

OFFICE BUILDING LEASE

BETWEEN

TKOS I, LLC,
a Delaware limited liability company

(LANDLORD)

AND

THE CITY OF SAN DIEGO,
a municipal corporation

(TENANT)

February __, 2018

450 B STREET
SAN DIEGO, CALIFORNIA

TABLE OF CONTENTS

	Page
ARTICLE 1 TERMS AND DEFINITIONS	1
ARTICLE 2 LEASED PREMISES AND COMMON AREAS.....	2
ARTICLE 3 TERM.....	4
ARTICLE 4 POSSESSION.....	4
ARTICLE 5 RENT.....	4
ARTICLE 6 INTENTIONALLY OMITTED	5
ARTICLE 7 INTENTIONALLY OMITTED	5
ARTICLE 8 USE	5
ARTICLE 9 MOLD	7
ARTICLE 10 NOTICES	8
ARTICLE 11 BROKERS.....	8
ARTICLE 12 HOLDING OVER.....	9
ARTICLE 13 TAXES ON TENANT'S PROPERTY	9
ARTICLE 14 CONDITION OF LEASED PREMISES.....	9
ARTICLE 15 ALTERATIONS.....	10
ARTICLE 16 REPAIRS.....	11
ARTICLE 17 LIENS.....	11
ARTICLE 18 ENTRY BY LANDLORD	12
ARTICLE 19 UTILITIES AND SERVICES	12
ARTICLE 20 INDEMNIFICATION AND EXCULPATION OF LANDLORD	13
ARTICLE 21 DAMAGE TO TENANT'S PROPERTY.....	13
ARTICLE 22 TENANT'S INSURANCE.....	14
ARTICLE 23 DAMAGE OR DESTRUCTION	15
ARTICLE 24 EMINENT DOMAIN.....	16
ARTICLE 25 DEFAULTS AND REMEDIES	17
ARTICLE 26 NO WAIVER	19

TABLE OF CONTENTS
(continued)

	Page
ARTICLE 27 ASSIGNMENT AND SUBLETTING	19
ARTICLE 28 SUBORDINATION	21
ARTICLE 29 ESTOPPEL CERTIFICATE	22
ARTICLE 30 PROJECT PLANNING	22
ARTICLE 31 SURRENDER OF LEASED PREMISES	22
ARTICLE 32 PERFORMANCE BY TENANT	23
ARTICLE 33 PARKING	23
ARTICLE 34 LIMITATION ON LIABILITY	23
ARTICLE 35 MISCELLANEOUS	24
ARTICLE 36 SIGNAGE	26
ARTICLE 37 EXECUTIVE ORDER NO. 13224.....	26

LIST OF EXHIBITS

EXHIBITS		SECTION REFERENCE
A	- Reserved	--
A-I	- Outline of Floor Plan of Leased Premises	2.1
A-II	- Project Site Plan	2.1
B	- Reserved	--
C	- Commencement Letter	3
D	- Reserved	--
E	- Standards for Utilities and Services	19
F	- Form of Estoppel Certificate	29
G	- Rules and Regulations	35
H	- Parking Rules and Regulations	33
I	- Janitorial Specifications	Exhibit E

OFFICE BUILDING LEASE

THIS OFFICE BUILDING LEASE (this "**Lease**") is made as of February __, 2018 (the "**Effective Date**"), by and between TKOS I, LLC, a Delaware limited liability company ("**Landlord**"), and THE CITY OF SAN DIEGO, a municipal corporation ("**Tenant**").

ARTICLE 1

TERMS AND DEFINITIONS

For the purposes of this Lease, the following terms shall have the following definitions and meanings:

1.1 Landlord: TKOS I, LLC, a Delaware limited liability company

1.2 Landlord's Address:

For Notices:

TKOS I, LLC
c/o Bollert/LeBeau Inc.
4180 La Jolla Village Drive, Suite 210
La Jolla, California 92037
Attention: Greg Bowman

For payments made via regular U.S. Mail:

TKOS I, LLC
3755 Momentum Place
Chicago, IL 60689-5336

For payments via Express Mail and overnight delivery only:

TKOS I LLC
Fifth Third Wholesale Lockbox
Lockbox #233755
4900 W 95th Street
Oak Lawn, IL 60453

For wire transfers only:

Bank Name: Wells Fargo Bank
Account No.: 8772015700
Account Name: TKOS I, LLC
ABA: 121000248

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

1.4 Tenant's Address:

Prior to the Commencement Date:

The City of San Diego
1200 Third Avenue
Suite 1700
San Diego, CA 92101
Attn: Director, Real Estate Assets

As of the Commencement Date:

The City of San Diego
1200 Third Avenue
Suite 1700
San Diego, CA 92101
Attn: Director, Real Estate Assets

- 1.5 **Leased Premises:** Suite number 780 in the Building.
- 1.6 **Building:** 450 B Street, San Diego, California 92101.
- 1.7 **Leased Premises Area:** Approximately 2,325 Rentable Square Feet (defined below), subject to final determination in accordance with Section 2.2 below.
- 1.8 **Initial Term:** Approximately twelve (12) months.
- 1.9 **Tenant's Vehicle Parking Spaces:** Zero (0) unreserved vehicle parking spaces within the subterranean parking garage located beneath the Building (the "Parking Facility").
- 1.10 **Tenant Improvement Allowance:** None.
- 1.11 **Scheduled Commencement Date:** March 1, 2018.
- 1.12 **Annual Basic Rent:**
- | Months of Lease Term | Annual Basic Rent | Monthly Installments of Basic Rent | Monthly Basic Rental Rate per Rentable Square Foot of the Leased Premises |
|----------------------|-------------------|------------------------------------|---|
| 1-12 | \$79,515.00 | \$6,626.25 | \$2.85 |
- 1.13 **Intentionally Omitted.**
- 1.14 **Intentionally Omitted.**
- 1.15 **Security Deposit:** None.
- 1.16 **Broker(s):** CBRE, Inc. (Jeff Oesterblad, Ryan Grant and Matt Carlson), representing Landlord.
- 1.17 **Permitted Use:** General office purposes and no other use, subject to compliance with all applicable Laws (defined below).
- 1.18 **Building Area:** 283,786 Rentable Square Feet.

ARTICLE 2

LEASED PREMISES AND COMMON AREAS

2.1 **Leased Premises:** Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the Leased Premises outlined on the Floor Plan attached hereto, marked **Exhibit "A-I"**, and incorporated herein by this reference ("**Outline of Floor Plan of Leased Premises**"). The Leased Premises are located in the Building, which, together with the Parking Facility situated adjacent thereto, is located on the parcel or parcels of real property (the "**Project Site**") outlined on the Project Site Plan attached hereto, marked as **Exhibit "A-II"**, and incorporated herein by this reference ("**Project Site Plan**") (all of which, together with the Building Common Areas and the Project Common Areas, as hereinafter defined, are collectively referred to as the "**Project**"). The Leased Premises are leased in their "AS-IS" condition in accordance with Article 14. The Leased Premises are agreed, for the purposes of this Lease, to have approximately the number of Rentable Square Feet designated in Section 1.7, subject to adjustment as described in Section 2.2 below. The

parties hereto agree that this Lease is upon and subject to the terms, covenants and conditions herein set forth. Each of Landlord and Tenant covenants are a material part of the consideration for this Lease and the parties agree to keep and perform each and all of said terms, covenants and conditions.

2.2 Square Feet: Landlord's architect (or at Landlord's option, other qualified consultant to Landlord) has measured the rentable area ("**Rentable Square Feet**") of the Leased Premises, which determinations shall be conclusive upon Landlord and Tenant. The Rentable Square Feet of the Leased Premises includes a portion of the total square feet contained in the common areas (i.e., lobbies, mail room, fire control room, etc.) on the ground floor of the Building, as equitably determined by Landlord.

2.3 Common Areas: Tenant and its employees, invitees and agents shall have the nonexclusive right to use in common with Landlord and other tenants or occupants of the Project and their respective employees, invitees and agents, subject to the Rules and Regulations referred to in Section 35.1 below and all covenants, conditions and restrictions affecting the Project, the following areas appurtenant to the Leased Premises:

(a) the Building's common entrances, lobbies, shared entry lobbies and corridors, shared restrooms, service areas, elevators, stairways, accessways and ramps, and the common pipes, wires and appurtenant equipment serving the Leased Premises (collectively, the "**Building Common Areas**");

(b) loading and unloading areas, trash areas, service areas, parking areas, roadways, sidewalks, walkways, plazas, parkways, driveways, landscaped areas and similar areas and facilities situated within the Project (collectively, the "**Project Common Areas**"); and

(c) the Parking Facility.

2.4 Landlord's Reservation of Rights: Landlord reserves for itself, and for the owner(s) and operator(s) of the Project or any portion thereof, the right from time to time without material interference with Tenant's Permitted Use:

(a) to install, use, maintain, repair and replace pipes, ducts, conduits, wires and appurtenant meters and equipment for service to other parts of the Building above the ceiling surfaces, below the floor surfaces, within the walls and in the central core areas of the Leased Premises, and to relocate any pipes, ducts, conduits, wires and appurtenant meters and equipment which are located in the Leased Premises or elsewhere, and to expand the Building and/or the Parking Facility;

(b) to make changes in its sole discretion to the Building Common Areas, the Project Common Areas and/or the Parking Facility, including, without limitation, changes in the location, size, shape and number of driveways, entrances, parking spaces, parking areas, loading and unloading areas, ingress, egress, direction of traffic, landscaped areas and walkways;

(c) to close temporarily any of the Building Common Areas, the Project Common Areas and/or the Parking Facility for maintenance purposes and to avoid claims of prescriptive rights so long as reasonable access to the Leased Premises remains available;

(d) to designate other land outside the boundaries of the Building or the Project to be a part of the Project Common Areas;

(e) to add additional buildings and improvements to the Project Common Areas;

(f) to use the Building Common Areas, the Project Common Areas and/or the Parking Facility while engaged in making additional improvements, repairs or alterations to the Building, the Parking Facility or the Project, or any portion thereof; and

(g) to do and perform such other acts and make such other changes in, to or with respect to the Project or any portion thereof as Landlord and/or the owner(s) and/or operator(s) thereof may, in the exercise of sound business judgment, deem to be appropriate.

ARTICLE 3

TERM

3.1 Initial Term: The "Initial Term" of this Lease shall be for the period designated in Section 1.8, commencing on the Commencement Date (as defined in Article 4 below) and ending on the last day of the month in which the expiration of such period occurs, unless sooner terminated as hereinafter provided. The first Lease Year of the Initial Term shall commence on the Commencement Date and shall end on December 31 of that same calendar year. The term "Lease Year" thereafter shall mean each successive calendar year of the Term following the initial Lease Year. Any period remaining in the Term after the end of the last full Lease Year shall be considered a Lease Year. The Commencement Date and the date upon which the Term of this Lease shall end unless sooner terminated pursuant to the provisions hereof shall be specified in a Commencement Letter, which shall be in the form of Exhibit "C", attached hereto and incorporated herein by this reference (the "**Commencement Letter**"), and shall be executed by Tenant as soon as practicable after the Commencement Date. As used herein, "**Term**" shall refer to the Initial Term as it may be extended by written agreement of Landlord and Tenant.

3.2 Reserved.

ARTICLE 4

POSSESSION

Landlord shall use good faith efforts to tender possession of the Leased Premises to Tenant upon the Scheduled Commencement Date. Tenant agrees that if this Lease is fully executed and delivered and Landlord is unable to deliver possession of the Leased Premises to Tenant on or before the Scheduled Commencement Date set forth in Section 1.11 above, this Lease may terminate, at Tenant's discretion, and Landlord shall not be liable to Tenant for any loss or damage resulting therefrom. In such event, except to the extent resulting from a Tenant delay, Tenant shall not be liable for any Rent or any other payment due pursuant to this Lease. Whether occurring before or on the Scheduled Commencement Date, commencement of the Term of this Lease and Tenant's obligations for the payment of Rent under this Lease shall commence upon the full execution and delivery of this Lease (the "**Commencement Date**").

ARTICLE 5

RENT

5.1 Annual Basic Rent: Tenant shall pay Landlord as consideration for the use and enjoyment of the Leased Premises the Annual Basic Rent designated in Section 1.12 (subject to adjustment as hereinafter provided) in twelve (12) equal monthly installments, each in advance on the first day of each calendar month during the Term commencing on the Commencement Date, except that the first month's Rent shall be paid to Landlord upon delivery to Landlord of a copy of this Lease, executed by Tenant. If the Term of this Lease commences on a day other than the first day of a calendar month or ends on a day other than the last day of a calendar month, then the Rent for such period shall be prorated on the basis of a thirty (30) day month.

5.2 Additional Rent: In addition to the Annual Basic Rent, Tenant agrees to pay as Additional Rent the amount of Rent adjustments and other charges required by this Lease. Any other charges to be paid by Tenant hereunder shall be considered "**Additional Rent**" for purposes of this Lease. The term "**Rent**" as used in this Lease shall mean Annual Basic Rent and Additional Rent and all other amounts payable by Tenant pursuant to this Lease. When no other time is stated herein for payment, payment of any amount due from Tenant to Landlord hereunder shall be made within ten (10) days after Tenant's receipt of Landlord's invoice or statement therefor. All Rent shall be paid to Landlord, without prior demand and without any deduction or offset except as specified herein, in lawful money of the United States of America, at the address designated in Section 1.2 hereof or to such other person or at such other place as Landlord may from time to time designate in writing.

5.3 Late Payment: If Tenant fails to pay any installment of Rent when due or in the event Tenant fails to make any other payment for which Tenant is obligated under this Lease when due, such late amount shall accrue interest and Tenant shall pay Landlord as Additional Rent interest on such amount at the lesser of the then prevailing prime rate of Bank of America NT & SA (the "**Prime Rate**") plus two (2) percentage points or the maximum rate permitted by law from the date such amount became due until such amount is paid. If the format or components of the Prime Rate are materially

changed, or if the Prime Rate ceases to exist, Landlord shall substitute a prime rate or alternative base rate of interest that is maintained by the Bank of America NT & SA or similar financial institution which Landlord determines in its reasonable business judgment. In addition to said interest, Tenant shall pay to Landlord concurrently with any installment of Rent, or other payment, not paid within five (5) days of the date upon which it is due, and Landlord may demand same from Tenant, as Additional Rent, a late charge equal to six percent (6%) of the late amount to compensate Landlord for the extra costs incurred as a result of such late payment. THE PARTIES AGREE THAT ANY SUCH LATE PAYMENT MAY CAUSE LANDLORD TO INCUR ADMINISTRATIVE COSTS AND OTHER DAMAGE, THE EXACT AMOUNT OF WHICH WOULD BE IMPRACTICABLE OR EXTREMELY DIFFICULT TO ASCERTAIN, AND THAT SUCH INTEREST AND LATE CHARGE REPRESENT A FAIR AND REASONABLE ESTIMATE OF THE DETRIMENT THAT LANDLORD WILL SUFFER BY REASON OF LATE PAYMENT BY TENANT. Acceptance of any such interest and late charge shall not constitute a waiver of Tenant's Default with respect to the overdue amount, or prevent Landlord from exercising any of the other rights and remedies available to Landlord hereunder or at law.

5.4 Additional Late Payment Remedies: If any payment of Rent made by check, draft or money order is returned to Landlord due to insufficient funds, or otherwise, Landlord shall have the right, at any time thereafter and upon Notice (defined below) to Tenant, to require Tenant to make all subsequent payments of Rent by cashier's or certified check. Any payment returned to Landlord shall be subject to a handling charge of \$50.00. If Tenant fails to pay installments of Annual Basic Rent within ten (10) days following the due date thereof on any three (3) or more occasions during any twelve (12) month period during the Term hereof, Landlord shall have the right, in addition to any other rights or remedies it may have hereunder or at law, to require Tenant thereafter to pay installments of Annual Basic Rent quarterly in advance.

ARTICLE 6

INTENTIONALLY OMITTED

ARTICLE 7

INTENTIONALLY OMITTED

ARTICLE 8

USE

8.1 General: Tenant shall use the Leased Premises for the Permitted Use set forth in Section 1.17 above, and shall not use or permit the Leased Premises to be used for any other purpose without the prior written consent of Landlord. Nothing contained herein shall be deemed to give Tenant any exclusive right to such use in the Project or any portion thereof (excluding only the Leased Premises).

8.2 Laws/CC&R's: Tenant shall not use or occupy the Leased Premises in violation of any applicable law, regulation, rule, order, statute or ordinance of any government agency, office and board or private entity in effect on or after the Effective Date and applicable to the Project or the use or occupancy of the Project, including the rules, regulations and requirements of the Pacific Fire Rating Bureau, and of any similar body, the Americans With Disabilities Act (42 U.S.C. Section 12101 et seq.), Hazardous Material Law (as defined below) and the Rules and Regulations (as defined below) (collectively, "Laws") or of any government-issued permit for the Building, and shall, upon Notice from Landlord, discontinue any use of the Leased Premises which is declared by any governmental authority having jurisdiction to be a violation of any Laws, or of any government-issued permit. Tenant shall comply with any direction of any governmental authority having jurisdiction which shall, by reason of the nature of Tenant's use or occupancy of the Leased Premises, impose any obligation, including, but not limited to, any obligation imposed pursuant to the Americans With Disabilities Act (42 U.S.C. Section 12101 et seq.) (the "ADA"), upon Tenant or Landlord with respect to the Leased Premises or with respect to the use or occupancy thereof. Tenant shall comply with all rules, orders, regulations and requirements of the Pacific Fire Rating Bureau or any other organization performing a similar function. Tenant shall not do or permit to be done in or about the Leased Premises anything which causes the insurance on the Leased Premises, the Building or the Project or any portion thereof to be canceled or the cost thereof increased. Tenant shall promptly, upon demand, reimburse Landlord for any additional premium charged for any insurance policy by reason of Tenant's failure to comply with the provisions of this Section. In determining whether increased premiums are a result of Tenant's use of the Leased Premises, a schedule issued by the organization computing the insurance rate on the Project or the tenant improvements showing the various components of such rate shall be conclusive evidence of the several items and charges which make up such rate.

Tenant shall promptly comply with all reasonable requirements of the insurance authority or any present or future insurer relating to the Leased Premises. Tenant shall not do or permit anything to be done in or about the Leased Premises which will in any way obstruct or interfere with the rights of Landlord or other tenants or occupants of the Building, the Parking Facility or the Project, or injure or annoy them, or use or allow the Leased Premises to be used for any improper, immoral, unlawful or objectionable purpose, nor shall Tenant cause, maintain or permit any nuisance in or about the Leased Premises or the Project. Tenant shall comply with any and all covenants, conditions and restrictions. Tenant shall not commit or suffer to be committed any waste in or upon the Leased Premises or the Project and shall keep the Leased Premises in first class repair and appearance. Landlord reserves the right to prescribe the weight and position of all files, safes and heavy equipment which Tenant desires to place in the Leased Premises so as to properly distribute the weight thereof. Further, Tenant's business machines and mechanical equipment which cause vibration or noise that may be transmitted to the Building structure or to any other space in the Building shall be so installed, maintained and used by Tenant as to eliminate such vibration or noise. If any governmental license or permit shall be required for the proper and lawful conduct of Tenant's business in the Leased Premises, Tenant, at its expense, shall procure, maintain and comply with the terms and conditions of each such license or permit. Tenant shall be responsible for all structural engineering required to determine structural load for any of Tenant's furniture, fixtures, equipment, other personal property, Alterations and tenant improvements.

Without limiting the generality of the foregoing:

(i) Landlord and Tenant agree to cooperate and Tenant shall use its commercially reasonable efforts to participate in governmentally mandated regulations or voluntary traffic management programs applicable to businesses located in the area or to the Project Site and, initially, shall encourage and support the use of van and car pooling and transit systems by employees and shall encourage and support staggered and flexible working hours for employees to the fullest extent permitted by the requirements of Tenant's business. Neither this Subsection 8.2(i) nor any other provision of this Lease, however, is intended to or shall create any rights or benefits in any other person, firm, company, governmental entity or the public.

(ii) Landlord and Tenant agree to cooperate and comply with any and all guidelines or controls imposed upon either Landlord or Tenant by federal or state governmental organizations or by any energy conservation association to which Landlord is a party concerning energy management. Upon Tenant's failure to comply with this Subsection 8.2(ii), Landlord may suspend Tenant's parking privileges in addition to taking such other remedies as may be available to a landlord against a defaulting tenant.

(iii) Tenant shall be liable for all penalties, noncompliance costs or other losses, costs or expenses incurred by Landlord primarily caused by Tenant's failure to comply with any of the provisions of subsections (i) and (ii) above. Any such amount shall be payable by Tenant to Landlord within ten (10) days after Landlord's demand therefor as Additional Rent. Failure of Tenant to pay any amount due pursuant to this Subsection 8.2(iv) when due shall be deemed a Default pursuant to this Lease.

8.3 Hazardous Materials: Without limiting the generality of any other provisions contained in this Lease, Tenant covenants and agrees that Tenant, its agents, employees, representatives, contractors and invitees of Tenant (collectively, "Invitees") shall not bring into, generate, release, discharge, use, store, maintain, dispose of or otherwise transport (collectively, "Use") any Hazardous Materials upon, in, beneath or about the Leased Premises or the Project or any groundwater thereunder or soil or surface water thereabout. The foregoing prohibition shall not extend to substances typically found or Used in general office applications, so long as all of the following conditions are satisfied: (a) such substances are Used only in such quantities as are reasonably necessary for Tenant's Permitted Use in the Leased Premises; provided, that no asbestos or asbestos containing materials or lead based paint shall be incorporated into the Leased Premises or any of Tenant's Work thereon; (b) such substances are Used strictly in accordance with the manufacturer's instructions therefor and in accordance with all the applicable Hazardous Material Laws (as defined below), but without constituting a release or discharge thereof; and (c) such substances are removed from the Building and the Leased Premises (regardless of whether any Laws require removal), in compliance with all Hazardous Material Laws and this Lease at Tenant's sole cost and expense, on or before the expiration or earlier termination of this Lease.

(i) As used in this Lease, "Hazardous Materials" shall include all of the following materials or products or by-products containing such materials: all asbestos, petroleum substances, underground storage tanks, PCBs or urea formaldehyde, and all Hazardous Materials, wastes, or substances, toxic substances, pollutants, contaminants or similar terms defined in or used under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. Section 9601 et seq.), Resource Conservation and Recovery Act, as amended (42 U.S.C. Section 6901

et seq.), California Health and Safety Code (Sections 25100, 25249.5, 25316 and 39000, et seq. in each case), and any similar or related federal state or local laws, rules, regulations, ordinances or guidelines now or hereafter in effect (collectively, "**Hazardous Material Laws**").

(ii) Tenant shall provide Landlord with the following notices: (a) annually, or within thirty (30) days after Landlord requests the same from Tenant, a written list identifying any Hazardous Materials then Used by Tenant in or about the Building, the use and approximate quantity of each such item, and Tenant's written certification (in form and substance to the reasonable satisfaction of Landlord) to the effect that neither Tenant nor any of its Invitees has Used any Hazardous Materials in or about the Leased Premises or the Project in violation of Section 8.3; (b) within five (5) days after receipt thereof, copies of all licenses or permits received by Tenant with respect to any Use by Tenant, or notices or other communications of any actual or alleged Use by any third party, of any Hazardous Material on or about the Leased Premises or the Building; and (c) submit to Landlord for prior approval any Use of a Hazardous Material in or about the Building or the Leased Premises other than as specified in Subsection 8.3(a) above; provided, that no such notice to or approval by Landlord shall relieve Tenant of any other obligation contained in this Subsection, including but not limited to the removal, remediation and indemnification obligations set forth below.

(iii) Landlord in its sole discretion may enter and inspect the Leased Premises and the business operations of Tenant, at any time upon reasonable Notice and in a manner so as not to interfere unreasonably with the conduct of Tenant's business, in order to investigate the possibility of any improper Use of Hazardous Materials. During any such inspection, Landlord shall have the right to take such samples and conduct such tests as Landlord may deem necessary or advisable in its sole discretion.

(iv) Upon any violation of the foregoing covenants or prohibitions, Tenant shall be obligated at its sole cost to remove, clean-up and remediate all Hazardous Materials introduced into or about the Building and the Leased Premises by Tenant or any of its Invitees in compliance with this Lease and all applicable Laws. Tenant shall also be responsible for any and all testing, monitoring, investigation, preparation of any response or closure plan, analysis or report, clean-up work, remedial or corrective action, or other matter that may be required by any governmental authority in connection with the Use of any Hazardous Materials on or about the Building. All such work shall in each case be conducted to the satisfaction of Landlord and all governmental authorities having jurisdiction. If Tenant fails to do so, Landlord shall have the right but not the obligation, to do so at Tenant's sole cost and expense.

(v) Tenant shall indemnify, defend and hold harmless Landlord and Landlord's Indemnified Parties (as defined below in Article 20) from and against any and all Claims (as defined below in Article 20) imposed or asserted against or incurred by any of such Indemnified Parties, or which may be asserted as the result of: (a) any noncompliance by Tenant or its Invitees, with any Laws or any permit condition, court order or other administrative requirement; or (b) any other Use by Tenant or its Invitees of any Hazardous Materials in or about the Leased Premises or the Building.

(vi) The provisions of this Section 8.3 shall survive the expiration or earlier termination of this Lease.

ARTICLE 9

MOLD

Tenant agrees to maintain the Leased Premises in a manner that prevents the occurrence of an infestation of mold, mildew, microbial growths, and any associated mycotoxins in the Leased Premises, and shall comply, at a minimum, with the following: (i) Tenant agrees to immediately fix/abate any water intrusion in the Leased Premises; (ii) Tenant agrees to use all reasonable care to close all windows and other openings in the Leased Premises to prevent outdoor water from penetrating into the interior unit; (iii) Tenant agrees to clean and dry any visible moisture on windows, walls, and other surfaces, including personal property, as soon as reasonably possible; (iv) Tenant agrees to keep the Leased Premises free of dirt and debris that can harbor mold; (v) Tenant agrees to regularly clean and sanitize kitchens and other surfaces within the Leased Premises where water, moisture condensation, and mold can collect; (vi) Tenant agrees not to interfere with regular air flow and circulation throughout the Leased Premises; (vii) Tenant agrees to limit the indoor watering of plants; (viii) Tenant agrees to prevent the overflow or release of water from bathrooms or kitchens, including but not limited to toilets, sinks, kitchen appliances, and other receptacles of water; (ix) Tenant agrees not to obstruct fresh air supply to furnace, air conditioner or heater ducts; (x) Tenant agrees to maintain and not obstruct ventilation at all locations in the Leased Premises; (xi) Tenant agrees to prevent the clogging of all plumbing within the Leased Premises; (xii) Tenant agrees not to engage in any conduct that promotes or creates mold growth; (xiii) Tenant agrees to report within forty-eight

(48) hours the following to Landlord: (a) any non-working fan, heater, air conditioner or ventilation system; (b) plumbing leaks, drips, sweating pipes, wet spots; (c) overflows from bathroom, kitchen, or other facilities, including but not limited to tubs, showers, shower enclosures, toilets, sinks, kitchen appliances, or other receptacles of water, especially in cases where the overflow may have permeated walls, floors, ceilings or fixtures; (d) water intrusion of any kind; (e) any mold or black or brown spots or moisture on surfaces inside the Leased Premises; (f) broken plumbing systems or standing water near structures within the Leased Premises; and (g) any odors consistent with mold growth within the Leased Premises. Tenant agrees not to commence any mold investigation, testing, remediation or repair without first obtaining the prior written consent of Landlord. If Landlord consents to any mold investigation, remediation or repair by Tenant, Tenant agrees to not use any methods of mold investigation, testing, remediation and repair that are speculative and not generally accepted within the scientific community, and Tenant shall provide to Landlord the names of any and all third parties retained by Tenant to conduct any such mold investigation, testing, remediation and repair. As of the Effective Date such speculative and generally unaccepted methods of investigation, testing, remediation and repair include: (1) any use of settled dust vacuum sampling; (2) any use of interior wall cavity air sampling; (3) Tenant's use of do-it-yourself mold investigation kits; and (4) use of any methods that have not been peer reviewed and generally accepted within the scientific community.

ARTICLE 10

NOTICES

10.1 Method of Delivery: Any notice, consent, approval or objection required or permitted by this Lease shall be in writing and may be delivered (a) in person (by hand or by messenger or courier service) or (b) by certified or registered mail or United States Postal Service Express Mail, with postage prepaid, or (c) by a nationally recognized overnight delivery service that provides delivery verification, or (d) by facsimile transmission addressed to Tenant at the Leased Premises and to Landlord at each of the addresses designated in Section 1.2, and shall be deemed sufficiently given if served in a manner specified in this Article 10 ("Notice"). Either party may specify a different address for Notice purposes by Notice to the other.

10.2 Receipt of Notices: Any Notice sent by registered or certified mail, return receipt requested, shall be deemed given on the date of delivery shown on the receipt card, or if no delivery date is shown, the postmark thereon. Notices delivered by United States Postal Service Express Mail or overnight delivery service that guarantees next day delivery shall be deemed given twenty-four (24) hours after delivery of the same to the United States Postal Service or overnight delivery service. If any Notice is transmitted by facsimile transmission or similar means, the same shall be deemed served or delivered upon telephone confirmation of receipt of the transmission thereof, provided a copy is also delivered via one of the methods in Section 10.1(a)-(c) above. If Notice is received on a Saturday, Sunday or legal holiday, it shall be deemed received on the next business day.

10.3 Statutory Service of Notice: When a statute permits, or requires, service of a notice in a particular manner, service of that notice (or a similar Notice permitted, or required, by this Lease) in the manner permitted, or required, by this Article 10 shall replace and satisfy the statutory service-of-notice procedures, including, but not limited to, those required by California Code of Civil Procedure Section 1162, or any similar, or successor statute.

ARTICLE 11

BROKERS

Tenant warrants that it has had no dealings with any real estate broker, finder or agent in connection with the negotiation of this Lease except for the broker(s) whose name(s) is (are) set forth in Section 1.16, whose commission shall be payable by Landlord pursuant to one or more separate agreements, and that it knows of no other real estate broker, finder or agent who is or might be entitled to a commission in connection with this Lease. Tenant shall be solely responsible for the payment of any fee due to any other broker, finder, agent or other party claiming under Tenant, and shall hold Landlord free and harmless against any liability in respect thereto, including attorneys' fees and costs incurred by Landlord in connection therewith.

ARTICLE 12

HOLDING OVER

If Tenant holds over after the expiration or earlier termination of the Term hereof without the express written consent of Landlord, Tenant shall become a month-to-month Tenant, at an Annual Basic Rent equal to equal to one hundred fifty percent (150%) of the Annual Basic Rent in effect upon the expiration of the Term hereof (subject to adjustment as provided in Articles 5 and 6 hereof and prorated on a daily basis) and otherwise subject to the terms, covenants and conditions herein specified, so far as applicable. Acceptance by Landlord of Rent after such expiration or earlier termination with Landlord's prior written consent shall create only a month-to-month tenancy upon the terms set forth in this Article, which tenancy shall be terminable at the end of any calendar month by either party by Notice to the other given not less than thirty (30) days prior to the end of such month. The foregoing provisions of this Article 12 are in addition to and do not affect Landlord's right of reentry or any rights of Landlord hereunder or as otherwise provided by law. If Tenant fails to surrender the Leased Premises upon the expiration of this Lease despite demand to do so by Landlord, Tenant shall indemnify, defend and hold Landlord harmless from all loss or liability, including without limitation any claim made by any succeeding tenant founded on or resulting from such failure to surrender, and all attorneys' fees and costs incurred by Landlord in connection therewith.

ARTICLE 13

TAXES ON TENANT'S PROPERTY

13.1 Personal Property and Fixtures: Tenant shall be liable for and shall pay, at least ten (10) days before delinquency, all taxes levied against any personal property or trade fixtures placed by Tenant in or about the Leased Premises. If any such taxes on Tenant's personal property or trade fixtures are levied against Landlord or Landlord's property, or if the assessed value of the Leased Premises is increased by the inclusion therein of a value placed upon such personal property or trade fixtures of Tenant, and if Landlord, after Notice to Tenant, pays the taxes based upon such increased assessment, which Landlord shall have the right to do regardless of the validity thereof (but only under proper protest if so requested by Tenant), Tenant shall, upon demand, repay to Landlord the taxes so levied against Landlord, or the portion of such taxes resulting from such increase in the assessment.

13.2 Alterations: If any Alterations, whether or not affixed to the real property so as to become a part thereof, are assessed for real property tax purposes at a valuation higher than the valuation at which tenant improvements conforming to Landlord's Building standard improvements for other space in the Building are assessed, then the real property taxes and assessments levied against the Building by reason of such excess assessed valuation shall be deemed to be taxes levied against personal property of Tenant and shall be governed by the provisions of Section 13.1 above. If the records of the County Assessor are available and sufficiently detailed to serve as a basis for determining whether the Alterations are assessed at a higher valuation than Landlord's Building standard improvements, such records shall be binding on both Landlord and Tenant. If the records of the County Assessor are not available or sufficiently detailed to serve as a basis for making said determination, the actual cost of construction shall be used.

ARTICLE 14

CONDITION OF LEASED PREMISES

Tenant acknowledges that neither Landlord nor any agent of Landlord has made any representation or warranty with respect to the Leased Premises, the Building, the Parking Facility or any other portion of the Project or with respect to the condition thereof or the suitability of the same for the conduct of Tenant's business. The taking possession of the Leased Premises by Tenant shall conclusively establish that the Leased Premises, the Building, the Project and the Parking Facility were in good and sanitary order, condition and repair at such time, except for latent defect, if any. Without limiting the foregoing, Tenant's execution of the Commencement Letter shall constitute a specific acknowledgment and acceptance of the various start-up inconveniences that may be associated with the use of the Building, the Parking Facility and other portions of the Project, such as certain construction obstacles (e.g., scaffolding), delays in use of freight elevator service, unavailability of certain elevators for Tenant's use, uneven air-conditioning services and other typical conditions incident to recently constructed office buildings. Tenant (for itself and all other claiming through Tenant) hereby irrevocably waives and releases its right to terminate this Lease under Section 1932(l) of the California Civil Code. Tenant accepts the Leased Premises and the Project in "AS-IS" condition and configuration. Landlord shall have no obligation to alter, remodel,

improve, repair, decorate or paint the Leased Premises or any part thereof, or any portion of the Building, except to remedy latent defects, if any, and as otherwise expressly required by this Lease.

ARTICLE 15

ALTERATIONS

15.1 Alterations and Major Alterations: Tenant shall make no alterations, additions or improvements in or to the Leased Premises (collectively, the "Alterations") without Landlord's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed, and then only by licensed contractors or mechanics. Tenant shall submit to Landlord plans and specifications for any proposed Alterations to the Leased Premises, and may not make such Alterations until Landlord has approved such plans and specifications in writing. Tenant shall construct such Alterations in accordance with the plans and specifications approved by Landlord and in compliance with all applicable Laws, and shall not amend or modify such plans and specifications without Landlord's prior written consent. If the proposed change requires the consent or approval of any lessor of a superior lease or the holder of a mortgage encumbering the Leased Premises, Tenant acknowledges that such consent or approval must be secured prior to the construction of such Alterations. Tenant agrees not to construct or erect partitions or other obstructions that might interfere with Landlord's free access to mechanical installations or service facilities of the Building or interfere with the moving of Landlord's equipment to or from the enclosures containing said installations or facilities. All Alterations shall be done at such times and in such manner as Landlord may from time to time reasonably designate. Tenant will pay the entire cost and expense of all Alterations, including, without limitation, for any painting, restoring or repairing of the Leased Premises or the Building necessitated by the Alterations and a reasonable charge for Landlord's actual out-of-pocket third party review together with a construction supervision fee equal to fifteen percent (15%) of the hard construction costs of the Alterations. Tenant will also obtain and/or require: (a) builder's "all-risk" insurance in an amount at least equal to the replacement value of the Alterations; (b) liability insurance insuring Tenant and each of Tenant's contractors against construction related risks in at least the form, amounts and coverage required of Tenant under Article 22; and (c) if requested by Landlord, demolition (if applicable) and payment and performance bonds in an amount not less than the full cost of the Alterations. The insurance policies described in clauses (a) and (b) of this Section must name Landlord, Landlord's lender (if any), Bollert/LeBeau Inc. ("Property Manager") and other parties reasonably requested by Landlord as additional insureds, specifically including completed operations. Tenant covenants and agrees that all Alterations done by Tenant shall be performed in full compliance with all Laws. If any governmental authority requires any alteration to the Building or the Leased Premises as a result of Tenant's Permitted Use of the Leased Premises or as a result of any Alteration to the Leased Premises made by or on behalf of Tenant, Tenant will pay the cost of all such Alterations. If any such Alterations involve any modifications to (i) the structural, mechanical, electrical, plumbing, fire/life safety or heating, ventilating and air conditioning systems of the Building, or (ii) any portion of the Building outside of the interior of the Leased Premises (a "Major Alteration"), Tenant agrees that it shall be reasonable for Landlord to withhold its consent to any Major Alterations and it shall be reasonable for Landlord to condition its consent to any Major Alterations on Landlord making the Major Alterations, provided that Landlord may first require Tenant to deposit with Landlord an amount sufficient to pay the cost of the Major Alterations (including, without limitation, reasonable overhead and administrative costs). Before commencing any work, Tenant shall give Landlord at least ten (10) days' Notice of the proposed commencement of such work and shall, if required by Landlord, secure for such work at Tenant's own cost and expense a completion and payment bond in form, substance and amount satisfactory to Landlord.

15.2 Removal of Alterations: All Alterations upon the Leased Premises made by Tenant after the Commencement Date, including without limitation all wallcovering, built-in cabinet work, paneling and the like, shall, at Landlord's election, either be removed by Tenant or shall become the property of Landlord and shall remain upon, and be surrendered with, the Leased Premises at the end of the Term hereof; provided, however, that if Landlord, by Notice to Tenant, requires Tenant to remove such improvements, Tenant shall repair all damage resulting from such removal or, at Landlord's option, shall pay to Landlord the cost of such removal prior to the expiration of the Term of this Lease. All articles of personal property and all business and trade fixtures, machinery and equipment, furniture and movable partitions owned by Tenant or installed by or for Tenant at its expense in the Leased Premises shall be and remain the property of Tenant and shall be removed by Tenant prior to the expiration of the Term; provided, however, that Tenant shall repair all damage to the Leased Premises, if any, resulting from such removal. If Tenant shall fail to remove any of the foregoing from the Leased Premises prior to termination of this Lease for any cause whatsoever, Tenant shall be deemed to be holding over in the Leased Premises without the consent of Landlord and Landlord may, at its option, remove the same in any manner that Landlord shall choose, and store the same without liability to Tenant for loss thereof. In such event, Tenant agrees to pay Landlord upon demand any and all expenses incurred in such removal, including court costs and attorneys' fees and storage charges thereon, for any length of time that the same shall be in Landlord's possession or control.

ARTICLE 16

REPAIRS

16.1 Tenant Obligations: Tenant shall, when and if needed, at Tenant's sole cost and expense and subject to Article 15 above, make all repairs to the Leased Premises and every part thereof to maintain the Leased Premises in first class condition and repair and free from any Hazardous Materials. Tenant shall, upon the expiration or earlier termination of the Term hereof, surrender the Leased Premises to Landlord in the same condition as existed upon the Commencement Date, ordinary wear and tear excepted and free of any Hazardous Materials. Any item that satisfies the following (collectively, "**Supplemental Equipment**") (i) is installed within the Leased Premises by Tenant or at Tenant's request, (ii) serves only the Leased Premises, and (iii) is not included by Landlord in the Building standard systems, fixtures and equipment of the Building including: (A) any supplemental or specialty electrical, mechanical, plumbing, heating, ventilation or air conditioning systems, fixtures or equipment; (B) any supplemental or specialty fire, life, safety or security systems, fixture or equipment; or (C) any video, audio, communications or computer systems, fixtures or equipment (including cabling) will be maintained, repaired and replaced as needed by Tenant at Tenant's sole cost and expense. Landlord has no liability for the operation, repair, maintenance or replacement of any such Supplemental Equipment or for any other systems, fixtures or equipment placed within the Leased Premises by Tenant that are not a part of the Building's standard systems, fixtures and equipment. If Landlord elects at any time to perform any repair or maintenance upon such Supplemental Equipment, Landlord will do so at Tenant's sole cost and expense.

16.2 Landlord Obligations: Notwithstanding anything to the contrary in Article 14 or Section 16.1 above, Landlord shall repair and maintain the structural portions of the Building and the Parking Facility (to the extent Landlord or its affiliates is the owner thereof), and the plumbing, heating, ventilation, air conditioning, elevator and electrical systems installed therein or furnished by Landlord, except to the extent that such maintenance and repairs are required by items installed in Tenant's Leased Premises which are above standard interior improvements (such as, for example, custom lighting, kitchen or restroom facilities constructed within Tenant's Leased Premises) or are caused in part or in whole by the negligence or willful misconduct of Tenant, its agents, servants, employees or invitees, in which case Tenant shall pay to Landlord, as Additional Rent, the reasonable cost of such maintenance and repairs. Landlord shall not be liable for any failure to make any repairs or to perform any maintenance caused by Tenant's negligence or intentional misconduct. Except as provided in Article 23 hereof, there shall be no abatement of Rent and no liability of Landlord by reason of any injury to or interference with Tenant's business arising from the making of any repairs, alterations or improvements in or to any portion of the Building or the Leased Premises or in or to fixtures, appurtenances and equipment therein.

ARTICLE 17

LIENS

Tenant shall not permit to be filed against the Building, the Parking Facility, the Project or of any portion thereof or against Tenant's leasehold interest in the Leased Premises any mechanics', materialmen's or other liens, including without limitation any state, federal or local "superfund" or Hazardous Materials cleanup lien imposed as a result of the presence of Hazardous Materials in, on or about the Leased Premises, the Parking Facility, the Building or any other portion of the Project. Landlord shall have the right at all reasonable times to post and keep posted on the Leased Premises any notices that it deems necessary for protection from such liens. Tenant shall discharge any lien filed against the Leased Premises or against the Building for work claimed to have been done for, or materials claimed to have been furnished to, Tenant, by bond or otherwise, within thirty (30) days after the filing thereof, at the cost and expense of Tenant. If any such liens are filed and Tenant fails to discharge them pursuant to the foregoing sentence, Landlord may, without waiving its rights and remedies based on such breach of Tenant and without releasing Tenant from any of its obligations hereunder, cause such lien(s) to be released by any means it shall deem proper, including payments in satisfaction of the claim giving rise to such lien or by obtaining a corporate statutory mechanic's lien release bond in an amount equal to one hundred fifty percent (150%) of such lien claim. Tenant shall pay to Landlord, immediately upon Notice by Landlord, any cost or expense, including without limitation attorneys' fees and costs, incurred by Landlord by reason of Tenant's failure to discharge any such lien, together with interest thereon at the maximum rate per annum permitted by law from the date of such payment by Landlord.

ARTICLE 18

ENTRY BY LANDLORD

Landlord reserves and shall at any and all reasonable times have the right to enter the Leased Premises to inspect the same, to supply janitor service and any other service to be provided by Landlord to Tenant hereunder and after three (3) business days prior written notice, to inspect the same, to show the Leased Premises to prospective purchasers, lenders, investors or tenants during the last twelve (12) months of the Lease Term, to post notices of non-responsibility, to alter, improve or repair the Leased Premises which does not interfere with Tenant's Permitted Use or any other portion of the Building and/or the Parking Facility and as provided in Section 2.4 above, all without being deemed guilty of any eviction of Tenant and without abatement of Rent. Landlord may, in order to carry out such purposes, erect scaffolding and other necessary structures where reasonably required by the character of the work to be performed, provided that the business of Tenant shall be interfered with as little as is reasonably practicable. Tenant hereby waives any claim for damages for any injury or inconvenience to or interference with Tenant's business, for any loss of occupancy or quiet enjoyment of the Leased Premises and for any other loss in, upon and about the Leased Premises, the Building or the Parking Facility on account of Landlord's entry or work permitted by this Section or by Section 2.4 above. Landlord shall at all times have and retain a key with which to unlock all doors in the Leased Premises, excluding Tenant's vaults and safes. Landlord shall have the right to use any and all means that Landlord may deem proper to open said doors in an emergency in order to obtain entry to the Leased Premises. Any entry to the Leased Premises obtained by Landlord by any of said means, or otherwise, shall not be construed or deemed to be a forcible or unlawful entry into the Leased Premises, or an eviction of Tenant from the Leased Premises or any portion thereof, and any damages caused on account thereof shall be paid by Tenant.

ARTICLE 19

UTILITIES AND SERVICES

Landlord agrees to furnish or cause to be furnished to the Leased Premises the utilities and services described in the Standards for Utilities and Services which are attached hereto as **Exhibit "E"**, and incorporated herein by this reference ("**Standards for Utilities and Services**"), subject to the conditions and in accordance with the standards set forth therein. Except as expressly set forth herein, Landlord's failure to furnish or cause to be furnished any of the foregoing items shall not result in any liability to Landlord. Landlord shall not be responsible or liable for any loss, damage, or expense that Tenant may incur as a result of any change of utility service, including any change that makes the utility supplied less suitable for Tenant's needs, or for any failure, interference, or defect in any utility service that is not within the reasonable control of Landlord. In addition, Tenant shall not be entitled to any abatement or reduction of Rent, no eviction of Tenant shall result from and Tenant shall not be relieved from the performance of any covenant or agreement in this Lease by reason of such failure, interruption or stoppage that is not within the reasonable control of the Landlord. In the event of any such failure, stoppage or interruption, Landlord shall diligently attempt to cause service to be resumed promptly. If Tenant requires or utilizes more water or electrical power than is considered reasonable or normal by Landlord, Landlord may, at its option, require Tenant to pay, as Additional Rent, the cost, as determined by Landlord, of such extraordinary usage. In addition, Landlord may install separate meter(s) for the Leased Premises at Tenant's sole expense, and Tenant thereafter shall pay all charges of the utility providing such service to the Leased Premises directly to the purveyor thereof. Tenant shall fully cooperate with Landlord and any utility service provider selected by Landlord. Tenant shall permit Landlord and the utility service provider to have reasonable access to the Leased Premises and the utility equipment serving the Leased Premises, including lines, feeders, risers, wiring, pipes, and meters. Tenant shall either pay or reimburse Landlord for all costs associated with any change of utility service, including the cost of any new utility equipment, within ten (10) days after Landlord's written demand for payment or reimbursement.

Within ten (10) business days following Landlord's written request therefor, Tenant shall deliver to Landlord copies of invoices for utility services provided to the Premises and related information reasonably requested by Landlord in connection with the requirements of California Public Resources Code Section 25402.10, the corresponding regulations adopted by the California Energy Commission and provided in California Code of Regulations, Title 20, Division 2, Chapter 4, Article 9, Sections 1680-1684, and any supplemental and/or successor statute or regulations concerning the reporting of energy usage and efficiency relative to commercial buildings.

ARTICLE 20

INDEMNIFICATION AND EXCULPATION OF LANDLORD

Tenant shall indemnify, defend and hold harmless Landlord and Landlord's partners, parents, affiliates, divisions and subsidiaries, and each of their respective directors, officers, principals, shareholders, members, managing members, managers, agents, employees, property manager, lenders and representatives (together with Landlord, collectively, the "Indemnified Parties" and each, an "Indemnified Party") from and against any and all claims, demands, penalties, fines, liabilities, actions (including, without limitation, informal proceedings), settlements, judgments, damages, losses, costs and expenses (including attorneys' fees and costs) of whatever kind or nature, known or unknown, contingent or otherwise, incurred or suffered by or asserted against such Indemnified Party (collectively, "Claims") arising from (a) any cause whatsoever in the Leased Premises, unless caused by the gross negligence or intentional misconduct of such Indemnified Party, (b) Tenant's Permitted use of the Leased Premises or any other portion of the Project, or (c) the conduct of Tenant's business or from any activity, work or thing done, permitted or suffered by Tenant, its agents, contractors, employees or invitees, in or about the Leased Premises or any other portion of the Project. Tenant shall further indemnify, defend and hold the Indemnified Parties harmless from and against all Claims arising from any breach or default in the performance of any obligation to be performed by Tenant under the terms of this Lease or arising from any act, neglect, fault or omission of Tenant or of its agents, contractors, employees or invitees. Payment shall not be a condition precedent to enforcement of the foregoing indemnity. Tenant, as a material part of the consideration to Landlord, hereby assumes all risk of damage to property or injury to Tenant or its partners, directors, officers, contractors, agents, employees, invitees, sublessees or licensees in, upon or about the Leased Premises, the Building, the Parking Facilities or the Project from any cause whatsoever and hereby waives all Claims (including consequential damages arising out of any loss of use of the Leased Premises, the Building, the Parking Facility or the Project or any equipment or facilities therein) in respect thereof against each Indemnified Party, except that which is solely caused by, or solely the result of: (i) the failure of Landlord to observe any of the terms and conditions of this Lease where such failure has persisted for an unreasonable period of time after Notice to Landlord of such failure, (ii) the grossly negligent acts of such Indemnified Party, or (iii) the willful misconduct of such Indemnified Party. Without limitation on other obligations of Tenant that survive the expiration of the Lease Term, the clauses of this Article 20 shall survive the expiration or earlier termination of this Lease until all Claims against Landlord involving any of the indemnified matters are fully, finally, and absolutely barred by the applicable statutes of limitations.

ARTICLE 21

DAMAGE TO TENANT'S PROPERTY

Notwithstanding the provisions of Article 20 or anything to the contrary in this Lease, no Indemnified Party shall be liable for (a) loss or damage to any property by theft or any other cause whatsoever, (b) any injury or damage to persons resulting from fire, storms, earthquakes, explosion, falling plaster, steam, gas, electricity, water or rain which may leak from any part of the Building, the Parking Facility or the Project or from the pipes, appliances or plumbing work therein or from the roof, street or sub-surface or from any other place or resulting from dampness or any other cause whatsoever, except that which is solely caused by, or solely the result of: (i) the grossly negligent acts of such Indemnified Party, or (ii) the willful misconduct of such Indemnified Party, (c) interference with light or other incorporeal hereditaments, or (d) any latent defect in the Leased Premises, the Building, the Parking Facility or any other portion of the Project. Tenant shall immediately give Notice to Landlord in case of fire or accidents in or about the Leased Premises, the Building, the Parking Facility or any other portion of the Project, or of defects therein or in any fixtures or equipment that are the property of Landlord, Tenant or any other tenant or occupant of premises in the Project.

Without limiting the foregoing, Tenant acknowledges that safety and security devices, services and programs provided by Landlord, if any, while intended to deter crime and ensure safety, may not in given instances prevent theft or other criminal acts, or ensure safety of persons or property. The risk that any safety or security device, service or program may not be effective, or may malfunction, or be circumvented by a criminal, is assumed by Tenant with respect to Tenant's property and interests, and Tenant shall obtain insurance coverage to the extent Tenant desires protection against such criminal acts and other losses, as further described in Article 22. Tenant agrees to cooperate in any reasonable safety or security program developed by Landlord or required by Law.

ARTICLE 22

TENANT'S INSURANCE

22.1 General Insurance Provisions: Tenant shall, during the Term hereof, at its sole cost and expense, keep in full force and effect the following insurance:

(a) Property insurance insuring against any perils included within the classification "All Risk," including without limitation fire, windstorm, cyclone, tornado, hail, earthquake, explosion, riot, riot attending a strike, civil commotion, aircraft, vehicle, smoke damage, vandalism, malicious mischief and sprinkler leakage. Such insurance shall insure all property owned by Tenant, for which Tenant is legally liable or that was installed at Tenant's expense, and which is located in the Building, including without limitation furniture, furnishings, installations, fixtures and equipment, any other personal property, and in addition, all improvements and betterments to the Leased Premises, including those improvements and betterments and fixtures, furnishings and equipment installed during any tenant improvements once delivered to Tenant even if paid for by a fit out allowance in an amount not less than one hundred percent (100%) of the full replacement cost thereof. For the purposes of this Subsection 22.1(a), the Leased Premises shall consist of the floor area shown in the Outline of Floor Plan of Leased Premises, consisting of the cubic space spanning from the floor slab to the bottom surface of the floor slab of the floor immediately above the Leased Premises (the "Upper Slab"), without any offsets or deductions that are included for the Permitted Use of Tenant. Such cubic space shall include the plenum space which is bounded by the lower surface of the Upper Slab and the suspended ceiling of the Leased Premises. In the event that there shall be a dispute as to the amount that comprises full replacement cost, the decision of Landlord or any mortgagees of Landlord shall be conclusive. Such policy shall name Landlord, any mortgagees of Landlord and any other additional parties designated by Landlord as additional insured, as their respective interests may appear;

(b) Comprehensive General Liability Insurance insuring Tenant on the current ISO CG 00 01 occurrence form or any equivalent reasonably acceptable to Landlord against any liability arising out of the lease, use, occupancy or maintenance of the Leased Premises, the Building or the Project, or any portion of the foregoing. Such insurance shall be in the amount of \$5,000,000 per occurrence and in the aggregate and shall cover injury to or death of one or more persons and damage to tangible property (including loss of use) including blanket contractual liability, broad form damage, personal injury, products completed operations, with a separate aggregate, host liquor liability and owned and non-owned automobile coverage. Such liability amount shall be adjusted from year to year to reflect increases, if any, in the United States Department of Labor, Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers, Los Angeles, Anaheim, Riverside Average, Subgroup "All Items" (1982-84 = 100) (the "Index"). If the format or components of the Index are materially changed, or if the publication of the Index ceases, Landlord shall substitute an index which is published by the Bureau of Labor Statistics or similar agency and which is most nearly equivalent to the Index. The policy shall insure the hazards of the Leased Premises and Tenant's operations thereon, independent contractors, contractual liability (covering the indemnity contained in Article 20 hereof) and shall (i) name Landlord and any other persons designated by Landlord and having an insurable interest in the Leased Premises or the Project as additional insureds using ISO additional insured endorsement CG 20 11 or an equivalent acceptable to Landlord, (ii) contain a cross liability provision and (iii) contain a provision that the insurance provided Landlord hereunder shall be primary and noncontributing with any other insurance available to Landlord. In addition to any insurance required of Tenant, Tenant shall secure, pay for and maintain or cause Tenant's contractors and sub-contractors to secure, pay for and maintain insurance during any construction of any work to the Leased Premises thereafter at a minimum equal to the limits of liability required by Tenant. Such contractors and sub-contractors insurance shall be on a primary and non-contributory basis;

(c) Worker's Compensation as required by state law and Employer's Liability insurance in the amount of \$1,000,000;

(d) Business interruption insurance and extra expense coverage on ISO coverage form CP 00 30 or equivalent reasonably acceptable to Landlord, which shall cover Tenant's monetary obligations under this Lease and any direct or indirect loss of earnings attributable to perils insured against in Subsection 22.1(a) above for a period of at least twelve (12) months; and

(e) Any other form or forms of insurance as Tenant or Landlord or any mortgagees of Landlord may reasonably require from time to time in form, in amounts and for insurance risks against which a prudent tenant would protect itself.

22.2 Standard of Insurance: All policies shall be written in a form satisfactory to Landlord and shall be taken out with insurance companies holding a General Policyholders Rating of "A-VIII" or better, as set forth in the most current issue of A.M. Best's Insurance Guide. Upon the earlier of (a) the Commencement Date or (b) ten (10) days after the execution of this Lease, Tenant shall deliver to Landlord copies of policies or certificates evidencing the existence of the amounts and forms of coverage satisfactory to Landlord. No such policy shall be cancelable or reducible in coverage except after thirty (30) days prior Notice to Landlord. Tenant shall, within thirty (30) days prior to the expiration of such policies, furnish Landlord with renewal or "binders" thereof, or Landlord may order such insurance and charge the cost thereof to Tenant as Additional Rent. If Landlord obtains any insurance that is the responsibility of Tenant under this Article 22, Landlord shall deliver to Tenant a written statement setting forth the cost of any such insurance and showing in reasonable detail the manner in which it has been computed and Tenant shall promptly remit said amount to Landlord.

22.3 Landlord Insurance: During the Term of this Lease, Landlord shall insure the Building and the Parking Facility (to the extent Landlord is the owner thereof) (excluding any property which Tenant is obligated to insure under Sections 22.1 and 22.2 hereof) against damage with All-Risk insurance and public liability insurance, all in such amounts and with such deductibles as Landlord considers appropriate. Landlord may, but shall not be obligated to, obtain and carry any other form or forms of insurance as it or Landlord's mortgagees may determine advisable. Notwithstanding any contribution by Tenant to the cost of insurance premiums, as provided herein, Tenant acknowledges that it has no right to receive any proceeds from any insurance policies carried by Landlord.

22.4 Tenant's Failure to Insure: If any of Landlord's insurance policies shall be canceled or cancellation shall be threatened or the coverage thereunder reduced or threatened to be reduced in any way because of the Permitted Use of the Leased Premises or any part thereof by Tenant or any assignee or subtenant of Tenant or by anyone Tenant permits on the Leased Premises and, if Tenant fails to remedy the condition giving rise to such cancellation, threatened cancellation, reduction of coverage, threatened reduction of coverage, increase in premiums, or threatened increase in premiums, within forty-eight (48) hours after Notice thereof, Landlord may, at its option, but without any obligation so to do, enter upon the Leased Premises and attempt to remedy such condition, and Tenant shall promptly pay the cost thereof to Landlord as Additional Rent.

22.5 Tenant Self-insured: Notwithstanding anything to the contrary in this Lease, Tenant shall have the right to self-insure with respect to any of the insurance required to be carried by Tenant under this Lease. Tenant shall supply to Landlord a letter of self-insurance indicating the Tenant's self-insured status.

ARTICLE 23

DAMAGE OR DESTRUCTION

23.1 Damages: If the Building and/or the Leased Premises are damaged by fire or other perils covered by Landlord's insurance, Landlord shall:

(a) In the event of one hundred percent (100%) destruction of the Leased Premises ("**Total Destruction**"), at Landlord's option, as soon as reasonably possible thereafter, commence repair, reconstruction and restoration of the Building and/or the Leased Premises and prosecute the same diligently to completion, in which event this Lease shall remain in full force and effect; provided, however, that if within ninety (90) days after the occurrence of such damage, Landlord shall by Notice to Tenant elect not to so repair, reconstruct or restore the Building and/or the Leased Premises, this Lease shall terminate as of the date of such Total Destruction.

(b) In the event of a partial destruction of the Building and/or the Leased Premises and if the damage thereto is such that the Building and/or the Leased Premises is capable of being repaired, reconstructed or restored within a period of ninety (90) days from the date of the happening of such casualty and if Landlord will receive insurance proceeds sufficient to cover the total cost of such repairs, Landlord shall commence and proceed diligently with the work of repair, reconstruction and restoration of the Building and/or the Leased Premises or both, as the case may be, and this Lease shall continue in full force and effect. If such work of repair, reconstruction and restoration shall require a period longer than ninety (90) days or exceeds twenty-five percent (25%) of the full replacement cost of the Building and/or the Leased Premises, or both, as the case may be, or if insurance proceeds will not be sufficient to cover the cost of such repairs, then Landlord either may elect to so repair, reconstruct or restore and this Lease shall continue in full force and effect or may elect not to repair, reconstruct or restore and this Lease shall then terminate as of the date of such partial destruction. Under any of the conditions of this Subsection 23.1(b), Landlord shall give Notice to Tenant of its intention regarding repairs

within said ninety (90) day period. If damage is due to any cause other than fire or other peril covered by extended coverage insurance, Landlord may elect to terminate this Lease.

23.2 Termination of Lease: Upon any termination of this Lease under any of the provisions of this Article 23, the parties shall be released without further obligation to the other from the date possession of the Leased Premises is surrendered to Landlord except for items which have therefore accrued and/or are then unpaid or items which expressly survive the expiration or sooner termination of this Lease.

23.3 Rent Abatement: In the event of any casualty, the Rent payable under this Lease shall be abated proportionately with the degree to which Tenant's Permitted Use of the Leased Premises is impaired either during the period of such repair, reconstruction or restoration or until termination of the Lease pursuant to this Article, but only to the extent that Landlord is compensated for such loss by the insurance carried or required to be carried pursuant to Subsection 22.1(d) above. Notwithstanding the foregoing, there shall be no abatement of Rent if such damage is caused primarily by Tenant's negligence or intentional wrongdoing. Tenant shall not be entitled to any compensation or damages for loss in the use of the whole or any part of the Leased Premises and/or any inconvenience or annoyance occasioned by such damage, repair, reconstruction or restoration. If Landlord is obligated to or elects to repair or restore as herein provided, Landlord shall be obligated to make repair or restoration only of those portions of the Building and the Leased Premises which were originally provided at Landlord's expense, and the repair and restoration of items not provided at Landlord's expense shall be the obligation of Tenant.

23.4 Inability to Repair: In the event of damage to the Leased Premises and/or the Building, Tenant shall not be released from any of its obligations under this Lease except to the extent and upon the conditions expressly stated in this Article 23. Notwithstanding anything to the contrary contained in this Article 23, if Landlord cannot repair or restore the damaged Leased Premises within nine (9) months after the occurrence of such damage or destruction, either party, at its option, may terminate this Lease, whereupon Landlord shall be relieved of its obligations to make such repairs or restoration and Tenant shall be released from its obligations under this Lease as of the date of termination.

23.5 Obligation to Repair: Notwithstanding anything to the contrary contained in this Article 23, Landlord shall not have any obligation whatsoever to repair, reconstruct or restore the Leased Premises when the damage resulting from any casualty covered under this Article 23 occurs during the last six (6) months of the Term of this Lease or any extension hereof.

ARTICLE 24

EMINENT DOMAIN

24.1 Permanent Taking: If all of the Leased Premises, or such part thereof as shall substantially interfere with Tenant's Permitted Use and occupancy thereof, shall be taken for any public or quasi-public purpose by any lawful power or authority by exercise of the right of appropriation, condemnation or eminent domain, or sold to prevent such taking, either party shall have the right to terminate this Lease by Notice to the other effective as of the date possession is required to be surrendered to said authority. Tenant and Landlord shall have the right to seek compensation for their respective interests in the Leased Premises. If the amount of property or the type of estate taken shall not substantially interfere with the conduct of Tenant's business, Landlord and Tenant shall have the right to seek compensation for their respective interests in the Leased Premises, Landlord shall restore the Leased Premises to substantially their same condition prior to such partial taking, and Annual Basic Rent shall be reduced, effective as of the date the condemning authority takes possession, in the same proportion which the Rentable Square Feet of the portion of the Leased Premises so taken bears to the Rentable Square Feet of the entire Leased Premises before the taking. Nothing contained in this Section shall be deemed to give Landlord any interest in any award made to Tenant for the taking of personal property and fixtures belonging to Tenant or for relocation costs and expenses.

24.2 Temporary Taking: Notwithstanding anything to the contrary in Section 24.1 above, in the event of taking of the Leased Premises or any part thereof for temporary use, (i) this Lease shall be and remain unaffected thereby and Rent shall be abated, and (ii) Tenant shall be entitled to receive for itself such portion or portions of any award made for such use with respect to the period of the taking which is within the Term. For purpose of this Article 24, a "temporary" taking shall be defined as a taking for a period of two hundred seventy (270) days or less and a "permanent" taking shall be defined as a taking for a period of more than two hundred seventy (270) days.

ARTICLE 25

DEFAULTS AND REMEDIES

25.1 Tenant Default: The occurrence of any one or more of the following events, upon the expiration of any applicable time period, shall constitute a default hereunder by Tenant ("**Default**"):

(a) Abandonment of the Leased Premises by Tenant. Notwithstanding the provisions of California Civil Code Section 1951.3, "**Abandonment**" is defined to include, but not limited to, any absence by Tenant from the Leased Premises for thirty (30) days or longer while in default pursuant to this Section 25.1;

(b) The failure by Tenant to make any payment of Rent or Additional Rent or any other payment required to be made by Tenant hereunder, as and when due, where such failure shall continue for a period of three (3) business days after Notice thereof from Landlord to Tenant;

(c) The failure by Tenant to obtain and keep in force at all times any insurance Tenant is required to obtain and keep in force under Article 22 where such failure is not cured within two (2) business days after written Notice of such failure;

(d) Hypothecation, assignment or other transfer of this Lease or subletting of the Leased Premises, or attempts of such actions in violation of Article 27 of this Lease;

(e) The failure by Tenant to deliver the estoppel certificate or subordination within the time frames required in Articles 28 and 29, which Tenant fails to cure within five (5) business days after recurring Notice thereof;

(f) The failure by Tenant to observe or perform any of the express or implied covenants or provisions of this Lease to be observed or performed by Tenant, other than as specified in Subsections 25.1(a) – (e) above or (g) below, where such failure shall continue for a period of ten (10) business days after Notice thereof from Landlord to Tenant. If the nature of Tenant's default is such that more than ten (10) business days are reasonably required for its cure, then Tenant shall not be deemed to be in Default if Tenant shall commence such cure within said ten (10) business day period and thereafter diligently prosecute such cure to completion, which completion shall occur not later than ninety (90) days from the date of such Notice from Landlord; or

(g) (i) The making by Tenant of any general assignment for the benefit of creditors; (ii) the filing by or against Tenant of a petition to have Tenant adjudged a bankrupt or a petition for reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against Tenant, the same is dismissed within thirty (30) days); (iii) the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located at the Leased Premises or of Tenant's interest in this Lease, where possession is not restored to Tenant within thirty (30) days; (iv) the attachment, execution or other judicial seizure of substantially all of Tenant's assets located at the Leased Premises or of Tenant's interest in this Lease where such seizure is not discharged within thirty (30) days; or (v) Tenant's convening of a meeting of its creditors or any class thereof for the purpose of effecting a moratorium upon or composition of its debts, or any class thereof.

Any Notice from Landlord required hereby shall be in addition to any Notice required under California Code of Civil Procedure Section 1161 regarding unlawful detainer actions or any similar successor statute.

25.2 Landlord Remedies: In the event of any such Default by Tenant, in addition to any other remedies available to Landlord at law or in equity, including without limitation the remedies of Civil Code Section 1951.2 and any successor statute, Landlord shall have the immediate option to terminate this Lease and all rights of Tenant hereunder. In the event that Landlord shall elect to so terminate this Lease then Landlord may recover from Tenant:

(a) The worth at the time of award of any unpaid Rent which had been earned at the time of such termination; plus

(b) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform Tenant's obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, including but not limited to the cost of recovering possession of the Leased Premises, expenses of

reletting, including necessary repair, renovation and alteration of the Leased Premises, reasonable attorneys' fees and any other reasonable costs.

As used in Subsections 25.2(a), the "worth at the time of award" is computed by allowing interest at the maximum rate permitted by law.

25.3 Additional Remedies: If any such Default by Tenant occurs, Landlord may maintain this Lease in full force and effect and recover the Rent and other monetary charges as they become due, without terminating Tenant's right to possession irrespective of whether Tenant shall have abandoned the Premises. If Landlord elects not to terminate this Lease, (i) then upon Tenant's subsequent cure of all Defaults, Tenant may assign or sublet as otherwise permitted by this Lease, and/or (ii) Landlord shall have the right (but not the obligation) to attempt to relet the Premises at such rent and upon conditions, and for such a term, and to do all acts necessary to maintain or preserve the Premises, as Landlord deems reasonable and necessary, without being deemed to have elected to terminate this Lease, including re-entering the Premises to make repairs or to maintain or modify the Premises, and removing all persons and property from the Premises; such property may be removed and stored in a public warehouse or elsewhere at the cost of and for the account of Tenant. Reletting may be for a period shorter or longer than the remaining Term of this Lease, and for more or less rent, but Landlord shall have no obligation to relet at less than prevailing market rental rates (taking into account concessions). Notwithstanding that Landlord fails to elect to terminate the Lease initially, Landlord at any time thereafter may elect to terminate the Lease by virtue of any previous and continuing uncured Default by Tenant. In the event of any such termination, Landlord shall be entitled to recover from Tenant all damages incurred by Landlord by reason of Tenant's Default, as well as all costs of reletting, including, without limitation, brokerage commissions and/or finder's fees, attorneys' fees, and restoration or remodeling costs, less what Tenant can prove Landlord could have avoided if it had used reasonable efforts to mitigate its damages as provided in California Civil Code Section 1951.2(a)(2).

25.4 Intentionally Omitted.

25.5 Late Fee: Tenant hereby acknowledges that Default by Tenant hereunder, and Landlord's election to prepare and serve a Notice of Default hereunder, will cause Landlord to incur costs not contemplated by this Lease, and costs in addition to any costs which may be reimbursed to Landlord by any provision which may be contained herein relative to the payment of interest or late charges on amounts due hereunder. Accordingly, Landlord shall be entitled to reasonable attorneys' fees and all other costs and expenses incurred in the preparation and service of Notice of Default and consultations in connection therewith, with respect to which Landlord and Tenant agree that Seven Hundred Fifty Dollars (\$750.00) is a reasonable minimum sum per such occurrence, whether or not legal action is subsequently commenced in connection with such Default. It is further hereby specifically agreed by and between Landlord and Tenant that any and all such fees and costs shall be deemed Additional Rent hereunder, and may, at the option of Landlord, be included in any Notice of Default hereunder.

25.6 Landlord's Right to Cure: If Tenant should fail to make any payment or cure any Default hereunder within the time herein permitted, Landlord, without being under any obligation to do so and without thereby waiving such Default, may make such payment and/or remedy such other Default for the account of Tenant (and enter the Leased Premises for such purpose), and thereupon Tenant shall be obligated to, and hereby agrees to pay Landlord, upon demand, all costs, expenses, and disbursements incurred by Landlord in taking such remedial action, together with an amount equal to five percent (5%) thereof for Landlord's overhead and administrative expenses, and the sum of such costs, together with interest thereon at the rate described in Section 5.3 from the date of Landlord's payment thereof, shall be deemed Additional Rent.

25.7 Waiver of Redemption: Tenant (for itself and all others claiming through Tenant) hereby irrevocably waives and releases its rights to redemption and reinstatement under any present or future case law or statutory provision (including, without limitation, Sections 473, 1174 and 1179 of the California Code of Civil Procedure and Section 3275 of the California Civil Code) in the event that Tenant is dispossessed from the Leased Premises for any reason.

25.8 Landlord's Default: Landlord shall not be in default under this Lease unless Landlord, or the holder of any mortgage, deed of trust or ground lease covering the Leased Premises, fails to perform obligations required of Landlord within a reasonable time, but in no event later than thirty (30) days after Notice by Tenant to Landlord (and to the holder of any first mortgage, deed of trust or ground lease covering the Premises pursuant to Article 37 below), specifying wherein Landlord has failed to perform such obligations; 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 (or if the holder

of any such mortgage, deed of trust or ground lease prosecutes the cure pursuant to Article 37 below). In no event shall Tenant be entitled to terminate this Lease by reason of Landlord's default, and Tenant's remedies shall be limited to an action for monetary damages at law. Without limiting the foregoing, in recognition that Landlord must receive timely payments of Rent and operate the Property, Tenant shall have no right of self-help to perform repairs or any other obligation of Landlord, and shall have no right to withhold, set-off, or abate Rent.

ARTICLE 26

NO WAIVER

All rights, options and remedies of Landlord contained in this Lease shall be construed and held to be cumulative, and not one of them shall be exclusive of the other, and Landlord shall have the right to pursue any one or all of such remedies or any other remedy or relief which may be provided by law, whether or not stated in this Lease. The waiver by Landlord of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant or condition herein contained, nor shall any custom or practice which may grow up between the parties in the administration of the terms hereof be deemed a waiver of or in any way affect the right of Landlord to insist upon the performance by Tenant in strict accordance with said terms. The subsequent acceptance of Rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease, other than the failure of Tenant to pay the particular Rent so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such Rent. No acceptance by Landlord of a lesser sum than the Annual Basic Rent and Additional Rent or other sum then due shall be deemed to be other than on account of the earliest installment of such Rent or other amount due, nor shall any endorsement or statement on any check or any letter accompanying any check be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such installment or other amount or pursue any other remedy provided in this Lease. Without limiting the foregoing, Tenant (for itself and all others claiming through Tenant) acknowledges that this Article 26 imparts actual notice to Tenant, pursuant to California Code of Civil Procedure Section 1161.1(c), that Landlord's acceptance of partial payment of Rent shall not constitute a waiver of any rights available under this Lease or at law or equity, including, without limitation, the right to recover possession of the Leased Premises.

ARTICLE 27

ASSIGNMENT AND SUBLETTING

27.1 General Assignment: Tenant shall not voluntarily or by operation of law, assign, sell, encumber, pledge or otherwise transfer all or any part of its interest in this Lease or in the Leased Premises or sublease all or any part of the Leased Premises, or allow any other person or entity to occupy or use all or any part of the Leased Premises, without first obtaining Landlord's prior written consent, which consent Landlord shall not unreasonably withhold. Any assignment, sale, encumbrance, pledge, sublease or other transfer without Landlord's prior written consent shall be voidable at Landlord's election and shall constitute a Default.

27.2 Voluntary Assignment: For purposes hereof, any of the following shall constitute a voluntary assignment and shall be subject to the provisions of this Article:

(a) If Tenant is a partnership or limited liability company:

(i) The withdrawal or change of any general partner or managing member or manager of Tenant, or a change in ownership effected voluntarily, involuntarily, or by operation of law of twenty-five percent (25%) or more of the partners or members or twenty-five percent (25%) or more of the partnership or membership interests;

(ii) The sale, mortgage, hypothecation, or pledge of more than an aggregate of twenty-five percent (25%) of the value of Tenant's unencumbered assets; or

(iii) The dissolution of the partnership or limited liability company without its immediate reconstitution.

(b) If Tenant is a corporation:

(i) The withdrawal or change in the management of Tenant, or the sale or other transfer of more than an aggregate of forty-nine percent (49%) of the shares of Tenant (or the issuance of additional stock or other equity interest of any type in Tenant constituting forty-nine (49%) or more of the total equity interests in Tenant as of the Effective Date);

(ii) The sale, mortgage, hypothecation, or pledge of more than an aggregate of forty-nine percent (49%) of the value of Tenant's unencumbered assets; or

(iii) The dissolution, merger, consolidation, or other reorganization of Tenant.

No consent to an assignment, encumbrance or sublease shall constitute a waiver of any provision of this Article 27 or consent to any future assignment, encumbrance or transfer.

27.3 Assignment Procedure: If Tenant desires to assign, hypothecate or otherwise transfer this Lease or sublet the Leased Premises, then at least thirty (30) days prior to the date when Tenant desires the assignment or sublease to be effective (the "**Assignment Date**") Tenant shall give Landlord a Notice (the "**Assignment Notice**"), setting forth the name, address and business of the proposed assignee or sublessee, information (including references) concerning the character, ownership and financial condition of the proposed assignee or sublessee, the Assignment Date, any ownership or commercial relationship between Tenant and the proposed assignee or sublessee and the consideration and all other material terms and conditions of the proposed assignment or sublease, all in such detail as Landlord shall reasonably require. If Landlord reasonably requests additional detail (including, without limitation, a current estoppel certificate from Tenant), the Assignment Notice shall not be deemed to have been received until Landlord receives such additional detail, and Landlord may withhold consent to any assignment or sublease until such information is provided to it.

27.4 Landlord's Consent: Within thirty (30) days of Landlord's receipt of such Assignment Notice, and all information specified in Section 27.3 above, Landlord may, by Notice to Tenant, elect to: (a) consent to such proposed assignment, encumbrance or sublease upon the terms and to the subtenant or assignee proposed; (b) refuse to give its consent, specifying in reasonable detail the reasonable reason(s) therefor; (c) sublease the Leased Premises or the portion proposed to be subleased or take an assignment of Tenant's leasehold estate hereunder upon the same terms (excluding terms relating to the purchase of stock, the use of Tenant's name or the continuation of Tenant's business) as those offered to the proposed subtenant or assignee, as the case may be; (d) terminate this Lease as to the entire Leased Premises that Tenant proposes to sublet; or (e) terminate this Lease as to the entire Leased Premises (available only if Tenant proposes to assign all of its interests in this Lease or the total amount of rentable square feet of space that Tenant proposes to sublease, together with the aggregate amount of rentable square feet of space in the Leased Premises previously subleased by Tenant or recaptured by Landlord pursuant to this Section, exceeds fifty percent (50%) or more of the original Leased Premises). If Landlord elects to proceed pursuant to clause (c) above, any payment by Landlord to Tenant pursuant to such clause shall not exceed the amount which Tenant would have received pursuant to Section 27.7 below if Landlord had elected to proceed pursuant to clause (a) above. If this Lease shall be terminated with respect to the entire Leased Premises, the Term shall end on the Assignment Date as if that date had been originally fixed in this Lease for the expiration of the Term. If Landlord recaptures only a portion of the Leased Premises, the Annual Basic Rent during the unexpired Term shall be adjusted proportionately based on the Rentable Square Feet remaining in the Leased Premises after such recapture. Tenant shall, at Tenant's own cost and expense, discharge in full any commissions which may be due and owing as a result of any proposed assignment or subletting, whether or not the Leased Premises (or portion thereof) are recaptured pursuant to this Section and rented by Landlord to the proposed tenant or any other tenant.

27.5 Consent Standards: As a condition to Landlord's consent to any assignment, transfer or hypothecation of this Lease shall be the delivery to Landlord of a true copy of a fully executed instrument of assignment and assumption, transfer or hypothecation, and the delivery to Landlord of an agreement executed by the assignee and Tenant in form and substance satisfactory to Landlord and expressly enforceable by Landlord, whereby the assignee assumes and agrees to be bound by all of the terms and provisions of this Lease and to perform all of the obligations of Tenant hereunder. As a condition to Landlord's consent to any sublease, such sublease (or the consent document specifically evidencing Landlord's consent thereto) shall provide that it is subject and subordinate to this Lease to all mortgages and deeds of trust encumbering the Building or the Project, that Landlord may enforce the provisions of the sublease, including collection of rent, that in the event of termination of this Lease for any reason, including without limitation a voluntary surrender by Tenant, or in the event of any reentry or repossession of the Leased Premises by Landlord, Landlord may, at its option, either (a) terminate the sublease or (b) take over all of the right, title and interest of Tenant, as sublessor, under such sublease, in which case such sublessee shall attorn to Landlord, but that nevertheless Landlord shall not (i) be liable for any previous act or omission of Tenant under such sublease, (ii) be subject to any defense or offset previously accrued in favor

of the sublessee against Tenant, or (iii) be bound by any previous modification of any sublease made without Landlord's written consent, or by any previous prepayment by sublessee of more than one month's rent.

27.6 Withholding Consent: Without limiting other situations in which it may be reasonable for Landlord to withhold its consent to any proposed assignment or sublease, Landlord shall be deemed reasonable in withholding its consent if it determines in its reasonable discretion that: (a) the proposed assignee or sublessee does not have sufficient financial strength or stability to perform all obligations under this Lease, and to perform them without any higher risk of default than Tenant; (b) the intended use of the Leased Premises by the proposed assignee or sublessee is inconsistent or incompatible with other uses in the Building or in the Project; (c) the intended use of the Leased Premises by the proposed assignee or sublessee will require alteration of the Leased Premises; or (d) the intended use of the Leased Premises by the proposed assignee or sublessee will violate this Lease or any Laws governing the Leased Premises or the Building.

27.7 Transfer Premiums: If Tenant requests Landlord's consent to an assignment or sublease under the provisions of this Article 27, Tenant shall pay Landlord's reasonable expenses, costs and attorneys' fees incurred in connection with processing such consent. No assignment or subletting or other transfer (whether with or without Landlord's consent) shall relieve Tenant or any assignee or sublessee from any obligation under this Lease whether or not accrued as of the date of the assignment or subletting (and, to the extent such Tenant is deemed a surety of the assignee, Tenant hereby waives all applicable suretyship defenses, including, but not limited to, those contained in Sections 2787 to 2855, inclusive, of the California Civil Code).

27.8 Right Not Transferable: All options to extend, renew or expand, if any, contained in this Lease are personal to Tenant. Consent by Landlord to any assignment or subletting shall not include consent to the assignment or transfer of any such rights with respect to the Leased Premises, any special privileges or extra services granted to Tenant by this Lease, or any addendum or amendment hereto or letter of agreement (and such options, rights, privileges or services shall terminate upon such assignment or subletting), unless Landlord specifically grants in writing such options, rights, privileges or services to such assignee or subtenant.

27.9 Consent to Assignment: If Landlord does not respond to Tenant's Assignment Notice within said thirty (30) day period, Tenant shall transmit a second Assignment Notice and Landlord shall have fifteen (15) days upon Landlord's receipt of such second Assignment Notice to make an election pursuant to Section 27.4. If Landlord timely consents to such assignment or subletting and does not exercise any of the other options set forth in Section 27.4 above within said forty-five (45) day period Tenant may, within sixty (60) days after the expiration of said forty-five (45) day period, enter into a valid assignment or sublease of the Leased Premises or portion thereof, upon the terms and conditions described in the information required to be furnished by Tenant to Landlord pursuant to Section 27.3, or upon other terms not less favorable to Tenant; provided, however, that any material change in such terms shall be subject to Landlord's consent as provided in this Section and, provided further, that any amount to be paid to Landlord by Tenant in connection therewith pursuant to Section 27.7 above shall be paid to Landlord upon the later of consummation of such transaction or receipt by Tenant of such consideration.

ARTICLE 28

SUBORDINATION

Without the necessity of any additional documents being executed by Tenant for the purpose of effecting a subordination, and at the election of Landlord or any mortgagee or holder of deed of trust with a lien on the Building or the Project or any ground lessor with respect to the Building or the Project, this Lease shall be subject and subordinate at all times to:

(a) all ground leases or underlying leases which may now exist or hereafter be executed affecting the Building, the Project, or the land upon which the Building and the Project are situated, or both; and

(b) the lien of any mortgage or deed of trust which may now exist or hereafter be executed in any amount for which the Building, the Project, the land upon which the Building and the Project are situated, ground leases or underlying leases, or Landlord's interest or estate in any of said items is specified as security.

If there is a loan or ground lease encumbering the Building as of the Commencement Date, Landlord shall use commercially reasonable efforts to assist Tenant in obtaining a commercially reasonable non-disturbance agreement ("Non-Disturbance Agreement") from the applicable ground lessor, mortgage holder or lien holder. If a loan or ground lease

encumbering the Building later comes into existence at any time prior to the expiration of the Term of this Lease, then, notwithstanding any provision of this Lease to the contrary, Landlord shall provide Tenant with a Non-Disturbance Agreement from the applicable ground lessor, mortgage holder or lien holder as a condition precedent to any obligation of Tenant to subordinate its interests to any such person.

Notwithstanding the foregoing, Landlord shall have the right to subordinate or cause to be subordinated such ground leases or any such liens to this Lease. In the event that any ground lease or underlying lease terminates for any reason or any mortgage or deed of trust is foreclosed or a conveyance in lieu of foreclosure is made for any reason, Tenant shall, notwithstanding any subordination, attorn to and become the tenant of the successor-in-interest to Landlord, at the option of such successor-in-interest to Landlord subject to any such Non-Disturbance Agreement. Tenant covenants and agrees to execute and deliver, within ten (10) business days after demand by Landlord therefor, any additional documents evidencing the priority or subordination of this Lease with respect to any such ground leases, underlying leases or the lien of any such mortgage or deed of trust.

ARTICLE 29

ESTOPPEL CERTIFICATE

29.1 Tenant Estoppel Certificate: Within ten (10) days following any written request which Landlord may make from time to time, Tenant shall execute and deliver to Landlord a statement, in a form substantially similar to the form of Exhibit "F" attached hereto and incorporated herein by this reference ("**Tenant Estoppel Certificate**") certifying: (a) the Commencement Date of this Lease; (b) that this Lease is unmodified and in full force and effect (or, if there have been modifications hereto, that this Lease is in full force and effect, and stating the date and nature of such modifications); (c) the date to which the Rent and other sums payable under this Lease have been paid; and (d) that to the best of Tenant's knowledge, there are no current defaults under this Lease by either Landlord or Tenant except as specified in Tenant's statement. Landlord and Tenant intend that any statement delivered pursuant to this Article 29 may be relied upon by any mortgagee, beneficiary, purchaser or prospective purchaser of the Building or the Project or any interest therein.

29.2 Failure to Deliver: Tenant's failure to deliver such statement within such time shall be conclusive upon Tenant (a) that this Lease is in full force and effect, without modification except as may be represented by Landlord, (b) that there are no uncured defaults in Landlord's performance, (c) that not more than one (1) month's Annual Basic Rent has been paid in advance and (d) that the statements included in the estoppel certificate are true and correct, without exception.

ARTICLE 30

PROJECT PLANNING

In the event Landlord requires the Leased Premises for use in conjunction with another suite or for other reasons connected with the planning program for the Building or the Project, upon not less than thirty (30) days' Notice to Tenant, Landlord shall have the right to move Tenant to other reasonably comparable space in the Project of which the Leased Premises forms a part (hereinafter referred to as the "**Substitute Leased Premises**"), at Landlord's sole cost and expense, said cost and expense being limited to the reasonable costs of: (a) physically moving Tenant's personal property from the Leased Premises to the Substitute Leased Premises, (b) relocation of telephone equipment and service, and (c) if Tenant's address within the Project changes as a direct result of the relocation, then reprinting letterhead and business cards, and the terms and conditions of this Lease shall remain in full force and effect for the balance of the Term, except that a revised Exhibit "A" and Exhibit "A-1" shall become part of this Lease reflecting the location of the Substitute Leased Premises and Article 1 of this Lease shall be amended to include and state all correct data as to the Substitute Leased Premises. Thereafter, the term "**Leased Premises**" as used herein shall refer to Substitute Leased Premises.

ARTICLE 31

SURRENDER OF LEASED PREMISES

The voluntary or other surrender of this Lease by Tenant, or a mutual cancellation thereof, shall not work a merger, and shall, at the option of Landlord, operate as an assignment to it of any or all subleases or subtenancies. Upon the expiration or earlier termination of this Lease, Tenant shall peaceably surrender the Leased Premises and all alterations and additions thereto, broom-clean and in good order, repair and condition, free from any and all Hazardous Materials, reasonable wear and tear excepted, and shall comply with the provisions of Section 15.2. The delivery of keys to any

employee of Landlord or to Landlord's agent or any employee thereof shall not be sufficient to constitute a termination of this Lease or a surrender of the Leased Premises.

ARTICLE 32

PERFORMANCE BY TENANT

All covenants and agreements to be performed by Tenant under any of the terms of this Lease shall be performed by Tenant at Tenant's sole cost and expense and without any abatement of Rent. If Tenant shall fail to pay any sum of money owed to any party other than Landlord, for which it is liable hereunder, or if Tenant shall fail to perform any other act on its part to be performed hereunder Landlord may, without waiving or releasing Tenant from obligations of Tenant, but shall not be obligated to, make any such payment or perform any such other act to be made or performed by Tenant pursuant to Section 25.5.

ARTICLE 33

PARKING

Unless Tenant is in Default hereunder, during the Term of this Lease, Landlord grants a license to Tenant and Tenant's employees, invitees, visitors, customers, suppliers, and shippers (hereinafter collectively referred to as "**Tenant's Parking Invitees**") to use in common with other tenants of the Building or the Project only up to the number of Tenant's Vehicle Parking Spaces designated in Section 1.9, and Tenant shall pay Landlord, or the operator of the Parking Facility if notified by Landlord, for the number so designated whether utilized or not. Landlord and Tenant acknowledge that Landlord anticipates that the unreserved and, if applicable, reserved spaces will be made available in the Parking Facility and Tenant and Tenant's Parking Invitees shall not collectively use more vehicle parking spaces than the number of Tenant's Vehicle Parking Spaces designated in Section 1.9. Unless otherwise notified by Landlord, Tenant will pay the Monthly Vehicle Parking Space Fee designated in Section 1.9 for each such space as Additional Rent at the same time, place and manner as Basic Rent. Landlord may change its parking charges (applied in a non-discriminatory manner) at any time on not less than thirty (30) days prior notice to Tenant. Parking at the Parking Facility by Tenant is subject to the terms of this Lease (including, without limitation, the Rules and Regulations) and the provisions of any parking rules and regulations promulgated by Landlord or the Property Manager. In addition to the foregoing, Tenant may purchase visitor validation books from Landlord at Landlord's then-current rates. Under no circumstances may Tenant's parking rights and privileges be transferred, assigned or otherwise conveyed separate and apart from Tenant's interest in this Lease. In no event will Landlord be liable for any loss, damage or theft of, to or from any vehicle at the Project. Landlord, in its reasonable discretion, may assign any unreserved and unassigned parking spaces and/or make all or a portion of such spaces reserved as is reasonably necessary for orderly and efficient parking. Neither Tenant, nor Tenant's Parking Invitees except visitors, shall use any spaces which have been specifically assigned by Landlord as visitor parking; nor shall Tenant and/or Tenant's Parking Invitees use any spaces which have been specifically assigned by Landlord to other tenants or for other uses or which have been designated by governmental entities with competent jurisdiction as being restricted to certain uses. The use by Tenant, and/or Tenant's Parking Invitees, of the Parking Facility of the Project shall be subject to the terms and conditions set forth herein below and in Exhibit "H" attached hereto and by this reference incorporated herein ("**Parking Rules and Regulations**"), and to such other agreements between Landlord and Tenant as may hereinafter be established. If Tenant commits, permits or allows any of the prohibited activities described in this Article 33 or in the Parking Rules and Regulations, then Landlord shall have the right, without notice, in addition to such other rights and remedies that it may have, to remove or tow away, at Tenant's expense, the vehicle involved, the cost of which shall be immediately payable upon demand by Landlord as Additional Rent. Landlord reserves the right at any time to substitute an equivalent number of parking spaces in a parking structure or subterranean parking facility or in a surface parking area within a reasonable distance of the Leased Premises for any parking spaces previously designated as Tenant's Vehicle Parking Spaces.

ARTICLE 34

LIMITATION ON LIABILITY

34.1 Landlord's Liability: In consideration of the benefits accruing hereunder, Tenant and all successors and assigns covenant and agree that, in the event of any actual or alleged failure, breach or default hereunder by Landlord:

- (a) The sole and exclusive remedy shall be against Landlord's interest in the Building;

(b) Only Landlord shall be sued or named as a party in any suit or action;

(c) No writ of attachment, execution, possession, or sale, will ever be levied against the assets of Landlord, except the Building;

(d) The obligations under this Lease do not constitute personal obligations of any Indemnified Party (other than Landlord), and Tenant shall not seek recourse against any Indemnified Party (other than Landlord) or any of their personal assets (other than those of Landlord set forth in Subsection 34.1(a)) for satisfaction of any liability in respect to this Lease (and, without limiting the foregoing, neither the negative capital account of any Indemnified Party, nor any obligation of any Indemnified Party to restore a negative capital account or to contribute capital to Landlord, shall at any time be deemed to be the property or an asset of Landlord, and neither Tenant nor any of its successors or assigns shall have any right to collect, enforce or proceed against or with respect to any such negative capital account of an Indemnified Party's obligation to restore or contribute); and

(e) These covenants and agreements are enforceable by Landlord.

ARTICLE 35

MISCELLANEOUS

35.1 Rules and Regulations: Tenant shall faithfully observe and comply with the "Rules and Regulations", a copy of which is attached hereto, marked **Exhibit "G"**, and incorporated herein by this reference ("**Rules and Regulations**"), and all reasonable modifications thereof and additions thereto made from time to time by Landlord. Landlord shall not be responsible to Tenant for the violation or nonperformance by any other tenant or occupant of the Building or the Project of any of said Rules and Regulations.

35.2 Conflict of Laws: This Lease shall be governed by and construed pursuant to the Laws of the State of California.

35.3 Successors and Assigns: Except as otherwise provided in this Lease, all of the covenants, conditions and provisions of this Lease shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and assigns (subject to the restrictions on Tenant's right to assign, sublet or transfer contained in Article 27).

35.4 Professional Fees: If Landlord should bring suit for possession of the Leased Premises, for the recovery of any sum due under this Lease, or because of the breach of any provisions of this Lease, or for any other relief against Tenant hereunder, or in the event of any other litigation between the parties with respect to this Lease, then all reasonable costs and reasonable expenses, including without limitation actual professional fees such as appraisers', accountants', and attorneys' fees, incurred by the prevailing party therein shall be paid by the other party, which obligation on the part of the other party shall be deemed to have accrued on the date of the commencement of such action and shall be enforceable whether or not the action is prosecuted to judgment.

35.5 Mortgagee Protection: Tenant shall give Notice to any beneficiary of a deed of trust or mortgage covering the Leased Premises whose address shall have been furnished to Tenant of any default on the part of Landlord under this Lease, and shall offer such beneficiary or mortgagee a reasonable opportunity to cure the default, including time to obtain possession of the Leased Premises by power of sale or a judicial foreclosure if necessary to effect a cure.

35.6 Definition of Landlord: The term "**Landlord**", as used in this Lease, so far as covenants or obligations on the part of Landlord are concerned, shall be limited to mean and include only the owner or owners, at the time in question, of the fee title of the Leased Premises or the lessees under any ground lease, if any. In the event of any transfer, assignment or other conveyance or transfers of any such title, the original landlord herein named (and in case of any subsequent transfers or conveyances, the then grantor) shall be automatically freed and relieved from and after the date of such transfer, assignment or conveyance of all liability as respects the performance of any covenants or obligations on the part of Landlord contained in this Lease thereafter to be performed. Without further agreement, the transferee of such title shall be deemed to have assumed and agreed to observe and perform any and all obligations of Landlord hereunder, during its ownership of the Leased Premises. Landlord may transfer its interest in the Leased Premises without the consent of Tenant and such transfer or any subsequent transfer shall not be deemed a violation on Landlord's part of any of the terms and conditions of this Lease.

35.7 Identification of Tenant: If more than one person executes this Lease as Tenant, (a) each of them shall be jointly and severally liable for observing and performing of all of the terms, covenants, conditions, provisions and agreements of this Lease to be observed and performed by Tenant, and (b) the term "**Tenant**" as used in this Lease shall mean and include each of them jointly and severally. The act of or Notice from, or Notice or refund to, or the signature of any one or more of them, with respect to the tenancy of this Lease, including but not limited to any renewal, extension, expiration, termination or modification of this Lease, shall be binding upon each and all of the persons executing this Lease as Tenant with the same force and effect as if each and all of them had so acted, so given or received such Notice or refund, or so signed.

35.8 Force Majeure: Each party shall have no liability whatsoever to the other party on account of (a) the inability of such party to fulfill, or any delay in fulfilling, any of its obligations under this Lease by reason of strike, other labor trouble, governmental preemption or priorities or other controls in connection with a national or other public emergency, or shortages of fuel, supplies or labor resulting therefrom, inclement weather, casualty, earthquake, war, riot, civil commotion, terrorism or any other cause, whether similar or dissimilar to the above, beyond such party's reasonable control (financial condition excepted); or (b) any failure or defect in the supply, quantity, character, or maintenance of electricity, water, intrabuilding network telephone and data cable service, or other service furnished to the Leased Premises by reason of any requirement, act or omission of the public utility or others furnishing the Building with such service, or for any other reason, whether similar or dissimilar to the above, beyond such party's reasonable control. If this Lease specifies a time period for performance of an obligation of such party, that time period shall be extended by the period of any delay in such party's performance caused by any of the events of force majeure described above.

35.9 Terms and Headings: The words "Landlord" and "Tenant" as used herein shall include the plural as well as the singular. Words used in any gender include other genders. The Article and Section headings of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part hereof.

35.10 Examination of Lease: Submission of this instrument for examination or signature by Tenant does not constitute a reservation of or option for lease, and it is not effective as a lease or otherwise until execution by and delivery to both Landlord and Tenant.

35.11 Time: Time is of the essence with respect to the performance of every provision of this Lease in which time is a factor.

35.12 Prior Agreement; Amendments: This Lease contains all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Lease, and no prior agreement or understanding pertaining to any such matter, written or verbal, shall be effective for any purpose. No provisions of this Lease may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successors-in-interest.

35.13 Severability: Any provision of this Lease which shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision hereof, and such other provisions shall remain in full force and effect.

35.14 Recording: Tenant shall not record this Lease or a short form memorandum hereof without the consent of Landlord, which consent may be conditioned upon Tenant's delivery to Landlord of a fully executed quitclaim releasing Tenant's interest in the Leased Premises, the Project or any portion thereof.

35.15 Modification for Lenders: If, in connection with obtaining construction, interim or permanent financing for the Project the lender shall request reasonable modifications in this Lease as a condition to such financing, Tenant will not unreasonably withhold, delay or condition its consent thereto, provided that such modifications do not increase the obligations or costs of Tenant hereunder or adversely affect the leasehold interest hereby created or Tenant's rights hereunder.

35.16 Financial Statements: At any time during the Term of this Lease, Tenant shall, upon ten (10) days' Notice from Landlord, provide Landlord with current financial statements and financial statements of the two (2) years prior to the year in which Landlord's Notice was given. Such statements shall be prepared in accordance with generally accepted accounting principles and, if such is the normal practice of Tenant, shall be audited by an independent certified public accountant. All financial statements shall be certified as true and correct by Tenant's chief financial officer.

35.17 Quiet Enjoyment: Landlord covenants and agrees with Tenant that, upon Tenant paying the Rent required under this Lease and performing all of the covenants and provisions on Tenant's part to be observed and

performed under this Lease, Tenant shall during the Term, peaceably and quietly have, hold and enjoy the Leased Premises in accordance with this Lease without interference by any persons lawfully claiming by or through Landlord. The foregoing covenant is in lieu of any other covenant express or implied.

35.18 Tenant as Corporation, Partnership or Limited Liability Company: If Tenant is a corporation, partnership or limited liability company, Tenant and the persons executing this Lease on behalf of Tenant represent and warrant that it is an entity duly qualified to do business in California and that the individuals executing this Lease on Tenant's behalf are duly authorized to execute and deliver this Lease on its behalf, in the case of a corporation, in accordance with its by-laws and with a duly adopted resolution of the board of directors of Tenant, a copy of which shall be delivered to Landlord upon execution hereof by Tenant, in the case of a partnership, in accordance with the partnership agreement and the most current amendments thereto, if any, copies of which shall be delivered to Landlord upon execution hereof by Tenant, and, in the case of a limited liability company, in accordance with its governing documents and any documents required thereby, copies of which shall be delivered to Landlord upon execution hereof by Tenant, and that this Lease is binding upon Tenant in accordance with its terms.

35.19 CASp Disclosure: For purposes of Section 1938 of the California Civil Code, Landlord hereby discloses to Tenant that the Building Common Areas, Project Common Areas and Leased Premises, as of the date of this Lease, have not been inspected by a Certified Access Specialist (CASp), as that term is defined in California Civil Code Section 55.52. In accordance with subsection (e) of Section 1938 of the California Civil Code, Tenant is further notified as follows:

A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises.

ARTICLE 36

SIGNAGE

Landlord retains absolute control over the exterior appearance of the Building and the Project and the exterior appearance of the Leased Premises as viewed from the Building Common Areas and Project Common Areas. Tenant will not install, or permit to be installed, any drapes, furnishings, signs, lettering, designs, advertising or any items that will in any way alter the exterior appearance of the Building, the Project or the exterior appearance of the Leased Premises as viewed from the Building Common Areas and Project Common Areas. Any sign, advertising, design, or lettering installed by Tenant shall be considered an Alteration and shall be subject to the provisions of Article 15. All signage rights granted to Tenant under this Lease are personal, and may not be assigned or transferred without Landlord's prior written consent, which consent Landlord may withhold in its sole discretion.

ARTICLE 37

EXECUTIVE ORDER NO. 13224

Tenant hereby represents and warrants to Landlord that Tenant is not: (1) in violation of any Anti-Terrorism Law; (2) conducting any business or engaging in any transaction or dealing with any Prohibited Person, including, without limitation, the making or receiving of any contribution of funds, goods or services to or for the benefit of any Prohibited Person; (3) dealing in, or otherwise engaging in any transaction relating to, any property or interest in property blocked pursuant to Executive Order No. 13224; (4) engaging in or conspiring to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate any of the prohibitions set forth in any Anti-Terrorism Law; or (5) a Prohibited Person, nor are any of its partners, members, managers, officers or directors a Prohibited Person. As used herein, "**Anti-Terrorism Law**" is defined as any law relating to terrorism, anti-terrorism, money laundering or anti-money laundering activities, including, without limitation, Executive Order No. 13224 and Title 3 of the USA Patriot Act. As used herein "**Executive Order No. 13224**" is defined as Executive Order No. 13224 on Terrorist Financing effective

September 24, 2001, and relating to "Blocking Property and Prohibiting Transactions With Persons Who Commit, or Support Terrorism." "**Prohibited Person**" is defined as (i) a person or entity that is listed in the Annex to Executive Order 13224; (ii) a person or entity with whom Tenant or Landlord is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law; or (iii) a person or entity that is named as a "specially designated national and blocked person" on the most current list published by the U.S. Treasury Department Office of Foreign Assets Control at its official website, <http://www.treas.gov/ofac/t11sdn.pdf> or at any replacement website or other official publication of such list. "**USA Patriot Act**" is defined as the "Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001" (Public Law 107-56).

[signatures on following page]

IN WITNESS WHEREOF, the parties have executed this Lease as of the dates written below.

LANDLORD:

TKOS I, LLC,
a Delaware limited liability company

By: _____

Name: _____

Its: _____

Date: _____

TENANT:

THE CITY OF SAN DIEGO,
a municipal corporation

By: _____

Name: Cybele L. Thompson, RPA, FMA, CCIM,
LEED AP

Its: Director, Real Estate Assets

Date: _____

EXHIBIT "A"

RESERVED

EXHIBIT "A"

EXHIBIT "A-I"

**OUTLINE OF FLOOR PLAN
OF LEASED PREMISES**

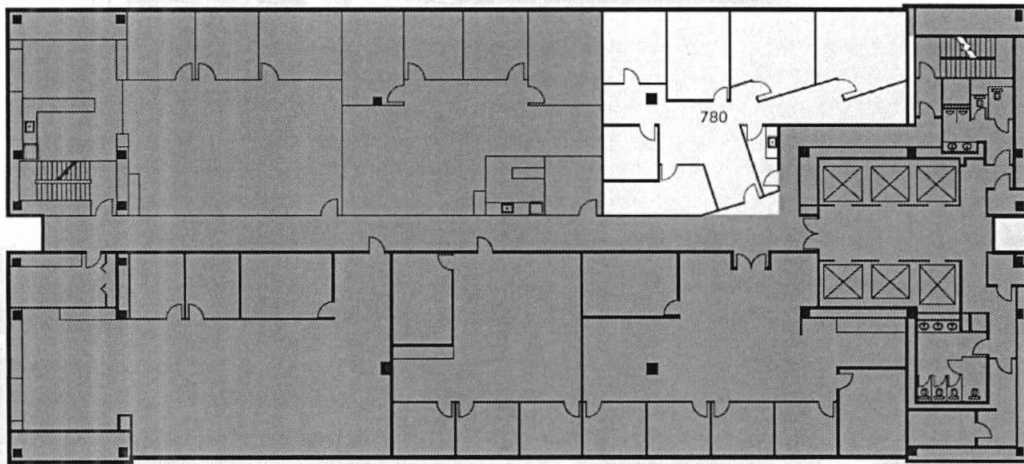


EXHIBIT "A-II"

PROJECT

SITE PLAN

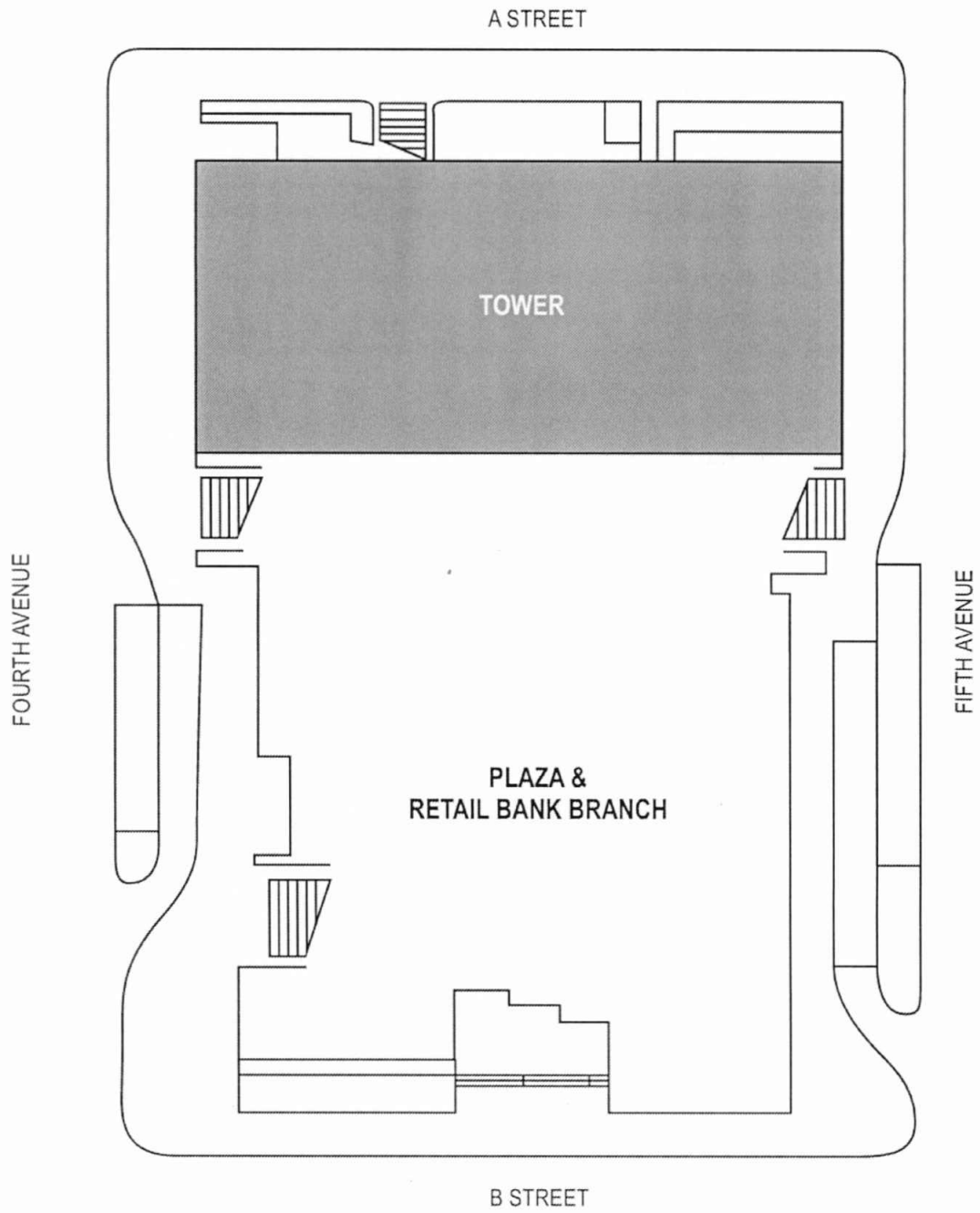


EXHIBIT "B"

RESERVED

EXHIBIT "B"

EXHIBIT "C"

COMMENCEMENT LETTER

To:

Date:

Re: Office Building Lease (the "Lease") dated _____, 20__, between TKOS I, LLC, a Delaware limited liability company ("Landlord"), and THE CITY OF SAN DIEGO, a municipal corporation ("Tenant"), concerning Suite 780 located at 450 B Street, San Diego, California 92101 (the "Leased Premises").

Gentlemen and Ladies:

In accordance with the Lease, we wish to advise and/or confirm as follows (terms with initial capital letters which are not separately defined herein shall have the meanings ascribed to them in the Lease):

1. That the Leased Premises have been accepted herewith by Tenant in accordance with the subject Lease.

2. That Tenant has possession of the Leased Premises and acknowledges that under the provisions of the Lease the Term of said Lease shall commence as of _____ for a term of _____ ending on _____.

3. That in accordance with the Lease, Rent commenced to accrue on _____.

4. If the Commencement Date of the Lease is other than the first day of the month, the first billing will contain a pro rata adjustment. Each billing thereafter shall be for the full amount of the monthly installment as provided for in Lease.

5. Rent is due and payable in advance on the first day of each and every month during the Term of Lease. Your Rent checks should be made payable to _____ at _____.

6. The number of Rentable Square Feet within the Leased Premises is 2,325 square feet.

7. The number of Rentable Square Feet within the Building is 283,786 square feet.

Dated _____, 20__, at _____.

AGREED AND ACCEPTED:

TENANT:

THE CITY OF SAN DIEGO,
a municipal corporation

By: _____

Name: Cybele L. Thompson, RPA, FMA, CCIM,
LEED AP

Its: Director, Real Estate Assets

Date: _____

Approved as to form:
Mara W. Elliott, City Attorney

BY: _____
Name: _____
Title: _____
Date: _____

LANDLORD:

TKOS I, LLC,
a Delaware limited liability company

By: _____

Name: _____

Its: _____

Date: _____

EXHIBIT "C"

**SAMPLE ONLY
NOT FOR EXECUTION**

EXHIBIT "C"

EXHIBIT “D”

RESERVED

EXHIBIT “D”

EXHIBIT "E"

STANDARDS FOR UTILITIES AND SERVICES

The following standards for utilities and services are in effect. Landlord reserves the right to adopt nondiscriminatory modifications and additions hereto.

As long as Tenant is not in Default under any of the terms, conditions, provisions or agreements of this Lease, Landlord shall provide the following services subject to the conditions and in accordance with the terms set forth in Article 19 of this Lease and set forth herein:

1. Provide non-attended automatic elevator facilities Monday through Friday from 7:00 a.m. to 6:00 p.m. (PST) and Saturday from 9:00 a.m. to 12:00 p.m. (PST), except federally recognized holidays ("Building Hours"), and have at least one (1) elevator available for Tenant's use at all other times.

2. Ventilate the Building Common Areas, and the Leased Premises during Building Hours (and at other times for a market rate to be fixed from time-to-time by Landlord, which charge is currently \$75.00 per hour with a minimum of three hours, which charge shall constitute Additional Rent hereunder) and furnish air conditioning or heating on such days and hours, when in the reasonable judgment of Landlord it may be required for the comfortable occupancy of the Leased Premises; provided, however, that ventilation at times for which Landlord may charge an additional charge therefore be limited to a portion of the floor of the Building on which the Leased Premises are located. The air conditioning system achieves maximum cooling when the window coverings are extended to the full horizontal width of the window opening and adjusted to a 45 degree angle. Landlord shall not be responsible for room temperatures if Tenant does not keep all window coverings in the Leased Premises extended to the full horizontal width of the window opening and adjusted to a 45 degree angle whenever the system is in operation. Tenant agrees to cooperate fully at all times with Landlord, and to abide by all reasonable regulations and requirements which Landlord may prescribe for the proper function and protection of said air conditioning system. Tenant agrees not to connect any apparatus, device, conduit or pipe to the Building chilled and hot water air conditioning supply lines. Tenant further agrees that neither Tenant nor its servants, employees, agents, visitors, licensees or contractors shall at any time enter the mechanical installations or facilities of the Building or the Project or adjust, tamper with, touch or otherwise in any manner affect said installations or facilities. The cost of maintenance and service calls to adjust and regulate the air conditioning system shall be charged to Tenant if the need for maintenance work results from either Tenant's adjustment of room thermostats or Tenant's failure to comply with its obligations under this Exhibit "E", including keeping window coverings extended to the full horizontal width of the window opening and adjusted to a 45 degree angle. Such work shall be charged at hourly rates equal to then-current journeyman's wages for air conditioning mechanics.

3. Landlord shall furnish to the Leased Premises, during Building Hours electric current as required by the Building Standard Improvements office lighting and fractional horsepower office business machines in an amount not to exceed .025 KWH per square foot per normal business day. Tenant agrees, should its electrical installation or electrical consumption be in excess of the aforesaid quantity or extended beyond normal business hours, to reimburse Landlord monthly for the measured consumption at the average cost per kilowatt hour charged to the Building during the period. If a separate meter is not installed at Tenant's cost, such excess cost will be established by an estimate agreed upon by Landlord and Tenant, and if the parties fail to agree, such cost shall be established by an independent licensed engineer selected in Landlord's reasonable discretion. Tenant agrees not to use any apparatus or device in, upon or about the Leased Premises which may in any way increase the amount of such services usually furnished or supplied to said Leased Premises, and Tenant further agrees not to connect any apparatus or device with wires, conduits or pipes, or other means by which such services are supplied, for the purpose of using additional or unusual amounts of such services without the written consent of Landlord. Should Tenant use the same to excess, the refusal on the part of Tenant to pay upon demand of Landlord the amount established by Landlord for such excess charge shall constitute a breach of the obligation to pay Rent under this Lease and shall entitle Landlord to the rights therein granted for such breach. Tenant's use of electric current shall never exceed the capacity of the feeders to the Building, or the risers or wiring installation and Tenant shall not install or use or permit the installation or use of any computer or electronic data processing equipment in the Leased Premises without the prior written consent of Landlord.

4. Water will be available in public areas for drinking and lavatory purposes only, but if Tenant requires, uses or consumes water for any purpose in addition to ordinary drinking and lavatory purposes, of which fact Tenant constitutes Landlord to be the sole judge, Landlord may install a water meter and thereby measure Tenants water consumption for all purposes. Tenant shall pay Landlord for the cost of the meter and the cost of the installation thereof and throughout the duration of Tenant's occupancy Tenant shall keep said meter and installation equipment in good working order and repair at Tenants own cost and expense, in default of which Landlord may cause such meter and equipment to be replaced or repaired and collect the cost thereof from Tenant. Tenant agrees to pay for water consumed, as shown on said meter, as and when bills are rendered, and on default in making such payment, Landlord may pay such charges and collect the same from Tenant. Any such costs or expenses incurred, or payments made by Landlord for any of the reasons or purposes hereinabove stated, shall be deemed to be Additional Rent payable by Tenant and collectible by Landlord as such.

5. Provide janitor service to the Leased Premises as set forth in the Janitorial Specifications, attached to this Lease, marked Exhibit "I", and incorporated herein by this reference ("Janitorial Specifications"), provided the Leased Premises are used exclusively as offices, and are kept reasonably in order by Tenant, and unless otherwise agreed to by Landlord and Tenant no one other than persons approved by Landlord shall be permitted to enter the Leased Premises for such purposes. If the Leased Premises are not used exclusively as offices, they shall be kept clean and in order by Tenant, at Tenant's expense, and to the satisfaction of Landlord, and by persons approved by Landlord. Tenant shall pay to Landlord the cost of removal of any of Tenant's refuse and rubbish to the extent that the same exceeds the refuse and rubbish usually attendant upon the use of the Leased Premises as offices.

6. Landlord reserves the right to stop service of the elevator, plumbing, ventilation, air conditioning and electrical systems, when necessary, by reason of accident or emergency or for repairs, alterations or improvements, when in the judgment of Landlord such actions are desirable or necessary to be made, until said repairs, alterations or improvements shall have been completed, and Landlord shall have no responsibility or liability for failure to supply elevator facilities, plumbing, ventilation, air conditioning or electric service, when prevented from so doing by strike or accident or by any cause beyond Landlord's reasonable control, or by Laws or by reason of the requirements of any federal, state, county or municipal authority or failure of gas, oil or other suitable fuel supply or inability by exercise of reasonable diligence to obtain gas, oil or other suitable fuel supply. Pursuant to Article 41 of this Lease, it is expressly understood and agreed that any covenants on Landlord's part to furnish any services pursuant to any of the terms, covenants, conditions, provisions or agreements of this Lease, or to perform any act or thing for the benefit of Tenant, shall not be deemed breached if Landlord is unable to furnish or perform the same by virtue of a strike or labor trouble or any other cause whatsoever beyond Landlord's control.

7. Notwithstanding anything to the contrary in this Lease, upon request by Tenant Landlord may elect, but shall not be obligated, to supply services or materials to the Leased Premises and the Project for use by Tenant which Landlord is not otherwise obliged to provide pursuant to this Lease (the "Additional Services"). The Additional Services shall include without limitation the following:

- (a) Carpet shampooing and/or repair;
- (b) Cleaning of drapery or other window coverings;
- (c) Locksmithing;
- (d) Removal of bulk garbage, trash or other refuse;
- (e) Hanging or installation of artwork or other decorative items;
- (f) Security services;
- (g) Repair, maintenance and/or replacement of heating, ventilation and air conditioning systems provided to Tenant which are different from those which are provided to tenants as Building Standard Improvements systems; and,

(h) Use of intrabuilding network telephone and data cable.

Any expenses or costs incurred by Landlord for any Additional Services shall be reimbursed to Landlord by Tenant as Additional Rent, which amounts shall be recoverable as Rent in any unlawful detainer action brought by Landlord on account of Tenant's breach of this Lease pursuant to Article 25 of this Lease. The provisions of Article 19 of this Lease shall apply with respect to any Additional Services Landlord may agree to provide to Tenant pursuant to this Section 7. If Landlord elects not to provide to Tenant any Additional Services requested of Landlord by Tenant, and in connection with any other services or materials Tenant wishes to be performed in or furnished or provided to the Leased Premises, Tenant shall obtain Landlord's prior written approval of the vendor, materialman or other person selected by Tenant to perform such services or provide such materials, which approval shall not be unreasonably withheld subject to Tenant's agreement to comply and cause compliance with such reasonable rules and regulations as Landlord may establish from time to time in connection therewith.

EXHIBIT "F"

TENANT ESTOPPEL CERTIFICATE

The undersigned, _____, a _____ ("Tenant"), with a mailing address of: _____, hereby certifies to _____, a _____, as follows:

1. Attached hereto is a true, correct and complete copy of that certain Office Building Lease dated _____, 20__, between _____, a _____ ("Landlord"), and Tenant (the "Lease"), which demises premises located at 450 B Street, San Diego, California 92101. The Lease is now in full force and effect and has not been amended, modified or supplemented, except as set forth in Section 4 below.

2. The Term of the Lease commenced on _____, 20__.

3. The Term of the Lease shall expire on _____, 20__.

4. The Lease has: (Initial one)

() not been amended, modified, supplemented, extended, renewed or assigned.

() been amended, modified, supplemented, extended, renewed or assigned by the following described agreements, copies of which are attached hereto:

5. Tenant has accepted and is now in possession of said premises.

6. The amount of fixed monthly Rent is \$_____.

7. The amount of security deposits (if any) is \$_____. No other security deposits have been made.

8. Tenant is paying the full lease rental which has been paid in full as of the date hereof. No Rent or other charges under the Lease have been paid for more than thirty (30) days in advance of its due date.

9. All work required to be performed by Landlord under the Lease has been completed, except as follows: _____.

10. To the best of Tenant's knowledge there are no Defaults on the part of Landlord or Tenant under the Lease.

11. Tenant has no defense as to its obligations under the Lease and claims no set-off or counterclaim against Landlord, except as follows: _____.

12. Tenant has no right to any concession (rental or otherwise) or similar compensation in connection with renting the space it occupies except as provided in the Lease and as set forth as follows: _____.

The foregoing certification is made with the knowledge that _____ is about to fund a loan to Landlord or _____ is about purchase the Project (or part thereof) from Landlord and that _____ representations herein made in funding such loan or in purchasing the Project (or part thereof).

IN WITNESS WHEREOF, this certificate has been duly executed and delivered by the authorized officers of the undersigned as of _____, 20__.

TENANT:

By: _____

Name: _____

Its: _____

**SAMPLE ONLY
NOT FOR EXECUTION**

EXHIBIT "G"

RULES AND REGULATIONS

1. Except as specifically provided in this Lease to which these Rules and Regulations are attached, no sign, placard, picture, advertisement, name or notice shall be installed or displayed on any part of the outside or inside to the extent visible from the exterior of the Building or the Project without the prior written consent of Landlord. Landlord shall have the right to remove, at Tenants expense and without notice, any sign installed or displayed in violation of this rule. All approved signs or lettering on doors and walls shall be printed, painted, affixed or inscribed at the expense of Tenant by a person or company designated by Landlord.

2. If Landlord objects in writing to any curtains, blinds, shades, screens or hanging plants or other similar objects attached to or used in connection with any window or door of the Leased Premises, or placed on any windowsill which are visible from the exterior of the Leased Premises, Tenant shall immediately discontinue such use. Tenant shall not place anything against or near glass partitions or doors or windows which may appear unsightly from outside the Leased Premises.

3. Tenant shall not obstruct any sidewalks, halls, passages, exits, entrances, elevators, escalators or stairways of the Project. The halls, passages, exits, entrances, elevators, escalators and stairways are not open to the general public, but are open, subject to reasonable regulations, to Tenant's business invitees. Landlord shall in all cases retain the right to control and prevent access thereto of all persons whose presence in the judgment of Landlord would be prejudicial to the safety, character, reputation and interest of the Project and its tenants; provided that nothing herein contained shall be construed to prevent such access to persons with whom any tenant normally deals in the ordinary course of its business, unless such persons are engaged in illegal or unlawful activities. No tenant and no employee or invitee of any tenant shall go upon the roof(s) of any building in the Project.

4. The directory of the Building or the Project will be provided exclusively for the display of the name and location of tenants only and Landlord reserves the right to exclude any other names therefrom and to limit the amount of space thereon dedicated to Tenants name.

5. All cleaning and janitorial services for the Project and the Leased Premises shall be provided exclusively through Landlord, and except with the written consent of Landlord, no person or persons other than those approved by Landlord shall be employed by Tenant or permitted to enter the Project for the purpose of cleaning the same. Tenant shall not cause any unnecessary labor by carelessness or indifference to the good order and cleanliness of the Leased Premises. Landlord shall not in any way be responsible to any Tenant for any loss of property on the Leased Premises, however occurring, or for any damage to any of Tenant's property by the janitor or any other employee or any other persons.

6. Landlord will furnish Tenant, free of charge, with two keys or access cards to each door lock in the Leased Premises. Landlord may make a reasonable charge for any additional keys. Tenant shall not make or have made additional keys, and Tenant shall not alter any lock or install any new additional lock or bolt on any door of the Leased Premises. If Tenant loses any keys, Landlord may change the lock at Tenant's expense. Tenant, upon the termination of its tenancy, shall deliver to Landlord the keys to all doors which have been furnished to Tenant, and in the event of loss of any keys so furnished, shall pay Landlord therefor and for the cost of replacing the lock.

7. If Tenant requires telegraphic, telephonic, burglar alarm, satellite dishes, antennae or similar services, it shall first obtain, and comply with, Landlords instructions in their installation.

8. Freight elevator(s) shall be available for use by all tenants in the building, subject to such reasonable scheduling as Landlord, in its discretion, shall deem appropriate. No equipment, materials, furniture, packages, supplies, merchandise or other property will be received in the Building or carried in the elevators except between such hours and in such elevators as may be designated by Landlord. All loading, unloading, receiving or delivery of goods, supplies, furniture or other items will be made only through entryways provided for such purposes. Tenant's initial move in and subsequent deliveries of bulky items, such as furniture, safes and similar items shall unless otherwise agreed in writing by Landlord, be made during the hours of 6 p.m. to 6 a.m. or on

Saturday or Sunday. Deliveries during Building Hours shall be limited to normal office supplies and other small items. No deliveries shall be made which impede or interfere with other tenants or the operation of the Building. Tenant will be responsible for all claims arising from any injuries sustained by any person resulting from the delivery or moving of any articles by or for Tenant.

9. Tenant shall not place a load upon any floor of the Leased Premises which exceeds the load per square foot which such floor was designed to carry and which is allowed by Law. Landlord shall have the right to prescribe the weight, size and position of all equipment, materials, furniture or other property brought into the Building. Heavy objects shall, if considered necessary by Landlord, stand on such platforms as determined by Landlord to be necessary to properly distribute the weight, which platforms shall be provided at Tenant's expense. Business machines and mechanical equipment belonging to Tenant, which cause noise or vibration that may be transmitted to the structure of the Building or to any space therein to such a degree as to be objectionable to Landlord or to any tenants in the Building, shall be placed and maintained by Tenant, at Tenant's expense, on vibration eliminators or other devices sufficient to eliminate noise or vibration. Landlord will not be responsible for loss of, or damage to, any such equipment or other property from any cause, and all damage to, any such equipment or other property from any cause, and all damage done to the Building by maintaining or moving such equipment or other property shall be repaired at the expense of Tenant.

10. Tenant shall not use or keep in the Leased Premises any kerosene, gasoline or inflammable or combustible fluid or material other than those limited quantities necessary for the operation or maintenance of office equipment. Tenant shall not use or permit to be used in the Leased Premises any foul or noxious gas or substance, or permit or allow the Leased Premises to be occupied or used in a manner offensive or objectionable to Landlord or other occupants of the Building by reason of noise, odors or vibrations.

11. Tenant shall not use any method of heating or air conditioning other than that supplied or approved in advance by Landlord.

12. Tenant shall not waste electricity, water or air conditioning and agrees to cooperate fully with Landlord to assure the most effective operation of the Building's heating and air conditioning and to comply with any governmental energy-saving rules, laws or regulations of which Tenant has actual notice, and shall refrain from attempting to adjust controls. Tenant shall keep corridor doors closed. Tenant will not overload any utilities serving the Leased Premises.

13. Landlord reserves the right, exercisable without notice and without liability to Tenant, to change the name and street address of the Building.

14. Persons may enter the Building only in accordance with such regulations as Landlord may from time to time establish. Persons entering or departing from the Building may be questioned as to their business in the Building, and Landlord may require the use of an identification card or other access device or procedures, and/or the registration of persons as to the hour of entry and departure, nature of visit, and other information deemed necessary for the protection of the Building. All entries into and departures from the Building will be through one or more entrances as Landlord from time to time designates. Landlord may elect not to enforce some or all of the foregoing during Business Hours or other times, but reserves the right to do so at Landlord's discretion. Landlord may also, at its discretion, utilize other procedures (including, without limitation, screening devices, physical inspections and/or other means) reasonably designed to prevent weapons or dangerous items from being brought into the Building. Tenant will cooperate with all such procedures.

15. Landlord reserves the right to exclude from the Building between the hours of 7 p.m. and 7 a.m. the following day, or such other hours as may be established from time to time by Landlord, and on Sundays and legal holidays, any person unless that person is known to the person or employee in charge of the Building or has a pass or is properly identified. Tenant shall be responsible for all persons for whom it requests passes and shall be liable to Landlord for all acts of such persons. Landlord shall not be liable for damages for any error with regard to the admission to or exclusion from the Building of any person. Landlord reserves the right to prevent access to the Building in case of invasion, mob, riot, public excitement or other commotion by closing the doors or by other appropriate action.

16. Tenant shall close and lock the doors of its Leased Premises and entirely shut off all water faucets or other water apparatus, and electrical appliances, gas or air outlets before Tenant and its employees leave the Leased Premises. Tenant shall be responsible for any damage or injuries sustained by other tenants or occupants of the Building or by Landlord for noncompliance with this rule.

17. Tenant shall not obtain for use on the Leased Premises ice, drinking water, food, beverage, towel or other similar services or accept barbering or bootblackening service upon the Leased Premises, except at such reasonable hours and under such regulations as may be fixed by Landlord.

18. The toilet rooms, toilets, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed and no foreign substance of any kind whatsoever shall be thrown therein. The expense of any breakage, stoppage or damage resulting from the violation of this rule shall be borne by the tenant who, or whose employees or invitees, shall have caused it.

19. Tenant shall not sell, or permit the sale at retail of newspapers, magazines, periodicals, theater tickets or any other goods or merchandise to the general public in or on the Leased Premises. Tenant shall not use the Leased Premises for any business or activity other than that specifically provided for in this Lease.

20. Tenant shall not install any radio or television antenna, loudspeaker, satellite dishes or other devices on the roof(s) or exterior walls of the Building or the Project. Tenant shall not interfere with radio or television broadcasting or reception from or in the Project or elsewhere.

21. Tenant shall not mark, drive nails, screw or drill into the partitions, woodwork or plaster or in any way deface the Leased Premises or any part thereof, except in accordance with the provisions of this Lease pertaining to Alterations. Landlord reserves the right to direct electricians as to where and how telephone and telegraph wires are to be introduced to the Leased Premises. Tenant shall not cure or bore holes for wires. Tenant shall not affix any floor covering to the floor of the Leased Premises in any manner except as approved by Landlord. Tenant shall repair any damage resulting from noncompliance with this rule. Tenant may not place floor mats (including chair mats) on carpeted areas of the floor in the Leased Premises, unless the mats are breathable and approved by Landlord in advance of use.

22. Tenant shall not install, maintain or operate upon the Leased Premises any vending machines without the prior written consent of Landlord.

23. Canvassing, soliciting and distribution of handbills or any other written material, and peddling in the Project are prohibited, and Tenant shall cooperate with Landlord to prevent such activities.

24. Landlord reserves the right to exclude or expel from the Project any person who, in Landlord's judgment, is intoxicated or under the influence of liquor or drugs or who is in violation of any of the Rules and Regulations of the Building.

25. Tenant shall store all its trash and garbage within its Leased Premises or in other facilities provided by Landlord. Tenant shall not place in any trash box or receptacle any material which cannot be disposed of in the ordinary and customary manner of trash and garbage disposal. All garbage and refuse disposal shall be made in accordance with directions issued from time to time by Landlord. Tenant will cooperate with any recycling program at the Project.

26. The Leased Premises shall not be used for the storage of merchandise held for sale to the general public, or for lodging or for manufacturing of any kind, nor shall the Leased Premises be used for any improper, immoral or objectionable purpose. No cooking shall be done or permitted on the Leased Premises without Landlord's consent, except the use by Tenant of Landlord approved equipment for brewing coffee, tea, hot chocolate and similar beverages shall be permitted, and the use of a microwave oven for employees use shall be permitted, provided that such equipment and use is in accordance with all applicable Laws.

27. Tenant shall not use in any space or in the public halls of the Project any hand truck except those equipped with rubber tires and side guards or such other material-handling equipment as Landlord may approve. Tenant shall not bring any other vehicles of any kind into the Building or the Project.

28. Without the written consent of Landlord, Tenant shall not use the name of the Building, the Project, Landlord or any entity that comprises Landlord in connection with or in promoting or advertising the business of Tenant except as Tenant's address.

29. Tenant shall comply with all safety, fire protection and evacuation procedures and regulations established by Landlord or any governmental agency.

30. Tenant assumes any and all responsibility for protecting its Leased Premises from theft, robbery and pilferage, which includes keeping doors locked and other means of entry to the Leased Premises closed.

31. To the extent Landlord reasonably deems it necessary to exercise exclusive control over any portions of the Project Common Areas for the mutual benefit of the tenants in the Project, Landlord may do so subject to nondiscriminatory additional Rules and Regulations.

32. Tenant's requirements will be attended to only upon appropriate application to Landlord's property management office for the Project by an authorized individual. Employees of Landlord shall not perform any work or do anything outside of their regular duties unless under special instructions from Landlord, and no employee of Landlord will admit any person (Tenant or otherwise) to any office without specific instructions from Landlord.

33. Landlord may waive any one or more of these Rules and Regulations for the benefit of Tenant or any other tenant, but no such waiver by Landlord shall be construed as a waiver of such Rules and Regulations in favor of Tenant or any other tenant, nor prevent Landlord from thereafter enforcing any such Rules and Regulations against any or all of the tenants of the Project.

34. These Rules and Regulations are in addition to, and shall not be construed to in any way modify or amend, in whole or in part, the terms, covenants, agreements and conditions of this Lease.

35. Landlord reserves the right to make such other and reasonable Rules and Regulations as, in its judgment, may from time to time be needed for safety and security, for care and cleanliness of the Project and for the preservation of good order therein. Tenant agrees to abide by all such Rules and Regulations herein above stated and any additional rules and regulations which are adopted.

36. Tenant shall be responsible for the observance of all of the foregoing rules by Tenant's employees, agents, clients, customers, invitees and guests.

37. Tenant will not bring any bicycles or other vehicles of any kind into the Building, except for appropriate vehicles necessary for assisting the disabled.

38. If any carpeting or other flooring is installed by Tenant using an adhesive, such adhesive will be odorless releasable adhesive.

39. Smoking is not permitted anywhere upon the Project, except in such areas (if any) located outside of the Building as may be expressly designated as permitted smoking areas in writing from time to time by Landlord in its sole and absolute discretion. Tenant will not allow any smoking anywhere within the Building. All smoking materials must be disposed of in ashtrays or other appropriate receptacles provided for that purpose.

40. No dog or other animal is allowed in the Building, except for animals assisting the disabled.

EXHIBIT "H"

PARKING RULES AND REGULATIONS

The following rules and regulations shall govern the use of the Parking Facility which is appurtenant to the Project:

1. Except for the gross negligence or willful misconduct of Landlord, Landlord shall not be responsible for any damage to vehicles, injuries to persons, or loss of property, all of which risks are assumed by the party using the Parking Facility. All claimed damage, injuries, or loss must be reported, itemized in writing and delivered to the parking management office located within the Project within ten (10) days after any claimed damage, injuries, or loss occurs. Any claim not so made is waived. In any event, (a) the total liability of Landlord, if any, is limited to Two Hundred Fifty Dollars (\$250.00) for all damages to any vehicle and/or loss of any property, and, ii.) Landlord is not responsible for loss of use of any vehicle nor for the loss of use of any property.

2. Tenant shall not park, nor permit Tenant's Parking Invitees except visitors to park, in any parking areas designated by Landlord as areas for parking by visitors to the Project; nor shall Tenant and/or Tenant's Parking Invitees park in parking areas designated by Landlord for the exclusive use of tenants or other occupants of the Project. Neither Tenant, nor Tenant's Parking Invitees, shall leave vehicles in the parking areas overnight or as extended term storage or park any vehicles in the parking areas other than automobiles, motorcycles, motor driven or non-motor driven bicycles or four wheeled trucks.

3. Parking stickers or any other device or form of identification supplied by Landlord as a condition of use of the Parking Facility shall remain the property of Landlord. Such parking identification device must be displayed as requested and may not be mutilated in any manner. The serial number of the parking identification device may not be obliterated. Devices are not transferable and any device in the possession of an unauthorized holder will be void. Landlord may charge a fee for parking stickers, cards or other parking control device supplied by Landlord.

4. Vehicles must be parked entirely within painted stall lines of a single parking stall.

5. All directional signs and arrows must be observed.

6. The speed limit within all parking areas shall be five (5) miles per hour.

7. Parking is prohibited:

- (a) in areas not striped for parking;
- (b) in aisles;
- (c) where "no parking" signs are posted;
- (d) on ramps;
- (e) in cross-hatched areas;
- (f) in loading areas; and
- (g) in such other areas as may be designated by Landlord or Landlord parking operator.

8. Every parker is required to park and lock his own vehicle.

9. Loss or theft of parking identification devices must be reported to Landlord immediately, and a lost or stolen report must be filed by the tenant or user of such parking identification device at the time. Landlord has the right to exclude any car from the Parking Facility that does not have an identification device.

10. Any parking identification devices reported lost or stolen found on any unauthorized car will be confiscated and the illegal holder will be subject to prosecution.

11. Washing, waxing, cleaning or servicing of any vehicle in any area not specifically reserved for such purpose is prohibited.

12. The parking operators, managers or attendants are not authorized to make or allow any exceptions to these rules and regulations.

13. Tenant's, and Tenant's Parking Invitees', continued right to use any parking spaces in the Parking Facility is conditioned upon Tenant, and Tenant's Parking Invitees, abiding by these rules and regulations and those contained in this Lease. Further, if this Lease terminates for any reason whatsoever, Tenant's, and Tenant's Parking Invitees', right to use the parking spaces in the Parking Facility shall terminate concurrently therewith.

14. Tenant agrees to sign a parking agreement with Landlord or Landlord's parking operator within five (5) days of request, which agreement shall provide the manner of payment of monthly parking fees and otherwise be consistent with this Lease and these rules and regulations; provided however, absent such a request, Tenant shall pay Landlord for Tenant's Vehicle Parking Spaces at the rate(s) set forth in Section 1.9, in advance, on the first day of each month, as Additional Rent.

15. Landlord reserves the right to refuse the sale of monthly stickers or other parking identification devices to any tenant or person and/or his agents or representatives who willfully refuse to comply with these rules and regulations and all unposted city, state or federal ordinances, laws or agreements.

16. Landlord reserves the right to establish and change parking fees (except to the extent that same are specifically fixed pursuant to Section 1.9) and to modify and/or adopt such other reasonable and nondiscriminatory rules and regulations for the Parking Facility as it deems necessary for the operation of the Parking Facility. Nothing herein shall require Landlord to charge a uniform monthly parking fee for the use of vehicle parking spaces in the Project, it being expressly acknowledged and agreed that parking fees may differ based on any factor deemed sufficient by Landlord, including without limitation the degree of a particular tenant's participation in energy and/or traffic management programs of the type described in Section 8.2(a) of this Lease. Landlord may refuse to permit any person who violates these rules to park in the Parking Facility, and any violation of the rules shall subject the car to removal, at such car owner's expense.

17. A third party may own, operate or control the parking areas, and such party may enforce these Parking Rules and Regulations relating to parking. Tenant will obey any additional rules and regulations governing parking that may be imposed by the parking operator or any other person controlling the parking areas serving the Project.

18. Tenant will be responsible for the observance of all of the Parking Rules and Regulations by Tenant (including, without limitation, all of Tenant's employees, agents, clients, customers, invitees and guests).

19. Landlord may, from time to time, waive any one or more of these Parking Rules and Regulations for the benefit of Tenant or any other tenant, but no such waiver by Landlord shall be construed as a continuing waiver of such Parking Rules and Regulations in favor of Tenant or any other tenant, nor prevent Landlord from thereafter enforcing any such Parking Rules and Regulations against Tenant or any or all of the tenants of the Project.

20. These Parking Rules and Regulations are in addition to, and shall not be construed to in any way modify or amend, in whole or in part, the other terms, covenants, agreements, and conditions of this Lease. To the extent there is any conflict between any of the Parking Rule and Regulations and any express term or provision otherwise set forth in this Lease, such other express term or provision will be controlling.

EXHIBIT "I"

**JANITORIAL SPECIFICATIONS
450 B STREET**

ENTRANCE LOBBY, ELEVATOR LOBBIES & BUILDING CORRIDORS

Daily Services (Five (5) Days per Week):

1. Sweep and spot clean non-resilient flooring.
2. Vacuum carpets completely.
3. Empty all waste containers and spot clean.
4. Spot clean carpeted floor surface.
5. Dust ledges within reach.
6. Damp mop spillage as needed.
7. Spot clean walls and doors.
8. Clean entrance mats as necessary.
9. Clean all metal door frames and thresholds.
10. Clean building directory board glass.
11. Vacuum entrance mats as necessary.
12. Only designated lights will be left on.

Weekly Services:

1. Spot clean walls, woodwork, and doors.
2. Perform high dusting.
3. Edge all carpets.
4. Polish entrance metals.
5. Dust all baseboards.
6. Dust all horizontal surfaces.

Monthly Services:

1. Dust and vacuum air supply and exhaust diffusers.
2. Vacuum all furniture in lobby area.

ELEVATORS

Daily Services (Five (5) Days per Week):

1. Sweep and spot clean non-resilient flooring.
2. Clean and polish doors.
3. Clean and polish interior of cab.
4. Vacuum tracks thoroughly.
5. Clean all brightwork.

Weekly Services:

1. Polish all brightwork.
2. Clean tracks thoroughly.

Monthly Services:

1. Vacuum ceiling grate.

STAIRWAYS AND LANDINGS

Daily Services (Five (5) Days per Week):

1. Police area to remove refuse.
2. Damp mop to remove spillage as needed.

3. Spot sweep stairs as needed.

Weekly Services:

1. Sweep stairways and landings.
2. Dust all handrails.
3. Wet mop as needed.

OCCUPIED AREAS

Daily Services (Five (5) Days per Week):

1. Sweep with chemically treated dust-mop or vacuum all high traffic areas.
2. Spot clean composition floors.
3. Dust desks, chairs, and all other office furniture.
4. Empty all waste baskets and carry trash to pick up area.
5. Spot clean partition door glass.
6. Clean and polish drinking fountains.
7. Install plastic waste basket liners furnished by customer, replace as necessary.

Weekly Services:

1. Dust ledges and window sills.
2. Perform high dusting.
3. Dust picture frames and book shelves.
4. Remove fingerprints from woodwork, walls and partitions.
5. Dust vertical surfaces of office furniture.
6. Dust chair rungs and furniture legs.
7. All in suite carpet to be vacuumed completely.
8. Spot clean around wall switches.
9. Spot clean doors, door frames, and counters.
10. Dust all horizontal surfaces.
11. Spot clean all glass partitions.

Monthly Services:

1. Perform high dusting, i.e. door sashes and tops of partitions.
2. Wipe down plastic and leather furniture.
3. Dust Venetian blinds.
4. Dust and vacuum ceiling and wall vents.

RESTROOM AND LOUNGES

Daily Services (Five (5) Days per Week):

1. Empty and wipe out all waste paper containers.
2. Empty sanitary napkin containers and replace insert.
3. Polish all metal and mirrors.
4. Clean all dispensers.
5. Clean and disinfect wash basins, toilets and urinals.
6. Disinfect undersides and tops of toilet seats.
7. Clean hard-surface floors with germicidal solution.
8. Vacuum carpets.
9. Refill soap, towel, and tissue dispensers.
10. Report to Building Manager any fixture not working.

Weekly Services:

1. Perform high dusting.
2. Dust all air supply and exhaust diffusers.

3. Polish all dispensers.
4. Spot clean tile walls and toilet partitions.
5. Spot clean walls around wash basins.

Monthly Services:

1. Wash down toilet compartment partitions.

KITCHEN, VENDING OR LUNCHROOM

Daily Services (Five (5) Days per Week):

1. Clean sink if empty.
2. Clean counter top.
3. Empty trash.
4. Damp mop hard-surface floor.
5. Wipe off tables and chairs and arrange.
6. Wipe off fronts of vending machines.
7. Vacuum carpeting.

FLOOR CARE

ENTRANCE LOBBY

1. Scrub and rinse hard-surface floors monthly.

OFFICE/TENANT AREAS

1. Scrub and rinse hard-surface floors monthly.
2. Scrub and refinish hard-surface floors semi-annually.

RESTROOMS

1. Scrub and refinish hard-surface floors monthly.

INDEX OF DEFINED TERMS

Abandonment	17	Leased Premises	2, 22
Additional Rent	4	Major Alteration	10
Additional Services	2	Notice	8
Alterations	10	Outline of Floor Plan of Leased Premises	2
Annual Basic Rent	2	Parking Facility	2
Anti-Terrorism Law	26	Parking Rules and Regulations	23
Assignment Date	20	Permitted Use	2
Assignment Notice	20	Prime Rate	4
Brokers	2	Prohibited Person	27
Building	2	Project	2
Building Area	2	Project Common Areas	3
Building Common Areas	3	Project Site	2
Building Hours	1	Project Site Plan	2
Claims	13	Property Manager	10
Commencement Date	4	Rent	4
Commencement Letter	4	Rentable Square Feet	3
Default	17	Rules and Regulations	24
Effective Date	1	Scheduled Commencement Date	2
Executive Order No. 13224	26	Standards for Utilities and Services	12
Hazardous Material Laws	7	Substitute Leased Premises	22
Hazardous Materials	6	Supplemental Equipment	11
Indemnified Parties	13	Tenant	1, 25
Indemnified Party	13	Tenant Estoppel Certificate	22
Index	14	Tenant's Address	1
Initial Term	2, 4	Tenant's Parking Invitees	23
Invitees	6	Tenant's Vehicle Parking Spaces	2
Janitorial Specifications	2	Term	4
Landlord	1, 24, 25	Total Destruction	15
Landlord's Address	1	Upper Slab	14
Laws	5	USA Patriot Act	27
Lease	1, 1	Use	6
Lease Year	4		

IN WITNESS WHEREOF, the parties have executed this Lease as of the dates written below.

LANDLORD:

TKOS I, LLC,
a Delaware limited liability company

By: _____

Name: _____

Its: _____

Date: _____

TENANT:

THE CITY OF SAN DIEGO,
a municipal corporation

By: _____

Name: Cybele L. Thompson, RPA, FMA, CCIM,
LEED AP

Its: Director, Real Estate Assets

Date: 2/28/18

Approved As To Form

Mara W. Elliott

BY: Hilda P. Mendoza Date: 2-28-18

NAME: Hilda P. Mendoza

TITLE: Deputy City Attorney

COMMENCEMENT LETTER

To: City of San Diego
1200 Third Avenue, Suite 1700
San Diego, CA 92101

Date: March 29, 2018

Re: Office Building Lease (the "Lease") dated February 28, 2018, between TKOS I, LLC, a Delaware limited liability company ("Landlord"), and THE CITY OF SAN DIEGO, a municipal corporation ("Tenant"), concerning Suite 780 located at 450 B Street, San Diego, California 92101 (the "Leased Premises").

Gentlemen and Ladies:

In accordance with the Lease, we wish to advise and/or confirm as follows (terms with initial capital letters which are not separately defined herein shall have the meanings ascribed to them in the Lease):

1. That the Leased Premises have been accepted herewith by Tenant in accordance with the subject Lease.
2. That Tenant has possession of the Leased Premises and acknowledges that under the provisions of the Lease the Term of said Lease shall commence as of March 7, 2018 for a term of approximately twelve (12) months ending on March 31, 2019.
3. That in accordance with the Lease, Rent commenced to accrue on March 7, 2018.
4. If the Commencement Date of the Lease is other than the first day of the month, the first billing will contain a pro rata adjustment. Each billing thereafter shall be for the full amount of the monthly installment as provided for in Lease.

Rent Schedule		
Lease Dates	Total Base Rent Payable Per Month	Base Rent Payable Per Month Per Rentable Sq. Ft.
03/07/18 - 03/31/18	\$5,343.75	\$2.85
04/01/18 - 03/31/19	\$6,626.25	\$2.85

5. Rent is due and payable in advance on the first day of each and every month during the Term of Lease. Your Rent checks should be made payable to TKOS I, LLC at 3755 Momentum Place, Chicago, IL 60689.

6. The number of Rentable Square Feet within the Leased Premises is 2,325 square feet.

7. The number of Rentable Square Feet within the Building is 283,786 square feet.

EXHIBIT "C"

Dated March 29, 2018, at _____.

AGREED AND ACCEPTED:

TENANT:

THE CITY OF SAN DIEGO,
a municipal corporation

By: [Signature]

Name: Cybele L. Thompson, RPA, FMA, CCIM,
LEED AP

Its: Director, Real Estate Assets

Date: 3/29/18

Approved as to form:

Mara W. Elliott, City Attorney

BY: [Signature]

Name: Karen Li for Hilda Mendoza

Title: Deputy City Attorney

Date: March 29, 2018

LANDLORD:

TKOS I, LLC,
a Delaware limited liability company

By: [Signature]

Name: Antonio Sauris

Its: Vice President

Date: 4/4/2018

EXHIBIT "C"

COMMENCEMENT LETTER

To: City of San Diego
1200 Third Avenue, Suite 1700
San Diego, CA 92101

Date: March 29, 2018

Re: Office Building Lease (the "Lease") dated February 28, 2018, between TKOS I, LLC, a Delaware limited liability company ("Landlord"), and THE CITY OF SAN DIEGO, a municipal corporation ("Tenant"), concerning Suite 780 located at 450 B Street, San Diego, California 92101 (the "Leased Premises").

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Lease Dates	Total Base Rent Payable Per Month	Base Rent Payable Per Month Per Rentable Sq. Ft.
03/07/18 - 03/31/18	\$5,343.75	\$2.85
04/01/18 - 03/31/19	\$6,626.25	\$2.85

5. Rent is due and payable in advance on the first day of each and every month during the Term of Lease. Your Rent checks should be made payable to TKOS I, LLC at 3755 Momentum Place, Chicago, IL 60689.
6. The number of Rentable Square Feet within the Leased Premises is 2,325 square feet.
7. The number of Rentable Square Feet within the Building is 283,786 square feet.

Dated March 29, 2018, at _____.

AGREED AND ACCEPTED:

TENANT:

THE CITY OF SAN DIEGO,
a municipal corporation

By: [Signature]

Name: Cybele L. Thompson, RPA, FMA, CCIM,
LEED AP

Its: Director, Real Estate Assets

Date: 3/29/18

Approved as to form:

Mara W. Elliott, City Attorney

BY: [Signature]

Name: Karen Li for Hilda Mendoza

Title: Deputy City Attorney

Date: March 29, 2018

LANDLORD:

TKOS I, LLC,
a Delaware limited liability company

By: [Signature]

Name: Antonio Sauris

Its: Vice President

Date: 4/4/2018

EXHIBIT "C"