansion Space to Tenant. All Expansion Space to be occupied by Tenant shall be sprinklered by Landlord at Landlord's sole cost and expense. The Tenant Improvement Allowance for all Expansion Space shall be a prorated portion (prorated on a straight line basis) of the Tenant Improvement Allowance for the Initial Premises (\$25.00 per square foot of Modified Rentable Area for all floors which Tenant occupies in their entirety and \$25.00 per square foot of Usable Area on partially occupied floors). For purposes of this Lease the term "Modified Rentable Area" means all Usable Area plus the area of the elevator lobbies, corridors and fire vestibules. Landlord will use reasonable diligence to make each Expansion Space available to Tenant as soon after Landlord's receipt of the Expansion Notice as possible.

2.4.3 Expansion Space Rent. The Base Monthly Rent for each Expansion Space shall be in the same amount (\$1.35 per square foot of Rentable Area) as the then current Base Monthly Rent applicable to the Initial Premises in the Building occupied by Tenant pursuant to this Lease. In addition to the Base Monthly Rent payable for each Expansion Space, Tenant shall also pay Tenant's Percentage Share of Operating Expenses applicable to such Expansion Space based on the same Base Year (calendar year 1992) as the then current Base Year applicable to the Initial Premises determined as if such Expansion Space was occupied from the initial commencement of the Term. For purposes of illustration only, if Tenant occupies Expansion Space on the commencement of the fourth (4th) Lease Year, and at that time Tenant's Percentage Share of Operating Expenses over and above the Base Year Operating Expenses is \$0.20 per square foot of Rentable Area, then in addition to the \$1.35 per square foot Base Monthly Rent for the Expansion Space, Tenant shall also pay \$0.20 per square foot of Rentable Area for the Expansion Space as part of Tenant's Percentage Share of Operating Expenses.

2.4.5 Documentation of Expansions. Upon the exercise of any Expansion Option by Tenant, Landlord and Tenant shall enter into a written agreement that the applicable space is a part of the Premises under this Lease and containing other appropriate provisions relating to the addition of such space to this Lease (including specifically any increase or adjustment of Rent and Tenant's Percentage Share of Operating Expenses).

2.5 First Right to Lease. Provided there is no continuing and uncured default by Tenant under this Lease and provided

further Tenant has not assigned this Lease or sublet more than fifty percent (50%) of the Premises other than to an Affiliate, Tenant shall have a continuing first right to lease ("First Right To Lease") any additional space ("Additional Space") in the Building as it becomes available from time to time during the initial Term and any extension thereof, subject at all times to any rights of extension or expansion contained in their existing leases. Such availability shall be determined by Landlord's review of existing lease termination dates and all subsequently negotiated interim leases and Landlord shall provide Tenant with at least six (6) months prior written notice of such availability. Tenant shall have thirty (30) calendar days from receipt of such notice within which to notify Landlord of its election to either (i) lease the Additional Space on the terms and conditions hereinafter set forth or (ii) decline to lease the Additional Space. The term for each Additional Space shall commence upon the earlier of (i) the first business day of the week following the date which is thirty (30) days after the earlier of (x) the date Landlord delivers to Tenant a factually correct written notice stating that the applicable Additional Space is Substantially Complete (as defined in the Tenant Improvement Agreement and (y) the date on which the applicable Additional Space would have been Substantially Complete, except for Tenant Delays (as defined in the Tenant Improvement Agreement) or (ii) the date on which Tenant first commences business operations from any such Additional Space (any such determination of the Commencement Date for any Additional Space shall be made on the same terms and conditions and in accordance with the same procedures as are provided for the Initial Premises in the Tenant Improvement Agreement attached hereto as Exhibit "G") and shall end contemporaneously with the expiration of the Term (as the same may be extended). All terms and conditions of the Lease will apply to any Additional Space, including, without limitation, the Base Monthly Rent set forth in Section 8 of the Basic Lease Provisions and the Base Year set forth in Section 19 of the Basic Lease Provisions. In the event Tenant shall elect not to lease the Additional Space as set forth herein, Landlord shall have the right, during the twelve (12) month period following the date Tenant shall elect not to lease the Additional Space, to lease the Additional Space to a third (3rd) party on any terms and conditions.

2.5.2 Delivery and Improvement of Additional Space.

If Tenant desires to lease the Additional Space, Landlord shall have twelve (12) months from receipt of such notice from Tenant to deliver the applicable Additional Space to Tenant. All Additional Space to be occupied by Tenant shall be sprinklered by Landlord at Landlord's sole cost and expense. The Tenant Improvement Allowance for all Additional Space shall be a prorated portion (prorated on a straight line basis) of the Tenant Improvement Allowance for the Initial Premises (\$25.00 per square foot of Modified Rentable Area for floors which Tenant occupies in their entirety and \$25.00 per square foot of Usable Area on partially occupied floors). Landlord will use reasonable diligence to make each Additional Space available to Tenant as soon as possible after Landlord's receipt of Tenant's notice of election to lease such Additional Space.

2.5.3 Additional Space Rent. The Base Monthly Rent for each Additional Space shall be in the same amount as the then current Base Monthly Rent applicable to the Initial Premises in the Building occupied by Tenant pursuant to this Lease. In addition to the Base Monthly Rent payable for each Space, Tenant shall also pay Tenant's Percentage Share of Operating Expenses applicable to such Additional Space based on the same Base Year (e.g. calendar year 1992 for the initial Term) as the then current Base Year applicable to the Initial Premises determined as if such Additional Space was occupied from the initial commencement of the initial Term or any Renewal Term, as the case may be. For purposes of illustration only, if Tenant occupies Additional Space on the commencement of the fourth (4th) Lease Year, and at that time Tenant's Percentage Share of Operating Expenses over and above the Base Year Operating Expenses is \$0.20 per square foot of Rentable Area, then in addition to the \$1.35 per square foot Base Monthly Rent for the Additional Space, Tenant shall also pay \$0.20 per square foot of Rentable Area for

the Additional Space as part of Tenant's Percentage Share of Operating Expenses.

2.5.4 Documentation. Upon the exercise of any First Right To Lease by Tenant, Landlord and Tenant shall enter into a written agreement that the applicable space is a part of the Premises under this Lease and containing other appropriate provisions relating to the addition of such space to this Lease (including specifically any increase or adjustment of Rent and Tenant's Percentage Share of Operating Expenses).

2.6 Contraction Rights. Provided there is no continuing and uncured default by Tenant under this Lease, Tenant shall have a continuing right to reduce the amount of space then occupied by Tenant in the Building (hereinafter the "Contraction Right"). The Contraction Right may be exercised by Tenant any time during the Term (including any extension thereof) provided Tenant gives Landlord at least nine (9) months prior written notice of its election to exercise such right and its determination as to how much space it wishes to delete from the Premises. If Tenant elects to exercise its Contraction Right, (i) the amount of reduction of space in any consecutive twelve (12) month period shall be limited to ten percent (10%) (on a non-cumulative basis) of the total Rentable Area then occupied by Tenant in the Building at the time of Tenant's Notice and (ii) no such contraction shall create any units of space which, in Landlord's reasonable judgment, are not leasable units. Upon the exercise of any Contraction Right by Tenant, Landlord and Tenant shall enter into a written agreement that the applicable space is no longer a part of the Premises under this Lease and containing other appropriate provisions relating to the reduction of the space covered by this Lease (including specifically any decrease or adjustment of Rent and Tenant's Percentage Share of Operating Expenses and parking spaces). If Tenant exercises its contraction rights pursuant to this Section 2.6 with respect to any space which Tenant has occupied for less than five (5) years Tenant shall be required to pay a Termination Fee (defined below) which Fee shall be in an amount determined in accordance with Section 2.7.2.

2.7 Right to Cancel the Lease. Provided there is no continuing and uncured default by Tenant under this Lease, Tenant shall, in addition to the Contraction Right set forth in Section 2.6 above, have a continuing unilateral right to cancel this Lease for the entire Premises or any portion thereof (so long as any canceled portion (or portions) is (or are), in Landlord's reasonable judgment, a leasable unit (or leasable units)) for any reason whatsoever ("Cancellation Right") in accordance with the provisions of this Section 2.7.2 below.

2.7.1 Notice/Effective Date. If Tenant elects to exercise the Cancellation Right with respect to the entire Premises or any portion thereof then occupied by Tenant, Tenant shall provide Landlord with written notice thereof, which notice shall indicate the portion of the Premises for which the Lease is to be cancelled ("Cancellation Notice"), at least six (6) months prior to the effective date of such termination ("Termination Date") specified in the Cancellation Notice. The Termination Date for all or any portion of the Premises may be any date specified by Tenant after the expiration of the eighty-fourth (84th) month of the Term; provided however, if Tenant has exercised its Renewal Option(s) as provided herein, then the Termination Date shall be any date specified by Tenant after the expiration of the thirty-sixth (36th) month of the then applicable Renewal Term.

2.7.2 Termination Fee.

2.7.2.1 Except as provided in subparagraph 2.7.2.3 below, there shall be no early termination fee ("Termination Fee") for any portion of the Premises occupied by Tenant for five (5) years or more.

2.7.2.2 For any portion of the Premises subject to a Cancellation Notice which has been occupied for less than five (5) years, Tenant shall pay to Landlord a Termination Fee in an amount equal to (i) the unamortized portion of leasing commissions paid by Landlord applicable to the Premises in question plus (ii) the unamortized value of the Tenant Improvement Allowance made by Landlord for the Premises in question. The amortization shall be made on a five (5) year, straight line basis.

2.7.2.3 In the event Tenant utilizes the Refurbishment Allowance provided for in Article 38 of the Lease (which is found in Addendum Provision 13), and Tenant continues to occupy the Premises or portion thereof for which the Refurbishment Allowance was used for a period of two (2) years or more, then no Termination Fee shall be payable by Tenant upon cancellation of this Lease with respect to any such portion of the Premises. For any portion of the Premises subject to a Cancellation Notice for which Tenant has utilized the Refurbishment Allowance and has been occupied for less than two (2) years, Tenant shall pay to Landlord a Termination Fee in an amount equal to the unamortized value of the Refurbishment Allowance made by Landlord for the Premises in question. The amortization shall be made on a two (2) year, straight line basis.

2.7.2.4 Any Termination Fee required to be paid by Tenant hereunder shall be paid on or before the applicable Termination Date and the payment thereof shall be a condition precedent with respect to any such termination.

2.7.3 Documentation/Delivery of Premises. Upon the exercise of any Cancellation Right by Tenant, Landlord and Tenant shall enter into a written agreement that the applicable space is no longer a part of the Premises under this Lease and containing other appropriate provisions relating to the reduction of the space covered by this Lease (including specifically any decrease or adjustment of Rent, Tenant's Percentage Share of Operating Expenses and parking rights). Such agreement shall provide that Landlord and Tenant shall be relieved of all obligations under this Lease with respect to the Premises or portion thereof (as applicable) except for those accruing prior to the Termination Date and that Tenant shall no longer have any rights (other than Expansion Option rights and First Right to Lease rights) with respect to the premises relinquished. On the Termination Date, Tenant will deliver possession of the Premises to Landlord in accordance with the provisions of this Lease, as if the Termination Date were the expiration date of this Lease.

ARTICLE 3 - RENT

7 The following provision shall be deemed added to Section 3.2 of the Lease as Section 3.2.1.6:

3.2.1.6 Limitation on Operating Expense Increases. Notwithstanding anything in this Lease to the contrary, during the Term (including any extensions thereof) (i) so long as Tenant is not using utilities and services on a regular basis at times other than Business Hours, the amount of Tenant's Percentage Share of Operating Expenses shall not increase by an amount per square foot which is more than five percent (5%) per annum of the amount of Tenant's Percentage Share of Operating Expenses per square foot for the immediately preceding calendar year, on a noncumulative basis; and (ii) Tenant shall not be obligated to pay Tenant's Percentage Share of Operating Expenses, if any, during the Base Year. In addition, for so long as Proposition 13 remains in effect and is not modified, during the Term (including any extensions thereof), for the purpose of calculating Tenant's Percentage Share of Operating Expenses, Property Taxes shall not increase by more than two percent (2%) per annum (on a

noncumulative basis) over the Property Taxes for the immediately preceding calendar year.

ARTICLE 4 - USE OF PREMISES

8 The following provision is deemed added to Section 4.2.1:

In addition to the Tenant Improvements to be constructed by Landlord pursuant to the Tenant Improvement Agreement attached to this Lease as Exhibit G, Landlord shall, at Landlord's sole cost and expense and prior to Tenant's occupancy, install in the Premises (and any expansions thereto which may from time to time occur pursuant to this Lease) fully operational fire sprinkler systems in accordance with the applicable Building Code requirements. Notwithstanding the foregoing, if Tenant remains on any floors it is currently occupying in the Building, Landlord agrees that all such work will occur within twelve (12) months of the Commencement Date and after Business Hours, so as to cause no significant inconvenience to Tenant.

9 The following provision is deemed added to Section 4.5:

Notwithstanding anything in this Section 4.5 to the contrary, for those floors which Tenant occupies in their entirety, Tenant shall have the right to place its name in the elevator lobby of such floor. In addition, for those floors upon which Tenant occupies only a portion of such floors, Tenant shall have the right to place its name on the entry doors to its premises. Tenant shall also have the right to place a mutually acceptable number of names on the Building directory. Landlord agrees that no signs will be placed on the exterior of the Building which are not at least comparable to the signage placed on the exterior of other Class A Buildings, and Landlord further agrees that it will give Tenant prior notice with respect to any exterior signage placed on the Building after the Commencement Date.

10 The following provision is deemed added to Section 4.6:

Landlord's Environmental Affairs Department shall provide Tenant, at Landlord's sole cost and expense, all information reasonably requested by Tenant regarding any Hazardous Materials abatement program for the Building as well as the current Operations and Maintenance program for the Building. In addition, Landlord, at Landlord's expense, agrees to conduct an annual testing program to detect the presence of Hazardous Materials in the Building. If in connection with such testing it is determined that the presence of any Hazardous Materials exceeds the "safe" level as determined by the EPA, OSHA or other similar agency, then Landlord shall immediately notify Tenant of the same and thereafter Tenant, at Tenant's sole option may terminate and cancel this Lease if such condition is not rectified within ten (10) working days thereafter or if not rectified within such ten (10) day period, Landlord cannot give Tenant reasonable assurances that it will be rectified within sixty (60) days, it being agreed and understood that (a) Landlord shall use good faith efforts to rectify any such condition and (b) Tenant will have no obligation to pay any Rent on any portion of the Premises that it is forced to vacate due to any such determination and that such abatement shall commence upon the first day of any such forced vacation. No Termination Fee shall be payable in the event of the termination of this Lease pursuant to this Section 4.6.

11 The following provision is deemed added to Article 26:

Notwithstanding anything contained to the contrary in Article 26 of this Lease, during the Term and any extension or renewals thereof, Tenant shall have the right to lease up to one (1) parking space per 1,000 square feet of Rentable Area in the Premises. Rent for each parking space shall be the then prevailing rate for the Building parking garage which rate shall

be consistent with the prevailing parking rates charged by operators of similar parking garages in downtown San Diego. Rent for each parking space shall be payable at the same time and in the same manner as Base Monthly Rent. On or before the Commencement Date for each block of space which Tenant occupies within the Building, Tenant shall have a one-time right with respect to the applicable block of space to advise Landlord in writing of the number of parking spaces Tenant elects to lease, if any. If Tenant has not so advised Landlord prior to the Commencement Date for any block of space which Tenant occupies within the Building, it will be presumed that Tenant has elected to fully utilize its right to lease all the parking spaces available under this Lease with respect to such block of space. To the extent Tenant does so advise Landlord that it does not wish to fully utilize its right to lease parking spaces in the Building with respect to any given block of space which Tenant occupies within the Building, Base Monthly Rent on a per square foot per month basis shall be reduced for each 1,000 square feet of space for which Tenant did not elect to lease a parking space by two cents (\$.02) per month.

For purposes of illustration only, assume the Initial Premises contains 100,000 square feet of Rentable Area at a monthly per square foot rental rate of \$1.35. In such case, Tenant would have the right to lease up to one hundred (100) parking spaces. If Tenant elects to lease only fifty (50) parking spaces in accordance with the provisions of the foregoing paragraph, then, in such case, Base Monthly Rent on a per square foot basis for the 50,000 square feet for which Tenant did not elect to lease a parking space would be reduced to \$1.33 per square foot.

Following the Commencement Date for any block of space for which Tenant has exercised the election set forth herein not to fully utilize its right to lease parking spaces, Landlord and Tenant shall execute an amendment to this Lease setting forth the number of parking spaces Tenant will be leasing and the corresponding reduction of Base Monthly Rent.

Each time Tenant exercises its right to expand the Premises in accordance with this Lease, the foregoing right to lease parking spaces (and the corresponding reduction of Base Monthly Rent if Tenant does not fully utilize its right to lease parking spaces in the Building), shall apply. Likewise, each time Tenant exercises its right to contract the Premises in accordance with this Lease, the number of parking spaces, or any corresponding reduction of Base Rent if Tenant had not fully utilized its rights to lease parking spaces, related to the space deleted or cancelled shall no longer be applicable.

ADDITIONAL PROVISIONS

12 The following provisions are deemed added to the Lease as Articles 35 through 42 inclusive:

ARTICLE 35 - OPTION TO PURCHASE BUILDING

Provided there is no continuing and uncured default by Tenant under this Lease and provided further that Tenant has not assigned this Lease or sublet more than fifty percent (50%) of the Premises other than to an Affiliate, Landlord shall inform Tenant of any opportunity which may be presented to Landlord to purchase the Building pursuant to the terms of the Master Lease (as such term is defined in Article 41 of the Lease which is found in Addendum Provision 13) and Tenant shall have the right, by notice to Landlord within five (5) Business Days thereafter, to purchase the Building on the terms and conditions set forth in the Master Lease with respect thereto.

ARTICLE 36 - RELOCATION ALLOWANCE

Upon Tenant's accepting possession of any block of space within the Building, and as a condition precedent to the occupancy of such space, Landlord shall provide Tenant with a relocation allowance ("Relocation Allowance") to assist Tenant in offsetting its actual, reasonable and documented expenses of relocating to such space including, but not limited to, moving consultants, moving costs, telecommunications systems, data processing systems and other expenses. The Relocation Allowance shall be up to an amount equal to the Rentable Area of the space to be occupied by Tenant multiplied by Three and 00/100 Dollars (\$3.00) and shall be paid to Tenant by Landlord within ten (10) Business Days of Landlord's receipt of invoices marked paid and other supporting documentation reasonably requested by Landlord showing the payment by Tenant of such actual, reasonable and documented relocation expenses for the space in question.

If Tenant currently occupies space in the Building, Tenant shall not be entitled to a Relocation Allowance for any move from such space unless such move shall be to accommodate construction of the Tenant Improvements in such currently occupied space or in connection with the initial move by Tenant from such presently occupied space to newly constructed space. If such relocations occur, Tenant shall be entitled to a Relocation Allowance up to an amount equal to the Rentable Area of the space to which Tenant is to relocate multiplied by Two and 00/100 Dollars (\$2.00) which is to be applied by Tenant and paid by Landlord as provided above. Furthermore, if Tenant is required to temporarily relocate from existing space in the Building which it occupies to other space in the Building to accommodate construction of the Tenant Improvements in its currently occupied space, Landlord shall provide Tenant with a temporary relocation allowance ("Temporary Relocation Allowance") up to an amount equal to the Rentable Area of the space into which Tenant is to temporarily relocate multiplied by Two and 00/100 Dollars (\$2.00). Any such Temporary Relocation Allowance is to be applied by Tenant and paid by Landlord as provided above with respect to the Relocation Allowance.

The Relocation Allowance and Temporary Relocation Allowance shall be payable with respect to any block(s) of space leased by Tenant during the first three (3) years of the Term. In no event shall any such Relocation Allowance or Temporary Relocation Allowance be payable for a second relocation to any space if the initial Tenant Improvements to such space have been previously completed during the Term. In no event shall Landlord be obligated to pay Tenant pursuant to this Article 36 a total of more than \$3.00 multiplied by the Rentable Area of the space leased to Tenant.

ARTICLE 37 - STORAGE SPACE

Provided there is no continuing and uncured default by Tenant under this Lease, if at any time during the Term of this Lease and any extension or renewals hereof, storage space becomes available in the Building, Tenant shall have the first right to negotiate for such space. Tenant shall have fifteen (15) calendar days from receipt of any notice from Landlord with respect to the availability of any such storage space within which to negotiate with Landlord and to elect either (i) to lease the storage space on the terms and conditions hereinafter set forth or (ii) to decline to lease such storage space. Rent for such storage space shall be the prevailing rental rate for similar storage space in other Class A Buildings.

ARTICLE 38 - REFURBISHMENT ALLOWANCE

On the first day of the sixth (6th) Lease Year for any given portion of the Premises, and on the first day of each Renewal Term for any space which Tenant has occupied for at least five (5) full years as of the first day of the applicable Renewal Term, Landlord shall provide Tenant with a cash refurbishment allowance ("Refurbishment Allowance") to be used by Tenant for the purpose of repainting, recarpeting, refurbishing and other miscellaneous repairs to the applicable portion of the Premises as Tenant, in its discretion, shall determine. The Refurbishment Allowance shall not exceed Five and 00/100 Dollars (\$5.00) per

square foot of Modified Rentable Area within the applicable portion of the Premises including any expansions thereto for all floors which Tenant occupies in their entirety and Five and 00/100 Dollars (\$5.00) per square foot of Usable Area on all partially occupied floors. The Refurbishment Allowance shall be paid to Tenant by Landlord within ten (10) business days of Landlord's receipt of invoices marked paid and other supporting documentation reasonably requested by Landlord showing the payment by Tenant of the actual and reasonable costs incurred by Tenant for such repainting, recarpeting, refurbishing and other miscellaneous repairs for the space in question. For purposes of this Lease, the term "Modified Rentable Area" means all Usable Area plus the elevator lobbies, corridors and fire vestibules. Tenant shall not receive any "credit" against Base Monthly Rent or otherwise if Tenant shall fail to use the Refurbishment Allowance of any portion thereof.

ARTICLE 39 - BUILDING CONFERENCE FACILITY

In the event Tenant elects not to lease the 11th floor of the Building, Tenant shall nevertheless have the right to use the conference facility on the 11th floor of the Building so long as such conference facility exists. Tenant's use of the 11th floor conference facility (which use is now free of charge but shall, in the future, be subject to the imposition by Landlord of a reasonable fee for the use thereof) shall be subject to availability and such reasonable rules and regulations as Landlord may establish from time to time.

ARTICLE 40 - TRANSPORTATION DEMAND MANAGEMENT

Landlord agrees to comply with any duties or obligations imposed on Landlord by any lawful ordinance or regulation of the City of San Diego and/or the County of San Diego respecting transportation demand management programs in those jurisdictions, related to the conduct of Tenant's business in the Premises and will use its good faith efforts to provide Tenant with written notice of such compliance.

ARTICLE 41 - TITLE OF LANDLORD

Landlord is the Lessee under a lease dated July 24, 1974 ("Master Lease") between Landlord and Edwin S. Lowe ("Master Lessor"). This Lease shall be subject to and subordinate to the Master Lease, and any modifications, replacements, alterations or substitutes thereof; and if the Master Lease is terminated prior to the expiration of the Term of this Lease, Landlord's rights under this Lease shall ipso facto vest in and thereafter belong to Master Lessor or its successors, and Tenant agrees to attorn to and recognize the Master Lessor as Landlord under this Lease.

ARTICLE 42 - EXISTING LEASES

Landlord and Tenant acknowledge that Tenant is presently the Tenant under each of the leases ("Existing Leases") listed in Exhibit J attached hereto and made a part hereof. Each of the Existing Leases shall terminate and come to an end as of the day ("Termination Date") upon which this Lease becomes effective pursuant to Article 43 below as if that day were the day set forth in each such Existing Lease for the termination thereof and Landlord and Tenant shall be relieved from any obligations thereunder except for those which have accrued as of the Termination Date. All of the space in the Building covered by the Existing Leases shall, as of the Termination Date, be governed by the terms and conditions of this Lease. However, the Base Monthly Rental with respect thereto shall, notwithstanding the provisions of Addendum Provision 3, be payable by Tenant for any period during which such space is occupied by Tenant. Such rental shall continue at the rate applicable thereto under the applicable Existing Lease until the Termination Date; provided, however, that if this Lease does become effective pursuant to Article 43 below, then Tenant will receive a credit against Rent next due and owing in an amount equal to the amount of Rent that Tenant would have saved if, as

of the first day of the first calendar month after the execution and delivery of this Lease the Rent for all space covered by the Existing Leases had become as specified in Section 8 of the Basic Lease Provisions (i.e., \$1.35 per square foot of Rentable Area therein).

ARTICLE 43 - ADOPTION OF ORDINANCE/INDEMNITY

Landlord and Tenant specifically acknowledge that the effectiveness of this Lease is contingent upon the adoption of an ordinance ("Ordinance") approving this Lease by the City Council of Tenant and that such Ordinance will not become fully effective until approximately forty-five (45) days following the introduction of the Ordinance by the City Council. Tenant acknowledges that Landlord has given Tenant rent concessions (i.e., rent reductions) with respect to the Existing Leases and may be making expenditures for Tenant's space planning prior to the date the Ordinance becomes final. Accordingly, in the event the Ordinance does not become final by reason of referendum or otherwise, Tenant agrees to indemnify and hold Landlord harmless from (i) the full costs incurred by Landlord as a result of the rent concessions on the Existing Leases and (ii) expenditures made by Landlord for Tenant's space planning not to exceed the sum of Six Thousand Seven Hundred Dollars (\$6,700.00).

Except as and to the extent modified by this Addendum, all provisions of the Lease shall remain in full force and effect.

LANDLORD

Pacific Southwest Realty Company,
a Delaware corporation

By: [Signature]
Name: STEPHEN M. KARAS
Title: First Vice President

By: [Signature]
Name: RAYMOND E. MUELLER
Title: First Vice President

TENANT

THE CITY OF SAN DIEGO,
a Municipal corporation

By: [Signature]
Name: Don BARONE
Title: PROPERTY SERVICES SUPERVISOR
for CITY MANAGER

By: _____
Name: _____
Title: _____

Approved as to form and
content by City Attorney

By: [Signature]
Name: _____
Title: City Attorney

[Signature]

Security Pacific National Bank, a national banking association, hereby acknowledges its agreement with and consents to the last sentence of Addendum Provision 3 and agrees that if Pacific Southwest Realty Company cannot provide the space designated on Schedule 1 to this Addendum, then Security Pacific National Bank will sublet to Tenant any such space which it has under lease, on the terms and conditions set forth in this Lease. The agreement and consent set forth herein shall be binding upon

any successors and assigns or any entity resulting from a merger or reorganization of Security Pacific National Bank.

SUBLESSOR:

Security Pacific National Bank,
a national banking association

By: 
Name: STEVEN T. OHIGASHI
Title: Vice President

By: 
Name: J. ROLAND BURLEIGH, Vice President
Title: _____