COMMERCIAL LEASE

9573 and 9577 Chesapeake Drive
San Diego, California 92123

Dated: May 11, 2016

By and Between

Tenant: The City of San Diego,
a California municipal corporation

and

Landlord: Providence Chesapeake, LLC,
a California limited liability company

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EXHIBIT A Work Letter (including exhibits 1-5 thereto)

COMMERCIAL LEASE

1. Fundamental Lease Provisions.

In consideration of the rents and covenants hereinafter set forth, Landlord leases to Tenant, and Tenant leases from Landlord, the "Premises" (as defined below) upon the terms and conditions of this lease ("Lease") entered into and dated effective as of May 11, 2106 when executed by authorized representatives of both parties and upon approval of the City Attorney ("Effective Date").

1.1 **"Landlord"**: Providence Chesapeake, LLC, a California limited liability company

1.2 **"Tenant"**: City of San Diego, a California municipal corporation

1.3 **"Premises"**: The premises consisting of a stand-alone building (the "Building") and the real property and improvements located at 9573 and 9577 Chesapeake Drive, in San Diego, California 92123 (collectively, the "Premises"). The "Real Property" means the real property on which the Premises are located and improvements located thereon.

1.4 **"Initial Term"**: The "Initial Term" of this Lease shall be for a period of eighty-eight (88) months commencing on the "Commencement Date" (as defined below) and ending on the "Expiration Date" (as defined below). "Term" means the Initial Term, as may be extended pursuant to Section 4.2 of this Lease.

1.5 **"Expiration Date"**: The last day of the eighty-eighth (88th) calendar month following the "Commencement Date" (as defined below) (the "Expiration Date") unless sooner terminated or extended pursuant to any applicable provision hereof provided, however, that if the Commencement Date is a date other than the first (1st) day of a month, then the Expiration Date shall be the last day of the month which is eighty-eight (88) months after the month in which the Commencement Date falls, unless extended or earlier terminated pursuant to this Lease.

1.6 **"Commencement Date"**: The Term shall commence on the first day of the month after "Substantial Completion" (as defined in the work letter attached as Exhibit A) ("Work Letter") occurs (the "Commencement Date").

1.7 **"Base Rent"**: From and after the "Delivery Date" (as defined in Section 4.1), each month of each "Lease Year" (as defined in Section 4.1), Tenant shall pay monthly base rent as follows ("Base Rent"):

Lease Year	Base Rent	
Year 1	$73,950.00	per month
Year 2	$76,168.50	per month
Year 3	$78,453.56	per month
Year 4	$80,807.16	per month
Year 5	$83,231.38	per month
Year 6	$85,728.32	per month
Year 7	$88,300.16	per month
Year 8 (4 months)	$88,300.16	per month

In the event Tenant exercises the "Allowance Option" (as defined in, and in accordance with, the Work Letter, Base Rent shall be increased by the "Monthly Amortization Amount" (as defined in the Work Letter).

1.8 Addresses for Notices:

To Landlord:

Providence Chesapeake, LLC
183 Calle Magdalena, Suite 100
Encinitas, CA 92024
Attn: Paul A. Laubach
(760) 942-3333 Telephone
(760) 942-4993 Facsimile

To Tenant:

The City of San Diego
1200 Third Ave., Suite 1700, MS 51A
San Diego, CA 92101
Attn: Director of Real Estate Assets
(619) 236-6020 Telephone
(619) 236-6706 Facsimile

1.9 Permitted Use: general office, consistent with the character of a similar flex warehouse office buildings and/or permitted uses under applicable zoning laws and any incidental uses thereto ("Permitted Use"). The Premises shall be used for no other use or purpose whatsoever.

1.10 Operating Expenses: Tenant shall pay all "Operating Expenses" (as defined below), which shall include without limitation triple net charges associated with the Premises on a monthly basis in addition to Base Rent and the "Reserve" (as defined below).

1.11 Brokers:

Landlord's Broker:	Voit Real Estate Services
Tenant's Broker:	None

Landlord agrees to pay a brokerage commission in accordance with the terms of a separate commission agreement between Landlord's and Landlord's Broker. In lieu of paying a brokerage commission to Tenant's broker, Landlord shall add the value of such brokerage commission (which the parties agree is $225,451) to the "TI Allowance" (defined in Exhibit "A") ("Tenant Broker Commission Amount"); Tenant acknowledges and agrees that the Tenant Broker Commission Amount has been paid in full. For avoidance of doubt, (i) the amount of the brokerage commissions and the Tenant Broker Commission Amount are not tied to the final amount of the "TI Allowance" (as defined in the Work Letter, and (ii) neither such commissions nor the Tenant Broker Commission Amount shall be increased as a result of the exercise of the "Allowance Option" (as defined in the Work Letter).

1.12 Management Company: Landlord will engage a professional property management firm (initially Summit Management) to provide professional property management services; fees for such services shall be paid by Tenant in accordance with the terms of Section 5.2.

1.13 Business Hours for the Building: Tenant shall have access to the Premises at all

times and shall establish its own business hours.

1.14 Exhibits:

EXHIBIT A Work Letter (including exhibits 1-5 thereto)

The provisions of this Section 1 summarize for convenience certain terms of this Lease, which are more fully described in the balance of this Lease. In the event of a conflict between the provisions of Section 1 and the balance of this Lease, the latter shall control.

2. Premises. Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, at the rental rate and upon the covenants and conditions hereinafter set forth, the commercial space referred to herein as the Premises and described in Section 1.3. Landlord makes no representations or warranties whatsoever with respect to the actual size (square footage) of the Premises or Building and shall have no liability whatsoever with respect to same. The Base Rent is not tied to square footage and is not subject to adjustment should the actual size be determined to be different. Tenant is advised to verify the actual size of the Premises prior to executing this Lease.

2.1 Condition of Premises. Tenant hereby agrees that, except as expressly provided in the Work Letter attached as **Exhibit A** (the "Work Letter"), the Premises shall be taken "as is", "with all faults", "without any representations or warranties". Tenant hereby agrees and warrants that it has investigated and inspected the condition of the Premises and the suitability of same for Tenant's purposes, and Tenant does hereby waive and disclaim any objection to, cause of action based upon, or claim that its obligations hereunder should be reduced or limited because of the condition of the Premises, or the suitability of same for Tenant's purposes. Tenant acknowledges that neither Landlord nor any agent nor any employee of Landlord has made any representations or warranty with respect to the Premises, or with respect to the suitability of same for the conduct of Tenant's business, and Tenant expressly warrants and represents that Tenant has relied solely on its own investigation and inspection of the Premises, in its decision to enter into this Lease and let the Premises in the above-described condition. The existing leasehold improvements in the Premises as of the date of this Lease, together with the improvements made pursuant to the Work Letter, may be collectively referred to herein as the "Improvements". The taking of possession of the Premises by Tenant shall conclusively establish that the Premises were, at such time, in satisfactory condition and Tenant shall be deemed to have accepted the Premises in their existing condition, subject to all applicable zoning, municipal, county and state laws, ordinances, plans, standards, guidelines, permits, requirements, restrictions and regulations governing and regulating the use of the Premises and any easements, covenants, conditions and restrictions of record, and all matters disclosed thereby and by any exhibits attached hereto. Tenant acknowledges that (a) it has been given an opportunity to inspect and measure the Premises, (b) Tenant has been advised by Landlord to satisfy itself with respect to the size and condition of the Premises and their suitability for Tenant's intended use, including but not limited to the electrical, HVAC and fire sprinkler systems, security, environmental aspects, and compliance with applicable laws, regulations, ordinances, codes or other legal requirements ("Applicable Laws"), easements, covenants, conditions or restrictions of record (collectively, together with Applicable Laws, "Applicable Requirements"), and their suitability for Tenant's intended use, (c) Tenant has made such investigation as it deems necessary with reference to such matters and assumes all responsibility therefor as he same relate to its occupancy of the Premises, (d) it is not relying on any representation as to the size of the Premises made by Landlord, (e) the square footage of the Premises was not material to Tenant's decision to lease the Premises and pay the Rent stated herein, and (f) neither Landlord, nor Landlord's agents have made any oral or written representations or warranties with respect to such matters other than as expressly set forth in this Lease. Tenant hereby waives Subsection 1 of Section 1932 and Sections 1941 and 1942 of the Civil Code of California and any successor provisions of law. Section 1942 of the Civil Code of California provides as follows:

> "A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her, must have materially affected his or her settlement with the debtor."

2.2 Certain Capital Expenditures. If the Applicable Requirements are hereafter changed so as to require during the Term the construction of an addition to or an alteration of the Premises or the reinforcement or other physical modification of the Premises ("Required Capital Expenditure"), Tenant and Landlord shall allocate the cost of such work as follows:

a. If a Required Capital Expenditure is required as a result of the specific and unique use of the Premises by Tenant as compared with uses by tenants in general, Tenant shall be fully responsible for and shall pay the cost thereof.

b. If a Required Capital Expenditure is not the result of the specific and unique use of the Premises by Tenant, then Landlord shall pay for such Required Capital Expenditure, and Tenant shall be obligated to pay, each month during the remainder of the term of the Lease or any extension thereof, on the date that on which the Base Rent is due, an amount equal to 1/144th of the portion of such costs reasonably attributable to the Premises. Tenant shall not be obligated to pay the amounts set forth in the preceding sentence to the extent that such Required Capital Expenditure relates to additions or alternations to the "Building Shell Structure" (as defined below) (an "Excluded Expenditure"); for avoidance of doubt, "Excluded Expenditures" do not include the Required Capital Expenditures that are the subject of Subsections (a) and/or (c) of this Section 2.2. (For purposes of this Lease, "Building Shell Structure" means the first and second floor foundations, exterior walls, interior bearing walls, subflooring and exterior glass of the Building.) Tenant shall pay interest on the balance at the annual rate of 6%, but may prepay its obligation at any time. If, however, such Required Capital Expenditure is required during the last 2 years of this Lease or if Landlord reasonably determines that it is not economically feasible to pay its share thereof, Landlord shall have the option to terminate this Lease upon 90 days prior written notice to Tenant.

c. Notwithstanding any term in this Lease to the contrary, the provisions concerning Required Capital Expenditure are intended to apply only to nonvoluntary, unexpected, and new Applicable Requirements. If the Required Capital Expenditures are instead triggered by Tenant as a result of an actual or proposed change in use, change in intensity of use, or modification to the Premises then, and in that event, Tenant shall either: (i) immediately cease such changed use or intensity of use and/or take such other steps as may be necessary to eliminate the requirement for such Required Capital Expenditure, or (ii) subject to the rights of Landlord and obligations of Tenant set forth in this Lease, including without limitation the terms set forth in Sections 3 and 6, complete such Required Capital Expenditure and related work as Tenant's own expense. Tenant shall not have any right to terminate this Lease.

2.3 No Air Space or Subsurface Rights. This Lease confers no rights to Tenant either with regard to the air space above the ceiling of the Building or with regard to the subsurface of the land below the ground level of the Building.

3. Use.

3.1 Use. Tenant shall use the Premises only for the Permitted Use set forth in Section 1.9. Tenant shall not use or permit the Premises to be used for any other purposes (whether or not pursuant to any insolvency proceedings). Tenant shall, at is sole cost and expense, fully, diligently and in a timely manner comply with all Applicable Requirements that relate in any manner to the Premises and/or the use thereof, without regard to whether such requirements are now in effect or become effective after the Commencement Date.

3.2 Uses Prohibited; Hazardous Materials.

3.2.1 Tenant shall not use or permit any person to use the Premises for any use or purpose in violation of any governmental law, regulation, requirement, authority, covenant, condition, restriction, guideline, plan, permit, Applicable Requirements or standard applicable to the use of the Premises. Without limiting any other manner of determination, the judgment of any court of competent jurisdiction or the admission of Tenant in any action against Tenant, whether Landlord is a party thereto or not, that Tenant has violated any governmental law, regulation, requirement, authority, covenant, condition, restriction, guideline, plan, permit, Applicable Requirement or standard shall be conclusive of that fact as between Landlord and Tenant.

3.2.2 Tenant shall not use or permit the use of the Premises in a manner that damages the Improvements, is unlawful, creates damage, waste or a nuisance, impairs the structural integrity of any of the Improvements or the mechanical, electrical or other systems therein, or that is unreasonably burdensome to the Premises, Improvements or any mechanical, electrical or other systems.

3.2.3 Tenant shall not display or sell merchandise or allow carts, portable signs, devices or any other objects to be stored or to remain outside the defined exterior walls and permanent doorways of the Premises (except trucks and tenant fixtures stored in accordance with Applicable Requirements).

3.2.4 Tenant shall not do or permit anything to be done in or about the Premises, nor bring or keep anything therein which will increase the existing rate of any fire or other insurance upon the Premises or any of its contents (unless Tenant shall first obtain Landlord's written consent and pay any increased premium resulting from such use or acts), or cause a cancellation of any insurance policy covering the Premises or any of its contents, nor shall Tenant sell or permit to be kept, used or sold in or about the Premises any items that may be prohibited by a standard form policy of fire insurance.

3.2.5 Tenant shall not use or allow the Premises to be used for any unlawful or objectionable purpose, nor shall Tenant cause, maintain or permit any nuisance in, on or about the Premises.

3.2.6 Except for general office and cleaning supplies typically used in the ordinary course of business (e.g., copier toner, liquid paper, cleaning solvents and disinfectants) in commercially reasonable amounts, Tenant shall not cause or permit the presence, use, generation, release, discharge storage, disposal or transportation of any "Hazardous Materials" (as defined below) on, under, in, about, to or from, the Premises. As used herein, the term "Hazardous Materials" shall mean any hazardous or toxic substances, products or chemicals, materials or waste, pollutants or contaminants (i) as defined, listed or regulated by federal, state or local law, regulation or order, (ii) which is potentially injurious to the public health, safety, or welfare, the environment, or the Premises, or (iii) a basis for liability of Landlord to any governmental agency or third party under applicable statute or common law theory. Hazardous Materials shall include, but not be limited to, hydrocarbons, petroleum, gasoline, crude oil, or any products, by-products or fractions thereof, asbestos, chlorofluorocarbons, polychlorinated biphenyls (PCBs) and formaldehyde. Tenant shall promptly comply with the requirements of Section 25359.7(b) of the California Health and Safety Code and/or any successor or similar statute. Accordingly, if Tenant knows, or has reasonable cause to believe, that Hazardous Materials, or a condition involving or resulting from same, has come to be located in, on, under, or about the Premises, other than as previously consented to by Landlord, Tenant shall immediately give written notice of such fact to Landlord. Tenant shall also immediately give Landlord a copy of any statement, report, notice, registration, application, permit, business plan, license, claim, action, or proceeding given to, or received from, any governmental authority or private party, or persons entering or occupying the Premises, concerning the presence, spill, release, discharge of, or exposure to, any Hazardous Materials, or contamination in, on, under, or about the Premises. Should Tenant fail to so notify Landlord, Landlord shall have all rights and remedies provided for such a failure by such Section 25359.7(b) in addition to all other rights and remedies which Landlord may have under this Lease or otherwise. Tenant shall immediately abate any Hazardous Material brought, placed, or leaked onto, or under, the Premises during the Term of this Lease. Additionally, to the extent Tenant brings, places, holds, treats, disposes of, or utilizes any chlorofluorocarbons on or about the Premises, Tenant shall remove all such chlorofluorocarbons prior to, or upon, termination of this Lease, regardless of whether such chlorofluorocarbons are then defined, recognized, known or supposed to be Hazardous Materials. Tenant, however, shall not take any remedial action related to Hazardous Materials located in or about the Premises and shall not enter into a settlement, consent decree, or compromise in response to any claim related to Hazardous Materials, without first notifying Landlord in writing of Tenant's proposed action and affording Landlord a reasonable opportunity to appear, intervene, or otherwise participate in any discussion or proceeding for the purposes of protecting Landlord's interest in the Premises.

a. Tenant shall indemnify, defend and hold "Landlord Parties" (as defined below) from and against any and all loss of rents, "Claims and Costs" (as defined below) and/or attorneys' and consultants' fees arising out of or involving any Hazardous Material brought onto the Premises by or for Tenant or any third party. Tenant's obligations shall include, but not be limited to, the effects of any contamination or injury to person, property or the environment created or suffered by Tenant, and the cost of investigation, removal, remediation, restoration and/or abatement. No termination, cancelation or release agreement entered into by Landlord and Tenant shall release Tenant from its obligations under this Lease with respect to Hazardous Materials.

b. If a condition involving the presence of, or a contamination by, a Hazardous Material in, on or under the Premises that requires restoration occurs or is discovered, Landlord may, without in any manner limiting Landlord's other rights and remedies (or Tenant's obligations) hereunder or under Applicable Law, terminate this Lease by providing Tenant 30 days' written notice of such termination.

4. Term.

4.1 Delivery Date/Lease Year.

4.1.1 Landlord agrees to deliver possession of the Premises to Tenant, and Tenant agrees to accept delivery of the Premises, upon "Substantial Completion" (as defined in the Work Letter) ("Delivery Date"). Notwithstanding any term in this Lease to the contrary, (except as expressly set forth in the Work Letter) Landlord shall not be required to deliver possession of the Premises to Tenant by any specific date, and Landlord shall not have any liability whatsoever with respect to the date on which delivery occurs.

4.1.2 For purposes of this Lease, the term "Lease Year" shall mean each consecutive twelve (12) month period during the Term, with the first (1st) Lease Year commencing on the Commencement Date; however, (i) if the Commencement Date falls on a day other than the first (1st) day of a calendar month, then the first (1st) Lease Year shall end on the last day of the eleventh (11th) month after the Commencement Date and the second (2nd) and each succeeding Lease Year shall commence on the first (1st) day of the next calendar month, and (ii) the last Lease Year shall end on the Expiration Date.

4.2 Option to Extend.

4.2.1 Grant. Landlord grants to Tenant the option to extend the Initial Term ("Extension Options") for two consecutive periods of three years each ("Option Terms") (i.e., for a total of six years) commencing when the then effective Term expires, subject to the terms and conditions of this Section 4.2. Tenant shall have no other right to extend the Initial Term beyond the Option Terms.

4.2.2 Conditions. The Extension Options are subject to the following conditions:

(i) An Extension Option may be exercised only by written notice delivered by Tenant to Landlord as provided in this Section 4.2 and only if, as of the date of delivery of the notice, Tenant is not in default under this Lease.

(ii) The rights contained in this Section 4.2 shall be personal to the originally named Tenant and may be exercised only by the originally named Tenant (and not any assignee, sublessee or other transferee of Tenant's interest in this Lease) and only if the originally named Tenant occupies at least 40% of the Building as of the date it exercises the Extension Option in accordance with the terms hereof.

(iii) If Tenant exercises an Extension Option in accordance with this Section 4.2 and is not then in material default under this Lease, at the end of the then effective Term (i.e., ending prior to the subject Option Term), the then effective Term shall be extended for the Option Term.

(iv) Tenant may not exercise the second Extension Option if it does not exercise the first Extension Option.

4.2.3 Exercise. An Extension Option must be exercised by Tenant, if at all, only at the time and manner provided in this Section 4.2.

(i) If Tenant wishes to exercise an Extension Option, Tenant shall deliver written notice of such exercised ("Exercise Notice") to Landlord not less than nine (9) months and not more than twelve (12) months before the expiration of the then effective Term.

(ii) If Tenant fails to deliver a timely Exercise Notice, Tenant shall be deemed to have elected not to exercise the Extension Option.

4.2.4 Determination of Base Rent. The Base Rent for the Premises during an Extension Option period ("Extension Period") shall be adjusted to an amount equal to 95% of the "Fair Market Rental Rate" (as defined below) as of the commencement date of the Extension Period. In order to determine the Fair Market Rental Rate for the Extension Period, Landlord and Tenant, thirty (30) days after the date on which the Exercise Notice is given by Tenant, shall commence discussions to endeavor to agree upon the applicable Fair Market Rental Rate. In the event Landlord

and Tenant do not agree upon such rate within thirty (30) days after the expiration of such thirty (30) day period, on the sixtieth (60th) day after the expiration of such thirty (30) day period, Tenant and Landlord shall each appoint a local MAI appraiser ("Appraiser") who has a minimum of ten (10) years experience in the City of San Diego, California office leasing market, who is licensed by the State of California, and who is not affiliated with either party or involved in an active transaction in which either party is also involved; each party shall concurrently notify the other in writing as to the name and address of the Appraiser selected. If either party fails to appoint its Appraiser within the latter of the prescribed time period and thirty (30) days following the date such party receives notice from the other party designating its Appraiser, the single Appraiser appointed shall determine the Fair Market Rental Rate. Each Appraiser shall calculate the Fair Market Rental Rate and notify both parties of such determination of Fair Market Rental Rate within 120 days after the date of Exercise Notice is given by Tenant. If the two Appraisers agree upon a Fair Market Rental Rate, such determination shall be final and binding on the parties. If the two Appraisers do not agree upon a Fair Market Rental Rate, the two Appraisers shall jointly select a third Appraiser, who shall satisfy the same professional qualification requirements set forth above, and the Appraisers will then notify Landlord and Tenant of such Appraiser name, address and selection within ten days following the failure of the Appraisers to agree upon the Fair Market Rental Rate. The third Appraiser will determine the Fair Market Rental Rate, by selecting from the two calculations of Fair Market Rental Rate submitted by the other two Appraisers. The third Appraiser shall not select any amount other than the Fair Market Rental Rate as determined by one of the first two Appraisers. The third Appraiser will notify both parties and the first two Appraisers within thirty (30) days of being selected to make the Fair Market Rental Rate determination. The determination of the third Appraiser shall be final and binding on Landlord and Tenant. Landlord and Tenant shall pay its selected Appraiser and, if a third appraiser is required, shall split the costs equally of the third Appraiser.

4.2.5 Additional Rent. During the Extension Period, Tenant shall pay "Additional Rent" (as defined below) in accordance with this Lease.

4.2.6 Fair Market Rental Rate. The phrase "Fair Market Rental Rate" means the fair market value rental rate which Landlord and other landlords leasing space of comparable type, size, level of improvement, quality and in similar 2 story buildings comparably located in the Kearny Mesa Submarket would obtain, at or about the time of the determination of the Fair Market Rental Rate, from any prospective tenant for general office use of such space. Among other matters, Fair Market Rental Rate shall take into account lease term, quality of improvements, available parking, tenant improvement allowances, value of any rent or equivalent economic concessions then usually and customarily given in connection with the leasing of such comparable space for a comparable lease term, and other reasonable matters, including leasing commissions.

4.2.7 Later Options. A later Extension Option cannot be exercised unless all prior Extension Options have been validly exercised.

5. Rental.

5.1 Base Rent. Tenant shall pay to Landlord Base Rent, without deduction, set off, prior notice, or demand, in advance on the first (1st) day of each month, commencing on the Commencement Date. Base Rent for any partial month shall be prorated at the rate of 1/30th of the Base Rent per day. Provided that Tenant is not in default of its obligations under this Lease and otherwise faithfully performs all of the terms and conditions of this Lease, Landlord hereby agrees to abate Tenant's obligation to pay Base Rent for months one (1) through four (4) of the Initial Term following the Commencement Date only. During such abatement period, Tenant shall still be responsible for the payment of all of its other monetary obligations under this Lease including, without limitation, Tenant's obligation to pay Additional Rent, Operating Expenses, and for utility services to the Premises. In the event of a default by Tenant under the terms of this Lease after notice and expiration of the applicable cure period, then as part of the recovery set forth in Section 16.2 of this Lease, Landlord shall be entitled to the recovery of the unamortized abated Base Rent.

5.2 Operating/Maintenance Expenses. Beginning on the Commencement Date and at all times thereafter until the expiration of the Term, Tenant shall be responsible for costs and expenses associated with the Premises, including without limitation all expenses, costs, fees and amounts of every kind that Landlord pays or incurs because of or in connection with the ownership, operation, management, maintenance, or repair of the Premises, all expenses, costs, fees and amounts of every kind that Landlord pays or incurs for the benefit of Tenant, and costs, expenses, fees and other amounts relating to the use of the Premises by Tenant (collectively "Operating Expenses"). Operating Expenses include without limitation expenses, costs, fees and amounts relating to the following:

a. Ownership, operation, management, maintenance or repair of the, Premises, Building and Improvements of the Premises including, but not limited to, exterior and sub flooring, roof and roof membrane, utility, and utility lines, painting of the Building and Improvements, canopy, and architectural lighting, fixtures, gutters and downspouts, the structural elements of the Building, the main utility feeds servicing the Building, plumbing in the Building, the elevator systems, plumbing systems, thermostats and controls, lighting, bathrooms and parking lot repairs (for avoidance of doubt, such Operating Expenses shall include without limitation all non-capital expenditures incurred in connection with Landlord's responsibilities set forth in Section 6.1.1 below);

b. Ownership, operation, management, maintenance or repair of the areas outside of the Building, including, but not limited to, (i) routine and general maintenance of the parking areas, loading and unloading areas, trash areas, roadways, sidewalks, walkways, parkways, driveways, landscaped areas, striping, irrigation systems, backflow devices, lighting facilities, fences, walls and gates, (ii) painting, (ii) signage maintenance, (iv) mainline plumbing obstructions and repair, (v) tree root removal and (vi) landscaping (for avoidance of doubt, such Operating Expenses shall include without limitation all non-capital expenditures incurred in connection with Landlord's responsibilities set forth in Section 6.1.1 below);

c. The cost of any service, product or items provided to or for the benefit of Tenant, the Building or the Premises;

d. Exterior signs or Tenant directories (excluding upkeep, repair, maintenance of monument signs);

e. Fire detection systems including sprinkler system maintenance and repair;

f. The cost of water, sewage, Storm Drain System (SWPPP requirements), electricity, gas, or other utilities to service the Premises;

g. Any other service to be provided by Landlord that is elsewhere in this Lease or which is provided for the benefit of the Premises;

h. Any deductible portion of an insured loss (up to $5,000 per occurrence) concerning any of the items or matters described in this Section 5.2;

i. The real property taxes, CFD Bonds or other taxes paid by Landlord pursuant to Section 11 (provided that, Tenant shall not be required to pay the amount of any increases in real property taxes triggered by Landlord's sale and/or transfer of the Real Property);

j. The cost of any premiums for the insurance policies maintained by Landlord with respect to the Premises set forth in Sections 13.1, 13.2 and 13.3;

k. Governmental requirements including permits, licenses, certifications and inspections;

l. The provision of professional property management services [including those provided by an affiliate of Landlord; the monthly management fee of such affiliate (excluding fees and costs owing to or in connection with other service providers) shall not exceed three percent (3%) of the Base Rent];

m. Labor, salaries, and applicable fringe benefits and fees, costs, materials, supplies and tools, used in or incurred in connection with maintaining and/or cleaning the Premises attributable to the operation of the Premises (including without limitation all amounts owing with respect to janitorial services/trash, general maintenance and repairs, including light bulb replacement and parking lot maintenance sweeping, landscaping and exterior window washing); and

n. The cost of any Required Capital Expenditure that is the subject of Section 2.2(b) (other than Excluded Expenditures) and related improvements (provided, however, that Landlord shall allocate the cost of any such Required Capital Expenditures plus interest at the annual rate of 6% ("RCE Cost plus Interest") over a 12 year period, and Tenant shall not be required to pay more than 1/144th of the RCE Cost plus Interest of such Required Capital Expenditure in any given month).

At Tenant's cost, Landlord agrees to contract with a professional and reputable property management company to operate the Premises in all aspects on a day to day basis including but not limited to janitorial services/trash, general maintenance and repairs, including light bulb replacement and parking lot maintenance sweeping, landscaping and exterior window washing at least one (1) time per year; Tenant shall be responsible and pay for all cost and expenses relating to such services and items. Such property management company shall be paid a monthly fee not to exceed three percent (3%) of the Base Rent (excluding fees and costs owing to or in connection with other service providers) by Tenant to be included in the monthly billing statement. Landlord agrees to competitively bid the property management contract at least every two (2) years, and the property management company shall be reasonably approved by Tenant. All Operating Expenses for the Premises shall be competitively priced and align with market pricing. Tenant may request any supporting background or documentation relating to Operating Expenses, including contracts and records. Tenant may inspect or audit of any books and records relating to the then preceding 12-month period up to two (2) times per year at Tenant's costs, at Landlord's designated San Diego County Office within thirty (30) days following Tenant's audit request. If it is concluded by the audit, results no later than ninety (90) days following the actual audit date, there is a variance in Premises Operating Expenses of five percent (5%) or more, then Landlord shall reimburse Tenant for the reasonable cost of the audit plus immediately refund any overage paid by Tenant.

Tenant shall pay and reimburse Landlord, in the manner set forth below, for all Operating Expenses incurred by Landlord and the "Reserve" (as defined below). From time to time, Landlord shall estimate (in writing) the amount of such Operating Expenses, and the same shall be payable monthly on the first (1st) day of the month. Landlord shall use commercially reasonable efforts to deliver to Tenant within one hundred twenty (120) days after the expiration of each calendar year a statement showing the actual expenses incurred during the preceding year. If Tenant's payments under this Section 5.2 during such preceding year exceed the actual expenses as indicated on such statement, Tenant shall be entitled to credit the amount of such overpayment against such expenses next falling due. If Tenant's payments under this Section 5.2 during such preceding year were less the actual expenses as indicated on such statement, Tenant shall pay to Landlord the amount of the deficiency as quickly as possible, but in no event more than thirty (30) days after delivery by Landlord to Tenant of such statement. With respect to the items and charges set forth in Section 8, Tenant shall reimburse Landlord for the expenses set forth in such section incurred by Landlord, which expenses shall be payable by Tenant as quickly as possible, but in no event more than thirty (30) days after a statement of actual expenses is presented to Tenant by Landlord.

In addition to amount amounts payable by Tenant under this Lease, commencing on the Commencement Date, Tenant shall pay to Landlord (without deduction, set off, prior notice, or demand) in advance on the first (1st) day of each month, a monthly reserve in an amount equal to $2,550 per month (the "Reserve") that shall be used for capital expenditures incurred in connection with any alterations, additions, capital repairs, capital replacements and/or restorations of the Premises (other than to the extent that the capital expenditure relates to a Required Capital Expenditure, which shall be paid for as set forth in Sections 2.2 and 5.2, or the Building Shell Structure, utility feeds to the Building including riser, sewer and electrical, retaining walls, stairwells and elevator cabs, landscape renovations or exterior window glazing or sealing), Improvements and/or equipment (including without limitation the following: (a) repair, capital replacement and/or restoration of any Improvements and/or equipment that are the subject of the Work Letter, (b) reslurry, restriping, patching and capital repairs of the parking lot, (c) pumps, (d) boilers, (e) pressure valves, (f) Building systems and equipment including without limitation HVAC, plumbing, electrical, fire/life safety, elevator and security systems, (g) Building roof, (h) compressors, (i) hydraulics, (j) fans, (k) roll-up, exterior and other doors, (l) stairwells, (m) elevator, (n) water heaters, (o) insta-hot fixtures, (p) transformers, (q) thermostats and controls, (r) back-flow, (s) lighting fixtures, and/or (t) bathroom equipment) that are the responsibility of Landlord pursuant to Section 6.1.1(i) below ("Reserve Matters"). Landlord shall deposit the Reserve payments into a Reserve account ("Reserve Account"); Landlord may reasonably, with written notice to Tenant, withdraw any or all amounts from the Reserve Account to pay for Reserve Matters. Upon expiration of this Lease, if there is a balance in the Reserve Account, Landlord shall refund such balance (less any amounts owing with respect to Reserve Matters completed or started prior to expiration of this Lease) to Tenant, provided that Tenant is not in default under this Lease. Landlord shall provide Tenant monthly expense statements and detail accounting of Reserve account balances. Landlord and Tenant acknowledge and agree that Landlord shall not be excused from its obligations under Section 6.1.1(i) with respect to a Reserve Matter even though the Reserve Account does not contain any funds at the time payment for such Reserve Matter capital expenditure is due and payable (because such funds have been depleted); Tenant acknowledges and agrees that Landlord shall be entitled to be reimbursed for the payment of any Reserve Matter capital expenditure for which funds were not available at the time payment was due and payable from any future amounts that may be in the Reserve Account from time to time throughout the Term of this Lease (including the Option Term, if applicable).

For purposes of this paragraph:

(i) "Controllable Operating Expenses" means the Operating Expenses other than (A) expenses and fees incurred with respect to vendors that Tenant requires Landlord to engage, or vendors that Tenant directs or controls, or vendors that are required pursuant to Applicable Requirements, or (B) the items set forth in any of the following subsections of Section 5.2: (c), (f), (h), (i), (j), (k), (l), (m) and (n). For avoidance of doubt, "Controllable Operating Expenses" do not include any "Reserve Matters" capital expenditures; and

(ii) The "Cap" means the Controllable Operating Expenses" incurred during the initial twelve-month period of the Term. Beginning on the first anniversary of the Commencement Date and on each successive anniversary date thereafter, the then-effective Cap shall automatically increase by 4% (which increased Cap shall then apply to the succeeding twelve month period).

With respect to the period commencing with the first anniversary of the Commencement Date, Tenant's obligation to reimburse Landlord for Controllable Operating Expenses shall not exceed the Cap.

5.3 Additional Rent. All charges and other amounts payable by Tenant hereunder (including without limitation all amounts owing pursuant to Section 8.1), other than Base Rent, are herein referred to as "Additional Rent." Except as otherwise provided in this Lease, all Additional Rent shall be paid (without deduction, set off, prior notice, or demand) on the Base Rent due date first occurring after such Additional Rent becomes owing. The term "Rent" shall mean Base Rent, Additional Rent, and any other charge or fee which Tenant may be required to pay under the terms of this Lease.

5.4 Payment of Rent. All Rent shall be paid to Landlord, on or before the due date(s) specified herein, at the address to which notices to Landlord are given.

5.5 Interest on Past Due Obligations. Except as expressly provided herein, any amount not paid to Landlord within five (5) days when due shall bear interest therefrom at the lesser of (i) the prime rate or reference rate, or succeeding similar index, announced by Bank of America, N. A. (or its successor) from time to time plus three (3) percentage points or (ii) maximum rate then chargeable by law. The interest rate shall be computed on the basis of monthly compounding with actual days elapsed compared to a 360-day year. Payment of such interest shall not excuse or cure any default by Tenant under this Lease.

5.6 Late Charges. Tenant acknowledges that late payment by Tenant to Landlord of Rent will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting expenses and late charges, which may be imposed on Landlord by the terms of any mortgage or deed of trust covering the Premises. Accordingly, if any installment of Rent shall not be received by Landlord or Landlord's designee within five (5) days after such amount shall be due, Tenant shall pay to Landlord a late charge equal to one percent (1%) of such overdue amount (which late charge shall automatically be increased to five percent (5%) if the applicable Rent is not paid within thirty (30) days after it is due), which charge shall be in addition to, and not in lieu of, the interest on past due obligations referred to in Section 5.5 above. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs that Landlord would incur by reason of late payment by Tenant. Acceptance of such late charge by Landlord shall in no event constitute a waiver of Tenant's default with respect to such overdue amount, nor prevent Landlord from exercising any of the other rights and remedies granted hereunder. Notwithstanding the foregoing, one (1) late fee and interest in any twelve (12) month period shall be waived if the Rent is paid within thirty (30) days after the date it is due.

6. Maintenance and Repairs; Alterations and Additions; Fixtures.

6.1 Maintenance and Repairs.

6.1.1 Landlord Responsibilities. On Tenant's behalf, and subject to Tenant's obligations under Section 5 (including without limitation Tenant's obligation to reimburse Landlord all Operating Expenses), Sections 2.1, 2.2, 5, 6.1.2, 6.2, 12, 14 and/or 15, and/or Tenant's other obligations set forth in this Lease, Landlord shall keep in good

order, condition and repair (similar to other Class B office buildings in the Kearny Mesa market), reasonable wear and tear excepted:

(i) (a) the Building Shell Structure, (b) utility feeds to the Building, (c) retaining walls, (d) Building stairwells, (e) the parking lot, (f) Building pumps, boilers and pressure valves, (g) Building systems and equipment including HVAC, plumbing, electrical, fire/life safety, elevator and security systems, (h) the Building roof, (i) Building insta-hot fixtures, transformers, thermostats and controls, back-flow, lighting fixtures, and bathroom equipment, and (j) Premises landscaping and fences; and

(ii) provide the services for which there is an Operating Expense pursuant to subsections (a), (b), (d) and (e) of Section 5.2.

Notwithstanding the proceeding, Landlord shall not be required to perform its obligations under the preceding sentence with respect to any maintenance or repair is caused in whole or in part by the neglect, fault or omission of Tenant, its agents, employees, contractors or invitees, and Tenant shall pay to Landlord the cost of any and all such maintenance and repair. There shall be no abatement of Rent and no liability of Landlord by reason of any inuring to or interference with Tenant's business arising from the making of any repairs, alterations or improvement in or to any portion of the Premises, and Landlord shall incur no liability to Tenant by reason of undertaking the required in the section. Landlord shall not be obligated to paint the exterior or interior surfaces of exterior walls nor shall Landlord be obligated to maintain, repair or replace windows, doors or plate glass of the Premises. Tenant expressly waives the benefit of any statute now or hereafter in effect to the extent it is inconsistent with the terms of this Lease. Provided that Tenant is in compliance with all of its obligations under the Lease, including without limitation those set forth in Section 5, Landlord's obligations set forth in this Section 6.1.1 are not conditioned upon the Reserve balance.

6.1.2 Tenant Responsibilities. Tenant shall maintain in good order, condition and repair the interior and exterior of the Building, including, but not limited to fixtures, furnishings and the improvements and equipment installed by Tenant in the Premises. Tenant shall be solely liable for, and shall immediately reimburse Landlord for any costs incurred by Landlord, or any damages suffered by Landlord, (i) to clear any back up, clogging, or other similar situation, of the plumbing or sewage systems which results from grease or other causes originating in the Premises, or (ii) otherwise caused by Tenant or Tenant's agents, employees, guests, contractors, subcontractors, suppliers, consultants, invitees or customers.

6.1.3 Condition Upon Expiration of Term. Upon the expiration or earlier termination of this Lease, Tenant shall remove all of its personal property, trade fixtures, equipment and, if required by Landlord pursuant to Section 6.2, all alterations, additions and improvements made by Tenant, repair all damage resulting from such removal and surrender the Premises in good condition, excepting ordinary wear and tear. Notwithstanding any term in this Lease to the contrary, any personal property, trade fixtures and/or equipment provided to Tenant pursuant to the Work Letter shall remain the property of Landlord. Tenant shall indemnify Landlord against any loss or liability resulting from delay (exceeding 60 days) by Tenant in so surrendering the Premises, including, without limitation, any claims made by any succeeding Tenant based on such delay.

6.2 Alterations and Additions.

6.2.1 Tenant shall not make any alterations or additions to the Premises without Landlord's prior written consent, which Landlord may withhold in its sole and absolute discretion (provided that, with respect to cosmetic alterations costing less than $100,000, Tenant shall not be required to secure such consent). All alterations, additions, and improvements made by Tenant to or upon the Premises, except removable trade fixtures, shall at once when made or installed be deemed to have become the property of Landlord; provided, however, if prior to termination of this Lease, or within fifteen (15) days thereafter, Landlord so directs by written notice to Tenant, Tenant shall promptly remove the additions, improvements and installations which were placed in the Premises by Tenant and which are designated in such notice and shall repair any damage occasioned by such removal (and, if Tenant fails to perform such obligation, Landlord may effect such removal and repairs at Tenant's expense).

6.2.2 At least ten (10) days prior to commencing any work in connection with any alterations, additions, or improvements in or about the Premises (including those set forth in Section 6.2, 6.3 or 19), Tenant shall notify Landlord in writing of the expected date of commencement thereof. Landlord shall have the right at any time and from time to time

to post and maintain on the Premises such notices as Landlord deems necessary to protect the Premises and Landlord from mechanics' liens, materialmen's liens, or any other liens.

6.2.3 Any alterations, additions, or improvements in or about the Premises that Tenant shall desire to make, whether or not they require the consent of Landlord, shall be presented to Landlord in written form, with proposed detailed plans including without limitation as-built drawings (provided that Tenant shall not be required to provide Landlord as-built drawings with respect to alterations costing less than $100,000 if Tenant does not cause any such as-built drawings to be prepared with respect to such alterations). If Landlord shall give its consent, such consent shall be deemed conditioned upon Tenant acquiring a permit to do the work from appropriate governmental agencies, the furnishing of a copy of such permit to Landlord prior to commencement of the work, and compliance by Tenant with all conditions of such permit in a prompt and expeditious manner. Tenant agrees to reimburse Landlord for all costs and expenses (including, without limitation, any architect and/or engineer fees) incurred by Landlord in considering whether to approve or disapprove Tenant's plans for alterations or additions to the Premises. Landlord's consent shall not be deemed to be a representation by Landlord that the alterations, additions or improvements comply with applicable insurance requirements, building codes, "ADA" (as defined below), state or federal accessibility laws or codes, fire life safety requirements, or any other ordinances, laws or regulations or Applicable Requirements, or that the alterations, additions or improvements will be adequate for Tenant's use.

6.2.4 With respect to the work that is the subject of this Section 6.2, Section 6.3, Section 19 or otherwise in connection with the Premises ("Tenant Work"):

(i) The Tenant Work shall be completed in accordance with all Applicable Requirements (including without limitation ADA). Tenant shall be responsible for daily supervision of all contractors and subcontractors, coordination with others, traffic control and removal of construction debris (without use of Building trash areas or receptacles).

(ii) Tenant shall indemnify, defend and hold Landlord, the Premises and the Building harmless from and against any and all Claims and Costs relating to or arising out of the Tenant Work.

(iii) If any damage occurs to any portion of the Building or Premises during Tenant Work arising out of or in connection with any acts or omissions of Tenant or Tenant's agents, employees, guests, contractors, subcontractors, suppliers, consultants, invitees or customers, then, in addition to and notwithstanding any other rights and remedies of Landlord under this Lease, Landlord may, at its option, either (i) require Tenant to repair such damage at Tenant's sole cost and expense, or (ii) repair such damage and charge Tenant for such repair as Additional Rent. Tenant shall be solely responsible for all costs of the Tenant Work. Tenant shall pay when due all claims for labor or materials furnished in constructing the Tenant Work. Tenant shall be responsible to ensure the timely payment of all claims for labor or material furnished to or for Tenant for use in constructing the Tenant Work. Tenant shall not permit any mechanic's or materialman's liens arising out of the Tenant Work to be levied against the Premises or the Building. If any mechanic's or materialman's lien is filed against the Premises or the Building in connection with the Tenant Work, Tenant shall cause the same to be released and discharged of record by bond or otherwise within 15 days after written notice thereof.

6.2.5 Tenant's requirements set forth in the Section 6.2 are in addition to (and in no manner limit) Tenant's other obligations under this Lease. Tenant's obligations under this Section 6.2 shall survive termination or expiration of this Lease.

6.3 Roof Access/Communication Devices. Subject to Section 6.2, Tenant shall have the right to access and exclusive use of the roof, to install any communication devices, provided that (i) Tenant shall have no right to penetrate, use or place any equipment on the roof of the Building, without Landlord's written permission, which permission may be withheld in Landlord's sole and absolute discretion, (ii) such installation must be done by a roofing contractor designated by Landlord, and (iii) such installation does not void or otherwise adversely affect any roof warranties. The terms and conditions of Section 6.2 shall apply to such installation, and Tenant shall comply with the terms of Section 6.2 in connection with same. Tenant shall indemnify, defend and hold "Landlord Parties" (as defined blow), the Premises and the Building harmless from and against any and all "Claims and Costs" relating to or arising out of such installation, or access or use of the roof by Tenant or any of its agents, employees, guests, contractors, subcontractors, suppliers, consultants, invitees or customers, or any other person or entity, including without limitation those arising out of or relating to any injury or death or damage to property. Upon expiration or earlier termination of this Lease, Tenant shall repair any

damage done to the roof by Tenant, and Tenant shall warrant that the roof is in serviceable and leak-free condition at the time of the surrender of the Premises.

6.4 Repairs and Alterations Required by Governmental Authorities. Tenant shall, at its sole cost and expense, be responsible for all repairs, alterations or improvements to the Premises necessitated as a result of the requirement of any municipal, state or federal authority and/or any board of fire underwriters or other similar body and Tenant shall obtain and pay for all permits, including a certificate of occupancy, required for Tenant's occupancy of the Premises, if required and/or mandated.

6.5 Americans with Disabilities Act. Despite any provision of this Lease to the contrary, the following provisions shall govern the responsibility of Tenant with respect to compliance with the Americans with Disabilities Act of 1990 and its implementing regulations, as amended or supplemented from time-to-time, related state and local laws, and rules and regulations promulgated to further the purpose thereof ("ADA"). Following the Delivery Date, Tenant, at Tenant's sole cost and expense, shall be solely responsible for any and all ADA compliance of the Premises (including, without limitation, parking facilities, barrier removal, and auxiliary aids and services) as now or hereafter required by ADA if such ADA compliance is required. Landlord's approval of the plans, specifications and working drawings that are the subject of the Work Letter, or any subsequent alterations or improvements, shall create no responsibility or liability on the part of Landlord for their completeness, design sufficiency, or compliance with all laws, rules and regulations of governmental agencies or authorities, including the ADA. Within thirty (30) days after receipt, Landlord and Tenant shall advise the other party in writing, and provide the other with copies of any notices relating to the Premises which either allege a violation of ADA, present or threaten to present any claim regarding noncompliance with ADA, and/or provide notice of any governmental or regulatory actions or investigations instituted or threatened regarding noncompliance with ADA. Tenant agrees to indemnify, defend and hold Landlord and its agents, employees, lender, affiliates, members and equity partners/members harmless from any Claims and Costs in connection with or relating to Tenant's failure to bring the Premises into compliance with ADA.

6.6 Landlord's Obligations regarding Hazardous Materials.

6.6.1 Without in any manner modifying Sections 2, 6, 12, 13, 14, 15, 16 or 20.2, or any of Tenant's obligations under this Lease (and subject to Section 20.2), Landlord shall indemnify, defend and reimburse and hold Tenant harmless from and against any and all environmental damages, including the cost of remediation, which result from Hazardous Materials that existed in, on or under the Premises or Real Property prior to Tenant's occupancy or which are caused by the gross negligence or willful misconduct of Landlord, its agents or employees.

6.6.2 If a "Hazardous Material Condition" (as defined below) occurs during the Term, unless Tenant is legally responsible therefor (in which case Tenant shall make the investigation and remediation thereof required by the Applicable Requirements, and this Lease shall continue in full force and effect, but subject to Landlord's rights under this Lease, including without limitation, Sections 3, 12 and 16, Landlord may, at Landlord's option, either (i) investigate and remediate such Hazardous Material Condition, if required, as soon as reasonably possible at Landlord's expense, in which event this Lease shall continue in full force and effect, or (ii) if the cost to remediate such condition exceeds 12 times the then monthly Base Rent, give written notice to Tenant, within 30 days after receipt by Landlord of knowledge of the occurrence of such Hazardous Material Condition, of Landlord's desire to terminate this Lease as of the date 60 days following the date of such notice. In the event Landlord elects to give a termination notice, Tenant may, within 10 days thereafter, give written notice to Landlord of Tenant's commitment to pay the amount by which the cost of the remediation of such Hazardous Material Condition exceeds an amount equal to 12 times the then monthly Base Rent. Tenant shall provide Landlord with such funds or satisfactory assurance thereof within 30 days following such commitment. In such event this Lease shall continue in full force and effect, and Landlord shall proceed to make such remediation as soon as reasonably possible after the required funds are available. If Tenant does not give such notice and provide the required funds or assurance thereof within the time provided, this Lease shall terminate as of the date specified in Landlord's notice of termination.

6.6.3 "Hazardous Material Condition" shall mean the occurrence or discovery of a condition involving the presence of, or a contamination by, a Hazardous Material, in, on, or under the Premises which requires restoration.

7. Liens and Bonds.

Tenant shall keep the Premises free from any liens arising out of any work performed, materials furnished or obligations incurred by or on behalf of Tenant. If a lien is filed, Tenant shall notify Landlord in writing within ten (10) days of Tenant's receiving notice of such lien. Tenant may contest the lien in good faith, but even if Tenant contests the lien, within sixty (60) days after the lien is filed, Tenant shall have the lien released of record by payment, bond, court order, or otherwise. If Tenant fails to release of record any such lien within the above period, at its option Landlord may pay the claim or post a bond. Tenant will indemnify Landlord against any Claims and Costs incurred as a result of the assertion of any such lien prohibited by this Section 7, including the reimbursement of Landlord of its actual out-of-pocket and verifiable costs to pay the claim or post bond. Any payments, costs and expenses, including, without limitation reasonable attorney's fees and expenses incurred by Landlord, will be paid by Tenant as Additional Rent within thirty (30) days of billing.

8. Utilities, Trash Disposal, Security and Janitorial.

8.1 Utilities to Premises, Etc.. In addition to its obligation to pay the charges described in Section 5 of this Lease, Tenant shall pay for all water, gas, heat, air conditioning, light, power, electricity, sewer charges, telephone service, trash disposal services, security monitoring services and security systems, janitorial, and all other services and utilities supplied to the Premises, together with any taxes thereon. There shall be no abatement or Rent and no liability of Landlord by reason of any entry to or interference with Tenant's business arising from the failure of utilities to be paid to any parties of the Premises. Landlord agrees at the request of Tenant (subject to Tenant's monthly reimbursement to Landlord) to contract and pay for all water, gas, heat, air conditioning, light, power, electricity, sewer charges, telephone service, trash disposal services, security monitoring services and security systems, janitorial, and other utilities supplied to the Premises. Landlord shall invoice Tenant for all water, gas, heat, air conditioning, light, power, electricity, sewer charges, telephone service, trash disposal services, security monitoring services and security systems, janitorial, and all other services and utilities supplied to the Premises, together with any taxes thereon (excluding any late fees and charges due to Landlord's failure to timely pay invoices), and Tenant shall pay for same in accordance with the terms of Section 5. Landlord shall provide Tenant invoice statements from the vendor. If Landlord is currently contracting and paying for all utilities, Tenant may require Landlord to switch all utilities to Tenant's name, and Tenant shall then pay for all utilities directly to the utility vendors.

8.2 Utility Information. Upon written notice from Landlord ("Utility Bill Notice"), Landlord may require Tenant to provide Landlord with copies of bills received by Tenant with respect to a period of up to eighteen (18) months prior to the date of the Utility Bill Notice from electricity, natural gas or similar utility providers (collectively, "Utility Providers") relating to utility usage at the Premises (collectively, "Utility Bills"). Tenant shall provide such Utility Bills to Landlord within thirty (30) days after Landlord's delivery of a Utility Bill Notice to Tenant. In addition, Tenant hereby authorizes Landlord to obtain copies of the Utility Bills directly from the Utility Providers, and Tenant hereby authorizes each Utility Provider to provide Utility Bills and related utility usage information for the Premises directly to Landlord. From time to time within thirty (30) days after Landlord's written request, Tenant shall execute and deliver to Landlord further assurances requested by Landlord authorizing Utility Providers to provide to Landlord Utility Bills and other information relating to utility usage at the Premises.

9. Assignment and Subletting.

9.1 Landlord's Consent Required. Tenant shall not voluntarily or by operation of law assign, transfer, mortgage, sublet or license or otherwise encumber (other than furniture, removable trade fixtures and equipment) (collectively "transfer") all or any part of Tenant's interest in this Lease or in the Premises, without the prior written consent of Landlord in each instance, which consent shall not be unreasonably withheld. Any attempted assignment without such consent shall be wholly void. Without in any way limiting Landlord's right to refuse to give such consent for any other reasonable reason or reasons, it shall be deemed reasonable for Landlord to refuse to give such consent if, in Landlord's sole but good faith opinion, the quality of the operations in the Premises may be in any way adversely affected.

9.2 Terms and Conditions of Transfer. Regardless of Landlord's consent, no transfer shall release Tenant of Tenant's obligations hereunder or alter the primary liability of Tenant hereunder. Landlord may accept Rent from any person other than Tenant pending approval or disapproval of such transfer. Neither a delay in the approval or disapproval of such transfer nor the acceptance of Rent shall constitute a waiver or estoppel of Landlord's right to exercise its remedies for the breach of the terms or conditions of this Section 9. Consent to one transfer shall not be deemed consent

to any subsequent transfer. In addition to the foregoing, Tenant agrees to pay to Landlord fifty percent (50%) of any "Transfer Premium" realized by Tenant as a result of any such transfer. "Transfer Premium" shall mean all Base Rent, Additional Rent or other consideration payable by such transferee in excess of the Base Rent and Additional Rent payable by Tenant under this Lease (which shall be on a per rentable square foot basis of the Building if less than all of the Building is transferred). "Transfer Premium" shall also include, but not be limited to, key money and bonus money paid by the transferee to Tenant in connection with such transfer, and any payment in excess of fair market value for services rendered by Tenant to the Transferee or by Tenant to the transferee in connection with such transfer. The Transfer Premium shall be computed after adjustments are made for leasehold concessions granted to the transferee, including, but not limited to, any rent credit and tenant improvement allowance and brokerage commissions, lease takeover payments, and the costs of advertising the space for transfer. For purposes of calculating the effective rent and any other consideration to be paid by the Transferee all such concessions shall be amortized on a straight line basis over the relevant term. In the event Tenant proposes a transfer, Tenant shall first give notice thereof (hereinafter called the "Transfer Notice") to Landlord together with all other information reasonably requested by Landlord with respect to the subject transfer. Landlord shall grant or deny consent to a proposed transfer by written notice to Tenant within fifteen (15) days after Landlord's receipt of the Transfer Notice, an executed duplicate original of the transfer document together with financial and all other information relating to the proposed transferee as may be reasonably requested by Landlord. If Landlord fails to grant or deny consent to a proposed transfer by written notice to Tenant within such fifteen (15) day period, then such failure shall be deemed to constitute Landlord's disapproval of (and denial of consent to) such transfer. Notwithstanding the foregoing, in lieu of giving or withholding consent pursuant to this Section 9, Landlord may elect by notice (hereinafter called the "Termination Notice") in writing to Tenant delivered within such fifteen (15) day period to terminate this Lease and recapture the Premises if Tenant's request to transfer is greater than 60% of the rentable area of the Building, in which event this Lease shall automatically terminate on the thirtieth (30th) day after the date of such Termination Notice (hereinafter called the "Termination Date") with the same force and effect as if such Termination Date had been designated as the expiration date of this Lease, and Landlord and Tenant shall upon such Termination Date be released from any and all liabilities thereafter accruing hereunder. All Base Rent and Additional Rent payable by Tenant hereunder shall be apportioned as of the Termination Date and Tenant shall promptly pay to Landlord any amounts so determined to be due and owing by Tenant to Landlord, and conversely Landlord shall promptly reimburse Tenant for any amounts prepaid by Tenant for periods subsequent to the Termination Date. Notwithstanding any Termination Notice given to Tenant by Landlord within the aforesaid thirty (30) day period, Tenant shall have the right within thirty (30) days after its receipt of the Termination Notice to give Landlord notice (hereinafter called the "Rescission Notice") of its rescission of the Transfer Notice, and upon Landlord's receipt of the Rescission Notice the Termination Notice previously given by Landlord shall be deemed null and void; in such event, Tenant shall not transfer or sublet the Premises as proposed in its Transfer Notice.

9.3 Attorneys' Fees. Tenant shall pay Landlord Five Hundred and No/100 Dollars ($500.00) as reasonable attorneys' fees incurred in connection with any proposed transfer.

9.4 Limitation. If Tenant claims that Landlord has unreasonably withheld or delayed its consent under this Section 9 or otherwise has breached or acted unreasonably under this Section 9, its sole remedy shall be a declaratory judgment and an injunction for the relief sought, and Tenant hereby waives all other remedies, including, without limitation, any right to seek damages or terminate this Lease under Section 1995.310 of the California Civil Code or any other law.

10. Entry by Landlord.

Landlord reserves, and shall at any and all times have, upon at least twenty four (24) hours prior written notice to Tenant (except in the case of emergency no such notice will be required), the right to enter the Premises (as Landlord may deem necessary or desirable) at all reasonable times (a) to inspect the same, (b) to post notices of non-responsibility (as provided in Section 8444 of the California Civil Code), (c) to repair the Premises, for which purpose Landlord may erect scaffolding and other necessary structures where reasonably required by the character of the work to be performed, provided that (i) the entrance to the Premises is not unreasonably blocked thereby, and (ii) the business of Tenant is not interfered with unreasonably, (d) to show the Premises to prospective purchasers or tenants, and (e) during the last six (6) months of the then effective Term, to post ordinary "For Rent," "For Lease," or "For Sale" signs on the Premises. Tenant hereby waives any claim for (i) abatement of Rent, or (ii) damage, injury or inconvenience to or interference with Tenant's business occasioned thereby.

11. Taxes.

11.1 Payment of Taxes. Landlord shall pay the real property taxes, as defined in Section 11.2, applicable to the Premises subject to reimbursement by Tenant in accordance with the provisions of Section 5.

11.2 Definition of "real property taxes". As used herein, the term "real property taxes" shall include any form of real estate tax or assessment, general, special, ordinary or extraordinary, and any license fee, commercial rental tax, improvement bond or bonds, levy or tax (other than inheritance, personal income or estate taxes) imposed on the Premises, Real Property or any portion thereof, or on any legal or equitable interest of Landlord in the Premises, Real Property, or any portion thereof, or on Landlord's right to income therefrom and/or on Landlord's business of leasing the Premises, by any authority having the direct or indirect power to tax, including any city, county, state or federal government, or any school, agricultural, sanitary, fire, street, drainage or other improvement district thereof. The term "real property taxes" shall also include any tax, fee, levy, assessment or charge (i) in substitution of, partially or totally, any tax, fee, levy, assessment or charge hereinabove included within the definition of "real property taxes," or (ii) the nature of which was hereinbefore included within the definition of "real property taxes," or (iii) which is imposed by reason of this transaction, any modifications or charges hereto. For avoidance of doubt, "real property taxes" do not include any of the following (unless levied entirely or partially in lieu of real property taxes): franchise taxes, gift taxes, capital stock taxes, inheritance and succession taxes, estate taxes, or federal and state income taxes. Any real property tax increases triggered by sale or transfer of the Real Property shall be excluded from Operating Expenses; all other real property tax increases (including without limitation those arising in connection with the work that is the subject of the Work Letter) shall be included in Operating Expenses. Tenant shall not be responsible to pay Landlord's late fees paid to County Assessor, if applicable.

11.3 Personal Property Taxes.

11.3.1 Tenant shall, prior to delinquency, pay all taxes assessed against and levied upon trade fixtures, furnishings, equipment and all other personal property of Tenant contained in the Premises or elsewhere. When possible, Tenant shall cause such trade fixtures, furnishings, equipment and all other personal property to be assessed and billed separately from Landlord's real property.

11.3.2 If any of Tenant's personal property shall be assessed with Landlord's real property, Tenant shall pay to Landlord the taxes attributable to Tenant within thirty (30) days after receipt of a written statement from Landlord setting forth the taxes attributable to Tenant's property.

12. Indemnity.

12.1 Indemnity. Tenant shall indemnify, defend, protect and hold Landlord, its agents, employees, shareholders, officers, directors, members, managers, employees, property manager, contractors, equity members/partners, affiliates and lenders (collectively, "Landlord Parties"), harmless from and against any and all "Claims and Costs" (as defined below) arising from or relating in any manner to Tenant's use of the Premises or the conduct of its business or from any activity, work, or thing done, or permitted by Tenant in or about the Premises. For purposes of this Lease, the term "Claims and Costs" shall mean all liabilities, actions, demands, judgments, damages, losses, costs (including but not limited to remediation and clean-up costs), fines, penalties, costs, expenses, court costs, claims and reasonable attorneys' fees. Tenant shall further indemnify, defend, protect and hold Landlord and Landlord Parties harmless from and against any and all Claims and Costs arising from any breach or default in the performance of any obligation on Tenant's part to be performed under the terms of this Lease, or arising from any act or negligence of Tenant or any of its agents, employees, guests, contractors, subcontractors, suppliers, consultants, invitees or customers, and any action or proceeding brought against Landlord or any Landlord Parties by reason of any such Claims and Costs, including any Claims and Costs resulting from Tenant's failure to timely surrender possession of the Premises when and as required pursuant to the terms of this Lease. Tenant, as a material part of the consideration to Landlord for this Lease, hereby assumes all risk of damage to property or injury to persons in, upon or about the Premises from any cause, and Tenant hereby waives all claims against Landlord and Landlord's Parties with respect thereto. Tenant's obligations to indemnify Landlord under this Section 12.1 shall not apply to Claims and Costs to the extent caused by or arising out of the negligence or willful misconduct of Landlord.

12.2 Exemption of Landlord From Liability. Landlord and Landlord Parties shall not be liable for injury or damage which may be sustained by the person, goods, wares, merchandise or property of Tenant, its agents,

employees, guests, contractors, subcontractors, suppliers, consultants, invitees or customers, or any other person in or about the Premises, caused by or resulting from fire, steam, electricity, gas, water or rain, which may leak or flow from or into any part of the Premises, or from the breakage, leakage, obstruction or other defects of the pipes, sprinklers, wires, appliances, plumbing, air conditioning or lighting fixtures, whether the damage or injury results from conditions arising upon the Premises or from any other source. In no event shall Landlord or any Landlord Parties be liable to Tenant (or any person or entity claiming by, through or under Tenant) for, and Tenant hereby waives any claims with respect to, any consequential, punitive, special or indirect damages arising under or in connection with this Lease.

13. Insurance.

13.1 Liability Insurance-Landlord. Subject to reimbursement by Tenant of the premium pursuant to Section 5, Landlord shall obtain and keep in force, during the Term, a policy of commercial general liability insurance, insuring Landlord, but not Tenant, against any liability arising out of the ownership, use, occupancy or maintenance of the Premises, with such amounts of coverage as deemed appropriate by Landlord, in its sole and absolute discretion.

13.2 Property Insurance. Subject to reimbursement by Tenant of the premium pursuant Section 5, Landlord shall obtain and keep in force during the Term a policy or policies of insurance covering loss or damage to the Premises, but not Tenant's personal property, fixtures or equipment, providing protection against all perils included within the classification of causes of loss – special form property insurance, plate glass insurance, building or rebuilding ordinance coverage as needed and such other insurance, excluding earthquake and terrorism insurance, if required by Landlord's lender, or as Landlord deems advisable. If the Premises shall suffer an Insured Loss as defined in Subsection 14.1.3 hereof, Tenant shall pay the deductible amounts under the casualty insurance policies relating to the Premises not to exceed $5000 per occurrence.

13.3 Rental Value. Subject to reimbursement by Tenant of the premium pursuant to Section 5, Landlord shall obtain and keep in force a policy or policies in the name of Landlord with loss payable to Landlord and any lender, insuring the loss of the full Rent for one year with an extended period of indemnity for an additional 180 days ("Rental Value Insurance"). Such insurance shall contain an agreed valuation provision in lieu of any coinsurance clause, and the amount of coverage shall be adjusted annually to reflect the projected Rent otherwise payable by Tenant, for the next 12 month period. Tenant shall be liable for any deductible amount in the event of such loss.

13.4 Tenant's Compliance With Landlord's Fire and Casualty Insurance. Tenant shall, at Tenant's expense, comply with all insurance company requirements pertaining to the use of the Premises. If Tenant's conduct or use of the Premises causes any material increase in the premium for such insurance policies then Tenant shall reimburse Landlord for any such material increase.

13.5 Tenant's Insurance. Tenant shall maintain the following coverages in the following amounts:

13.5.1 commercial general liability insurance protecting Tenant and Landlord as an additional insured against claims for bodily injury, personal injury and property damage (and the loss of loss of use of the Premises) arising out of Tenant's operations, and contractual liabilities (covering the performance by Tenant of its indemnity agreements) including a broad form endorsement covering the insuring provisions of this Lease and the performance by Tenant of the indemnity obligations, set forth in this Lease, for limits of liability not less than:

Bodily Injury and	$3,000,000 each occurrence
Property Damage Liability	$3,000,000 annual aggregate

Such insurance shall be on an occurrence basis. Tenant shall add Landlord as an additional insured by means of an endorsement at least as broad as the Insurance Service Organization's "Additional Insured-Managers or Lessors of Premises" Endorsement. The policy shall not contain any intra-insured exclusions as between insured persons or organizations, but shall include coverage for liability assumed under this Lease as an "insured contract" for the performance of Tenant's indemnity obligations under this Lease. The limits of such insurance shall not, however, limit the liability of Tenant nor relieve Tenant of any obligation hereunder. Tenant shall provide an endorsement on its liability policy(ies) which provides that its insurance shall be primary to and not contributory with any similar insurance carried by Landlord, whose insurance shall be considered excess insurance only.

13.5.2 Special Form (Cause of Loss) Property Insurance covering (i) all office furniture, business and trade fixtures, office equipment, free-standing cabinet work, movable partitions, merchandise and all other items of Tenant's property on the Premises installed by, for, or at the expense of Tenant, (ii) the "Tenant Improvements" and "Landlord Improvements" as those terms are defined in this Lease, and (iii) all alterations and additions to the Premises. Such insurance shall be for the full replacement cost (subject to reasonable deductible amounts) new without deduction for depreciation of the covered items and in amounts that meet any co-insurance clauses of the policies of insurance and shall include coverage for damage or other loss caused by fire or other peril including, but not limited to, vandalism and malicious mischief, theft, water damage of any type, including sprinkler leakage, bursting or stoppage of pipes, and explosion, and providing business interruption coverage for a period of one year.

13.5.3 Worker's Compensation and Employer's Liability or other similar insurance pursuant to all applicable state and local statutes and regulations.

Notwithstanding anything to the contrary contained herein, the original Tenant (i.e., the City of San Diego only and not any assignee, subtenant or other transferee) may, subject to the provisions of this paragraph, fulfill any of its insurance obligations under this Section 13.5 above by self-insurance. Any self-insurance so maintained by Tenant shall be deemed to contain all of the terms and conditions applicable to such insurance as required in this section, including, without limitation, a deemed additional insured provision (as to the coverage in Section 13.5.1) and a deemed waiver of subrogation (as to the coverage in Section 13.5.2); consequently, Landlord shall be treated, for all purposes, as if Tenant had actually purchased such insurance from a third party. If Tenant elects to so self-insure, then with respect to any claims which may result from incidents occurring during the Term, such self-insurance obligation shall survive the expiration or earlier termination of this Lease to the same extent as the insurance required hereunder would survive. Without limiting to foregoing, Tenant shall comply with the requirements of Section 13.6 below.

The minimum limits of policies of insurance required of Tenant under this Lease shall in no event limit the liability of Tenant under this Lease. Tenant's insurance shall (i) name Landlord, Landlord's lender, and any other party the Landlord so specifies, as an additional insured, including Landlord's property manager, if any; (ii) specifically cover the liability assumed by Tenant under this Lease, including, but not limited to, Tenant's indemnity obligations under this Lease; (iii) be issued by an insurance company having a rating of not less than A-VIII in Best's Insurance Guide or which is otherwise acceptable to Landlord and licensed to do business in the State of California; (iv) be primary insurance as to all claims arising within the Premises thereunder and provide that any insurance carried by Landlord is excess and is non-contributing with any insurance requirement of Tenant; (v) be in form and content reasonably acceptable to Landlord; and (vi) contain a cross-liability endorsement or severability of interest clause acceptable to Landlord; and (vii) provide that such insurance shall not be canceled or coverage changed unless thirty (30) days' prior written notice shall have been given to Landlord and any mortgagee of Landlord. Tenant shall deliver said policy or policies or certificates thereof to Landlord on or before ten days prior to the Commencement Date and at least five (5) days before the expiration dates thereof. In the event Tenant shall fail to procure such insurance, or to deliver such policies or certificate, and such failure continues for five (5) business days after notice from Landlord, Landlord may, at its option, procure such policies for the account of Tenant, and the cost thereof shall be paid to Landlord within five (5) days after delivery to Tenant of bills therefor. Tenant shall, at least thirty (30) days prior to the expiration of such policies, furnish Landlord with renewals or "binders" thereof.

13.6 Self-Insurance. All or any portion of the coverages Tenant is required to maintain under this Lease may be maintained under a program of Tenant self-insurance approved by Landlord. Before the Lease Commencement Date, Tenant shall advise Landlord of the self-insurance program. It is understood that if Tenant elects to self-insure as permitted above, Landlord shall have the same benefits and protections as if Tenant carried insurance with a third-party insurance company satisfying the requirements of this Lease (including, without limitation, waiver of subrogation provisions and the requirements of Section 13.5 above).

13.7 No Representation of Adequate Coverage. Landlord makes no representation that the limits or forms of coverage of insurance specified herein are adequate to cover Tenant's property, business operations or obligations under this Lease.

13.8 Insurance Policies. Insurance required to be procured hereunder shall be in companies with a "General Policyholder's Rating" of at least "A; VII" as set forth in the most current issue of "Best Insurance Guide," or such other rating as may be required by a lender having a lien on the Premises and the amount of such insurance shall be subject to periodic increases based on inflation, increased liability awards, recommendations of professional insurance advisors and

other relevant factors. Landlord and Landlord's property manager and mortgagee shall be named as an additional insured in the Commercial General Liability Insurance policy. Tenant shall not do or permit to be done anything, which shall invalidate the insurance policies carried by Landlord. Landlord may satisfy its insurance obligations under this Lease with a blanket insurance policy covering additional locations.

13.9 Waiver of Subrogation. Notwithstanding anything in this Lease to the contrary, Landlord and Tenant hereby waive and release any claim that either of them may hereafter have against the other on account of any damage to the property of the waiving party (that is caused by an occurrence covered under a policy of property insurance maintained, or required to be maintained hereunder, by the waiving party), even if such damage shall be due to the negligent act or omission of the other party. Landlord and Tenant shall each cause their respective property insurance policies to contain a waiver of any right of subrogation the insurer of one party hereto may acquire against the other party hereto by virtue of payment of any loss under any such insurance. The provisions of this Section 13 shall survive the expiration or sooner termination of this Lease with respect to any claims or liability occurring prior to such expiration or termination.

14. Damage or Destruction.

14.1 Definitions.

14.1.1 "Premises Partial Damage" shall mean damage or destruction to the Premises where the cost of repair is less than fifty percent (50%) of the then replacement cost of the Premises.

14.1.2 "Premises Total Destruction" shall mean damage or destruction to the Premises where the cost of repair is fifty percent (50%) or more of the then replacement cost of the Premises.

14.1.3 "Insured Loss" shall mean damage or destruction, which is caused by an event covered by the insurance maintained by Landlord as described in Section 13. The fact that an Insured Loss has a deductible amount shall not make the loss an Uninsured Loss.

14.1.4 "Uninsured Loss" shall mean damage or destruction (i) for which the insurance proceeds available to repair or rebuild the damaged area are less than the Replacement Cost for same, or (ii) caused by an event not covered by the insurance maintained by Landlord as described in Section 13.

14.1.5 "Replacement Cost" shall mean the amount of money necessary to be spent in order to repair or rebuild the damaged area to the condition that existed immediately prior to the damage occurring, excluding all improvements made by tenants.

14.2 Premises Partial Damage.

14.2.1 Insured Loss: Subject to the provisions of Sections 14.4 and 14.5, if at any time during the Term there is damage which is an Insured Loss and which falls into the classification of Premises Partial Damage, and if the proceeds received by Landlord from such insurance are sufficient to pay for the necessary repairs, then Landlord shall repair such damage to the Premises, but not Tenant's fixtures, equipment or tenant improvements (it being agreed that Tenant shall be solely responsible for the repair and replacement of the same), as soon as reasonably possible and this Lease shall continue in full force and effect. Notwithstanding the foregoing or any other provision of this Lease, Landlord shall not be required to repair or restore any damage to the Premises (even if insurance proceeds are sufficient) if such repairs or restoration would not conform to the requirements of any historic tax credits or any historical guidelines.

14.2.2 Uninsured Loss: Subject to the provisions of Sections 14.4 and 14.5, if at any time during the Term of this Lease there is damage which is an Uninsured Loss and which falls within the classification of Premises Partial Damage, which damage prevents Tenant from using the Premises, Landlord may at Landlord's option either: (i) repair such damage, but not Tenant's fixtures, equipment or tenant improvements (it being agreed that Tenant shall be solely responsible for the repair and replacement of the same), as soon as reasonably possible at Landlord's expense, in which event this Lease shall continue in full force and effect, or (ii) terminate this Lease by giving written notice to Tenant within ninety (90) days after the date of the occurrence of such damage of Landlord's intention to terminate this Lease as of the date of the occurrence of such damage. In the event Landlord elects to give such notice of Landlord's intention to terminate this Lease, then in connection with an Uninsured Loss within the classification of Premises Partial Damage,

Tenant shall have the right within thirty (30) days after the date of such notice to give written notice to Landlord of Tenant's intention to repair such damage at Tenant's expense, without reimbursement from Landlord, in which event this Lease shall continue in full force and effect, and Tenant shall proceed to make such repairs as soon as reasonably possible. If Tenant does not give such notice within such thirty (30) day period, this Lease shall terminate as of the date of Landlord's notice of its election to so terminate.

14.3 Premises Total Destruction. Subject to the provisions of Sections 14.4 and 14.5, if at any time during the Term there is damage, whether or not it is an Insured Loss, and which falls into the classification of Premises Total Destruction, then Landlord may at Landlord's option either: (a) repair such damage or destruction, but not Tenant's fixtures, equipment or tenant improvements (it being agreed that Tenant shall be solely responsible for the repair and replacement of the same), as soon as reasonably possible at Landlord's expense, and this Lease shall continue in full force and effect, or (b) terminate this Lease by giving written notice to Tenant within sixty (60) days after the date of occurrence of such damage of Landlord's intention to terminate this Lease, in which case this Lease shall terminate as of the date of the occurrence of such damage.

14.4 Damage Near End of Term. If at any time during the last six (6) months of the then effective Term there is substantial damage, whether or not an Insured Loss, which falls within the classification of Premises Partial Damage, then Landlord or Tenant may at either Parties option terminate this Lease as of the date of occurrence of such damage by giving written notice to the other party Tenant of Landlord's election to do so within sixty (60) days after the date of occurrence of such damage.

14.5 Abatement of Rent; Tenant's Remedies.

14.5.1 If Landlord repairs or restores the Premises pursuant to the provisions of this Section 14, the Base Rent and real property taxes payable by Tenant hereunder for the period during which such damage, repair or restoration continues shall be abated in proportion to the degree to which Tenant's use of the Building is impaired. Except for any abatement of Base Rent and real property taxes, Tenant shall have no claim against Landlord for any damage suffered by reason of any such damage, destruction, repair or restoration.

14.5.2 If Landlord shall be obligated to repair or restore the Premises under the provisions of this Section 14 and shall not commence such repair or restoration within three hundred sixty (360) days after such obligation shall accrue and Landlord obtaining the necessary permits and approvals (which Landlord must promptly apply for and diligently pursue to obtain), Tenant may at Tenant's option terminate this Lease by giving Landlord written notice of Tenant's election to do so at any time prior to the commencement of such repair or restoration. In such event this Lease shall terminate as of the date of Landlord's receipt of such notice.

14.6 Waiver. Landlord and Tenant waive the provisions of any statutes (including, without limitation, Sections 1932(2) and 1933(4) of the California Civil Code) that relate to termination of Lease when leased property is destroyed and agree that such event shall be governed by the terms of this Lease.

15. Condemnation. If the Premises are taken under the power of eminent domain, or sold under the threat of the exercise of such power (all of which are herein called "condemnation"), this Lease shall terminate as to the part so taken as of the date the condemning authority takes title or possession, whichever first occurs. (Tenant shall not cause any such condemnation.) If any material portion of the Premises is taken by condemnation, Landlord or Tenant may, at Landlord's or Tenant's option, terminate this Lease as of the date the condemning authority takes possession of the Premises, such option to be exercised in writing within thirty (30) days after the date Landlord shall have given Tenant written notice of such taking (or in the absence of such notice, within thirty (30) days after the condemning authority shall have taken possession). If Landlord or Tenant does not terminate this Lease in accordance with the foregoing, then this Lease shall remain in full force and effect as to the portion of the Premises remaining, except that the Base Rent and real property taxes payable by Tenant hereunder shall be reduced based on rentable square footage of the Building taken; in connection therewith, Landlord and Tenant agree to enter into an amendment to this Lease within 30 days after the partial taking confirming the reduction in rentable square footage and the reduction in Base Rent and real property taxes. Any award for the taking of all or any part of the Premises under the power of eminent domain or any payment made under threat of the exercise of such power shall be the property of and paid to Landlord, whether such award shall be made as compensation for diminution in value of the leasehold or for the taking of the fee, or as severance damages; provided, however, that Tenant shall be entitled to any award for Tenant's relocation expenses, and for any loss of goodwill or other damage to Tenant's business by reason of such taking (so long as such claims do not diminish the award available to

Landlord with respect to the Building or the Premises or its mortgagee, and such claim is payable separately to Tenant). In the event that this Lease is not terminated by reason of such condemnation, Landlord shall, to the extent of severance damages received by Landlord in connection with such condemnation, repair any damage to the Premises caused by such condemnation except to the extent that Tenant has been reimbursed therefor by the condemning authority. Tenant shall pay any amount in excess of such severance damages required to complete such repair, not to exceed, however, the amount Tenant has been reimbursed therefore by the condemning agency. Tenant hereby waives any and all rights it might otherwise have pursuant to Section 1265.130 of the California Code of Civil Procedure, or any other California law, statute or ordinance now or hereafter in effect, to seek termination of this Lease in the event of a taking.

16. Default; Remedies.

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

16.1.1 Any failure by Tenant to pay the Rent or any other monetary sums required to be paid hereunder (where such failure continues for three (3) business days after written notice by Landlord to Tenant), provided that Tenant may make one late payment every Lease Year without constituting a default so long as such failure does not continue for more than 30 days);

16.1.2 Tenant's failure to provide any estoppel certificate as required by Section 20.1 within three days after written notice of such failure from Landlord to Tenant;

16.1.3 Abandoning or vacating the Premises by Tenant;

16.1.4 A failure by Tenant to observe or perform any other provision of this Lease to be observed or performed by Tenant, where such failure continues for thirty (30) days after written notice thereof by Landlord to Tenant;

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

Any notice required under this Section 16.1 shall be in lieu of, and not in addition to, any notice required under California Code of Civil Procedure Section 1161 or any successor law.

16.2 Remedies. In the event of any such default or breach by Tenant, Landlord may at any time thereafter pursue any one or more of the following remedies (in addition to any other remedies now or later available to Landlord at law or in equity), without being limited in the exercise of any right or remedy at law or in equity, which Landlord may have by reason of such default or breach:

16.2.1 Landlord shall have the remedy described in California Civil Code Section 1951.4. If Landlord does not elect to terminate this Lease on account of any default by Tenant, Landlord may, from time to time, without terminating this Lease, enforce all of its rights and remedies under this Lease, including the right to recover all rent as it becomes due.

16.2.2 Landlord may terminate this Lease in which event Tenant shall immediately surrender possession of the Premises to Landlord, and, if Tenant fails to do so, Landlord may, without prejudice to any other remedy which it may have for possession or arrearages in rent, enter upon and take possession of the Premises and expel or remove Tenant and any other person who may be occupying the Premises or any part thereof, without being liable for prosecution or any claim or damages therefor. In the event of such termination of this Lease, Landlord shall be entitled to recover from Tenant all damages incurred by Landlord by reason of Tenant's default, including, but not limited to, (i) the worth at the time of award of the amount of any unpaid rent which had been earned at the time of such termination; plus (ii) the worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus

(iii) the worth at the time of award of the amount by which the unpaid rent for the balance of the Term after the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus (iv) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom. The term "rent" as used in this Subsection 16.2.2 shall be deemed to be and to mean all sums of every nature required to be paid by Tenant pursuant to the terms of this Lease, whether to Landlord or to others. As used in items (i) and (ii), above, the "worth at the time of award" shall be computed by allowing interest at the rate set forth in Section 5.5 of this Lease. As used in item (iii), above, the "worth at the time of award" shall be 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%).

16.2.3 If Tenant fails, refuses or neglects to perform any obligation under this Lease in the time and manner required herein, after the applicable cure period, then Landlord shall have the right, but not the obligation, to do the same, but at the expense and for the account of Tenant. The amount of money so expended or obligations so incurred by Landlord, together with interest thereon at the interest rate set forth in Section 5.5, shall be repaid to Landlord as Additional Rent within thirty (30) days of Tenant's receipt of written notice thereof. Landlord's performance of such obligations shall not waive any default by Tenant hereunder.

16.2.4 Such remedies are not exclusive but are instead cumulative.

16.3 Default by Landlord. Landlord shall not be in default unless Landlord fails to perform the obligations required of Landlord within a reasonable time, but in no event sooner than thirty (30) days after written notice by Tenant to Landlord and to the holder of any first mortgage or deed of trust covering the Premises whose name and address shall have theretofore been furnished to Tenant in writing, specifying wherein Landlord has failed to perform such obligation; provided, however, that if the nature of Landlord's obligation is such that more than thirty (30) days are required for performance, then Landlord shall not be in default if Landlord commences performance within such thirty (30) day period and thereafter diligently prosecutes the same to completion. In no event shall Tenant have the right to terminate this Lease as a result of Landlord's default and Tenant's remedies shall be limited to actual damages and/or an injunction. If Landlord is in default of this Lease, and as a consequence, Tenant recovers a money judgment against Landlord, the amount of such judgment shall be satisfied only out of the proceeds of sale received in execution of the judgment and levied against the right, title and interest of Landlord in the Premises and out of rent or other income from the Premises receivable by Landlord, or out of the consideration received by Landlord from the sale or other disposition of all or any part of Landlord's right, title and interest in the Premises. Landlord shall not be liable to Tenant for claims for punitive, special, exemplary or consequential damages, including damages for loss of profits, loss of use or revenue, or losses by reason of cost of capital, arising out of or relating to this Lease or the Premises, regardless of whether a claim is based on contract, tort (including negligence), strict liability, or any other legal or equitable principle. Neither Landlord, any Landlord Parties, nor any shareholders, officers, directors, members, managers, employees, agents, partners or affiliates of each of the foregoing, shall be personally liable for any deficiency.

17. Subordination; Attornment; Quiet Enjoyment.

17.1 Subordination. This Lease, at Landlord's option, shall be subordinate to the lien of any mortgages or deeds of trust in any amount or amounts whatsoever now or hereafter placed on or against the land or Improvements or either thereof, of which the Premises are a part, or on or against Landlord's interest or estate therein, or on or against any ground or underlying leases. Within five (5) business days after written request from Landlord, Tenant agrees to execute any further instruments which may be requested or required to evidence such subordination. If any mortgagee, or trustee shall elect to have this Lease prior to the lien of its mortgage or deed of trust, and shall give written notice thereof to Tenant, this Lease shall be deemed prior to such mortgage or deed of trust, whether this Lease is dated prior or subsequent to the date of such mortgage or deed of trust or the date of the recording thereof. The agreements contained in this Section 17.1 shall be effective without the execution of any further documents.

17.2 Attornment. In the event of foreclosure or the exercise of the power of sale under any mortgage or deed of trust covering the Premises, Tenant shall attorn to the purchaser upon any such foreclosure or sale and recognize such purchaser as the Landlord under this Lease, provided such purchaser expressly agrees in writing to be bound by the terms of this Lease.

17.3 Quiet Enjoyment. Upon paying the Rent reserved herein and observing and performing all of the provisions on Tenant's part to be observed and performed hereunder, including compliance with any covenants,

conditions and restrictions affecting the Premises, Tenant shall have quiet possession of the Premises during the entire Term of this Lease free from disturbance by Landlord or anyone claiming by, through or under Landlord, subject to all provisions hereof and any such covenants, conditions and restrictions, and to the terms of any mortgage or deed of trust.

18. Holding Over. If Tenant remains in possession of the Premises or any part thereof after the expiration of the current Term with or without the express or implied consent of Landlord, such occupancy shall not be deemed to extend the Term of or renew this Lease, but such occupancy shall at Landlord's election, be deemed a tenancy from month to month or a tenancy at sufferance, upon all the terms hereof except that the Base Rent beginning with the fourth month of any such holdover period shall be increased to a rate which is equal to one hundred twenty five percent (125%) of the Base Rent in effect at the end of the Term.

19. Signs, Advertising. Tenant shall have the exclusive right to install building and other such signage as Tenant requires, as allowed by Applicable Requirements. In connection with such installation, Tenant shall comply with the terms of Section 6.2. Tenant shall submit to Landlord, plans and specifications for the proposed exterior signage for Landlord's approval, which approval will not be unreasonably withheld. All costs and expenses of the design, manufacturing, permitting, approval and installation (including, but not limited to, electrical connection) of such signage shall be at Tenant's sole cost and expense. Tenant shall at all times be responsible, at Tenant's sole cost and expense, for maintaining and repairing Tenant's signage in good condition, and if Tenant fails to do so within thirty (30) days of written notice from Landlord of such failure, then Landlord shall have the right to repair or maintain the signage and Tenant shall reimburse Landlord, as Additional Rent, all amounts incurred by Landlord in connection therewith, including a ten percent (10%) administrative fee on such amount. The exterior signage shall contain only the trade name used by Tenant for its business conducted at the Premises. Upon the expiration or earlier termination of this Lease, Tenant shall, at Tenant's sole cost and expense, immediately remove the signage and repair any damage to the Premises occasioned thereby. If Tenant fails to immediately remove the signage as provided herein, then Landlord shall have the right to remove the same and Tenant shall reimburse Landlord, as Additional Rent, all amounts incurred by Landlord in connection therewith, including a ten percent (10%) administrative fee on such amount.

20. General Provisions.

20.1 Estoppel Certificate. Tenant shall, at any time and from time to time, within ten (10) business days after a written request therefor from Landlord, execute, acknowledge and deliver to Landlord a statement in writing, (i) certifying (among other matters reasonably required by Landlord) that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease as so modified is in full force and effect), and the date to which the rental and other charges are paid in advance, if any, (ii) acknowledging that there are not, to Tenant's knowledge, any uncured defaults on the part of Landlord hereunder, or specifying such defaults if any are claimed, and (iii) setting forth the date of commencement of rents and any other charges hereunder and expiration of the term hereof, in a form required by Landlord. Any prospective purchaser or encumbrancer of all or any portion of the Real Property may rely upon any such statement.

20.2 Transfer of Landlord's Interest. In the event of a sale or conveyance by Landlord of Landlord's interest in the Premises or the Building, or any part thereof, other than a transfer for security purposes only, Landlord shall be relieved of all obligations under this Lease after the date of transfer and liability for all damages incurred as a result of Landlord acts and omissions taken or not taken after the date of transfer. (Landlord shall remain obligated to deliver to Landlord's successor any funds in the hands of Landlord at the time of transfer in which Tenant has an interest.) The obligations contained in this Lease to be performed by Landlord shall be binding on Landlord's successors and assigns only during their respective periods of ownership.

20.3 Captions; Attachments; Defined Terms.

20.3.1 The captions of the Sections and Sections of this Lease are for convenience only and shall not be deemed to be relevant in resolving any question of interpretation or construction of any provision of this Lease. Although the printed provisions of this Lease were drawn by Landlord, the parties hereto agree that this circumstance alone shall not create any presumption, canon of construction or implication favoring the position of either Landlord or Tenant. The parties agree that any deletion of language from this Lease prior to its mutual execution by Landlord and Tenant shall not be construed to have any particular meaning or to raise any presumption, canon of construction or implication, including, without limitation, any implication that the parties intended thereby to state the converse of the deleted language.

20.3.2 Exhibits and addenda attached or affixed hereto are deemed a part of this Lease and are incorporated herein by reference.

20.3.3 If there be more than one Tenant, the obligations hereunder imposed shall be joint and several; as to a Tenant which consists of husband and wife, the obligations shall extend individually to each of their sole and separate property as well as their community property.

20.3.4 The term "Landlord" shall mean only the owner or owners at the time in question of the fee title, or a tenant's interest in the Premises or the Building.

20.4 Entire Agreement. This Lease constitutes the entire agreement between Landlord and Tenant relative to the Premises and supersedes any prior agreements, letters of intent, proposals to lease, brochures or representations, whether written or oral. This Lease may be altered, amended or revoked only by an instrument in writing signed by both Landlord and Tenant. This lease shall not be effective or binding on any party until fully executed by both parties hereto.

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

20.6 Attorneys' Fees. If Tenant or Landlord shall bring any action for any relief against the other, declaratory or otherwise, arising out of this Lease, including any suit by Landlord for the recovery of Rent or possession of the Premises, the prevailing party shall be entitled to recover from the losing party its reasonable expenses, including attorneys' fees and costs incurred in connection with the action, or in the enforcement or collection of any judgment or award rendered therein. The "prevailing party" means the party determined by the trier of fact to have most nearly prevailed, and not necessarily the party in whose favor a judgment is rendered. In the event of any default by a party under this Lease, such defaulting party shall pay all expenses and attorneys' fees incurred by the other party in connection with such default, regardless of whether any litigation is commenced.

20.7 Time of the Essence. Time is of the essence of this Lease and each and each and every provision hereof, except as to the conditions relating to the delivery of possession of the Premises to Tenant.

20.8 Choice of Law. This Lease shall be governed by the laws of the state of California.

20.9 No Waiver. No covenant, term or condition or the breach thereof shall be deemed waived, except by written consent of the party against whom the waiver is claimed, and any waiver of the breach of any one covenant, term or condition shall not be deemed to be a waiver of any subsequent breach of the same or any other covenant, term or condition. Acceptance by Landlord of any performance by Tenant, including Landlord's acceptance of Tenant's payment of Rent or any other charge due under this Lease, after the time the same shall have become due shall not constitute a waiver by Landlord of the breach or default of any covenant, term or condition unless otherwise expressly agreed to by Landlord in writing and Landlord may accept partial payments of Rent after a default by Tenant hereunder and Landlord shall not, thereafter, be precluded from instituting an action and/or proceeding to judgment based on such default.

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

20.11 Notices. All notices or demands of any kind required, or permitted, to be sent to those listed in Section 1.8 of the Fundamental Lease Provisions, shall be sent by certified mail, return receipt requested, postage prepaid, or by Federal Express or other reputable overnight courier service and shall be deemed to have been delivered on the date the same is (i) postmarked, if sent by certified mail, or (ii) deposited, if sent by Federal Express or such other reputable overnight courier service, but shall not be deemed received until (a) one business day following deposit with Federal Express or such other reputable overnight courier service, or (b) three (3) business days following deposit in the United States Mail if sent by certified mail to the address of Landlord or Tenant respectively at the addresses set forth in Section 1.8 or such other address as the parties may hereinafter designate by giving thirty (30) days advance written notice to the other party.

20.12 Authority. If Tenant is an entity, each individual executing this Lease on behalf of such entity represents and warrants that such individual is duly authorized to execute and deliver this Lease on behalf of such entity in accordance with the governing documents of such entity, and that this Lease is binding upon such entity in accordance with its terms.

20.13 Recordation. Neither Landlord nor Tenant shall record this Lease in the Official Records of San Diego County. If Landlord so elects, it may record a memorandum hereof, in which case Tenant agrees to execute and deliver to Landlord a notarized copy of such memorandum.

20.14 Filing. Tenant will file this Lease at the San Diego City Clerk's Office.

20.15 Counterparts. This Agreement may be executed in any number of counterparts, and each such counterpart shall be deemed to be an original instrument.

20.16 Brokers. Tenant warrants that it has had no dealings with any real estate broker or agents in connection with the negotiation of this Lease excepting the Brokers set forth in Section 1.11 and it knows no other real estate broker or agent who is entitled to a commission in connection with this Lease, and covenants and agrees to indemnify and save Landlord harmless from any and all loss, cost and liability (including attorney's fees and costs) that may arise from a breach of the warranty.

20.17 No Offer. Preparation of this Lease by Landlord and/or Landlord's agent and submission of same to Tenant shall not be deemed an offer to lease. This Lease shall become a binding agreement only when fully executed by Landlord and Tenant.

20.18 Successors and Assigns. Subject to the restrictions against assignment as herein contained, this Lease shall inure to the benefit of, and be binding upon, the assigns, successors in interest, personal representatives, estate, heirs, and legatees of each of the parties hereto.

20.19 No Discrimination.

a. Tenant covenants by and for itself, its successors and assigns, and all persons claiming under or through them and this Lease is made and accepted upon and subject to the following conditions:

> That there shall be no discrimination against, or segregation, of any person or group of persons on account of race, color, creed, religion, sex, sexual orientation, marital status, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Premises, nor shall Tenant itself, or any person claiming under or through it, establish or permit such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or vendees of the Premises.

b. This Lease is made and accepted upon and subject to the covenant and condition that neither Landlord nor Tenant shall discriminate against any person or group of persons on account of race, color, religion, gender, disability, sexual orientation, sexual identity, sexual expression, marital status, national origin, ancestry, familial status, or source of income in the possession, use and occupancy of the Premises or in the selection, location, number, use or occupancy of tenants, subtenants or vendees in the Premises.

20.20 Parking. Tenant shall have exclusive access to use the Premises parking spaces, free of charge during the Term, so long as such use is in compliance with all Applicable Requirements.

20.21 Certified Access Specialist. The Premises have undergone inspection by a Certified Access Specialist (CASp) (as defined in California Civil Code § 1938). The CASp determined that the Premises do not meet applicable construction-related accessibility standards pursuant to California Civil Code § 55.53. Nothing herein shall relieve Tenant's compliance obligations as to the Premises, as set forth in this Lease.

20.22 Survival. Sections 2.1 and 20.2 shall survive the expiration or earlier termination of this Lease, and the obligations of Tenant under the following sections shall survive the expiration or earlier termination of this Lease: 2.2, 3.2.6, 5, 6, 7, 8, 11, 12, 13, 16, 18, 19 and 21.

20.23 Business Day. As used in this Lease, "business day" means a day other than a Saturday, Sunday or holiday on which banks are closed in the County of San Diego.

21. Termination Option. Tenant shall have a one-time option to terminate this Lease on the sixtieth (60th) month of the Initial Term ("Early Termination Date") by providing Landlord: (a) a minimum of nine (9) months advance written notice of its intent, and (b) payment of the following (payable to Landlord upon delivery of such notice):

$753,336.71

plus

the "Unamortized Allowance Increase Amount" (as defined below) as of the Early Termination Date.

For purposes of this Section 21 and the Work Letter, the "TI Allowance Increase Amount" (as defined in the Work Letter), if any, shall bear interest at an annual rate of 6% ("Allowance Increase plus Interest"), and the Allowance Increase plus Interest shall be fully amortized on a straight line basis over an eighty-eight (88) month period commencing on the Commencement Date. The "Unamortized Allowance Increase Amount" means the Allowance Increase plus Interest that has not yet been amortized pursuant to the preceding sentence. The Unamortized Allowance Increase Amount as of the Early Termination Date shall be inserted in the "Commencement Date Memorandum" (as defined in the Work Letter). If Tenant fails to deliver to Landlord written notice to terminate the Lease on or before the last day of the fifty-first (51st) month of the Initial Term, then Tenant's right to terminate this Lease pursuant to this Section 21 shall automatically terminate. For avoidance of doubt, Tenant shall remain obligated to pay all Additional Rent and other amounts owing as of the Early Termination Date.

22. Force Majeure. Any prevention, delay or stoppage due to strikes, lockouts, labor disputes, acts of God, inability to obtain services, labor, or materials or reasonable substitutes therefore, governmental actions, civil commotions, fire or other casualty, and other causes beyond the reasonable control of the party obligated to perform, except with respect to the obligations imposed with regard to Rent and other charges to be paid by Tenant pursuant to this Lease (collectively, the "Force Majeure"), notwithstanding anything to the contrary contained in this Lease, shall excuse the performance of such party for a period equal to any such prevention, delay or stoppage and, therefore, if this Lease specifies a time period for performance of an obligation of either party, that time period shall be extended by the period of any delay in such party's performance caused by a Force Majeure.

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Landlord:

PROVIDENCE CHESAPEAKE, LLC,
a California limited liability company

By: Providence Speed Manager, LLC,
a California limited liability company,
Its Manager

By: Providence Capital Group, Inc.,
a California corporation,
Its Manager

By: _____
Paul A. Laubach, President

Date: 5/11/16

Tenant:

THE CITY OF SAN DIEGO,
a California municipal corporation

By: _____
Name: _____
Title: _____

Date: _____

Tenant's Taxpayer's ID No._____

Approved as to Form This ____ day of _____, 2016

JAN I. GOLDSMITH, CITY ATTORNEY

By: _____
Deputy City Attorney

Date: _____

CONSULT YOUR ATTORNEY. THIS DOCUMENT HAS BEEN PREPARED FOR APPROVAL BY YOUR ATTORNEY. NO REPRESENTATION OR RECOMMENDATION IS MADE BY LANDLORD AS TO THE LEGAL SUFFICIENCY, LEGAL EFFECT, OR TAX CONSEQUENCES OF THIS DOCUMENT OR THE TRANSACTION TO WHICH IT RELATES. THESE ARE QUESTIONS FOR YOUR ATTORNEY.

EXHIBIT A

WORK LETTER

1. Tenant Improvements.

1.1 Scope. All of the improvements described in this Section 1 (including Exhibits 1 and 2) ("Work Letter") to be constructed in and upon the Premises are hereinafter referred to collectively as the "Tenant Improvements." Construction of the Tenant Improvements shall be completed at Tenant's sole cost and expense (which costs and expenses shall include without limitation amounts owing to the "Architect" and "General Contractor", as such terms are defined below), subject to the "TI Allowance" (as defined below).

1.2 Tenant Improvements. Architectural and engineering drawings for the Tenant Improvements (collectively, "TI Drawings") shall be prepared by Landlord's architect Gensler ("Architect"). The TI Drawings shall be consistent with the Preliminary Space Plan attached as Exhibit 1. Tenant shall furnish any requested information and approve or disapprove any preliminary or final layout, drawings, and/or plans within ten business days after written request therefor from Landlord. Any disapproval shall be in writing and shall specifically set forth the reasons for such disapproval. Wherever in this Work Letter Tenant has the right to approve or disapprove of a matter, or Tenant's approval is required, (i) Tenant shall not unreasonably withhold its approval, and (ii) Tenant shall be deemed to have approved of a matter if Tenant fails to disapprove of such matter within the required time period. Landlord shall also have the right to approve or disapprove, which approval may not be unreasonably withheld or delayed, of the following (collectively, the "TI Plans"): TI Drawings, any preliminary or final layout, drawings, and/or plans relating to the Tenant Improvements. Preparation of the TI Plans and any revisions thereto by Architect or change orders, Landlord's approval of the TI Plans and any revisions thereto or change orders, and/or Landlord's supervision or performance of any work for or on behalf of the Tenant shall not be deemed to be a representation by Landlord that the TI Plans or the revisions thereto or change orders comply with applicable insurance requirements, building codes, the ADA, state or federal accessibility laws or codes, fire life safety requirements, or any other ordinances, laws or regulations or Applicable Requirements, or that the improvements constructed in accordance with the TI Plans and any revisions thereto or change orders will be adequate for Tenant's use, or that the work contemplated thereby may be completed within any budget or any time schedule. Tenant shall not rely on Landlord's approvals, and Landlord shall not be responsible for the accuracy, completeness or sufficiency of any TI Plans, change orders and revisions, and Landlord shall incur no liability of any kind by reason of such approvals. Tenant shall be solely responsible for all technical and other examinations of the Premises and shall be solely responsible for verifications of actual field conditions and actual field measurements and the review of all technical and engineering requirements with respect to the Premises and the Tenant Improvements. Tenant shall devote such time in consultation with Landlord and Architect and/or engineer (as and when requested by Landlord) to provide all reasonable information that Landlord deems necessary in order to enable Architect and Landlord's engineer to complete the TI Drawings for the Tenant Improvements.

1.3 Landlord's Right to Withhold Approval. Landlord may disapprove of TI Drawings, or change orders requiring work which: (a) exceeds or adversely affects the structural integrity of the Premises or Building; (b) adversely affects or exceeds the capacity of any HVAC, plumbing, mechanical, electrical, communication or other systems of the Premises or Building; (c) does not conform to Applicable Requirements, or is not approved by any governmental authority with jurisdiction over the Premises or Building; (d) Landlord reasonably believes will increase the cost of operation or maintenance of the Premises or Building (in excess of costs resulting from building standard Tenant Improvements); (e) Landlord reasonably believes will adversely affect the value of the Premises or Building, or (f) which may result in "Excess Costs" (as defined below).

1.4 Cost Estimate. Prior to commencing construction of any portion of the Tenant Improvements, Landlord shall submit to Tenant a written estimate setting forth the anticipated cost thereof (including without limitation the "Construction Management Fee", as defined below), as applicable, including but not limited to labor and materials, contractor's fees and permit fees. Within ten (10) business days thereafter, Tenant shall either notify Landlord in writing of its approval of the cost estimate, or specify its objections thereto and any desired changes to the proposed cost of Tenant Improvements. In the event that Tenant notifies Landlord of such objections and desired changes, Tenant shall work with Landlord to reach a mutually acceptable alternative cost estimate.

1.5 Excess Costs. In the event that Landlord's estimate and/or the actual cost of constructing the Tenant Improvements shall exceed the portion of the TI Allowance that may be used for such improvements (such amounts exceeding the TI Allowance being herein referred to as "Excess Costs"), such Excess Costs shall be deemed Rent under this Lease, and Tenant shall pay to Landlord such Excess Costs upon demand, provided Tenant previously approved in writing for the excess costs. The statements of costs submitted to Landlord by Landlord's contractors shall be conclusive for purposes of determining the actual cost of the items described therein.

1.6 Change Orders. If Tenant shall request any change, addition and/or alteration in or to any of the TI Plans after the same have been approved, Landlord shall have such revisions prepared, and Tenant shall reimburse Landlord for the cost thereof upon demand. Promptly upon completion of the applicable revisions, Landlord shall notify Tenant in writing of the increased cost, if any, which will be chargeable to Tenant by reason of each such change, addition or deletion. Within seven (7) business days after receipt of such increased cost estimate, Tenant shall notify Landlord in writing whether it desires to proceed with such change, addition or deletion. In the absence of such written authorization, Landlord shall have the option to continue work disregarding the requested change, addition or alteration, or Landlord may elect to discontinue work until it receives notice of Tenant's decision, and Tenant shall be responsible for any Tenant Delay in "Substantial Completion" (as defined below) of the Tenant Improvements. In the event that any such revisions, result in a higher estimate of the cost of construction and/or higher actual construction costs (i.e., any costs that exceed the portion of the TI Allowance that may be used for such construction), such increased estimate or costs shall be deemed Excess Costs, and Tenant shall pay such Excess Costs upon demand.

1.7 Allowance.

1.7.1. Provided that Tenant is not in default under this Lease, Landlord shall provide Tenant with an allowance ("TI Allowance") in an amount not to exceed the sum of $1,903,944 to be applied toward the cost of the Tenant Broker Commission Amount and certain of the Tenant Improvements; for avoidance of doubt, the Tenant Broker Commission Amount shall be paid with TI Allowance Funds, and Landlord shall have no obligation whatsoever with respect to the payment of Tenant Broker Commission Amount. Notwithstanding any term in this Lease, the TI Allowance may be used only for the items listed on attached Exhibit 2 and the work that is the subject of the TI Plans, and the Tenant Broker Commission Amount. Tenant shall be responsible and pay for all items that are not listed on Exhibit 2; in the event that Landlord pays for any such items, previously approved by Tenant in writing, the cost of same shall be deemed Rent under this Lease, and Tenant shall pay to Landlord such costs upon demand. In the event that the entire TI Allowance is not utilized for or in connection with the Tenant Improvements, the balance shall be applied to the payment of Base Rent (until the entire balance has been applied to the payment of Base Rent).

1.7.2. Tenant shall have the option ("Allowance Option"), exercisable by written notice to Landlord on or before the Commencement Date, to increase the TI Allowance by up to an additional $765,000 (the "TI Allowance Increase Amount") as designated by Tenant in such written notice. For purposes of this Section 1.7.2, the "Monthly Amortization Amount" means the amount of equal, monthly payments that would be required to be paid to fully amortize the Allowance Increase plus Interest as described in Section 21. If Tenant exercises the Allowance Option, Base Rent set forth in Section 1.7 shall be increased by the Monthly Amortization Amount, and the parties shall promptly execute an amendment to this Lease in order to document such increase in the TI Allowance and Base Rent. Regardless of whether or not such amendment is executed, the Base Rent shall be increased as set forth herein.

1.8 Bids for Tenant Improvements. Upon Tenant's acceptance of the TI Drawings, Landlord shall submit the same to two or more mutually approved general contractors of Landlord's choice (that are not affiliates of Landlord) to obtain bids for construction of the various Tenant Improvements reflected in the TI Drawings ("Construction Bids") on what is referred to generally in the construction industry as a "negotiated contract" basis with a guaranteed maximum price. Landlord shall provide written notice to Tenant regarding the identification of such general contractors ("GC Notice"). Tenant shall have the right to approve or disapproval of such general contractors, provided that Tenant shall not unreasonably disapprove of any of such general contractors. If Tenant fails to notify Landlord in writing of Tenant's disapproval of a general contractor within ten (10) business days after receiving a GC Notice, Tenant shall be deemed to have approved of such general contractor. Tenant shall have the right to review all Construction Bids presented by general contractors and subcontractors. Landlord shall be paid the "Construction Management Fee" (as defined below); any other fees for overhead or supervision of the construction of the Tenant Improvement shall be consistent with industry standards and approved by Tenant; Tenant agrees that it will not unreasonably withhold its approval. The general contractor selected to construct the Tenant Improvements shall be referred to as the "General Contractor." Landlord shall enter into a direct contract with the General Contractor.

1.9 Construction. Following the payment by Tenant of Excess Costs or other cost for which Tenant is responsible pursuant to this Work Letter, if any, Landlord shall cause the Tenant Improvements to be constructed substantially in accordance with the approved TI Plans, subject to the conditions of this Work Letter. A representative designated by Landlord and mutually approved by Tenant ("Landlord Representative") shall act as construction manager and shall supervise construction. Landlord shall receive a fee equal to 2% of the hard cost of the Tenant Improvements, payable from time to time during construction of the Tenant Improvements ("Construction Management Fee"). Tenant hereby appoints Brad Bennett (619) 236-6191 and/or designee ("Tenant Representative") as Tenant's authorized representative for all purposes under this Work Letter. Landlord shall direct the mutually approved General Contractor to construct the Tenant Improvements as and when the permits therefor are issued by applicable governmental agency.

1.10 Punch List Items. The Tenant Representative shall accompany Landlord Representative on an inspection of the Tenant Improvements as and when the same are completed, and, within thirty (30) days thereafter, Tenant shall thereupon provide Landlord with a written "punch list" setting forth all items not constructed in accordance with the TI Drawings (and all approved changes). Landlord may elect to repair such "punch list" items at that time or coordinate such repair with other "punch list" repairs conducted after such inspection. Any items not contained on the "punch list" delivered to Landlord within such ten day period shall be waived as a "punch list" item. Landlord shall repair all "punch list" items within ninety (90) days after delivery of the "punch list", or if repair would take longer than 90 days, Landlord shall start the repair within such 90 day period and diligently prosecute the repair to completion. Landlord shall, however, be under no obligation to repair any damage caused by or through Tenant, all of which shall be repaired by Tenant at Tenant's sole cost and expense.

2. Landlord Improvements.

2.1 Scope. All of the improvements described in this section (and Exhibit 5) to be constructed in and upon the Premises are hereinafter referred to collectively as the "Landlord Improvements." Landlord shall be responsible for and shall solely pay for all of the Landlord Improvements.

2.2 Landlord Improvements. Architectural and engineering drawings for the Landlord Improvements (collectively, "LI Drawings") shall be prepared by Architect. Preparation of the LI Drawings, any preliminary or final layout, drawings, and/or plans relating to the Landlord Improvements and any revisions thereto by Architect or change orders, (collectively, "LI Plans"), Landlord's approval of the LI Plans and any revisions thereto or change orders, and/or Landlord's supervision or performance of any work shall not be deemed to be a representation by Landlord that the LI Plans or the revisions thereto or change orders comply with applicable insurance requirements, building codes, the ADA, state or federal accessibility laws or codes, fire life safety requirements, or any other ordinances, laws or regulations or Applicable Requirements, or that the improvements constructed in accordance with the LI Plans and any revisions thereto or change orders will be adequate for Tenant's use, or that the work contemplated thereby may be completed within any budget or any time schedule. Tenant shall not rely on Landlord's approvals, and Landlord shall not be responsible for the accuracy, completeness or sufficiency of any LI Plans, change orders and revisions, and Landlord shall incur no liability of any kind by reason of such approvals. Tenant shall be solely responsible for all technical and other examinations of the Premises and shall be solely responsible for verifications of actual field conditions and actual field measurements and the review of all technical and engineering requirements with respect to the Premises and the Landlord Improvements. Tenant shall devote such time in consultation with Landlord and Architect and/or engineer (as and when requested by Landlord) to provide all reasonable information that Landlord deems necessary in order to enable Architect and Landlord's engineer to complete the LI Drawings for the Landlord Improvements.

2.3 Landlord's Right to Withhold Approval. Landlord shall have the sole right to review and approve of the LI Plans. Landlord may disapprove of any LI Plans or change orders requiring work which: (a) exceeds or adversely affects the structural integrity of the Premises or Building; (b) adversely affects or exceeds the capacity of any HVAC, plumbing, mechanical, electrical, communication or other systems of the Premises or Building; (c) does not conform to Applicable Requirements, or is not approved by any governmental authority with jurisdiction over the Premises or Building; (d) Landlord reasonably believes will increase the cost of operation or maintenance of the Premises or Building (in excess of costs resulting from building standard Landlord Improvements); or (e) Landlord reasonably believes will adversely affect the value of the Premises or Building.

2.4 Construction. Landlord shall cause the improvements set forth on Exhibit 5 to be completed prior to the Commencement Date.

3. Substantial Completion of Premises. "Substantial Completion" shall mean that all of the Tenant Improvements and Landlord Improvements have been substantially completed in accordance with this Work Letter as certified by the architect and government approval for occupancy of the Premises has been obtained ("Occupancy Approval"). Tenant shall use its best efforts to secure Occupancy Approval and shall in no manner interfere with Landlord's efforts to secure same. A "Tenant Delay" shall include, but shall not be limited to, any delay caused by or resulting from any one or more of the following:

(i) Tenant's failure to timely review and reasonably approve any preliminary or final layout, drawings regarding the Tenant Improvements, TI Drawings, Landlord Improvements or LL Drawings;

(ii) Tenant's request for or use of special materials or installations which are not readily available;

(iii) Any change to the TI Drawings or LL Drawings requested by Tenant resulting in actual delays;

(iv) Interference by Tenant or by Tenant's agents with Landlord's construction of the Tenant Improvements or Landlord Improvements;

(v) Tenant's failure to approve any other item or perform any other obligation in accordance with and by the date specified in this Work Letter, or in the construction contract related to any of the Tenant Improvements or Landlord Improvements;

(vi) Any changes requested by Tenant to the TI Drawings or LL Drawings after the same have been approved;

(vii) Any acts or omissions of, or delay caused by, Tenant;

(viii) Tenant's failure to pay any Excess Costs relative to the Tenant Improvements as and when due, provided Tenant pre-approves in writing the Excess Costs;

(ix) Tenant failure to use its best efforts to secure Occupancy Approval or Tenant's interference with Landlord's efforts to secure same.

(x) Tenant's failure to diligently and expeditiously perform its obligations under the Lease; and/or

(xi) Any breach of Tenant's obligations under this Lease.

Landlord shall give Tenant written notice within a reasonable time of any circumstance that Landlord believes constitutes a Tenant Delay. Substantial Completion shall be deemed to have occurred on the date Landlord could reasonably have been expected to substantially complete the Tenant Improvements and Landlord Improvements absent any Tenant Delay. In no event shall the Commencement Date be extended or delayed due to any Tenant Delay. Notwithstanding any term in this Work Letter to the contrary, Landlord shall not be required to complete the Tenant Improvements, Landlord Improvements or "punch list" items by any specific date, and Landlord shall not have any liability whatsoever with respect to the date on which Substantial Completion occurs or completion of "punch list" items occurs, or any delays with respect to the date of Substantial Completion or completion of "punch list" items. Notwithstanding the immediately preceding sentence or anything to the contrary contained in this Lease, in the event Substantial Completion has not occurred within 6 months following the date all permits required for construction of the Tenant Improvements and Landlord Improvements have been issued by all applicable governmental agencies (which period shall be extended by the actual number of days of any Tenant Delays) ("Outside Date"), Tenant may elect at any time thereafter (and prior to such Substantial Completion) to terminate this Lease; provided, however, that (i) Landlord may void any such Tenant termination notice if Substantial Completion occurs within 90 days after Tenant delivers such termination notice to Landlord and (ii) such 90 day period shall be further extended in the event Substantial Completion would take longer than 90 days solely as a result of the unavailability of construction materials or another event of Force Majeure and Landlord notifies Tenant of such Force Majeure event and the number of days of delay actually attributable thereto by not later than the expiration of such 90 day period, in which event such 90 day period shall be extended by the actual number of days resulting from such Force Majeure event. Tenant agrees that such termination right shall be Tenant's sole and exclusive remedy with respect

to the failure of Substantial Completion to occur by the Outside Date, as extended. Tenant hereby fully and forever releases and discharges Landlord, and Landlord's affiliates, officers, directors, employees, members, managers, and agents of Landlord, from any and all claims, rights, actions, damages, and/or liabilities, of any nature whatsoever, fixed or contingent, existing now or arising in the future, known or unknown, in any way relating to the date on which Substantial Completion occurs or the date on which completion of "punch list" items occurs, or any delays with respect to the date of Substantial Completion or the date of completion of "punch list" items. Tenant acknowledges Tenant may later learn of circumstances bearing upon the rights released in section. Tenant specifically waives the rights afforded by Section 1542 of the California Civil Code which provides:

> "A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her, must have materially affected his or her settlement with the debtor."

4. Waiver of Landlord's Duty to Improve. Tenant hereby waives all rights and benefits under California Civil Code Sections 1941 and 1942 with respect to the Tenant Improvements and Landlord Improvements.

5. Commencement Date Memorandum. Any time after Substantial Completion, Landlord may deliver to Tenant the Commencement Date Memorandum in the form of attached Exhibit 3 attached to this Work Letter ("Commencement Date Memorandum"), confirming the Commencement Date, and, if applicable, the Allowance Increase Amount and the increased amount of Base Rent, and the Unamortized TI Allowance as of the Early Termination Date, which Tenant shall execute and return to Landlord within ten (10) days after receipt. If Tenant fails to execute and return to Landlord the Preliminary Commencement Date Memorandum within such 10-day period, the information contained in the Memorandum shall automatically be deemed to be accurate.

6. Acknowledgement. Tenant acknowledges and agrees that the Tenant Improvements and Landlord Improvements to be constructed pursuant to this Work Letter shall be and become a part of the Premises and the property of Landlord.

7. Tenant Approvals. Wherever in this Work Letter Tenant has the right to approve or disapprove of a matter, or Tenant's approval is required, (i) Tenant shall not unreasonably withhold its approval, (ii) any such disapproval shall be in writing and shall specifically set forth the reasons for such disapproval, and (iii) Tenant shall be deemed to have approved of a matter if Tenant fails to disapprove of such matter within the required time period.

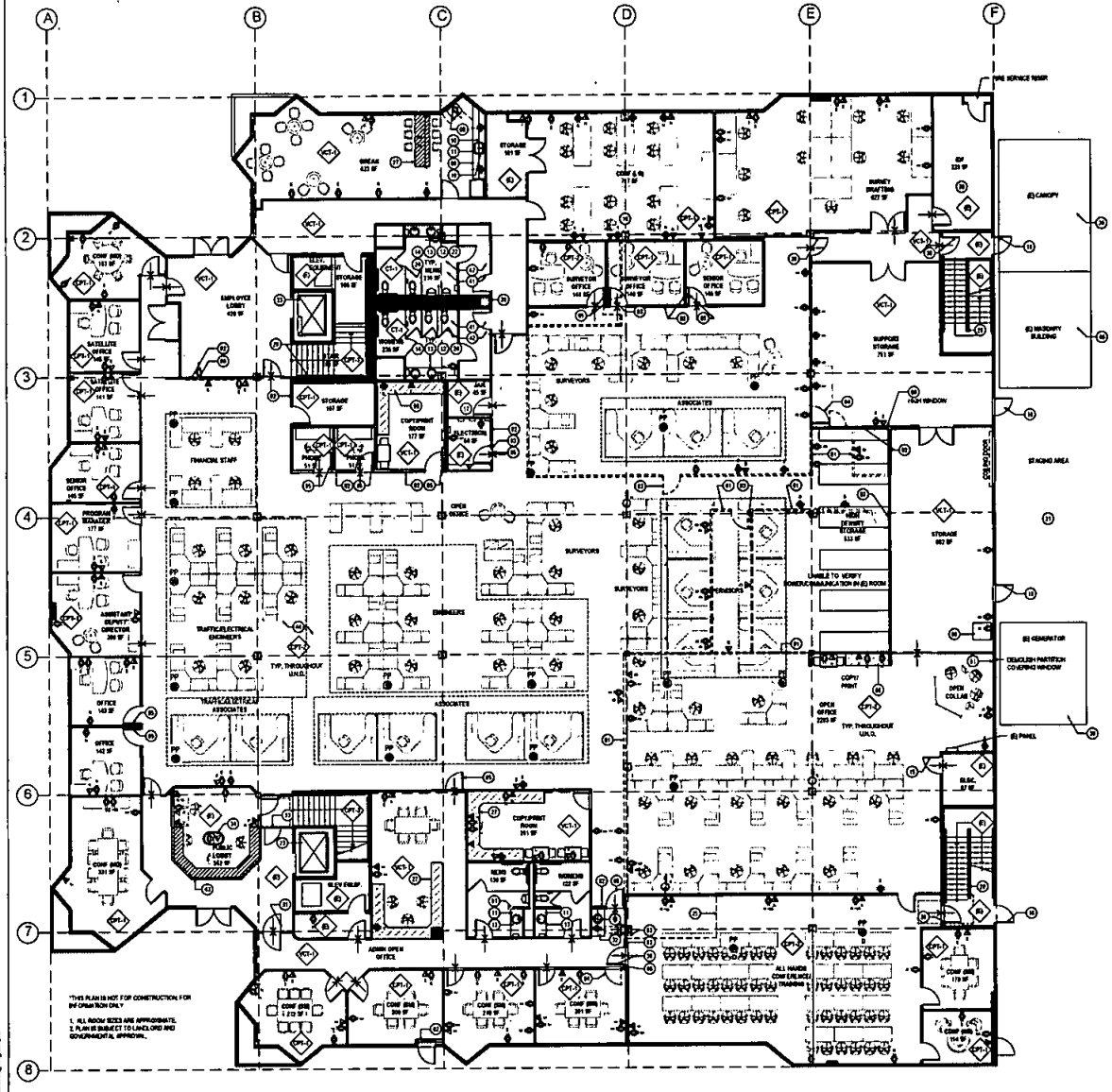
8. Capitalized Terms. Capitalized terms used but not otherwise defined in this Exhibit (and/or the exhibits hereto) shall have the meanings ascribed to them in this Lease.

9. Existing Furniture. Prior to construction of the Tenant Improvements and Landlord Improvements, Tenant may opt to utilize all or a portion of the existing furniture (chairs, desks and cubicles) existing as of the date of this Lease. Any existing furniture utilized by Tenant shall be transferred to Tenant ("AS IS, WHERE IS", without any representation or warranty whatsoever and with any and all faults, defects and deficiencies, and with all implied warranties excluded) at no charge. Landlord shall be responsible at its cost to remove/dispose of all furniture not utilized by Tenant, prior to commencement of the construction that is the subject of this Work Letter.

10. Prevailing Wage. The terms requiring the payment of prevailing wages set forth on attached Exhibit 4 shall apply to the work that is the subject of this Work Letter.

EXHIBIT 1

Preliminary Space Plan



1 1ST FLOOR
SCALE: 1/8" = 1'-0"

SHEET NOTES

01 DEMOLISH EXISTING PARTITION
02 NEW PARTITION AT THIS LOCATION
03 DEMOLISH DOOR AT THIS LOCATION
04 RELOCATE DOOR AS SHOWN
05 NEW INTERIOR DOOR TO MATCH EXISTING
06 NEW PLAM, MILLWORK AT THIS LOCATION INCLUDING COUNTERTOP, UPPER AND LOWER CLOSED STORAGE W/ ADJUSTABLE SHELVING, TO BE ADA COMPLIANT.
08 DEMOLISH WINDOW, INFILL WALL
09 NEW ICEMAKER LOCATION, WATER FEED AND INLINE FILTER
10 NEW UPPER MILLWORK
11 DEMOLISH & REPLACE SINK
12 DEMOLISH & REPLACE TOILETS
13 DEMOLISH & REPLACE VANITY WITH SOLID SURFACE COUNTERTOP AND UNDERMOUNT SINK, PROVIDE SUPPORT
14 DEMOLISH & REPLACE ALL TOILET ACCESSORIES
15 REPLACE DOOR
16 REFINISH, REPLACE DOOR
17 DECOMMISSION WATER SOFTENER
18 TRAINING ROOM - REVISE WALL FEED & MONITORS
19 NEW GARBAGE DISPOSAL
20 REMOVE IDF EQUIPMENT AND REPLACE
21 REPLACE EXTERIOR LIGHTING AND ADD LIGHTING IN STAGING AREA
22 DEMOLISH & REPLACE URINAL
23 UPGRADE ELEVATOR CONTROLS TO MEET CURRENT ACCESSIBILITY STANDARDS, INLCUDING CALL LANTERN, SIGNAGE
24 DEMOLISH & REPLACE RESTROOM PARTITIONS, NEW RESTROOM CONFIGURATION TO BE ADA CODE COMPLIANT.
25 DEMOLISH HEADER AND DROP CEILING, ADJUST FIRE SPRINKLERS, ADD LIGHTING
27 NEW COUNTERTOP MILLWORK
28 DEMOLISH (E) WATER FOUNTAIN
29 NEW HANDRAIL/GUARDRAIL WITH CODE REQUIRED EXTENSIONS.
30 REPLACE DOOR, ADD PANIC HARDWARE
31 EGRESS DOOR, FLIP DIRECTION TO PATH OF TRAVEL
32 DEMOLISH & REPLACE SINK AND COUNTER
33 PROVIDE 36" HIGH GATE WITH CONTROL "BUZZER"
34 PROVIDE NEW FLOOR BOX AT EXISTING ABANDONED FLOOR BOX LOCATION
38 DEMOLISH (E) GENERATOR AND FENCING (BY OWNER)
39 DEMOLISH EXISING CANOPY (BY OWNER)

ALTERNATES LIST

40 DEMOLISH EXISTING MASONRY BUILDING (BY OWNER)
41 (N) RECESSED CAN LIGHTING
42 DEMOLISH (E) LIGHTING
43 ALTERNATE - PROVIDE GLASS ABOVE RECEPTION DESK FOR SAFETY
44 ALTERNATE: PROVIDE THE FOLLOWING PRICING OPTIONS FOR THE CEILING THROUGHOUT.
1.) BASE BID - RELOCATE EXISTING FIXTURES AS NEEDED TO ACCOMODATE NEW ROOM LAYOUTS AND REPAIR/REPLACE DAMAGED CEILING TILES AS NEEDED.
2.) ALTERNATE "A" - REPLACE EXISTING FIXTURES WITH NEW DIRECT/INDIRECT LIGHT FIXTURES PER T24 REQUIREMENTS AND REPAIR/REPLACE DAMAGED CEILING TILES AS NEEDED.
3.) ALTERNATE "B" - U.N.O. DEMOLISH EXISTING CEILING GRID AND TILE AND REPLACE WITH NEW CEILING GRID/TILE AND NEW DIRECT/INDIRECT LIGHT FIXTURES THROUGHOUT.

GENERAL NOTES

A CONTRACTOR TO VERIFY IF WINDOW TREATMENTS ARE IN WORKING ORDER. REPAIR AS NEEDED.
B CONTRACTOR TO COORDINATE CONSTRUCTION EXECUTION W/ BLDG OWNER, AND TENANT.
C FURNISHING NOTATIONS: "R" DENOTES EXISTING TO REMAIN AS IS, EC TO VERIFY IN WORKING ORDER. "D" DENOTES DEMOLITION OF EXISTING. PATCH/REPAIR AS NEEDED. "N" DENOTES NEW.
D ALL EXISTING CONSTRUCTION TO REMAIN UNO. ALL NEW CONSTRUCTION TO MATCH EXISTING, UNLESS NOTED OTHERWISE (UNO).
E CONTRACTOR TO PATCH/REPAIR ANY AREA AFFECTED BY DEMOLITION/CONSTRUCTION TO BE LIKE-NEW CONDITION, AND PREPARE ALL SURFACES AS REQUIRED TO RECEIVE NEW FINISHES.
F ALL DOORS EXISTING TO REMAIN, UNO, CONTRACTOR TO PATCH/REPAIR/TOUCH-UP ALL EXISTING DOORS AS REQUIRED TO BE LIKE-NEW CONDITION. CONTRACTOR TO ENABLE EXISTING DOOR HARDWARE IS IN GOOD STD, AND ENSURE PROPER FUNCTIONALITY. REPAIR/ REPLACE AS NEW BLDG STD DOOR HARDWARE AS REQUIRED.
G CONTRACTOR TO COORDINATE W/ BLDG OWNER, AND PROVIDE COST ALLOWANCE FOR BLDG STD KEYING, AND BLDG STD SIGNAGE THROUGHOUT.
H CONTRACTOR TO PROVIDE ALL NEW FINISHES THROUGHOUT, UNO.
I ALL FURNITURE AND/OR EQUIPMENT SHOWN ARE NOT IN CONTRACT, UNO.
J CONTRACTOR TO REPLACE ALL EXISTING DAMAGED/MISSING CEILING TILES AND/OR CEILING GRID AS REQUIRED TO MATCH EXISTING.
K CONTRACTOR TO PROVIDE NEW LIGHT SWITCHING, AND CONTROLS AS REQUIRED FOR NEW SUITE CONFIGURATION PER CODE.
L CONTRACTOR TO MODIFY EXISTING HVAC, AND PROVIDE NEW GRILLES AND/OR DIFFUSERS AS REQUIRED FOR NEW SUITE CONFIGURATION PER CODE.
M CONTRACTOR TO MODIFY EXISTING FIRE SPRINKLER SYSTEM/BY FIRE SPRINKLER HEADS AND/OR PROVIDE NEW AS REQUIRED FOR NEW SUITE CONFIGURATION PER CODE.
N CONTRACTOR TO MODIFY EXISTING FLS SYSTEM(S) AS REQUIRED FOR NEW SUITE CONFIGURATION PER CODE.
O ALL NEW, AND EXISTING WJ BOXES WITHIN SUITE SHALL BE INTEGRATED INTO THE DDC CONTROL SYSTEM. DDC SENSORS, AND WIRING TO BE INCLUDED AS PART OF SCOPE OF WORK. CONTRACTOR COORDINATE W/ BLDG OWNER AS TO THE COMPLETION OF THIS SCOPE OF WORK.
P EACH ZONE IN THE SUITE TO HAVE DDC CONTROL'S CONNECTED TO THE BLDG DDC CONTROL SYSTEM. NEW DDC CONTROLS TO BE PIECED IN/FULLY. CONTRACTOR TO COORDINATE W/ BLDG OWNER AS TO THE COMPLETION OF THIS SCOPE OF WORK IF REQUIRED.
Q CONTRACTOR TO CONFIRM CONDITION OF VAV BOXES W/ BLDG ENGINEER. CONTRACTOR TO COORDINATE W/ BLDG OWNER REGARDING REPAIRS AND OR REPLACEMENT.
R OWNER RESPONSIBLE FOR SITE ACCESSIBILITY COMPLIANCE INCLUDING PARKING, RAMPS, ENTRANCES, STAIRS & RAILS.
S REPAINT ALL EXTERIOR HOLLOW METAL DOORS, DOOR ACCESS CONTROL TO BE COORDINATED WITH CITY IT, VENDOR AT ALL EXTERIOR DOORS
T U.N.O. CLEAN EXISTING CEILING DIFFUSERS THROUGHOUT
U RETUNE ALL DOOR HARDWARE.
V CONTRACTOR TO VERIFY ALL EQUIPMENT AND RESTORE TO WORKING ORDER
W RESTRIPE PARKING LOT AND PROVIDE SEGREGATED PARKING AREA. RELOCATE TRASH/RECYCLING.

FINISH LEGEND

FLOOR FINISHES

CPT-1 TYPE MARK: CPT-1
DESCRIPTION: CARPET - TILE
MANUFACTURER: TANDUS
STYLE/PATTERN: GLACIAL STRIKE 84379
COLOR: SHADED SHALE 402944
REMARKS: CONTACT: RICH HUDD 818.998.8845

CPT-2 TYPE MARK: CPT-2
DESCRIPTION: CARPET - TILE
MANUFACTURER: TANDUS
STYLE/PATTERN: GLACIAL STRIKE 84378
COLOR: SAND 80.1 402961
REMARKS: CONTACT: RICH HUDD 818.998.8845

CPT-3 TYPE MARK: CPT-3
DESCRIPTION: CARPET - BROADLOOM
MANUFACTURER: TANDUS
STYLE/PATTERN: GLACIAL STRIKE 84379
COLOR: SHALE 80.1 402961
REMARKS: CONTACT: RICH HUDD 818.998.8845

VCT-1 TYPE MARK: VCT-1
DESCRIPTION: RESILIENT FLOORING - VCT 1
MANUFACTURER: ARMSTRONG
STYLE/PATTERN: STRATITUDE 51 TXII
COLOR: STANDOUT, 12"x24"
REMARKS: CONTACT: JULIE KAESER
949.794.4942

CT-1 TYPE MARK: CT-1
DESCRIPTION: CERAMIC TILE (FLOOR)
MANUFACTURER: DAL TILE
STYLE/PATTERN: KEYSTONES BLENDS
COLOR: MIRAGE DH 51, SIZE: 1"x2"
REMARKS: GROUT: HYDROMENT WHITE #193 STANDARD, SUBSTRATE: 1/2" MORTAR BED / SLOPED. CONTACT: ANDREA BOHN
951.434.1949

E3 EXISTING FLOORING TO REMAIN, CLEAN FOR LIKE NEW APPEARANCE AS NEEDED.

WALL FINISHES

P-1 TYPE MARK: P-1
DESCRIPTION: PAINT - FIELD
MANUFACTURER: BENJAMIN MOORE WILLIAMS
STYLE/PATTERN: -
COLOR: 999 7966 - EXTRA WHITE

P-2 TYPE MARK: P-2
DESCRIPTION: PAINT - ACCENT 1
MANUFACTURER: SHERWIN WILLIAMS
STYLE/PATTERN: -
COLOR: SW 7024 - FUNCTIONAL GRAY

P-3 TYPE MARK: P-3
DESCRIPTION: PAINT - ACCENT 2
MANUFACTURER: SHERWIN WILLIAMS
STYLE/PATTERN: -
COLOR: TO MATCH RB-4

RB-1 TYPE MARK: RB-1
DESCRIPTION: BASE - RESILIENT
MANUFACTURER: JOHNSONITE
STYLE/PATTERN: 56
COLOR: EXCEL W, SIZE: 2.5"H, ROLLED GOODS
REMARKS: CONTACT: 866.886.9916

RB-2 TYPE MARK: RB-2
DESCRIPTION: BASE - RESILIENT
MANUFACTURER: JOHNSONITE
STYLE/PATTERN: 56
COLOR: SL VER GREY 964, SIZE: 2.5"H, ROLLED GOODS
REMARKS: CONTACT: 866.886.9916

RB-3 TYPE MARK: RB-3
DESCRIPTION: RB-56 - RESILIENT
MANUFACTURER: JOHNSONITE
STYLE/PATTERN: 751
COLOR: LAGUNA, SIZE: 2.5"H, ROLLED GOODS
REMARKS: CONTACT: 866.886.9916

CT-2 TYPE MARK: CT-2
DESCRIPTION: CERAMIC TILE (WALL)
MANUFACTURER: DAL TILE
STYLE/PATTERN: KEYSTONES BLENDS
COLOR: MIRAGE DH 51, SIZE: 1"x2"
REMARKS: GROUT: HYDROMENT WHITE #193 STANDARD, SUBSTRATE: 1/2" MORTAR BED / SLOPED. CONTACT: ANDREA BOHN
951.434.1949

MILLWORK FINISHES

PL-1 TYPE MARK: PL-1
DESCRIPTION: PLASTIC LAMINATE
MANUFACTURER: PIONITE
STYLE/PATTERN: 8HH11
COLOR: WH-173 - SUEDE

PL-2 TYPE MARK: PL-2
DESCRIPTION: PLASTIC LAMINATE
MANUFACTURER: WILSONART
STYLE/PATTERN: 4811T
COLOR: VENEWABLE OLD OAK

PL-3 TYPE MARK: PL-3
DESCRIPTION: PLASTIC LAMINATE
MANUFACTURER: PIONITE
STYLE/PATTERN: 8CP76
COLOR: GRIDGE - SUEDE

GRAPHIC SYMBOLS

EXISTING CONSTRUCTION TO BE DEMOLISHED
EXISTING CONSTRUCTION TO REMAIN
NEW MILLWORK
RECESSED VALVE BOX & COLD WATER SHUT-OFF W/ CONTROL VALVE
BLDG STD FIRE EXTINGUISHER CABINET
FLUSH WALL MOUNTED DUPLEX
FLUSH WALL MOUNTED FOURPLEX
FLUSH WALL MOUNTED TELE/DATA RECEPTACLE
FLUSH WALL MOUNTED JUNCTION BOX
FLUSH FLOOR MOUNTED POWER & DATA RECEPTACLE
FLUSH WALL MOUNTED VOICE/DATA (N) FED FOR CONNECTION (FOR SYSTEM FURNITURE)
FLUSH WALL MOUNTED POWER JUNCTION BOX WITH HANDHOLE CONNECTION (FOR SYSTEM FURNITURE)
POWER POLE FOR PANEL SYSTEM DATA & POWER DROP.

CITY OF SAN DIEGO

CITY OF SAN DIEGO FIELD ENGINEERING TEST FIT
9677 CHESAPEAKE DRIVE, SAN DIEGO 92123

Gensler
225 Broadway Suite 1600 San Diego, CA 92101 United States
T +1 619.867.2500
F +1 619.557.2539

FOR REFERENCE ONLY

Date	Description
11/13/2015	PRICING SET

PRELIMINARY
NOT FOR CONSTRUCTION
THESE DOCUMENTS ARE INCOMPLETE AND ARE NOT FOR REGULATORY APPROVAL, PERMIT, OR CONSTRUCTION.

Project Name: CITY OF SAN DIEGO FIELD ENGINEERING TEST FIT
Project Number: 55.7291.007
Description: 1ST FLOOR, 52,315 SF TOTAL BLDG.
Scale: 1/8" = 1'-0"

A02.01PP

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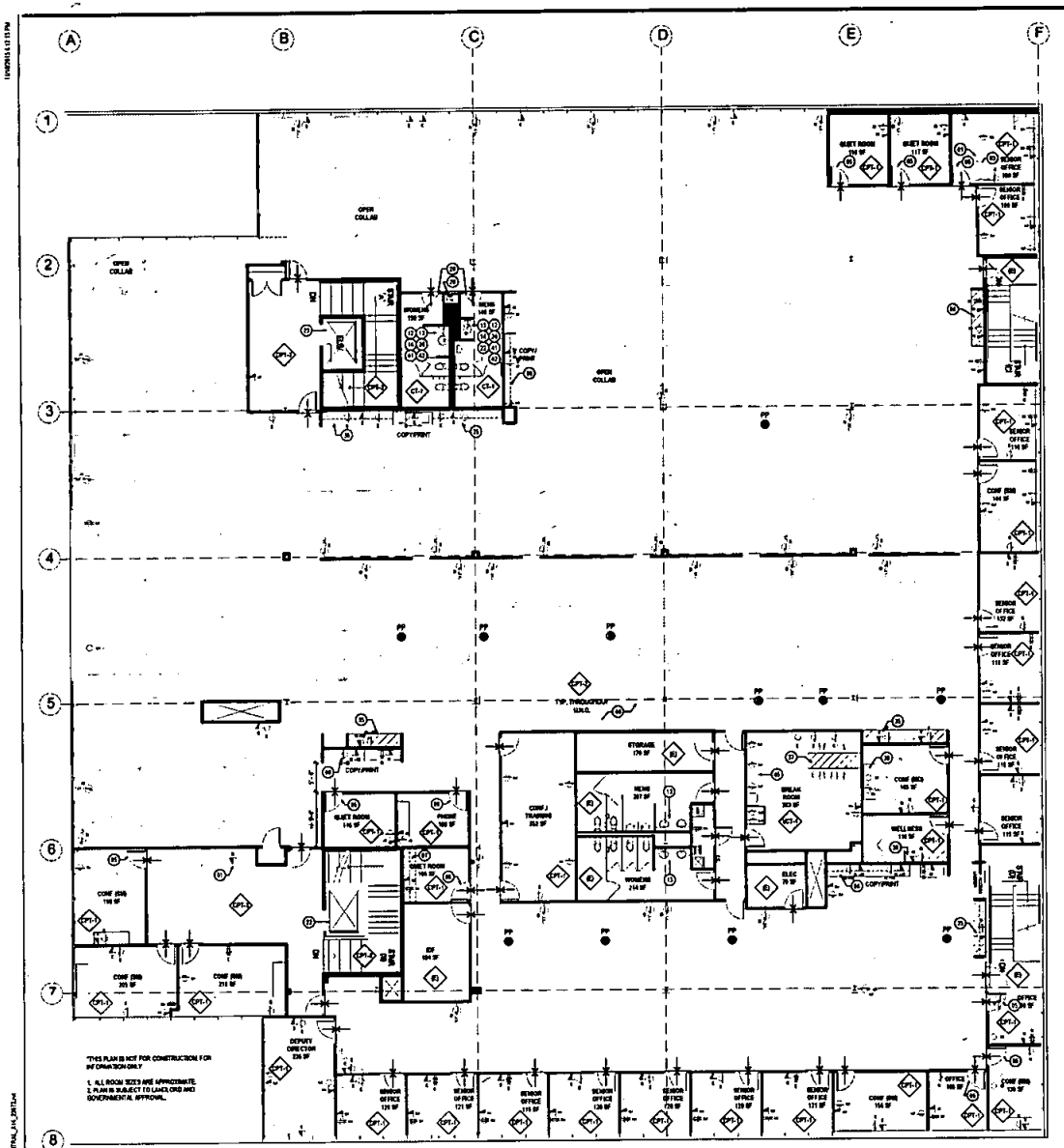

1 2ND FLOOR
SCALE: 1/8" = 1'-0"

SHEET NOTES

01 DEMOLISH EXISTING PARTITION
03 DEMOLISH DOOR AT THIS LOCATION
06 NEW INTERIOR DOOR TO MATCH EXISTING
08 NEW PLAM. MILLWORK AT THIS LOCATION INCLUDING COUNTERTOP, UPPER AND LOWER CLOSED STORAGE W/ ADJUSTABLE SHELVING. TO BE ADA COMPLIANT.
07 DEMOLISH EXISTING MILLWORK
12 DEMOLISH & REPLACE TOILETS
13 DEMOLISH & REPLACE VANITY WITH SOLID SURFACE COUNTERTOP AND UNDERMOUNT SINK, PROVIDE SUPPORT
14 DEMOLISH & REPLACE ALL TOILET ACCESSORIES
22 DEMOLISH & REPLACE URINAL
23 UPGRADE ELEVATOR CONTROLS TO MEET CURRENT ACCESSIBILITY STANDARDS, INLCUDING CALL LANTERN, SIGNAGE
24 DEMOLISH & REPLACE RESTROOM PARTITIONS. NEW RESTROOM CONFIGURATION TO BE ADA CODE COMPLIANT.
26 REPLACE EXISTING RR DOORS WITH NEW 7'-0" DOOR, FINISH TO MATCH EXISTING.
28 DEMOLISH (E) WATER FOUNTAIN
35 DEMOLISH EXISTING MILLWORK AND PROVIDE NEW PLAM. MILLWORK AT THIS LOCATION INCLUDING COUNTERTOP, UPPER AND LOWER CLOSED STORAGE W/ ADJUSTABLE SHELVING. TO BE ADA COMPLIANT.
36 NEW PLAM. MILLWORK AT THIS LOCATION INCLUDING COUNTERTOP AND LOWER CLOSED STORAGE W/ ADJUSTABLE SHELVING. TO BE ADA COMPLIANT.
37 NEW PLAM. MILLWORK COUNTERTOP AND VERTICAL LEG. ATTACHED COUNTERTOP TO WALL AT +42" A.F.F., VERIFY HEIGHT WITH TENANT.
41 (N) RECESSED CAN LIGHTING
42 DEMOLISH (E) LIGHTING

ALTERNATES LIST

44 ALTERNATE: PROVIDE THE FOLLOWING PRICING OPTIONS FOR THE CEILING THROUGHOUT.
1.) BASE BID - RELOCATE EXISTING FIXTURES AS NEEDED TO ACCOMODATE NEW ROOM LAYOUTS AND REPAIR/REPLACE DAMAGED CEILING TILES AS NEEDED.
2.) ALTERNATE "A" - REPLACE EXISTING FIXTURES WITH NEW DIRECT/INDIRECT LIGHT FIXTURES PER T24 REQUIREMENTS AND REPAIR/REPLACE DAMAGED CEILING TILES AS NEEDED.
3.) ALTERNATE "B" - U.N.O. DEMOLISH EXISTING CEILING GRID AND TILE AND REPLACE WITH NEW CEILING GRID/TILE AND NEW DIRECT/INDIRECT LIGHT FIXTURES THROUGHOUT.

45 ALTERNATE: DEMOLISH EXISTING MILLWORK AND PROVIDE NEW MILLWORK TO MATCH EXISTING CONFIGURATION WITH ACCESSIBLE SINK AND HEIGHTS

SHEET NOTES

A CONTRACTOR TO VERIFY IF WINDOW TREATMENT ARE IN WORKING ORDER. REPAIR AS NEEDED.
C CONTRACTOR TO COORDINATE CONSTRUCTION EXECUTION W/ BLDG OWNER, AND TENANT.
C PONDEROSA NOTATIONS: "E" DENOTES EXISTING TO REMAIN AS IS, OC TO VERIFY IN WORKING ORDER. "D" DENOTES DEMOLITION OF EXISTING. PATCH/REPAIR AS NEEDED. "N" DENOTES NEW.
B ALL EXISTING CONSTRUCTION TO REMAIN, U.N.O. ALL NEW CONSTRUCTION TO MATCH EXISTING, UNLESS NOTED OTHERWISE (LEAD).
C CONTRACTOR TO PATCH/ REPAIR ANY AREA AFFECTED BY DEMOLITION/ CONSTRUCTION TO BE LIKE-NEW CONDITION, AND PREPARE ALL SURFACES AS REQUIRED TO RECEIVE NEW FINISHES.
F ALL DOORS EXISTING TO REMAIN, U.N.O. CONTRACTOR TO PATCH/ REPAIR/ TOUCH-UP ALL EXISTING DOORS AS REQUIRED TO BE LIKE-NEW CONDITION. CONTRACTOR TO ENSURE EXISTING DOOR HARDWARE IS BLDG STD, AND ENSURE PROPER FUNCTIONALITY. REPAIR/ REPLACE W/ NEW IF BLDG STD DOOR HARDWARE AS REQUIRED.
G CONTRACTOR TO COORDINATE W/ BLDG OWNER, AND PROVIDE COST ALLOWANCE FOR BLDG STD KEYING, AND BLDG STD SIGNAGE PROGRAM.
H CONTRACTOR TO PROVIDE ALL NEW FINISHES THROUGHOUT, U.N.O.
I ALL FURNITURE AND/ OR EQUIPMENT SHOWN ARE NOT IN CONTRACT, U.N.O.
J CONTRACTOR TO REPLACE ALL EXISTING DAMAGED/ MISSING CEILING TILES AND/ OR CEILING GRID AS REQUIRED TO MATCH EXISTING.
K CONTRACTOR TO PROVIDE NEW LIGHT SWITCHING, AND CONTROLS AS REQUIRED FOR NEW SUITE CONFIGURATION PER CODE.
L CONTRACTOR TO MODIFY EXISTING HVAC, AND PROVIDE NEW GRILLES AND/ OR DIFFUSERS AS REQUIRED FOR NEW SUITE CONFIGURATION PER CODE.
M CONTRACTOR TO MODIFY EXISTING FIRE SPRINKLER SYSTEM/ OR FIRE SPRINKLER HEADS AND/ OR PROVIDE NEW AS REQUIRED FOR NEW SUITE CONFIGURATION PER CODE.
N CONTRACTOR TO MODIFY EXISTING PLS SYSTEM(S) AS REQUIRED FOR NEW SUITE CONFIGURATION PER CODE.
O ALL NEW, AND EXISTING VAV BOXES WITHIN SUITE SHALL BE INTEGRATED INTO THE EDC CONTROL SYSTEM. EDC, SENSORS, AND WIRING TO BE INCLUDED AS PART OF SCOPE OF WORK. CONTRACTOR COORDINATE W/ BLDG OWNER AS TO THE COMPLETION OF THIS SCOPE OF WORK.
P EACH ZONE IN THE SUITE TO HAVE EDC CONTROLS CONNECTED TO THE BLDG EDC CONTROL SYSTEM. NEW EDC CONTROLS TO BE PRICED SEPARATELY. CONTRACTOR TO COORDINATE W/ BLDG OWNER AS TO THE COMPLETION OF THIS SCOPE OF WORK IF REQUIRED.
Q CONTRACTOR TO CONFIRM CONDITION OF VAV BOXES W/ BLDG ENGINEER. CONTRACTOR TO COORDINATE W/ BLDG OWNER REGARDING REPAIR AND OR REPLACEMENT.
R OWNER RESPONSIBLE FOR SITE ACCESSIBILITY COMPLIANCE INCLUDING PARKING, RAMPS, ENTRANCES, STAIRS & RAILS.
S REPAINT ALL EXTERIOR HOLLOW METAL DOORS. DOOR ACCESS CONTROL TO BE COORDINATED WITH CITY IT, MEANS IT ALL EXTERIOR DOORS
T U/L'D, CLEAN EXISTING CEILING DIFFUSERS THROUGHOUT
U RETUNE ALL DOOR HARDWARE.
V CONTRACTOR TO VERIFY ALL EQUIPMENT AND RESTORE TO WORKING ORDER
W RESTRIPE PARKING LOT AND PROVIDE SECURE/FENCED PARKING AREA. RELOCATE TRASH/RECYCLING.

FINISH LEGEND

CPT-1 TYPE MARK: CPT-1
DESCRIPTION: CARPET - TILE
MANUFACTURER: TANDUS
STYLE/PATTERN: GLACIAL STRIKE 94378
COLOR: SHADED SHALE #5394
REMARKS: CONTACT RICH MUDD 619.995.6965

CPT-2 TYPE MARK: CPT-2
DESCRIPTION: CARPET - TILE
MANUFACTURER: TANDUS
STYLE/PATTERN: GLACIAL STRIKE 94378
COLOR: SAND SILT #5391
REMARKS: CONTACT RICH MUDD 619.995.6965

CPT-3 TYPE MARK: CPT-3
DESCRIPTION: CARPET - BROADLOOM
MANUFACTURER: TANDUS
STYLE/PATTERN: GLACIAL STRIKE 94378
COLOR: SAND SILT #5391
REMARKS: CONTACT RICH MUDD 619.995.6965

VCT-1 TYPE MARK: VCT-1
DESCRIPTION: RESILIENT FLOORING - VCT 1
MANUFACTURER: ARMSTRONG
STYLE/PATTERN: STRATIONS (IBT T3412
COLOR: BRAVOUT, 12"x24"
REMARKS: CONTACT: JULIE KIESER
949.769.4942

CT-1 TYPE MARK: CT-1
DESCRIPTION: CERAMIC TILE (FLOOR)
MANUFACTURER: DAL TILE
STYLE/PATTERN: KEYSTONE'S BLENDS
COLOR: MIRAGE DK11, SIZE: 1"x2"
REMARKS: GROUT: HYDROMENT WHITE #115
STANDARD, SUBSTRATE: 1/2" MORTAR BED / BONDED, CONTACT: ANDREA BOHN
951.434.1999

EF EXISTING FLOORING TO REMAIN. CLEAN FOR LIKE NEW APPEARANCE AS NEEDED.

WALL FINISHES

A-1 TYPE MARK: P-1
DESCRIPTION: PAINT - FIELD
MANUFACTURER: SHERWIN WILLIAMS
STYLE/PATTERN: -
COLOR: SW 7005 - EXTRA WHITE

A-2 TYPE MARK: P-2
DESCRIPTION: PAINT - ACCENT 1
MANUFACTURER: SHERWIN WILLIAMS
STYLE/PATTERN: -
COLOR: SW 7024 - FUNCTIONAL GRAY

A-3 TYPE MARK: P-3
DESCRIPTION: PAINT - ACCENT 2
MANUFACTURER: SHERWIN WILLIAMS
STYLE/PATTERN: -
COLOR: TO MATCH RB-4

RB-1 TYPE MARK: RB-1
DESCRIPTION: BASE - RESILIENT
MANUFACTURER: JOHNSONITE
STYLE/PATTERN: 56
COLOR: EAGLE 16, SIZE: 3.5"H, ROLLED GOODS
REMARKS: CONTACT: 888.866.8918

RB-2 TYPE MARK: RB-2
DESCRIPTION: BASE - RESILIENT
MANUFACTURER: JOHNSONITE
STYLE/PATTERN: 56
COLOR: SILVER GREY WG, SIZE: 3.5"H, ROLLED GOODS
REMARKS: CONTACT: 888.866.8918

RB-3 TYPE MARK: RB-3
DESCRIPTION: BASE - RESILIENT
MANUFACTURER: JOHNSONITE
STYLE/PATTERN: 56
COLOR: LAGUNA, SIZE: 3.5"H, ROLLED GOODS
REMARKS: CONTACT: 888.866.8918

CT-2 TYPE MARK: CT-2
DESCRIPTION: CERAMIC TILE (WALL)
MANUFACTURER: DAL TILE
STYLE/PATTERN: KEYSTONE'S BLENDS
COLOR: MIRAGE DK11, SIZE: 1"x2"
REMARKS: GROUT: HYDROMENT WHITE #112
STANDARD, SUBSTRATE: 1/2" MORTAR BED / BONDED, CONTACT: ANDREA BOHN
951.434.1999

MILLWORK FINISHES

P-1 TYPE MARK: PL-1
DESCRIPTION: PLASTIC LAMINATE
MANUFACTURER: FORMITE
STYLE/PATTERN: 3M611
COLOR: WHITE - SUEDE

P-2 TYPE MARK: PL-2
DESCRIPTION: PLASTIC LAMINATE
MANUFACTURER: WILSONART
STYLE/PATTERN: HK-61T
COLOR: VENERABLE OLD OAK

P-3 TYPE MARK: PL-3
DESCRIPTION: PLASTIC LAMINATE
MANUFACTURER: FORMITE
STYLE/PATTERN: 9621M
COLOR: GRENOE - SUEDE

GRAPHIC SYMBOLS

EXISTING CONSTRUCTION TO BE DEMOLISHED
EXISTING CONSTRUCTION TO REMAIN
NEW MILLWORK
RECESSED WALL BOX & COLD WATER STUB OUT W/ CONTROL VALVE
BLDG STD FIRE EXTINGUISHER CABINET
FLUSH WALL MOUNTED DUPLEX
FLUSH WALL MOUNTED DOUPLEX
FLUSH WALL MOUNTED TELE/DATA RECEPTACLE
FLUSH WALL MOUNTED JUNCTION BOX
FLUSH FLOOR MOUNTED POWER & DATA RECEPTACLE
FLUSH WALL MOUNTED VOICE/DATA (N) FEED FOR CONNECTION (FOR SYSTEM FURNITURE)
FLUSH WALL MOUNTED POWER JUNCTION BOX WITH HARDWARE CONNECTION (FOR SYSTEM FURNITURE)
POWER POLE FOR PANEL SYSTEM DATA & POWER DROP.

CITY OF SAN DIEGO

CITY OF SAN DIEGO FIELD ENGINEERING TEST FIT
8577 CHESAPEAKE DRIVE, SAN DIEGO 92123

Gensler
225 Broadway Tel 619.367.2586
Suite 1600 Fax 619.557.2520
San Diego, CA 92101
United States

FOR REFERENCE ONLY

Date	Description
11/13/2015	PRICING SET

Seal/Signature

PRELIMINARY
NOT FOR CONSTRUCTION
THESE DOCUMENTS ARE INCOMPLETE, AND ARE NOT FOR REGULATORY APPROVAL, PERMIT, OR CONSTRUCTION.

Project Status
CITY OF SAN DIEGO FIELD ENGINEERING TEST FIT

Project Number
55.7291.007

Description
2ND FLOOR, 52,315 SF TOTAL BLDG.

Scale
1/8" = 1'-0"

A02.02PP

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EXHIBIT 2

Allowable TI Allowance Items

Tenant up to $10/RSF ($510,000) may use the TI Allowance fund the following items:

1. Tenant's furniture, fixtures, equipment
2. Parking lot fencing (provided that complies with applicable requirements)
3. Data cabling
4. Upgraded security glass
5. Electronic security devises and Swipe cards
6. Rekeying of Building
7. Interior and exterior signage
8. Specified new separate HVAC unit (approximately 1.5 to 2 ton unit) for MDF and IDF room(s)
9. Moving costs

With respect to such items, upon Tenant providing Landlord proof of 100% payment in full by Tenant for any such item, to the extent that TI Allowance funds are available to pay for same, Landlord shall reimburse Tenant for such item utilizing TI Allowance funds within 30 days of receipt of such proof.

Commencement Date Memorandum
(NOT AN AMENDMENT)

This Commencement Date Memorandum ("Memorandum") is executed as of December 7, 2016 by The City of San Diego, a California municipal corporation ("Tenant") and Providence Chesapeake, LLC, a California limited liability company ("Landlord"), pursuant to that certain commercial lease between the parties dated May 11, 2016 relating to the Premises located at 9573 and 9577 Chesapeake Drive, San Diego, California (the "Lease"). Capitalized terms used in this Memorandum and not defined herein shall have the same meaning as the capitalized terms used in the Lease.

1. Substantial Completion and Delivery of Possession. Landlord and Tenant confirm that the Substantial Completion occurred, and Landlord has delivered and Tenant has accepted possession of the Premises.

2. Actual Commencement Date and Expiration Date. Landlord and Tenant confirm that the actual "Commencement Date" is January 1, 2017 and the actual Expiration Date of the Initial Term is April 30, 2024+.

3. TI Allowance Increase Amount; Adjusted Base Rent. The TI Allowance Increase Amount is $-0-. The Base Rent during the Initial Term is increased by $-0-; Section 1.7 of the Lease is confirmed as follows:

> **Base Rent**: From and after the "Delivery Date (as defined in Section 4.1), each month of each "Lease Year" (as defined in Section 4.1), Tenant shall pay monthly base rent as follows ("Base Rent"):

Lease Year	Base Rent	
Year 1 ++	$73,950.00	Per Month
Year 2	$76,168.50	Per Month
Year 3	$78,453.56	Per Month
Year 4	$80,807.16	Per Month
Year 5	$83,231.38	Per Month
Year 6	$85,728.32	Per Month
Year 7	$88,300.16	Per Month
Year 8 (4 months)	$88,300.16	Per Month

+ Tenant to pay Landlord for all Operating Expenses for December 2016, except real estate taxes, insurance and reserve.
++ Rent abated for months one (1) through four (4) of the Initial Term following the Commencement Date.

4. Unamortized Allowance Increase Amount as of the Early Termination Date. The Unamortized Allowance Increase Amount as of the Early Termination Date is $-0-.

5. To the extent that any part of this memorandum conflicts with the terms of the Lease, the provisions of this memorandum shall govern and control.

Landlord:

PROVIDENCE CHESAPEAKE, LLC,
a California limited liability company

By: Providence Speed Manager, LLC,
a California limited liability company,
Its Manager

By: Providence Capital Group, Inc.,
a California corporation,
Its Manager

By: _____
Paul A. Laubach, President

Date: 12/9/16

Tenant:

THE CITY OF SAN DIEGO,
a California municipal corporation

By: _____
Name: Cynthia Thomson
Title: Director, Real Estate Assets

Date: 12/23/16

Tenant's Taxpayer's ID No. 95-6000776

Approved as to Form This 23rd day of December, 2016

~~JAN I. GOLDSMITH~~, CITY ATTORNEY
MARA W. ELLIOTT

By: _____

Date: 12/23/16

Marco A. Verdugo
Deputy City Attorney

EXHIBIT 3

Commencement Date Memorandum

This Commencement Date Memorandum ("Memorandum") is executed as of _____, 2016 by The City of San Diego, a California municipal corporation ("Tenant") and Providence Chesapeake, LLC, a California limited liability company ("Landlord"), pursuant to that certain commercial lease between the parties dated [____] relating to the Premises located at [9573 and 9577] Chesapeake Drive, San Diego, California (the "Lease"). Capitalized terms used in this Memorandum and not defined herein shall have the same meaning as the capitalized terms used in the Lease.

1. Substantial Completion and Delivery of Possession. Landlord and Tenant confirm that the Substantial Completion occurred, and Landlord has delivered and Tenant has accepted possession of the Premises.

2. Actual Commencement Date and Expiration Date. Landlord and Tenant confirm that the actual "Commencement Date" is _____ and the actual Expiration Date of the Initial Term is [_____].

3. Allowance Increase Amount; Adjusted Base Rent. The Allowance Increase Amount is [_____]. The Base Rent during the Initial Term is increased by [$_____]; Section 1.7 of the Lease is hereby revised to read as follows:

> **Base Rent**: From and after the "Delivery Date (as defined in Section 4.1), each month of each "Lease Year" (as defined in Section 4.1), Tenant shall pay monthly base rent as follows ("Base Rent"):

Lease Year	Base Rent
Year 1	$[_____] per month
Year 2	$[_____] per month
Year 3	$[_____] per month
Year 4	$[_____] per month
Year 5	$[_____] per month
Year 6	$[_____] per month
Year 7	$[_____] per month
Year 8 (4 months)	$[_____] per month

4. Unamortized Allowance as of the Early Termination Date. The Unamortized Allowance Increase Amount as of the Early Termination Date is [_____].

Landlord:

PROVIDENCE CHESAPEAKE, LLC,
a California limited liability company

By: Providence Speed Manager, LLC,
a California limited liability company,
Its Manager

By: Providence Capital Group, Inc.,
a California corporation,
Its Manager

By: _____
Paul A. Laubach, President

Date: _____

Tenant:

THE CITY OF SAN DIEGO,
a California municipal corporation

By: _____
Name: _____
Title: _____

Date: _____

Tenant's Taxpayer's ID No._____

Approved as to Form This ____ day of _____, 2016

JAN I. GOLDSMITH, CITY ATTORNEY

By: _____

Date: _____

EXHIBIT 4

1. INTENTIONALLY OMITTED

2. Equal Opportunity Contracting. Both parties shall comply with Title VII of the Civil Rights Act of 1964, as amended; Executive Orders 11246, 11375, and 12086; the California Fair Employment Practices Act; and all other laws, rules and regulations of competent governmental authority; and both parties shall not discriminate against any employee or applicant for employment based on race, religion, color, ancestry, age, gender, sexual orientation, disability, medical condition or place of birth; and both parties shall cause the foregoing provisions to be inserted in all commercial subleases and all contracts for any work covered by this Work Letter so that such provisions will be binding upon each commercial sublessee and contractor. Both parties shall fully cooperate with any investigation conducted by the City of San Diego (the "City"), in its governmental capacity, pursuant to its Nondiscrimination in Contracting Ordinance [San Diego Municipal Code sections 22.3501-22.3517, as amended from time to time], and upon Tenant's request, Landlord shall submit a current Workforce Report. Landlord acknowledges that failure to comply with the requirements of this section and/or submitting false information in response to these requirements may result in termination of this Lease and debarment from participating in Tenant contracts for a period of not less than one (1) year.

3. Prevailing Wage. General Contractor will be required to pay prevailing wage for Tenant Improvements and Landlord Improvements that are the subject of this Work Letter and the contract between the Landlord and the General Contractor and any contract between the General Contractor and any subcontractor shall contain a provision setting forth the following, among other things:

a. Pursuant to San Diego Municipal Code section 22.3019, construction, alteration, demolition, repair and maintenance work performed under this Work Letter is subject to State prevailing wage laws. For construction work performed under this Work Letter cumulatively exceeding $25,000 and for alteration, demolition, repair and maintenance work performed under this Work Letter cumulatively exceeding $15,000, the bidder ("Bidder") and its subcontractors shall comply with State prevailing wage laws including, but not limited to, the requirements listed below. This requirement is in addition to the requirement to pay Living Wage pursuant to San Diego Municipal Code sections 22.4201 through 22.4245. Bidder must determine which per diem rate is highest for each classification of work (i.e. Prevailing Wage Rate or Living Wage Rate), and pay the highest of the two rates to their employees. Living Wage applies to workers who are not subject to Prevailing Wage Rates.

    i. Compliance with Prevailing Wage Requirements. Pursuant to sections 1720 through 1861 of the California Labor Code, the Bidder and its subcontractors shall ensure that all workers who perform work under this Work Letter are paid not less than the prevailing rate of per diem wages as determined by the Director of the California Department of Industrial Relations (DIR). This includes work performed during the design and preconstruction phases of construction under this Work Letter including, but not limited to, inspection and land surveying work.

        1. Copies of such prevailing rate of per diem wages are on file at the City and are available for inspection to any interested party on request. Copies of the prevailing rate of per diem wages also may be found at http://www.dir.ca.gov/OPRL/DPreWageDetermination.htm. Bidder and its subcontractors shall post a copy of the prevailing rate of per diem wages determination at each job site and shall make them available to any interested party upon request.

        1. The wage rates determined by the DIR refer to expiration dates. If the published wage rate does not refer to a predetermined wage rate to be paid after the expiration date, then the published rate of wage shall be in effect for the life of this Work Letter. If the published wage rate refers to a predetermined wage rate to become effective upon expiration of the published wage rate and the predetermined wage rate is on file with the DIR, such predetermined wage rate shall become effective on the date following the expiration date and shall apply to

this Work Letter in the same manner as if it had been published in said publication. If the predetermined wage rate refers to one or more additional expiration dates with additional predetermined wage rates, which expiration dates occur during the life of this Work Letter, each successive predetermined wage rate shall apply to this Work Letter on the date following the expiration date of the previous wage rate. If the last of such predetermined wage rates expires during the life of this Work Letter, such wage rate shall apply to the balance of this Work Letter.

ii. Penalties for Violations. Bidder and its subcontractors shall comply with California Labor Code section 1775 in the event a worker is paid less than the prevailing wage rate for the work or craft in which the worker is employed. This shall be in addition to any other applicable penalties allowed under Labor Code sections 1720 - 1861.

iii. Payroll Records. Bidder and its subcontractors shall comply with California Labor Code section 1776, which generally requires keeping accurate payroll records, verifying and certifying payroll records, and making them available for inspection. Bidder shall require its subcontractors to also comply with section 1776. Bidder and its subcontractors shall submit weekly certified payroll records online via the City's web-based Labor Compliance Program. Bidder is responsible for ensuring its subcontractors submit certified payroll records to the City. Contractor and their subcontractor shall also furnish the records specified in Labor Code section 1776 directly to the Labor Commissioner in the manner required in Labor Code section 1771.4.

iv. Apprentices. Bidder and its subcontractors shall comply with California Labor Code sections 1777.5, 1777.6 and 1777.7 concerning the employment and wages of apprentices. Bidder shall be held responsible for their compliance as well as the compliance of their subcontractors with sections 1777.5, 1777.6 and 1777.7.

v. Working Hours. Bidder and subcontractors shall comply with California Labor Code sections 1810 through 1815, including but not limited to: (i) restrict working hours on public works contracts to eight hours a day and forty hours a week, unless all hours worked in excess of 8 hours per day are compensated at not less than 1½ times the basic rate of pay; and (ii) specify penalties to be imposed on design professionals and subcontractors of $25 per worker per day for each day the worker works more than 8 hours per day and 40 hours per week in violation of California Labor Code sections1810 through 1815.

vi. Required Provisions for Subcontracts. Bidder shall include at a minimum a copy of the following provisions in any contract they enter into with a subcontractor: California Labor Code sections 1771, 1771.1, 1775, 1776, 1777.5, 1810, 1813, 1815, 1860 and 1861.

vii. Labor Code Section 1861 Certification. Bidder in accordance with California Labor Code section 3700 is required to secure the payment of compensation of its employees and by signing this Work Letter, bidder certifies that "I am aware of the provisions of Section 3700 of the California Labor Code which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and I will comply with such provisions before commencing the performance of the work of this Work Letter."

viii. Labor Compliance Program. The City has its own Labor Compliance Program authorized in August 2011 by the DIR. The City will withhold contract payments when payroll records are delinquent or deemed inadequate by the City or other governmental entity, or it has been established after an investigation by the City or other governmental entity that underpayment(s) have occurred. For questions or assistance, please contact the City of San Diego's Equal Opportunity Contracting Department at 619-236-6000.

ix. Contractor and Subcontractor Registration Requirements. This project is subject to compliance monitoring and enforcement by the DIR. A contractor or subcontractor shall

not be qualified to bid on, be listed in a bid proposal, subject to the requirements of Section 4104 of the Public Contract Code, or engage in the performance of any contract for public work, as defined in this chapter of the Labor Code unless currently registered and qualified to perform the work pursuant to Section 1725.5. In accordance with Labor Code section 1771.1.(a), "[i]t is not a violation of this section for an unregistered contractor to submit a bid that is authorized by Section 7029.1 of the Business and Professions Code or by Section 10164 or 2103.5 of the Public Contract Code, provided the contractor is registered to perform public work pursuant to Section 1725.5 at the time the contract is awarded."

1. A Contractor's inadvertent error in listing a subcontractor who is not registered pursuant to Labor Code section 1725.5 in a response to a solicitation shall not be grounds for filing a bid protest or grounds for considering the bid non-responsive provided that any of the following apply: (1) the subcontractor is registered prior to bid opening; (2) within twenty-four hours after the bid opening, the subcontractor is registered and has paid the penalty registration fee specified in Labor Code section 1725.5; or (3) the subcontractor is replaced by another registered contractor pursuant to Public Contract Code section 4107.

2. A contract entered into with any contractor or subcontractor in violation of Labor Code section 1771.1(a) shall be subject to cancellation, provided that a contract for public work shall not be unlawful, void, or voidable solely due to the failure of the awarding body, contractor, or any subcontractor to comply with the requirements of section 1725.5 of this section.

3. By submitting a bid or proposal to the City, Contractor is certifying that he or she has verified that all subcontractors used on this public works project are registered with the DIR in compliance with Labor Code sections 1771.1 and 1725.5, and Contractor shall provide proof of subcontractor registration to the City upon request.

b. Living Wages. This Work Letter is subject to the City's Living Wage Ordinance (LWO), codified at SDMC sections 22.4201 through 22.4245. The LWO requires payment of minimum hourly wage rates and other benefits unless an exemption applies. SDMC section 22.4225 requires each Bidder to fill out and file a living wage certification with the City Manager within thirty (30) days of Award of the subject contract. LWO wage and health benefit rates are adjusted annually in accordance with SDMC section 22.4220(b) to reflect the Consumer Price Index. Service contracts, financial assistance agreements, and City facilities agreements must include this upward adjustment of wage rates to covered employees on July 1 of each year. In addition, Bidder agrees to require all of its subcontractors, sublessees, and concessionaires subject to the LWO to comply with the LWO and all applicable regulations and rules.

i. Exemption from Living Wage Ordinance. Pursuant to SDMC section 22.4215, this Work Letter may be exempt from the LWO. For a determination on this exemption, Contractor must complete the Living Wage Ordinance Application for Exemption.

c. Highest Wage Rate Applies. Contractor is required to pay the highest applicable wage rate where more than one wage rate applies.

EXHIBIT 5

- Replace existing roof membrane with new roof membrane with a fifteen-year warranty.

- Replace existing rooftop HVAC mechanical system with new HVAC mechanical system (including new electronic T-Stats) with capacity that is similar to the existing system and consistent with Title 24 of the California Code of Regulations. For avoidance of doubt, Landlord Improvements do not include any interior elements or modifications.

- Patch, repair, re-slurry coat and re-stripe the entire parking lot such parking lot resurfacing shall be warranted by Landlord for 3 years from the Lease Commencement date; remove certain trees and tree roots in the parking lot and certain landscape islands in the parking lot (subject to the mutual approval of Landlord and Tenant); and provide exterior ADA access to the Premises and Building, including existing ramps, handrails, ADA signage (including complete resurfacing and stripping), doors and exits, exterior lights/lighting, light poles (collectively, "Parking Lot Exterior Improvements"). Landlord responsible for repairs of (and material defects in) the parking lot (to the extent not caused by Tenant or its agents, employees, guests, contractors, subcontractors, suppliers, consultants, invitees or customers) during the initial three years of the Term, after which such repairs shall be subject to the obligations of Landlord and Tenant under Section 5 and 6 of the Lease. On the Commencement Date, the Parking Lot Improvements shall comply with ADA standards.

- Cause all elevator systems, fire and life safety systems, sprinklers, doors, roll-ups, electrical, lighting and plumbing (including backflow) to be in good working order at Commencement Date and plumbing backflow to be certified.

- Remove the existing raised floor and ramps in the computer room, its components, equipment (including Liebert air conditioning unit), all electrical, conduit servicing the computer room.

- Remove/repair UPS equipment and supporting service connections in and outside the Building.

- Remove/restore and decommission the auxiliary diesel generator in back of building including removal of caging.

- Demolish and repair as needed masonry block structure outside of building; remove the canopy outside the building.

- Remove exterior non essential metal cabinets and systems it contains outside back of building.

- Remove all existing data cabling throughout the Building.

- Prior to the Commencement Date, at Tenant's request, remove all existing furniture not utilized by Tenant.