

SEVENTH AMENDMENT TO OFFICE LEASE

THIS SEVENTH AMENDMENT TO OFFICE LEASE ("Amendment") is dated for reference purposes only as April 12, 2003, by and between 400 West Broadway LLC, a California limited liability company ("Landlord"), and The City of San Diego, a California municipal corporation ("Tenant"), with reference to the facts set forth below.

RECITALS

A. Landlord and Tenant entered into that certain Office Lease dated October 17, 1991, filed in the Office of the City Clerk, San Diego, California, on November 25, 1991, as Document No. 00-17718 as amended on October 17, 1991, as Document No. 0-17718, and on September 18, 1997, as Document No. RR-289265, and on January 10, 2000, as Document No. 00-18805, and on March 29, 2001, as Document No. 00-18947, and by that Fifth Amendment to Office Lease dated September 26, 2001 and by that Sixth Amendment to Office Lease dated October 8, 2001 (collectively, the "Lease"). The Lease covers certain space within the building located at 600 B Street, San Diego, California (the "Building").

B. The parties desire to amend the Lease to expand the Premises on the terms and conditions set forth below.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agrees as set forth below.

1. Defined Terms. Terms with initial capitalized letters that are not otherwise defined herein shall have the respective meanings set forth in the Lease.
2. Expansion Space: Commencing upon the date Landlord tenders the premises to Tenant for occupancy, which is estimated to be Sep 1, 2003, Tenant's Premises shall be expanded by 5,962 rentable square feet (5,086 usable square feet), consisting of Suite 1420 (1,459 r.s.f.), Suite 1430 (1,083 r.s.f.), and Suite 2210 (3,420 r.s.f.) (collectively, "Seventh Amendment Expansion Space"). The Lease Term for the Seventh Amendment Expansion Space shall be coterminous with the existing lease term, being until May 31, 2013. For clarification purposes, the May 13, 2013 date stated in Section 2 of the Sixth Amendment is hereby changed to read May 31, 2013.
3. Base Monthly Rent: The Base Monthly Rent per rentable square foot for the Seventh Amendment Expansion Space shall be as follows:

Sep 1, 2003 - May 31, 2004:	\$1.70
June 1, 2004 - May 31, 2005:	\$1.76
June 1, 2005 - May 31, 2006:	\$1.82
June 1, 2006 - May 31, 2007:	\$1.89
June 1, 2007 - May 31, 2008:	\$1.96
June 1, 2008 - May 31, 2009:	\$2.03
June 1, 2009 - May 31, 2010:	\$2.10
June 1, 2010 - May 31, 2011:	\$2.18
June 1, 2011 - May 31, 2012:	\$2.26
June 1, 2012 - May 31, 2013:	\$2.34

4. Tenant's Percentage Share of Operating Expenses: Section 12 of the Basic Lease Provisions of the Lease is hereby modified, effective as of the date Tenant takes occupancy of the Seventh Amendment Expansion Space, to provide that Tenant's

Percentage Share of Operating Expenses shall be 49.1085% based on Tenant's revised square footage of 165,556 and the Rentable Area of the Building being 337,123.

5. Relocation Right: Landlord reserves and is hereby granted the right, upon not less than sixty (60) days' written notice to Tenant, to relocate Tenant's space on the 14th floor to a substitute within the Building for all uses and purposes as though originally leased to Tenant at the time of the execution hereof; provided, however, that the substituted premises shall contain an area not less than the square footage contained on the 14th floor, all without increase in the rent hereunder. Landlord agrees to pay the expenses reasonably incurred by Tenant incidental to such substitution of the 14th floor, including but not limited to, moving expenses, door lettering and expenses in connection with change of telephone and stationery. Landlord agrees to furnish the substituted premises with decoration and improvements similar to those in the originally leased 14th floor premises.
7. Tenant Improvements: Landlord shall provide the tenant improvements highlighted in Exhibit A.
8. Miscellaneous: Except as expressly modified hereby, the Lease shall remain in full force and effect. This Amendment may only be modified by subsequent written agreement executed by both parties.

IN WITNESS WHEREOF, this Fifth Amendment is executed by Tenant acting by and through its City Manager, and by Landlord acting by and through its lawfully authorized officers.

TENANT:

THE CITY OF SAN DIEGO, a California municipal corporation

By:


William T. Griffith
Real Estate Assets Director

LANDLORD:

400 WEST BROADWAY LLC,
a California limited liability company

By:

Foxfire, L.L.C., an Arizona limited liability company, its manager

By:

Milro Corporation, an Arizona corporation, its manager

By:


Mark Schlossberg, Secretary

APPROVED AS TO FORM AND LEGALITY this 21st day of November, 2003.

CASEY GWINN, CITY ATTORNEY

By:


Debra J. Bevier, Deputy City Attorney

EXHIBIT A

SCOPE OF WORK

FRAMING/DRYWALL/DOORS

- Frame to finish three wing walls under grid app. 6 l.f. total
- Patch wall scars throughout including any damage done to hard lid by electricians.
- Add one owner supplied building standard door as shown on plan.
- Relocate one floor mount door stop in granite floor.
- Provide and install either paint grade door or bi-fold doors (most cost effective) as shown on plan.

MILLWORK

- Relocate reception desk as shown on plan.
- Add app. 6 l.f. standard base and upper cabinets. Must include doors and adjustable shelves. Finish to be plastic laminate color TBD and white melamine interior.

ELECTRICAL

- Add eleven recessed fluorescent down lights in reception area as shown on plan.
- Add three surface mount fixtures in conference room (J-boxes are in place). Provide tenant with catalog to select fixtures from.
- Add one convenience receptacle.
- Raise one receptacle from std. ht. to accommodate new base cabinets.
- Reconnect surface mount receptacles under reception desk after relocation.

FLOORING

- Replace VCT in copy/file room as shown on plan.

PAINT

- Touch up throughout as needed.
- Paint accent colors as shown on plan

DUPLICATE

REAL STATE
51-12

SIXTH AMENDMENT TO OFFICE LEASE

THIS SIXTH AMENDMENT TO OFFICE LEASE ("Amendment") is dated for reference purposes only as October 8, 2001, by and between 400 West Broadway LLC, a California limited liability company ("Landlord"), and The City of San Diego, a California municipal corporation ("Tenant"), with reference to the facts set forth below.

RECITALS

- A. Landlord and Tenant entered into that certain Office Lease dated October 17, 1991, filed in the Office of the City Clerk, San Diego, California, on November 25, 1991, as Document No. 00-17718 as amended on October 17, 1991, as Document No. 0-17718, and on September 18, 1997, as Document No. RR-289265, and on January 10, 2000, as Document No. 00-18805, and on March 29, 2001, as Document No. 00-18947, and by that Fifth Amendment to Office Lease dated September 26, 2001 (collectively, the "Lease"). The Lease covers certain space within the building located at 600 B Street, San Diego, California (the "Building").
- B. The parties desire to amend the Lease to extend the Term of the Lease for Floors 10 through 13 through May 13, 2013 on the terms and conditions set forth below.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agrees as set forth below.

1. Defined Terms. Terms with initial capitalized letters that are not otherwise defined herein shall have the respective meanings set forth in the Lease.
2. Term. The Term of the Lease for Floors 10 through 13 shall be extended until May 13, 2013. *and mailroom.*
3. Refurbishment Allowance. Provide there is no continuing and uncured default by Tenant under the Lease, Landlord shall provide to Tenant a refurbishment allowance for Floors 10 through 13 of the Premises equal to Two Hundred Eighty-Six Thousand Sixty Dollars (\$286,060) based on Five Dollars (\$5.00) per rentable square foot, commencing on June 1, 2003. The Refurbishment Allowance shall be used for improvements to and refurbishment of the Premises.
4. Rent. Commencing on June 1, 2003, the Base Monthly Rent on Floors 10 through 13 (as well as the previously extended Floors 3-9) of the Premises shall be in the following amounts:

6/1/2003 through 5/31/2004:	\$1.70 per rentable square foot
6/1/2004 through 5/31/2005:	\$1.76 per rentable square foot
6/1/2005 through 5/31/2006:	\$1.82 per rentable square foot
6/1/2006 through 5/31/2007:	\$1.89 per rentable square foot
6/1/2007 through 5/31/2008:	\$1.96 per rentable square foot
6/1/2008 through 5/31/2009:	\$2.03 per rentable square foot
6/1/2009 through 5/31/2010:	\$2.10 per rentable square foot
6/1/2010 through 5/31/2011:	\$2.18 per rentable square foot
6/1/2011 through 5/31/2012:	\$2.26 per rentable square foot
6/1/2012 through 5/31/2013:	\$2.34 per rentable square foot
5. Miscellaneous: This Sixth Amendment may be executed in counterparts, each of which, taken together, shall constitute one fully executed original. Other than the Irving Hughes Group, Inc., Landlord and Tenant each represent and warrant to the other that they have not dealt with any broker, finder or other party who may be entitled to a commission,

finder's fee, or other similar compensation in connection with this Sixth Amendment, and each party agrees to indemnify, defend, and hold the other party harmless for any claims, damages, liabilities, costs, or expenses (including, without limitations, attorneys' fees and costs) arising from or relating to any breach of the foregoing representation. Except as expressly modified by this Sixth Amendment, the Lease shall remain in full force and effect.

IN WITNESS WHEREOF, this Fifth Amendment is executed by Tenant acting by and through its City Manager, and by Landlord acting by and through its lawfully authorized officers.

TENANT:

THE CITY OF SAN DIEGO, a California municipal corporation

By:


Tim C. Rothans, Deputy Director
Real Estate Assets Department

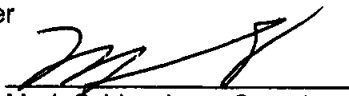
LANDLORD:

400 WEST BROADWAY LLC,
a California limited liability company

By: Foxfire, L.L.C., an Arizona limited liability company, its
manager

By: Milro Corporation, an Arizona corporation, its
manager

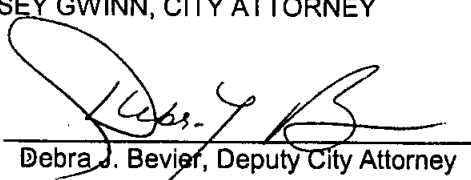
By:


Mark Schlossberg, Secretary

APPROVED AS TO FORM AND LEGALITY this 30th day of Nov., 2001.

CASEY GWINN, CITY ATTORNEY

By:


Debra J. Bevier, Deputy City Attorney

FIFTH AMENDMENT TO OFFICE LEASE

THIS FIFTH AMENDMENT TO OFFICE LEASE ("Amendment") is dated for reference purposes only as September 26, 2001, by and between 400 West Broadway LLC, a California limited liability company ("Landlord"), and The City of San Diego, a California municipal corporation ("Tenant"), with reference to the facts set forth below.

RECITALS

- A. Landlord and Tenant entered into that certain Office Lease dated October 17, 1991, filed in the Office of the City Clerk, San Diego, California, on November 25, 1991, as Document No. 00-17718 as amended on October 17, 1991, as Document No. 0-17718, and on September 18, 1997, as Document No. RR-289265, and on January 10, 2000, as Document No. 00-18805, and on March 29, 2001, as Document No. 00-18947 (collectively, the "Lease"). The Lease covers certain space within the building located at 600 B Street, San Diego, California (the "Building").
- B. The parties desire to amend the Lease to expand the Premises on the terms and conditions set forth below.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agrees as set forth below.

1. Defined Terms. Terms with initial capitalized letters that are not otherwise defined herein shall have the respective meanings set forth in the Lease.
2. Expansion Space: Commencing upon the date Landlord tenders the premises to Tenant for occupancy, which is estimated to be October 15, 2001, Tenant's Premises shall be expanded by approximately 2,280 rentable square feet (1,969 usable square feet), consisting of Suite 1440. The Lease Term for Suite 1440 shall be coterminous with the existing lease term, being until May 31, 2013.
3. Base Monthly Rent: The Base Monthly Rent per rentable square foot for Suite 1440 shall be as follows:

October 15, 2001 – May 31, 2003:	\$1.60
June 1, 2003 – May 31, 2004:	\$1.70
June 1, 2004 – May 31, 2005:	\$1.76
June 1, 2005 – May 31, 2006:	\$1.82
June 1, 2006 – May 31, 2007:	\$1.89
June 1, 2007 – May 31, 2008:	\$1.96
June 1, 2008 – May 31, 2009:	\$2.03
June 1, 2009 – May 31, 2010:	\$2.10
June 1, 2010 – May 31, 2011:	\$2.18
June 1, 2011 – May 31, 2012:	\$2.26
June 1, 2012 – May 31, 2013:	\$2.34

4. Tenant's Percentage Share of Operating Expenses: Section 12 of the Basic Lease Provisions of the Lease is hereby modified, effective as of the date Tenant takes occupancy of Suite 1440, to provide that Tenant's Percentage Share of Operating Expenses shall be 47.34% based on Tenant's revised square footage of 159,594 and the Rentable Area of the Building being 337,123.
5. Relocation Right: Landlord reserves and is hereby granted the right, upon not less than sixty (60) days' written notice to Tenant, to relocate Tenant's space on the 14th floor to a substitute within the Building for all uses and purposes as though originally leased to

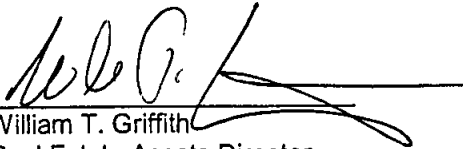
Tenant at the time of the execution hereof; provided, however, that the substituted premises shall contain an area not less than the square footage contained on the 14th floor, all without increase in the rent hereunder. Landlord agrees to pay the expenses reasonably incurred by Tenant incidental to such substitution of the 14th floor, including but not limited to, moving expenses, door lettering and expenses in connection with change of telephone and stationery. Landlord agrees to furnish the substituted premises with decoration and improvements similar to those in the originally leased 14th floor premises.

7. Tenant Improvements: In addition to the costs involved with installing the new demising wall, Landlord shall pay the cost of new carpet, paint, and a dedicated outlet (for a copier) for suite 1440.
8. Miscellaneous: Except as expressly modified hereby, the Lease shall remain in full force and effect. This Amendment may only be modified by subsequent written agreement executed by both parties.

IN WITNESS WHEREOF, this Fifth Amendment is executed by Tenant acting by and through its City Manager, and by Landlord acting by and through its lawfully authorized officers.

TENANT: THE CITY OF SAN DIEGO, a California municipal corporation

By:


William T. Griffith
Real Estate Assets Director

LANDLORD: 400 WEST BROADWAY LLC,
a California limited liability company

By: Foxfire, L.L.C., an Arizona limited liability company, its
manager

By: Milro Corporation, an Arizona corporation, its
manager

By:


Mark Schlossberg, Secretary

APPROVED AS TO FORM AND LEGALITY this 6th day of Dec, 2001.

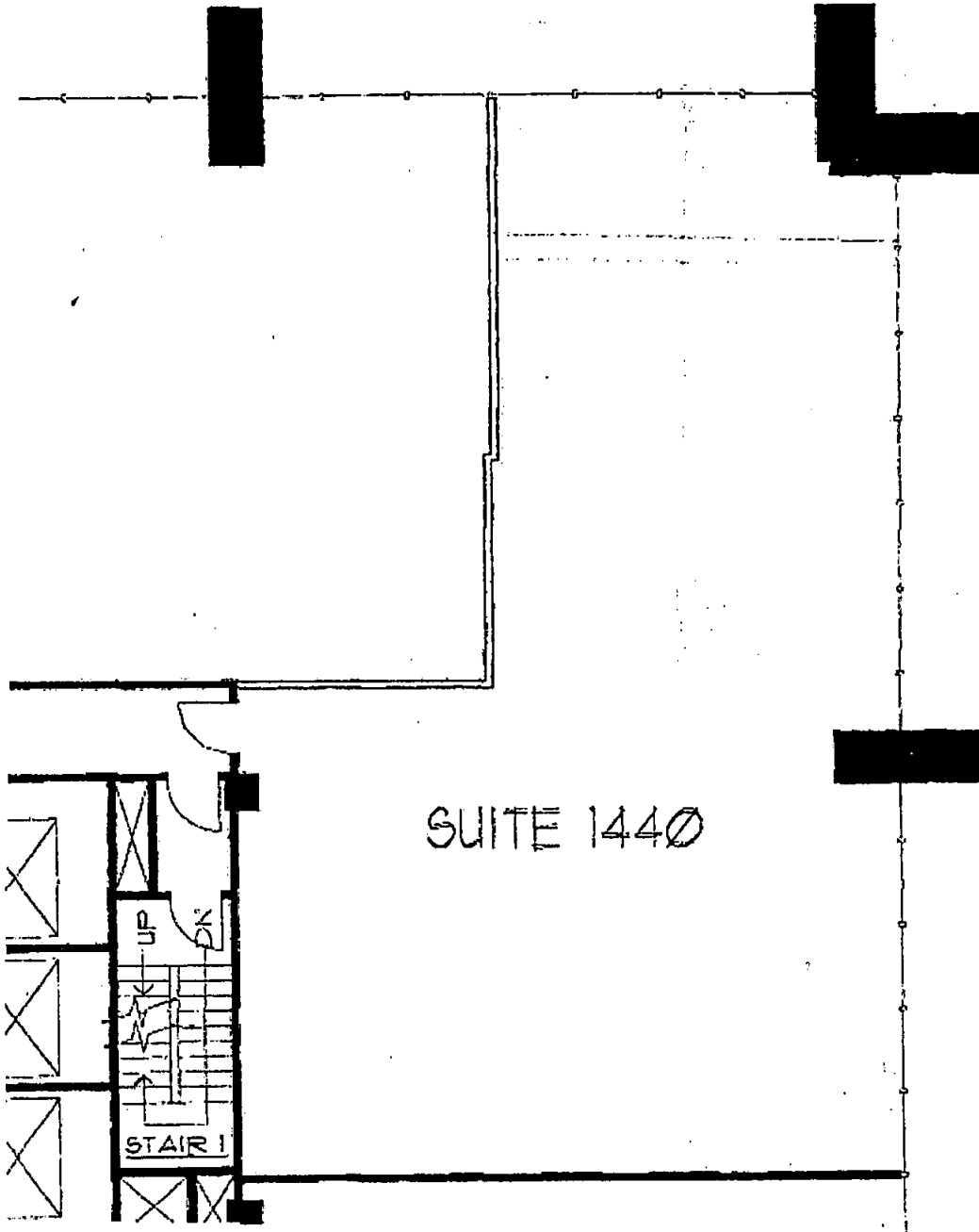
CASEY GWINN, CITY ATTORNEY

By:


Debra J. Bevier, Deputy City Attorney

EXHIBIT A

Floorplan of Suite 1440



FOURTH AMENDMENT TO OFFICE LEASE

This FOURTH AMENDMENT TO OFFICE LEASE ("Fourth Amendment") is dated for reference purposes only as of March 29, 2001, by and between 400 WEST BROADWAY, LLC, a California limited liability company ("Landlord"), and THE CITY OF SAN DIEGO, a California municipal corporation ("Tenant") with respect to the terms set forth below.

RECITALS

A. Kowa Real Estate California, Inc., a California corporation (the "Original Landlord"), and Tenant entered into an Office Lease dated as of October 17, 1991, filed in the Office of the City Clerk, San Diego, California, on November 25, 1991, as Document No. 00-17718 as amended on October 17, 1991, as Document No. 0-17718, and on September 18, 1997, as Document No. RR-289265, and on January 10, 2000, as Document No. 00-18805 (collectively, the "Lease"). The Lease covers certain space within the building located at 600 B Street, San Diego, California (the "Building").

B. Landlord owns the Building and is the successor in interest to the Original Landlord's rights under the Lease.

C. The parties desire to amend the Lease (i) to reflect the expansion of the Lease to include approximately 42,720 rentable square feet on Floors 3, 4, and 5 of the Building (The "Expansion Space"), (ii) to extend the Term of the Lease for Floors 3 through 9 of the Premises for ten (10) years; (iii) to extend the Term of the Lease for Floors 10 through 13 for eight (8) months with a further right to extend through the remaining Term for the balance of the Premises; (iv) to provide a right to contract the Premises; and (v) to reflect such other matters as are set forth below.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficient of which are hereby acknowledged, the parties agree as set forth below.

1. Defining Terms. All terms with initial capital letters used herein but not otherwise defined shall have the respective meanings set forth in the Lease.

2. Expansion Space. Landlord hereby agrees to lease to Tenant and Tenant hereby agrees to lease from Landlord the Expansion Space commencing on the date of substantial completion of the Tenant Improvements (the "Expansion Effective Date"). Tenant shall also have the exclusive use of the third floor terrace (the "Terrace") and a portion of the park area located behind the Building in a location to be mutually agreed upon between Landlord and Tenant (the "Park Area"). Tenant shall have the right to perform alterations to the Terrace and Park Area subject to Landlord's consent, which shall not be unreasonably delayed or withheld. As of the date of this Agreement, Landlord does not have any plans to improve and/or use the Park Area in a manner that would be inconsistent with Tenant's exclusive use of the Park Area. However, in the

event that Landlord elects during the Term of the Lease to improve and/or use the Park Area in a manner that would be inconsistent with Tenant's exclusive use of the Park Area, Landlord shall have the right to so improve and/or use the Park Area and Tenant shall have no further right to use the Park Area; provided, however, that (i) Landlord shall not be entitled to improve and/or use the Park Area to the extent that Tenant is required by any applicable law, statute or regulation to have the use of the Park Area in order to operate the Childcare Facility; (ii) in no event shall any such improvement and/or use by Landlord occur during the period of five (5) years commencing on the Expansion Effective Date; and (iii) in the event of any such improvement and/or use after such five (5) year period, Landlord shall reimburse Tenant for the unamortized costs incurred and paid by Tenant to improve the Park Area.

3. Tenant Improvement Allowance. Landlord shall provide to Tenant a tenant improvement allowance for the Expansion Space equal to One Million One Hundred Thirty-Nine Thousand Two Hundred Dollars (\$1,139,200) based on Fifty Dollars (\$50.00) per rentable square foot for Floor 3 and Fifteen Dollars (\$15.00) per rentable square foot for Floors 4 and 5 (the "Tenant Improvement Allowance"). The Tenant Improvement Allowance will be used only for actual out-of-pocket costs incurred by Tenant to design and construct Tenant Improvements permanently affixed to the Expansion Space. Landlord will pay the contractors, subcontractors, designers, materialmen and other parties involved in the design and construction of the Tenant Improvements. Tenant shall reimburse Landlord for all costs associated with the construction of the Tenant Improvements in excess of the amount of the Tenant Improvement Allowance in accordance with the terms and conditions of the Work Letter which is attached hereto as Exhibit "A."

*

a. Compliance With Laws. To the extent that any changes to the Building Common Areas (but excluding the Common Areas located on Floor 3) are required to comply with statutes or regulations of any federal, state, regional, municipal, or local government authority, including the Americans with Disabilities Act, in order for Tenant to obtain the necessary permits to perform the initial tenant improvements to the Premises, the cost of such changes shall be the obligation of Landlord. To the extent that any changes to the Premises or to the Childcare Facility (including all Common Areas on Floor 3) are required in order for Tenant to obtain such permits, the cost of such changes shall be the obligation of Tenant and shall be charged against the Tenant Improvement Allowance.

4. Refurbishment Allowance. Provided there is no continuing and uncured default by Tenant under the Lease, Landlord shall provide to Tenant a refurbishment allowance for Floors 3 through 9 of the Premises equal to Four Hundred Ninety-Four Thousand Four Hundred Sixty-Five Dollars (\$494,465) based on Five Dollars (\$5.00) per rentable square foot, commencing on June 1, 2003. The Refurbishment Allowance shall be used for improvements to and refurbishment of the Premises.

*In the event the improvement costs exceed the Tenant Improvement Allowance provided by the Landlord, the City department requesting to spend the excess costs will be required to obtain City Council approval and identify the funding source prior to the commencement of the excess work.

5. Premises Leased. Effective as of the Expansion Effective Date, Section 2.1 of the Lease is deleted in its entirety (although Sections 2.1.1, 2.1.2 and 2.1.3 shall continue in full force and effect), and is replaced with the following:

2.1 Premises Leased. Effective as of the Expansion Effective Date, Landlord leases to Tenant and Tenant hereby leases from Landlord, the following (the "**Premises**"):

<u>FLOOR</u>	<u>RENTABLE SQUARE FEET</u>
P-1 Mail Room	2,185
3 rd	14,240
4 th	14,240
5 th	14,240
6 th	13,996
7 th	14,059
8 th	14,059
9 th	14,059
10 th	14,059
11 th	14,059
12 th	14,059
13 th	14,059
TOTAL	157,314

Calculation of the rentable square footage of the Building and Floors 3 through 5 the Premises will be made in accordance with the method of measuring rentable office space specified in the American National Standard Institute Publication Z65.1-1996 ("BOMA 1996"). Calculation of the rentable square footage for the remainder of the Premises will be made in accordance with BOMA 1996 commencing on June 1, 2003, and Tenant's Percentage Share of Operating Expenses will be readjusted accordingly. Calculation of the rentable square footage of the Building may include all of, and the rentable square footage of the Premises therefore may include a portion of, the square footage of the Building's common areas and any occupied space in the Building dedicated to the service of the Building.

6. Term. The Initial Term of the Lease for Floors 3 through 9 of the Premises shall be extended until May 31, 2013. The Initial Term of the Lease for Floors 10 through 13 of the Premises shall be extended until January 31, 2004.

7. Option to Extend. Provided there is no continuing and uncured default by Tenant under the Lease, Tenant shall have the right to extend the Term of the Lease for Floors 10 through 13 until May 31, 2013 (the "**Extension Option**") based on the same terms and conditions for the remainder of the Premises. The Extension Option may be exercised by Tenant by giving Landlord

at least nine (9) months written notice prior to January 31, 2004, of its election to exercise such right. In the event that Tenant has exercised its Extension Option in accordance with the terms and conditions of this Section, then Tenant shall also be entitled to receive a refurbishment allowance equal to Two Hundred Eighty-One Thousand One Hundred Eighty Dollars (\$281,180) based on Five Dollars (\$5.00) per rentable square foot to be used for refurbishment of Floors 10 through 13 of the Premises.

8. Rent. The Base Monthly Rent for the Expansion Space shall be \$1.60 per rentable square foot commencing upon the Expansion Effective Date. Commencing on June 1, 2003, the Base Monthly Rent on Floors 3 through 9 of the Premises shall be in the following amounts:

6/1/03 - 5/31/04	\$1.70 per rentable square foot
6/1/04 - 5/31/05	\$1.76 per rentable square foot
6/1/05 - 5/31/06	\$1.82 per rentable square foot
6/1/06 - 5/31/07	\$1.89 per rentable square foot
6/1/07 - 5/31/08	\$1.96 per rentable square foot
6/1/08 - 5/31/09	\$2.03 per rentable square foot
6/1/09 - 5/31/10	\$2.10 per rentable square foot
6/1/10 - 5/31/11	\$2.18 per rentable square foot
6/1/11 - 5/31/12	\$2.26 per rentable square foot
6/1/12 - 5/31/13	\$2.34 per rentable square foot

Commencing on June 1, 2003, through January 31, 2004, the Base Monthly Rent for Floors 10 through 13 of the premises shall be \$1.70 per rentable square foot. If Tenant elects to exercise its Extension Option, then the Base Monthly Rent for Floors 10 through 13 of the Premises for the remainder of the Term of the Lease shall be equal to the Base Monthly Rent for Floors 3 through 9 of the Premises for the remainder of the Term.

9. Tenant's Percentage Share of Operating Expenses. Section 12 of the Basic Lease Provisions of the Lease is hereby modified, effective as of the Expansion Effective Date, to provide that Tenant's Percentage Share of Operating Expenses shall be 46.66%, and the Rentable Area of the Building shall be 337,123.

10. Base Year. Section 19 of the Basic Lease Provisions of the Lease is hereby modified, effective as of the Expansion Effective Date, to provide that the Base Year shall be Calendar Year 2002.

11. Contraction Rights. Section 2.8 of the Lease is hereby deleted in its entirety and replaced with the following, effective as of the Expansion Effective Date:

Provided there is no continuing and uncured default by Tenant under the Lease, Tenant shall have a continuing right to reduce the amount of space then occupied by

Tenant in the Building (the "**Contraction Right**"). The Contraction Right may be exercised by Tenant commencing on May 1, 2006 and continuing during the Term of this Lease, provided Tenant shall give Landlord at least nine (9) months prior written notice of its election to exercise such right, and provided further that Tenant shall not be entitled to exercise such right more than one (1) time during any thirty-six (36) month period. If Tenant elects to exercise its Contraction Right, the amount of reduction of space shall be limited to the highest floor then occupied by Tenant and Tenant shall only be entitled to reduce the Premises by a full floor and shall not be entitled to reduce the Premises by any amount less than a full floor. Upon the exercise of any Contraction Right by Tenant, the applicable space shall no longer be a part of the Premises.

12. Use of Premises; Childcare Facility. Tenant shall have the right to use Floor 3 of the Building, including the Terrace and Park Area, as a childcare facility (the "**Childcare Facility**"), subject to the following conditions: (i) Tenant shall carry commercial general liability insurance with not less than \$2,000,000 per occurrence and \$2,000,000 general aggregate on a per location basis for bodily injury, death and property damage liability claims arising out of the operation of the Childcare Facility; (ii) Tenant shall protect, defend, hold harmless and indemnify Landlord from and against all claims, losses, damages, costs, expenses, and liabilities arising from the use and operation of the Childcare Facility; and (iii) Tenant shall use the Terrace entrance as the main entrance to the Childcare Facility. Tenant, or any assignee or subtenant of Tenant, shall not use any portion of the Premises for criminal law enforcement, social services, or any other use that would involve foot traffic and/or public invitees substantially greater than that existing in connection with Premises as of the Effective Date.

13. Right of First Offer. Section 2.7 of the Lease is hereby deleted in its entirety and replaced with the following, effective as of the Expansion Effective Date:

Provided there is no continuing and uncured default by Tenant under the Lease, and subject to any Superior Rights (as defined below), Landlord hereby grants to Tenant beginning upon execution of this Fourth Amendment and continuing during the term of the Lease and any renewal or extension thereof a continuous right of first offer on all available office space (each time it becomes available during the term of this Lease) within Floors 3 through 13 of the Building (the "**Right of First Offer**"). Prior to marketing any available office space within such floors of the Building for lease, Landlord shall give Tenant written notice of the availability of such space ("**First Offer Space**") and the terms upon which Landlord would be willing to lease such First Offer Space to Tenant ("**Offer Terms**"). Tenant shall have ten (10) business days after receipt of Landlord's notice to elect to exercise its Right of First Offer with respect to such First Offer Space. If Tenant does not timely exercise its Right of First Offer with respect to such First Offer Space, Tenant shall have no further Right of First Offer with respect to such First Offer Space and Landlord shall

have the unrestricted right to lease such First Right Space to any party upon any terms and conditions acceptable to Landlord so long as the rent thereunder (as adjusted to reflect other economic terms) is at least ninety five percent (95%) of the effective rental rate offered to Tenant. If Tenant elects to exercise its Right of First Offer, Tenant shall lease the First Offer Space on the Offer Terms. The Right of First Offer is secondary, subordinate and subject to (i) the existing rights of any party under any lease executed prior to the date of this Lease pertaining to the space on such floors (collectively, the "**Superior Leases**"), including any amendment or renewal of any Superior Leases, and (ii) all rights of expansion, first refusal, first offer or similar rights that exist as of the date of this Lease granted to tenants under any existing leases within the Building, including any amendment or renewal thereof (the rights described in items (i) and (ii) shall be collectively referred to as the "**Superior Rights**").

14. Option to Expand. Section 2.6 of the Lease is hereby deleted in its entirety effective as of the Expansion Effective Date. Other than as expressly set forth in this Fourth Amendment, Tenant shall have no right to expand the Premises.

15. Non-Disturbance Agreement. Within forty-five (45) days after a request from Tenant, and provided Tenant is not in default hereunder, Landlord shall provide Tenant with a non-disturbance agreement from any current lenders.

16. Miscellaneous. This Fourth Amendment may be executed in counterparts, each of which, taken together, shall constitute one fully executed original. Other than the Irving Hughes Group, Inc., Landlord and Tenant each represent and warrant to the other that they have not dealt with any broker, finder or other party who may be entitled to a commission, finder's fee, or other similar compensation in connection with this Fourth Amendment, and each party agrees to indemnify, defend, and hold the other party harmless from any claims, damages, liabilities, costs, or expenses (including, without limitation, attorneys' fees and costs) arising from or relating to any breach of the foregoing representation. Except as expressly modified by this Fourth Amendment, the Lease shall remain in full force and effect.

IN WITNESS WHEREOF, this Fourth Amendment is executed by Tenant, acting by and through its lawfully authorized officers, and by Landlord acting by and through its lawfully authorized officers.

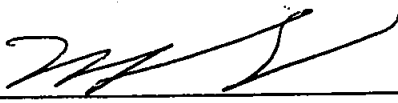
LANDLORD:

400 WEST BROADWAY, LLC, a California
limited liability company

By: Foxfire, L.L.C., an Arizona limited liability
company, its manager

By: Milro Corporation, an Arizona corporation,
manager

Date: 4/19, 2001

By: 
Mark A. Schlossberg
Its: Treasurer

TENANT:

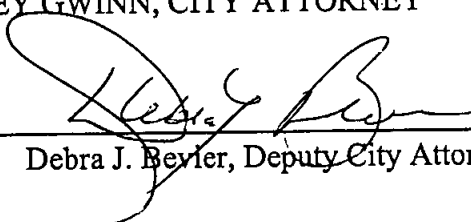
THE CITY OF SAN DIEGO, a California
municipal corporation

Date: 6/11, 2001

By: 
William T. Griffith, Real Estate Assets
Director

APPROVED AS TO FORM AND LEGALITY this _____ day of **JUN 5** **2001**, 2001.

CASEY GWINN, CITY ATTORNEY

By: 
Debra J. Beyler, Deputy City Attorney

WORK LETTER AGREEMENT

400 WEST BROADWAY, LLC, a California limited liability company, as Landlord, and THE CITY OF SAN DIEGO, a California municipal corporation, as Tenant, are executing simultaneously with this Work Letter Agreement ("Work Letter"), dated March 29, 2001, shall be made a part of that certain written Fourth Amendment to Office Lease (the "Fourth Amendment") covering approximately 42,720 rentable square feet on the third, fourth and fifth floors of that certain office building located at 600 Broadway Street, San Diego, California 92101 (the "Expansion Premises"). The Fourth Amendment amends that certain Office Lease dated as of October 17, 1991, filed in the Office of the City Clerk, San Diego, California, on November 25, 1991, as Document No. 00-17718 as amended on October 17, 1991, as Document No. 0-17718, and on September 18, 1997, as Document No. RR-289265, and on January 10, 2000, as Document No. 00-18805 (collectively, the "Lease"). Capitalized terms not otherwise defined in this Work Letter shall have the meaning given to them in the Lease.

This Work Letter defines the scope of Tenant Improvements (as defined below) which Landlord shall be obligated to construct or install in the Expansion Premises. If there is a conflict between the terms and provisions hereof and in the Lease, the terms and provisions of this Work Letter shall control. In order to induce Tenant to enter into the Fourth Amendment and in consideration of the mutual covenants hereinafter contained, Landlord and Tenant mutually agree as follows:

SECTION 1

TENANT'S SCHEMATIC DESIGN DOCUMENTS AND CONSTRUCTION DOCUMENTS

1.1 Preparation of Schematic Design Documents. Promptly after execution of this Work Letter, Tenant will cooperate with and submit to Maggatti Elam (the "Architect") the information required by the Architect ("Tenant Information") necessary for the Architect to prepare schematic design documents which include a layout and designation of all offices, rooms and other partitioning, their intended use, and equipment to be contained therein (the "Schematic Design Documents"). Landlord shall review and reasonably approve or disapprove of the Schematic Design Documents. Landlord's disapproval shall advise Tenant of modifications to the Schematic Design Document necessary to obtain Landlord's approval. If Tenant is so advised, Tenant shall promptly cause the Schematic Design Documents to be revised to correct any deficiencies or other matters Landlord may require and promptly deliver the revised documents to Landlord.

1.2 Preparation of Construction Documents. Subsequent to approval of the Schematic Design Documents, the Architect shall promptly provide Landlord a complete set of construction documents for Landlord's review and approval (the "**Construction Documents**"). Landlord shall advise Tenant of modifications required to secure Landlord's approval. If Tenant is so advised, Tenant shall promptly cause the Construction Documents to be revised to correct any deficiencies or other matters Landlord may require. The Construction Documents shall be permit ready and, once approved by Landlord, shall receive plan check approval from the City of San Diego. The Architect shall coordinate with the mechanical, electrical, sprinkler and plumbing subcontractor to provide the Construction Documents and calculations required for the Architect to secure a permit(s) for construction of the Tenant Improvements. Such documents shall include but shall not be limited to partition layout, reflected ceiling plans and electrical outlets, switches and telephone outlets and locations. The Architect shall coordinate the architectural, mechanical, electrical and plumbing drawings.

1.3 Design Team. Tenant shall utilize the Architect and the Contractor (as defined below) to complete all plans and documents required under this Work Letter. In order to ensure compliance with base building standards, the Building's structural engineer shall have the right to approve all items which are non-standard tenant improvements and which may affect the base building. Such items include but are not limited to interior stairwells and structural reinforcement necessary for Tenant's needs.

1.5 Record Drawings. Within ten (10) days after substantial completion of the Tenant Improvements, Architect or Contractor shall prepare record drawings of the Expansion Premises improvements from the Contractor as-built drawings and provide two (2) sets of the record drawings to Landlord.

SECTION 2

TENANT IMPROVEMENTS

2.1 Tenant Improvements. All improvements for the Expansion Premises to be constructed before Landlord delivers possession of the Expansion Premises to Tenant in substantial accordance with the Construction Documents shall constitute the "**Tenant Improvements.**" The Tenant Improvements are and shall remain Landlord's property and shall be surrendered to Landlord upon expiration or earlier termination of the Lease in accordance with the provisions of the Lease.

2.2 Expansion Premises Furnishings. It is expressly understood that Landlord's obligation to construct tenant improvements in the Expansion Premises is limited to construction of the Tenant Improvements specifically contemplated by the Construction Documents. Tenant shall be solely responsible for the performance and expense of the design, layout, provision, delivery and installation of any furniture, furnishings, telephone systems, office equipment, and any other personal property Tenant will use at the Expansion Premises, with the exception of any architectural

drawings or designs required for the outdoor play area, the cost of which will be charged against the Tenant Improvement Allowance. In arranging for the performance of any of the work referred to in the preceding sentence, Tenant shall adopt a schedule in conformance with the schedule of the Contractor and conduct its work in such a manner as to maintain harmonious labor relations so as not to interfere unreasonably with or delay the work of Landlord's contractors in substantially completing the Tenant Improvements:

SECTION 3

CONSTRUCTION OF TENANT IMPROVEMENTS

3.1 Construction of Tenant Improvements. After approval of the Construction Documents, Consolidated Construction (the "**Contractor**") shall use its diligent efforts to Substantially Complete (as defined below) the Tenant Improvements. The Expansion Effective Date shall not occur until the earlier of (i) the date that the Tenant Improvements are substantially complete, or (ii) the date upon which Tenant commences the conduct of business from the Expansion Space provided, however, the Expansion Effective Date shall not be delayed if Landlord is delayed in substantially completing the Tenant Improvements due to the following acts or omissions of Tenant (collectively, "**Tenant Delays**"):

3.1.1 Tenant's failure to comply with any time frames set forth herein or in the Lease or to promptly respond to any request for documents or additional information from Landlord;

3.1.2 Any changes in the Construction Documents requested by Tenant after Landlord's and Tenant's approval of the Construction Documents under Section 1, except for code requirements beyond the Tenant's control;

3.1.3 A breach by Tenant of the terms of this Work Letter or the Lease;

3.1.4 Changes to the shell or core of the Building required by the Construction Documents;

3.1.5 Tenant's request for materials, finishes, or installations other than the Building Standard items (other than the materials, finishes or installations standard for a child care facility);
or

3.1.6 Any other delay otherwise caused by Tenant, its agents, employees or contractors which operates to delay Landlord's Substantial Completion of the Tenant Improvements, as reasonably determined by Landlord.

3.2 Punchlist. Upon substantial completion of the Tenant Improvements and prior to delivery of possession of the Expansion Premises to Tenant, Landlord and Tenant shall inspect the Expansion Premises and the Tenant Improvements and develop a "**punchlist**" of corrective work

with respect to the Tenant Improvements. The punchlist shall be subject to Landlord's approval on the basis of whether the punchlist items are required by the Construction Documents. Landlord shall promptly commence the correction of all approved punchlist items and diligently pursue such work to completion. The punchlist procedure to be followed by Landlord and Tenant shall in no way limit Tenant's obligation to occupy the Expansion Premises nor shall it in any way excuse Tenant's obligation to pay Rent. Any repairs or corrections (including doors and framing missing) that need to be completed by Landlord that are requested to be done by the Contractor will be the Landlord's separate cost and not paid out of the Tenant Improvement Allowance.

3.3 Substantial Completion. As used in this Work Letter, the term "Substantial Completion" or "Substantially Complete" shall mean that the Expansion Premises have been approved for occupancy by the City of San Diego Building Inspection Department and that the Tenant Improvements have been completed in accordance with the approved Construction Documents, with the exception of minor details of construction, installation, decoration or mechanical adjustments commonly found on a punchlist, none of which materially interfere with Tenant's use or occupancy of the Expansion Premises. Substantial Completion of the Tenant Improvements shall be deemed to have occurred notwithstanding the requirement to complete the punchlist items or similar corrective work.

SECTION 4

TENANT IMPROVEMENT WORK

4.1 Tenant Improvements. Landlord agrees, at its sole cost and expense except as provided in this Section 4.1, to construct the Tenant Improvements within the Expansion Premises in accordance with the final pricing plan, attached hereto as Schedule 1 and incorporated herein by this reference (the "Final Pricing Plan") utilizing Landlord's Building Standard (as defined below) materials and finishes, except for the childcare facility, which shall use materials and finishes customary for a childcare facility. If the total cost to design and construct the Tenant Improvements (including costs of permits, design fees, payments to contractors, and all other soft and hard costs) for the Expansion Premises exceeds One Million One Hundred Thirty-Nine Thousand Two Hundred Dollars (\$1,139,200) based on Fifty Dollars (\$50.00) per rentable square foot for Floor 3 and Fifteen Dollars (\$15.00) per rentable square foot for Floors 4 and 5 (the "Maximum Cost"), then Tenant shall pay such excess costs to Landlord within 30 days after Substantial Completion of the Tenant Improvements.

*

4.2 Shell Construction. Landlord shall provide as part of the initial construction of the Building the following items: (i) core walls and elevator lobby areas drywalled and taped ready for Building Standard surface treatments; (ii) balance of core: exposed structure, unfinished concrete floors broom clean, Building Standard finish for painted door frames, Building Standard hardware; (iii) completed freight vestibule area; (iv) primary electrical system which will service the floor of the Building on which the Expansion Premises are located; (v) Building telephone room to have

*In the event the improvement costs exceed the Tenant Improvement Allowance provided by the Landlord, the City department requesting to spend the excess costs will be required to obtain City Council approval and identify the funding source prior to the commencement of the excess work.

floor sleeves to allow utility company to distribute service lines onto each floor (Tenant to locate phone system equipment in the Expansion Premises and provide cabling from equipment to termination in telephone room); (vi) men's and ladies' restroom facilities with Building Standard finishes located on each floor; (vii) sprinkler risers capped at the core walls; (viii) primary heating, ventilating and air conditioning system, including the main distribution loop; and (ix) life-safety systems as required by applicable building codes on an unoccupied basis.

4.4 Building Standard. Tenant shall utilize Landlord's building standard tenant improvement items ("**Building Standard**") or items of equal or higher quality to assure the consistent quality and appearance of the Building. In the preparation of Schematic Design Documents, Design Development Documents and Construction Documents, no deviation shall be permitted from the Building Standard with respect to entry doors and hardware, interior doors and hardware, entry graphics, ceiling systems, demising partitions, life safety systems or perimeter window coverings. Subject to Landlord's approval, which approval will not be unreasonably withheld, Tenant may deviate from the Building Standard as to partitions, floor coverings, wall finishes, special lighting fixtures, or other items as to which deviations may be permitted, provided that no deviation shall be of lesser quality than the Building Standard. Landlord will not approve of any deviations which (a) do not conform to applicable governmental regulations or are disapproved by any governmental agency, (b) that require services beyond the level normally provided to other tenants in the Building, (c) that because of fabrication time or other factors would delay the construction schedule (unless Tenant agrees that the Expansion Effective Date will not be extended by such delay), or (d) that in Landlord's reasonable opinion are of a nature or quality that are inconsistent with Landlord's overall plan or objectives for the Building. If Tenant elects to deviate from the Building Standard as provided above, Tenant shall be solely responsible for the additional cost thereof, which cost shall be charged against the Tenant Improvement Allowance or, if in excess of the amount of the Tenant Improvement Allowance, shall be paid to Landlord within thirty (30) days after the Substantial Completion of the Tenant Improvements. Notwithstanding anything to the contrary contained herein, Tenant shall be entitled to use materials, fixtures, and finishes which are customarily found in a childcare facility for that portion of the Expansion Premises which will be used as a childcare facility and the amount for such materials, fixtures, and finishes will be charged against the Tenant Improvement Allowance or, if in excess of the amount of the Tenant Improvement Allowance, shall be paid to Landlord within thirty (30) days after the Substantial Completion of the Tenant Improvements.

SECTION 5

CHANGE ORDERS

Tenant may authorize changes in the work during construction, only by written instructions to Landlord's Representative (designated in Section 11 below) on a form approved by Landlord. All such changes will be subject to Landlord's prior written approval, which shall be approved or disapproved by Landlord within five (5) business days of receipt. Prior to commencing any change,

Landlord will prepare and deliver to Tenant, for Tenant's approval, a change order (the "**Change Order**") setting forth the total costs of such change which will include associated architectural, engineering and construction contractor's fees. If Tenant fails to approve such Change Order within five (5) days after delivery by Landlord, Tenant will be deemed to have withdrawn the proposed Change Order and Landlord will not proceed to perform the change. Tenant shall be solely responsible for the additional cost related to any such Change Order; provided, however, that the cost of any Change Order shall be charged first against the Tenant Improvement Allowance and only the additional cost in excess of the Tenant Improvement Allowance shall be paid by Tenant in accordance with Section 4.1. Notwithstanding the foregoing, Tenant shall not be responsible for any additional cost related to any change required by code requirements or design error. Upon Landlord's receipt of Tenant's approval, Contractor will proceed to perform the change and Tenant will pay for such Change Order in accordance with Section 4.1.

SECTION 6

LANDLORD'S REVIEW

Landlord's review of the Construction Documents as set forth in this Work Letter shall be for the purposes as described herein and shall not imply Landlord's review of the same, or obligate Landlord to review the same, for quality, design, code compliance or other like matters. Accordingly, notwithstanding that any Construction Documents are reviewed by Landlord or any space planner, architect, engineer or consultant of Landlord and notwithstanding any advice or assistance which may be rendered to Tenant by Landlord or space planner, architect, engineer and consultant of Landlord, Landlord shall have no liability whatsoever in connection therewith and shall not be responsible for any omissions or errors contained in the Construction Documents.

SECTION 7

TENANT WORK

All finish work and decoration and other work desired by Tenant and not included within the Tenant Improvements as set forth in the approved Construction Documents (the "**Tenant Work**") shall be furnished and installed by Tenant at Tenant's sole cost. The Tenant Work will not be chargeable to Landlord nor shall any delay in installation of the Tenant Work result in any extension of the Expansion Effective Date. If any Tenant Work is not set forth on the approved Construction Documents, Tenant shall secure Landlord's prior consent for such Tenant Work in the same manner and following the same procedures provided for in Section 1 of this Work Letter. Tenant shall not commence the construction or installation of any improvements on the Expansion Premises, including, specifically, the Tenant Work, without Landlord's prior written approval of: Tenant's contractor or vendor, detailed plans and specifications for the Tenant Work, and a certificate(s) of insurance accurately showing that Tenant's contractor or vendor maintains insurance coverage in amounts, types, form and with companies reasonably acceptable to Landlord. All such certificates

or policies shall be endorsed to show Landlord as an additional insured and insurance shall be maintained by Tenant or Tenant's contractor at all times during the performance of the Tenant Work.

SECTION 8

TENANT AND LANDLORD OBLIGATIONS

8.1 Access and Entry. Landlord agrees to provide reasonable access as described herein to the Expansion Premises to Tenant and its agents, for the purpose of installing Tenant's fixtures and leasehold improvements, so long as such access does not interfere with the conduct of Landlord's construction or affect or delay Landlord's ability to bring the Expansion Premises to Substantial Completion. Tenant shall give Landlord not less than 5 business days prior written notice of the request to have access to the Expansion Premises, which notice must contain or be accompanied by (i) a description and schedule for the work to be performed by those persons and entities for whom such early access is being requested; (ii) the names and addresses of all contractors, subcontractors and material suppliers for whom such early access is being requested; and (iii) certificates of insurance naming Landlord as an additional insured in form and amount as reasonably acceptable to Landlord. Each of the foregoing shall be subject to Landlord's approval, which will not be unreasonably withheld. If Landlord, in its reasonable discretion, determines that the providing of such access may affect or delay its ability to bring the Expansion Premises to Substantial Completion, Landlord shall have the right to deny such access to Tenant and its agent until punchlist items have been identified as set forth in Section 3.2. The terms of such access may require that Tenant and Tenant's agents perform work at times and in the manner designated by Landlord, including nights, weekends and holidays. Also, Tenant and its agents may be required to utilize only certain elevators at certain times, as designated by Landlord. With respect to any approved Tenant Work, Tenant shall adopt a schedule in conformance with the schedule of Landlord's Contractor and conduct its work in such a manner as to maintain harmonious labor relations so as not to interfere unreasonably with or delay the work of Landlord's Contractor. Tenant's contractors and agents shall be subject to the supervision of Landlord's construction supervisor.

8.2 Risk of Loss. All materials, work, installations and decorations of any nature brought upon or installed in the Expansion Premises before the Expansion Effective Date shall be at the risk of the party who brought such materials or items onto the Expansion Premises. In the event that Landlord's work in the Expansion Premises and Tenant's work in the Expansion Premises (pursuant to the license granted herein) progress simultaneously, Landlord shall not be liable for injury to any person or for damage to any property of Tenant, Tenant's employees, agents, licensees or invitees, from any cause whatsoever, occurring upon or about the Expansion Premises, unless Landlord negligently causes the injury and/or damage, and Tenant shall indemnify and save Landlord harmless from any and all liability and claims arising out of or connected with any such injury or damage. Tenant agrees that it is liable to Landlord for any damage to the Expansion Premises or to any portion of the work in the Expansion Premises caused by Tenant or any of Tenant's employees, agents, licensees or invitees.

8.3 Compliance with Laws. The Tenant Work shall be done in conformity with applicable codes and regulations of governmental authorities having jurisdiction over the Project and the Expansion Premises and valid building permits and other necessary authorizations from appropriate governmental agencies shall be obtained when required. Any Tenant Work not acceptable to the applicable governmental authority or not reasonably satisfactory to Landlord shall be promptly replaced at Tenant's expense. Notwithstanding any failure by Landlord to object to any of the Tenant Work, Landlord shall have no responsibility therefor.

SECTION 9

LIENS

Tenant shall keep the Expansion Premises, the Building and all or any portion of the Project free from any mechanics', materialmen's or other liens arising out of any work performed upon or materials or furniture, fixtures or improvements delivered to the Expansion Premises incurred by or for Tenant or any person or entity claiming by, through or under Tenant; provided, however, that Tenant shall not be obligated to keep the Expansion Premises, the Building and the Project free from any mechanics', materialmen's or other liens arising out of any work performed upon or materials or improvements delivered to the Expansion Premises incurred in connection with the Landlord's construction of the Tenant Improvements. Landlord shall have the right at all times to post and keep posted on the Expansion Premises any notices which it deems necessary for its protection from such liens. If any such liens are filed and are not released of record by payment or posting of a proper bond within 10 days after such filing, Landlord may, without waiving its rights and remedies based on such breach by Tenant and without releasing Tenant from any obligations hereunder or under the Lease, cause such liens to be released by any means it shall deem proper, including payment of the claim giving rise to such lien in which event all amounts paid by Landlord shall immediately be due and payable by Tenant.

SECTION 10

TENANT'S REPRESENTATIVE

Tenant has designated Diana Monaco as its sole representative with respect to the matters set forth in this Work Letter, who shall have full authority and responsibility to act on behalf of Tenant as required in this Work Letter. Tenant may change its representative under this Work Letter at any time by providing 5 days prior written notice to Landlord. All inquiries, requests, instructions, authorizations and other communications with respect to matters covered by this Work Letter from Landlord will be made to Tenant's Representative.

SECTION 11

LANDLORD'S REPRESENTATIVE

Landlord has designated Mike Kennedy as its sole representative with respect to the matters set forth in this Work Letter, who shall have full authority and responsibility to act on behalf of Landlord as required in this Work Letter. Landlord may change its representative under this Work Letter at any time by providing 5 days prior written notice to Tenant. All inquiries, requests, instructions, authorizations and other communications with respect to the matters covered by this Work Letter from Landlord will be made to Tenant's representative. Tenant will communicate solely with Landlord's Representative and will not make any inquiries of or requests to, and will not give any instructions or authorizations to, any other employee or agent of Landlord, including Landlord's architect, engineers, and contractors or any of their agents or employees, with regard to matters covered by this Work Letter.

SECTION 12

MISCELLANEOUS

12.1 Landlord's Approval Rights. Landlord may withhold its approval of the Tenant's Schematic Design Documents, including any revisions requested by Tenant, Tenant's Design Development Documents, Construction Documents, Change Orders or other work requested by Tenant which require work which: (i) exceeds or affects the structural integrity of the Building, or any part of the heating, ventilating, air conditioning, plumbing, mechanical, electrical, communication or other systems of the Building; (ii) is not approved by the holder of any mortgage or deed of trust encumbering the Building at the time the work is proposed; (iii) would not be approved by a prudent owner of property similar to the Building; (iv) violates any agreement which affects the Building or binds Landlord; (v) Landlord reasonably believes will increase the cost of operation or maintenance of any of the systems of the Building; (vi) Landlord reasonably believes will reduce the market value of the Expansion Premises or Building at the end of the Lease Term; (vii) does not conform to applicable building codes or is not approved by any governmental authority with jurisdiction over the Expansion Premises; (viii) is not a Building Standard item or an item of equal or higher quality; (ix) in Landlord's determination detrimentally affects the uniform exterior appearance of the Building; or (x) is reasonably disapproved by Landlord for any other reason not set forth herein.

12.2 Time of the Essence. Time is of the essence as to each and every term and provision of this Work Letter. In all instances where Tenant is required to approve an item, if no written notice of disapproval is given within the stated time period at the end of said period the item shall automatically be deemed approved and the next succeeding time period shall commence. Except as otherwise provided, all references herein to a "number of days" shall mean and refer to calendar days.

12.3 Incorporation of Lease. This Work Letter is and shall be incorporated by reference in the Lease and all of the terms and provisions of the Lease are incorporated herein for all purposes. Any default by Tenant hereunder also constitutes a default under the Lease. In the event of any default by Tenant under this Work Letter or under the Lease then (i) in addition to all other rights and remedies granted to Landlord pursuant to the Lease, Landlord may cause Contractor to cease the construction of the Tenant improvements (in which case Tenant shall be responsible for any delay in the Substantial Completion of the Expansion Premises and such action shall be deemed to be a Tenant Delay as set forth in Section 3.1 of this Work Letter), and (ii) all other obligations of Landlord under the terms of this Work Letter and the Lease shall be forgiven until such time as such default is cured pursuant to the terms of the Lease.

12.4 Counterparts. This Work Letter may be executed in counterparts, each of which shall be deemed an original, but all of which together constitute one instrument.

12.5 Attorneys' Fees. In any action to enforce or interpret the terms of this Agreement, the party prevailing in that action shall be entitled to recover its reasonable attorneys' fees and costs of suit, both at trial and on appeal.

[Remainder Of Page Intentionally Left Blank]

IN WITNESS WHEREOF, Landlord and Tenant have executed this Work Letter acting by and through its lawfully authorized officers.

LANDLORD:

400 WEST BROADWAY LLC, a California limited liability company

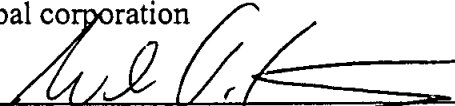
By: Foxfire, L.L.C., an Arizona limited liability company, its manager

By: Milro Corporation, an Arizona corporation, its manager

By: 
Mark A. Schlossberg
Its: Treasurer

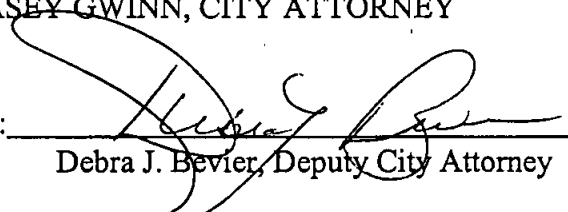
TENANT:

THE CITY OF SAN DIEGO, a California municipal corporation

By: 
William T. Griffith, Real Estate Assets Director

APPROVED AS TO FORM AND LEGALITY this _____ day of **JUN 5 2001**, 2001.

CASEY GWINN, CITY ATTORNEY

By: 
Debra J. Bevier, Deputy City Attorney

SCHEDULE 1

FINAL PRICING SCHEDULE

[To Be Attached]

COPY

THIRD AMENDMENT TO OFFICE LEASE

This Third Amendment to Office Lease is made and entered into as of January 10, 2000, by and between 400 WEST BROADWAY, LLC, a California limited liability company ("Landlord"), and THE CITY OF SAN DIEGO, a California municipal corporation ("Tenant") with respect to the facts set forth below.

RECITALS

A. Kowa Real Estate California, Inc., a California corporation (the "Original Landlord"), and Tenant entered into an Office Lease dated as of October 17, 1991, filed in the Office of the City Clerk, San Diego, California, on November 25, 1991, as Document No. 00-17718 as amended on October 17, 1991, as Document No. 0-17718, and on September 18, 1997, as Document No. RR-289265 ("Lease"). The Lease covers certain space within the building located at 600 B Street, San Diego, California (the "Building").

B. Landlord owns the Building and is the successor in interest to the Original Landlord's rights under the Lease.

C. On February 26, 1999, Tenant notified Landlord of its election to terminate the Lease with respect to floors 3 through 6 of the Building pursuant to Section 2.9 of the Lease ("Termination Letter"). In addition, pursuant to the Termination Letter, Tenant notified Landlord of its desire to exercise its Contraction Right pursuant to Section 2.8 of the Lease with respect to a portion of the Premises.

D. The parties desire to amend the Lease (i) to reflect the termination of the Lease with respect to floors 3, 4 and 5 of the Building ("Termination Space"), (ii) to reflect that Tenant will continue to lease floor 6 of the Building in accordance with the Lease notwithstanding the Termination Letter, (iii) to confirm Tenant's election to rescind the exercise of its Contraction Right pursuant to the Termination Letter, (iv) to reflect Tenant's waiver of its termination and contraction rights under the Lease for the remainder of the Initial Term of the Lease, and (v) to reflect such other matters as are set forth below.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficient of which are hereby acknowledged, the parties agree as set forth below.

1. Defining Terms. All terms with initial capital letters used herein but not otherwise defined shall have the respective meanings set forth in the Lease.

2. Exercise of Cancellation Rights. Pursuant to Section 2.9 of the Lease and the Termination Letter, the parties acknowledge and agree that the Lease will terminate with respect to floors 3, 4 and 5 of the Building effective as of August 25, 2000 ("Termination Date"). From and

1 DOCUMENT NO. 00-18805

FILED MAY 15 2000

OFFICE OF THE CITY CLERK
SAN DIEGO, CALIFORNIA

after the Termination Date, Landlord and Tenant shall be relieved of all obligations under this Lease with respect to such portion of the Premises except for those occurring prior to the Termination Date and Tenant shall no longer have the First Right To Lease under Section 2.7 of the Lease with respect to the Termination Space. On the Termination Date, Tenant will deliver possession of such portion of the Premises to Landlord in accordance with the provisions of the Lease, as if the Termination Date were the expiration date of this Lease.

3. Tenant's Percentage Share of Operating Expenses. Section 12 of the Basic Lease Provisions of the Lease is hereby modified, effective as of the Termination Date, to provide that Tenant's Percentage Share of Operating Expenses shall be 34%.

4. Sixth Floor. Tenant hereby rescinds the Termination Letter with respect to the sixth floor of the Building and the Lease shall continue in full force and effect with respect to the sixth floor notwithstanding the Termination Letter.

5. Premises Leased. Effective as of the Termination Date, Section 2.1 of the Lease is deleted in its entirety (although Sections 2.1.1, 2.1.2 and 2.1.3 shall continue in full force and effect), and is replaced with the following:

2.1 Premises Leased. Effective as of the Termination Date, Landlord leases to Tenant and Tenant hereby leases from Landlord, the following (the "Premises"):

<u>FLOOR</u>	<u>RENTABLE SQUARE FEET</u>
P-1 Mail Room	2,185
6 th	13,996
7 th	14,059
8 th	14,059
9 th	14,059
10 th	14,059
11 th	14,059
12 th	14,059
13 th	14,059
TOTAL	114,594

6. Contraction Rights. Tenant hereby rescinds its election to exercise its Contraction Right pursuant to the Termination Letter. In addition, Section 2.8 of the Lease is hereby modified to provide that Tenant shall not have the right to exercise the Contraction Right during the Initial Term which expires on May 31, 2003.

7. Right to Cancel Lease. Section 2.9 of the Lease is hereby amended to provide that Tenant shall have no further right to exercise the Cancellation Right during the Initial Term.

8. Miscellaneous. This Amendment may be executed in counterparts, each of which, taken together, shall constitute one fully executed original. Landlord and Tenant each represent and warrant to the other that they have not dealt with any broker, finder or other party who may be entitled to a commission, finder's fee, or other similar compensation in connection with this Amendment, and each party agrees to indemnify, defend, and hold the other party harmless from any claims, damages, liabilities, costs, or expenses (including, without limitation, attorneys' fees and

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costs) arising from or relating to any breach of the foregoing representation. Except as expressly modified by this Amendment, the Lease shall remain in full force and effect.

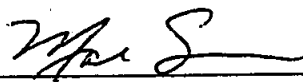
IN WITNESS WHEREOF, the parties have executed this Amendment as of the date set forth above.

LANDLORD:

400 WEST BROADWAY, LLC, a California
limited liability company

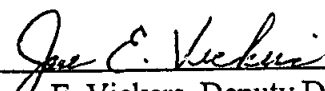
By: Foxfire, L.L.C., an Arizona limited liability
company, its manager

By: Milro Corporation, an Arizona corporation,
manager

By: 
Mark A. Schlossberg
Its: Treasurer

TENANT:

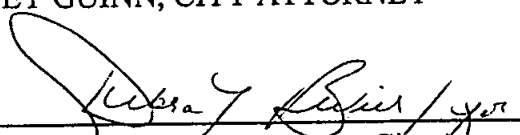
THE CITY OF SAN DIEGO, a California
municipal corporation

By: 
Jane E. Vickers, Deputy Director
Real Estate Assets Department

By: _____
Its: _____

APPROVED AS TO FORM AND LEGALITY this 23rd day of May, 2000.

CASEY GUINN, CITY ATTORNEY

By: 
Prescilla Dugard, Deputy City Attorney

0 18805

MAY 15 2000

SECOND AMENDMENT TO OFFICE LEASE

THIS SECOND AMENDMENT TO OFFICE LEASE ("Amendment") is made an entered into as of September 18, 1997, by and between 400 West Broadway, LLC, a California limited liability company ("Landlord"), and The City of San Diego, a California municipal corporation ("Tenant"), with respect to the facts set forth below.

RECITALS

A. Kowa Real Estate California, Inc., a California corporation ("Original Landlord"), and Tenant entered into that certain Office Lease dated as of October 17, 1991 ("Lease"), as amended on October 17, 1991. Landlord is the successor to the Original Landlord's interest in the Lease.

B. Pursuant to Section 2.6 of the Lease, Tenant desires to exercise its option to expand the Premises to include the entire seventh (7th) floor of the Building containing fourteen thousand fifty-nine (14,059) rentable square feet ("Expansion Space"), on the terms and conditions set forth below.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as set forth below.

1. Defined Terms. Terms with initial capitalized letters that are not otherwise defined herein shall have the respective meanings set forth in the Lease.

2. Expansion Space. Pursuant to Section 2.6 of the Lease, Tenant hereby exercises its Expansion Option with respect to the Expansion Space. The Expansion Space is part of the Must Take Space referred to in Section 2.1 of the Lease. Base Monthly Rent for the Expansion Space shall be determined in accordance with Section 2.6.4 of the Lease. The term for the Expansion Space shall commence upon the earlier of Tenant's occupancy or thirty (30) days after Substantial Completion of such space (which Substantial Completion is expected to occur on or about January 5, 1998) in accordance with Section 2.6.2 of the Lease ("Expansion Commencement Date") and shall end contemporaneously with the expiration of the Term (as the same may be extended). The Expansion Space will be improved pursuant to Section 2.6.2 of the Lease and Exhibit "G" to the Lease, except that Exhibit "G" is hereby modified to provide that Landlord's Space Planner shall be Carrier Design Group and that Tenant's Representative shall be Kirt Gilliland of The Irving Hughes Group, Inc. All terms and conditions of the Lease will apply to the Expansion Space. Tenant acknowledges and agrees that it shall have no further Expansion Option and that Tenant shall not have the right to further expand the Premises except as provided in Section 2.7 of the Lease.

3. Demised Premises and Tenant's Percentage Share. Effective as of the Expansion Commencement Date, (a) the rentable area of the Premises shall be increased to 155,613 square feet, (b) the usable area of the Premises shall be increased to 137,193 square feet, (c) Tenant's

DOCUMENT NO. **RR-289265**

FILED **OCT 07 1997**

OFFICE OF THE CITY CLERK
SAN DIEGO, CALIFORNIA

Percentage Share shall be increased to 46.307 percent, and (d) the Base Monthly Rent for the Premises shall be \$189,847.86 per month (adjusted Base Monthly Rent of \$185,179.47 per month) until June 1, 1998. Tenant has elected not to obtain any parking spaces with respect to the Expansion Space, and therefore, Tenant shall pay adjusted Base Monthly Rent with respect to the Expansion Space. Thereafter, Base Monthly Rent shall be increased in accordance with the Notice of Lease Term Dates and Tenant's Percentage Share dated July 21, 1993.

4. Addresses for Notice. Section 14 of the Basic Lease Provisions is hereby modified to provide that the address for notices to Landlord shall be as follows:

Comerica Bank Building
600 "B" Street, Suite 1480
San Diego, California 92101
Attn: Building Manager

With a copy to:

400 West Broadway, LLC
402 West Broadway, Suite 1290
San Diego, California 92101
Attn: Leasing Representative

5. Miscellaneous. Other than The Irving Hughes Group, Inc. ("Broker"), Tenant represents that it has not dealt with any broker in connection with this Amendment and Tenant is not aware of any broker that negotiated this Amendment or is entitled to any commission in connection herewith. Tenant agrees to indemnify, defend and hold Landlord harmless from all claims, liabilities, costs and expenses (including attorneys' fees) arising from or relating to any claim for a commission, finder's fee or similar compensation by any party other than Broker relating to this transaction as a result of Tenant's actions. Except as expressly amended hereby, all of the terms, covenants, conditions, provisions and agreements of the Lease shall remain in

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full force and effect. This Amendment may be executed in counterparts, each of which, when taken together, shall be deemed one fully executed original.

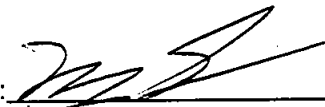
IN WITNESS WHEREOF, the parties have executed this Amendment as of the date set forth above.

LANDLORD:

400 West Broadway, LLC, a California
limited liability company

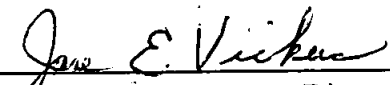
By: Foxfire, L.L.C., an Arizona limited
liability company, its Manager

By: Milro-Corporation, an Arizona
corporation, its Manager

By: 
Its: TREASURER

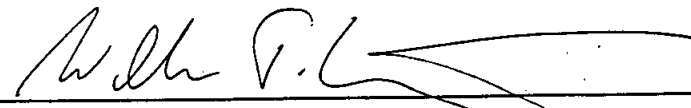
TENANT:

The City of San Diego, a California municipal corporation

By: 
Jane E. Vickers, Deputy Director
Real Estate Assets Department

APPROVED as to form and legality this 17th day of October, 1997

CASEY GWINN, City Attorney

By: 
William T. Griffith, Deputy City Attorney



THE CITY
SAN DIEGO

OFFICE SPACE PROJECT

EXECUTIVE COMPLEX • 1010 SECOND AVENUE • SUITE 1600 • SAN DIEGO, CA 92101

OFFICE OF THE
CITY MANAGER

(619) 533-3740
FAX: 533-3745

August 30, 1993

Molly A. Dohm
Building Manager
Williams Partners
600 B Street, Suite 2000
San Diego, CA 92101

RE: Non-Disturbance and Attornment Agreement

Dear Molly:

Enclosed are City-executed original nine counterparts of the referenced agreement. Thank you for your diligence in completing this document.

Sincerely,


Don Barone
Management Assistant to the City Manager

DB/bh

enclosures



DIVERSITY
BRINGS US ALL TOGETHER

WILLIAMS PARTNERS

600 B Street, Suite 2000
San Diego, CA 92101
(619) 234-5600
FAX (619) 234-7917

ENTFRED

AUG 27 1993

OFFICE SPACE PROJECT

August 26, 1993

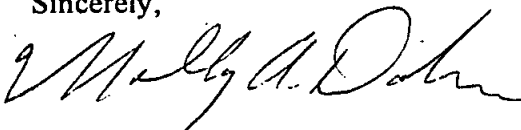
Mr. Richard Wilken
City of San Diego
Office Space Project
1010 Second Avenue
Suite 1600
San Diego, CA 92101

Re: Nondisturbance and Attornment Agreement
600 B Street, San Diego

Dear Dick:

Please find enclosed nine (9) original agreements from each ground lessor for your review and signature. After execution, keep one copy for your office and please forward the nine originals back to our offices. Thank you.

Sincerely,



Molly A. Dohm
Building Manager

cc: City Lease File

NONDISTURBANCE AND ATTORNMENMENT AGREEMENT
(South Parcels)

This agreement (the "Agreement") is executed on June 14, 1993 1993, and is made effective as of October 17, 1991, between

- a. Cotton Family Trust, dated November 10, 1982, by Joan Cairncross, Trustee, whose address is 1538 Yost Drive, San Diego, California 92109,
- b. Joan Cairncross, whose address is 1538 Yost Drive, San Diego, California 92109,
- c. Virginia L. Cotton, whose address is Box 718, Rockaway, Oregon 97136,
- d. James E. Cotton, whose address is Box 1358, Fort Bragg, California 95437,
- e. Elizabeth J. Cotton, whose address is 1065 Crest Drive, Encinitas, California 92024,
- f. Jane Fletcher, whose address is c/o Willis Fletcher Co., 530 Broadway, Suite 1048, San Diego, California 92101,
- g. Susan Randerson, whose address is 831 Golden Park Avenue, San Diego, California 92106,
- h. Mary Harker, whose address is 3144 Elliott Street, San Diego, California 92106,
- i. Mary E. Harker Trust, dated November 21, 1991, by Mary E. Harker, Trustee, whose address is 3144 Elliott Street, San Diego, California 92106,
- j. Fletcher-Hoppe Family Trust, dated July 5, 1990, by Diane Fletcher-Hoppe and Carl F. Hoppe, Trustees, whose address is 3155 Thatcher Avenue, Marina Del Rey, California 90292,
- k. Diane Fletcher, whose address is 3155 Thatcher Avenue, Marina Del Rey, California 90292,
- l. Walter Ames Private Irrevocable Trust, by Wells Fargo Bank, Trustee, c/o Wells Fargo Bank Private Banking, Attention Danny Flowers, whose address is 101 West Broadway, #301, San Diego, California 92101,
- m. John M. Percival Revocable Trust, dated March 14,

1985, by John M. Percival, Trustee, whose address is 301 Carpenter Drive, Hollister, California 95023,

- n. Jane Cotton Fletcher Separate Property Trust, dated June 12, 1987, by Willis N. Fletcher, Trustee, whose address is 530 Broadway #1048, San Diego, California 92101,
- o. Marguerite R. Ames, Private Irrevocable Trust by Wells Fargo Bank, Co-Trustee, c/o Wells Fargo Bank Private Banking, Attention Danny Flowers, whose address is 101 West Broadway #301, San Diego, California 92101,
- p. June A. Trapnell Trust, by Frank A. Frye III, Trustee, whose address is 1475 Sixth Avenue, Suite 309, San Diego, California 92101, and
- q. Frank A. Frye Testamentary Trust, by Frank A. Frye III, Trustee, whose address is 1475 Sixth Avenue, Suite 309, San Diego, California 92101

The foregoing parties "a" through "q" are collectively referred to as the "Ground Lessor";

- r. Kowa Real Estate California, Inc., a California corporation (the "Landlord"), whose address is c/o Bank of America, NT&SA, 560 Davis Street, San Francisco, California 94111, Attn: Asset Manager; and
- s. The City of San Diego, a Municipal corporation (the "Tenant"), whose address is City Manager, City Administration Building, 202 "C" Street, MS 9B, San Diego, California 92101-4155, Attn: Property Director

who agree as follows:

1. Recitals. This agreement is made with reference to the following facts and objectives:

a. The Ground Lessor is the owner in fee simple title of real property located in the City of San Diego, County of San Diego, California, described in Exhibit "A" attached to this Agreement and made a part of it (the "Real Property").

b. On June 28, 1963, the predecessor of the Ground Lessor leased, by five (5) separate leases, to the predecessor of the Resolution Trust Corporation, as Receiver for Great American Bank (the "Master Landlord"), and the predecessor of the Master

Landlord leased from the predecessor of the Ground Lessor, the Real Property. Each of the five (5) leases was amended on September 28, 1971. The five (5) leases and five (5) lease amendments are collectively referred to as the "Ground Lease". The Tenant acknowledges receipt of a copy of the Ground Lease.

c. On November 1, 1971, a predecessor of the Master Landlord as sublessor entered into a sublease with a predecessor of the Landlord as sublessee. This shall be referred to as the "Sublease". The Tenant acknowledges receipt of a copy of the Sublease.

d. The predecessor of the Landlord constructed a twenty-three story office building, parking garage, and related improvements (the "Office Building") on the Real Property and adjoining parcels of real property.

e. The Landlord is currently the assignee of the sublessee under the Sublease and also owns the Office Building.

f. On October 17, 1991, the Landlord and the Tenant entered into a lease of a portion of the Office Building (the "Premises"), a copy of which lease the Ground Lessor and the Landlord have received. The lease shall be referred to as the "Office Lease".

g. The immediate predecessor of the Landlord as lessee under the Ground Lease and as lessor under the Sublease is Great American Federal Savings Association, which has assigned its interests under the Ground Lease (as lessee) and the Sublease (as lessor) to the Landlord.

h. The parties desire, under the provisions set forth in this Agreement, to assure to the Tenant, possession of the Premises for the entire term of the Office Lease even if the Landlord defaults under the Ground Lease, the Landlord defaults under the Sublease, or the Ground Lease or Sublease terminates before expiration of the Office Lease.

2. Ground Lessor's and Landlord's Consent to Office Lease. The Ground Lessor's consent to the Landlord and the Tenant entering into the Office Lease is not required under the Ground Lease or the Sublease.

3. Attornment. If, after expiration of the applicable period that the Landlord has in which to cure a default, the Landlord defaults under the groundlease or the Sublease, the Ground Lessor shall notify the Tenant of the default. On receipt of the notice from the Ground Lessor the Tenant shall attorn to the Ground Lessor and perform all the Tenant's obligations under the Office Lease directly to the Ground Lessor as if the Ground Lessor were the Landlord under the Office Lease. If the Tenant is not, at the

time of the notice, in default, the Ground Lessor shall continue to recognize the estate of the Tenant created under the Office Lease. If the Tenant is not in default, the Office Lease shall continue with the same force and effect as if the Ground Lessor and the Tenant had entered into a Office Lease on the same provisions as those contained in the Office Lease, including, without limitation, the Tenant's right to extend the term of the Office Lease.

4. Termination of Ground Lease or Sublease by Condemnation. If the Ground Lease terminates as provided in paragraph XV of the Ground Lease or if the Sublease terminates as provided in paragraph XVI of the Sublease, the Office Lease also shall terminate on the date the Ground Lease or the Sublease terminates.

5. Tenant's Liability to Landlord. From the date the Tenant attorns to the Ground Lessor as provided in this Agreement, the Tenant shall not be further liable to the Landlord for performance under the Office Lease. The Landlord shall return to the Tenant, immediately on the Tenant's demand, any prepaid sums that the Tenant paid to the Landlord under the provisions of the Office Lease. The Landlord represents and warrants that the Tenant has not prepaid rent nor paid any security deposit to the Landlord, and the Landlord shall not collect any prepaid rent or security deposit from the Tenant.

6. Conditions of Ground Lessor's Recognition and Tenant's Attornment. The Ground Lessor's obligation to recognize the Tenant's rights under the Office Lease, and the Tenant's obligation to attorn to the Ground Lessor are subject to the following:

a. The Ground Lessor and the Tenant, from the date of recognition and attornment, shall have the same rights that can be enforced against each other as the Landlord and the Tenant have that can be enforced against each other under the Office Lease. The Ground Lessor shall not be liable for any act or omission of the Landlord and its authorized representatives, shall not be subject to any offsets or defenses that the Tenant has against the Landlord, and shall not be bound by any prepaid rent, security deposit, or other prepaid sum that the Tenant hereafter may have paid in advance to the Landlord.

b. The Ground Lessor and the Tenant immediately shall enter into a written agreement with the same provisions as those in the Office Lease, except for any changes that are necessary because of the substitution of the Ground Lessor in the place of the Landlord.

7. Miscellaneous

a. No Effect on Ground Lease or Sublease. Nothing in this Agreement shall be deemed to change in any manner the provi-

sions of the Ground Lease or the Sublease as between the Ground Lessor and the Landlord, to impose any obligation on Ground Lessor as to the Landlord, or to waive any right that the Ground Lessor may now have or later acquire against the Landlord by reason of the Ground Lease or the Sublease.

b. Attorneys' Fees. If any party commences an arbitration or an action against any of the other parties arising out of or in connection with this Agreement, the prevailing party shall be entitled to recover from the losing party reasonable attorneys' fees and costs of suit.

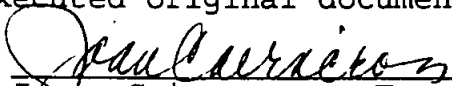
c. Notice. Any notice, demand, request, consent, approval, or communication that any party desires or is required to give to another party or any other person shall be in writing and either served personally or sent by prepaid, certified or registered mail, return receipt requested. Any notice, demand, request, consent, approval, or communication that any party desires or is required to give to the other party shall be addressed to the other party at the address set forth in the introductory paragraph of this Agreement. Any party may change its address by notifying the other parties of the change of address. Notices shall be deemed communicated within forty-eight (48) hours from the time of mailing if mailed as provided in this paragraph.

d. Any controversy or claim arising out of or relating to this agreement, or the breach thereof, shall be settled by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association, in San Diego, California, and judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof.

e. Successors. This agreement shall be binding on and inure to the benefit of the parties and their successors.

f. Counterparts. This Agreement may be executed in counterparts, and the signature pages may be attached to identical instruments to create fully executed original documents.

GROUND LESSOR:


Joan Cairncross, Trustee of the
Cotton Family Trust dated November
10, 1982

Joan Cairncross

[continued]

Virginia L. Cotton

sions of the Ground Lease or the Sublease as between the Ground Lessor and the Landlord, to impose any obligation on Ground Lessor as to the Landlord, or to waive any right that the Ground Lessor may now have or later acquire against the Landlord by reason of the Ground Lease or the Sublease.

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c. Notice. Any notice, demand, request, consent, approval, or communication that any party desires or is required to give to another party or any other person shall be in writing and either served personally or sent by prepaid, certified or registered mail, return receipt requested. Any notice, demand, request, consent, approval, or communication that any party desires or is required to give to the other party shall be addressed to the other party at the address set forth in the introductory paragraph of this Agreement. Any party may change its address by notifying the other parties of the change of address. Notices shall be deemed communicated within forty-eight (48) hours from the time of mailing if mailed as provided in this paragraph.

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e. Successors. This agreement shall be binding on and inure to the benefit of the parties and their successors.

f. Counterparts. This Agreement may be executed in counterparts, and the signature pages may be attached to identical instruments to create fully executed original documents.

GROUND LESSOR:

Joan Cairncross, Trustee of the
Cotton Family Trust dated November
10, 1982


Joan Cairncross

[continued]

Virginia L. Cotton

sions of the Ground Lease or the Sublease as between the Ground Lessor and the Landlord, to impose any obligation on Ground Lessor as to the Landlord, or to waive any right that the Ground Lessor may now have or later acquire against the Landlord by reason of the Ground Lease or the Sublease.

b. Attorneys' Fees. If any party commences an arbitration or an action against any of the other parties arising out of or in connection with this Agreement, the prevailing party shall be entitled to recover from the losing party reasonable attorneys' fees and costs of suit.

c. Notice. Any notice, demand, request, consent, approval, or communication that any party desires or is required to give to another party or any other person shall be in writing and either served personally or sent by prepaid, certified or registered mail, return receipt requested. Any notice, demand, request, consent, approval, or communication that any party desires or is required to give to the other party shall be addressed to the other party at the address set forth in the introductory paragraph of this Agreement. Any party may change its address by notifying the other parties of the change of address. Notices shall be deemed communicated within forty-eight (48) hours from the time of mailing if mailed as provided in this paragraph.

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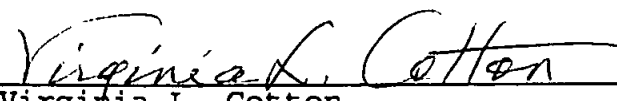
e. Successors. This agreement shall be binding on and inure to the benefit of the parties and their successors.

f. Counterparts. This Agreement may be executed in counterparts, and the signature pages may be attached to identical instruments to create fully executed original documents.

GROUND LESSOR:

Joan Cairncross, Trustee of the
Cotton Family Trust dated November
10, 1982

Joan Cairncross


Virginia L. Cotton

[continued]

James E. Cotton
James E. Cotton

Elizabeth J. Cotton

Jane Fletcher

Susan Randerson

Mary Harker

Mary E. Harker, Trustee of the Mary
E. Harker Trust dated November 21,
1991

Diane Fletcher-Hoppe, Trustee of the
Fletcher-Hoppe Family Trust dated
July 5, 1990

Carl F. Hoppe, Trustee of the
Fletcher-Hoppe Family Trust dated
July 5, 1990

Diane Fletcher

Wells Fargo Bank, Trustee of the
Walter Ames Private Irrevocable
Trust

[continued]

James E. Cotton



Elizabeth J. Cotton

Jane Fletcher

Susan Randerson

Mary Harker

Mary E. Harker, Trustee of the Mary
E. Harker Trust dated November 21,
1991

Diane Fletcher-Hoppe, Trustee of the
Fletcher-Hoppe Family Trust dated
July 5, 1990

Carl F. Hoppe, Trustee of the
Fletcher-Hoppe Family Trust dated
July 5, 1990

Diane Fletcher

Wells Fargo Bank, Trustee of the
Walter Ames Private Irrevocable
Trust

[continued]

James E. Cotton

Elizabeth J. Cotton

Jane Fletcher

Susan Randerson
Susan Randerson

Mary Harker
Mary Harker

Mary E. Harker Trustee
Mary E. Harker, Trustee of the Mary
E. Harker Trust dated November 21,
1991

Diane Fletcher-Hoppe
Diane Fletcher-Hoppe, Trustee of the
Fletcher-Hoppe Family Trust dated
July 5, 1990

Carl F. Hoppe
Carl F. Hoppe, Trustee of the
Fletcher-Hoppe Family Trust dated
July 5, 1990

Diane Fletcher
Diane Fletcher

Wells Fargo Bank, Trustee of the
Walter Ames Private Irrevocable
Trust

[continued]

James E. Cotton

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Jane Fletcher

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Mary E. Harker, Trustee of the Mary
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1991

Diane Fletcher-Hoppe, Trustee of the
Fletcher-Hoppe Family Trust dated
July 5, 1990

Carl F. Hoppe, Trustee of the
Fletcher-Hoppe Family Trust dated
July 5, 1990

Diane Fletcher

By: Larry Flowers v.p.
Wells Fargo Bank, Trustee of the
Walter Ames Private Irrevocable
Trust

[continued]

John M. Percival, Trustee of the
John M. Percival Revocable Trust
dated March 14, 1985

Willis N. Fletcher
Willis N. Fletcher, Trustee of the
Jane Cotton Fletcher Separate
Property Trust dated June 12, 1987

Wells Fargo Bank, as Co-Trustee of
the Marguerite R. Ames Private
Irrevocable Trust

Frank A. Frye III, as Trustee of the
June A. Trapnell Trust

Frank A. Frye III, as Trustee of the
Frank A. Frye Testamentary Trust

LANDLORD:

Kowa Real Estate California, Inc., a
California corporation

By: Bank of America, NT&SA
Its Agent

By: Steven W. England [Name]
Its Vice President [Title]
Steven W. England
Vice President

TENANT:

The City of San Diego, a municipal
corporation

By: Dea Barone Management [Name]
Assistant to the City Manager [Title]

JOHN W. WITT, CITY ATTORNEY

John W. Witt
CHIEF DEPUTY CITY ATTORNEY

John M. Percival, Trustee of the
John M. Percival Revocable Trust
dated March 14, 1985

Willis N. Fletcher, Trustee of the
Jane Cotton Fletcher Separate
Property Trust dated June 12, 1987

By: Henry Flowers V.P.
Wells Fargo Bank, as Co-Trustee of
the Marguerite R. Ames Private
Irrevocable Trust

Frank A. Frye III, as Trustee of the
June A. Trapnell Trust

Frank A. Frye III, as Trustee of the
Frank A. Frye Testamentary Trust

LANDLORD:

Kowa Real Estate California, Inc., a
California corporation

By: Bank of America, NT&SA
Its Agent

By: *M. W. Elliott* [Name]
MARTIN W. ELLIOTT [Title]
Its VICE PRESIDENT

Steven W. England
Vice President

TENANT:

The City of San Diego, a municipal
corporation

By: *Don Barone* [Name]
Don Barone, Management [Title]
Assistant to the City Manager

JOHN W. WITT, CITY ATTORNEY

John W. Witt
CHIEF DEPUTY CITY ATTORNEY

John M. Percival, Trustee of the
John M. Percival Revocable Trust
dated March 14, 1985

Willis N. Fletcher, Trustee of the
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Frank A. Frye III, as Trustee of the
Frank A. Frye Testamentary Trust

LANDLORD:

Kowa Real Estate California, Inc., a
California corporation

By: Bank of America, NT&SA
Its Agent

By: M. W. Elliott [Name]
MARTIN W. ELLIOTT [Name]
Its VICE PRESIDENT [Title]

Steven W. England
Vice President

TENANT:

The City of San Diego, a municipal
corporation

By: Don Barone [Name]
Assistant to the City Manager [Title]

JOHN W. WITT, CITY ATTORNEY

John W. Witt
CHIEF DEPUTY CITY ATTORNEY

EXHIBIT D

NOTICE OF LEASE TERM DATES AND
TENANT'S PERCENTAGE SHARE

To: Don Barone
1010 Second Ave. Suite 1600
San Diego, CA 92101

Date: July 21, 1993

RE: Lease dated October 17, 1991, between KOWA Real Estate California, Inc., a California corporation, as Landlord, and The City of San Diego, a municipal corporation, as Tenant, concerning floors P1, 3 - 6 and 8 - 13 located at 600 B Street, San Diego, California, 92101.

Gentlemen:

In accordance with the Lease, we wish to advise and/or confirm as follows:

1. The Premises have been accepted by the Tenant as being substantially complete in accordance with the Lease and there is no known deficiency in construction except as allowed for in the Tenant Improvement Agreement.

2. The Tenant has possession of the Premises and acknowledges that under the provisions of the Lease, the term of the Lease commenced as of June 1, 1993 (the "Commencement Date") for a term of months ending on May 31, 2003.

3. In accordance with the Lease, Rent commenced to accrue on the first day of occupancy for each individual floor.

4. If the Commencement Date of the subject Lease is other than the first day of a calendar month, the Base Monthly Rent will be adjusted pro rata. Each statement thereafter shall be for the full amount of the Base Monthly Rent as provided for in the Lease.

5. Rent is due and payable in advance on the first day of each and every month during the Term. Rent checks should be made payable to Williams Partners, Inc./600 B at 600 B Street, Suite 2000, San Diego, CA 92101.

6. The Rentable Area of Premises is 141,554 square feet. The Usable Area of the Premises is 124,803 square feet.

7. The initial Base Monthly Rent subject to modification per Section 3 of this Lease is \$1.00/psf.

Base Monthly Rent: Adjusted Base Monthly Rent (with Parking Right; Article 25.3)

6/1/94	\$1.05/psf	\$1.02/psf
6/1/95	\$1.10/psf	\$1.07/psf
6/1/96	\$1.16/psf	\$1.13/psf
6/1/97	\$1.22/psf	\$1.19/psf
6/1/98	\$1.28/psf	\$1.25/psf
6/1/99	\$1.34/psf	\$1.31/psf
6/1/00	\$1.41/psf	\$1.37/psf
6/1/01	\$1.48/psf	\$1.44/psf
6/1/02	\$1.55/psf	\$1.51/psf

8. Tenant's Percentage Share is 42.123%.

LANDLORD: KOWA Real Estate California, Inc., a California corporation

By: Bank of America, NT&SA, as it's agent

By: *M. W. Elliott*

Its MARTIN W. ELLIOTT
VICE PRESIDENT

By: *[Signature]*

Its Steven W. Englund
Vice President

TENANT: The City of San Diego, a municipal corporation

By: *[Signature]*

Its *Agent Trust to the City of San Diego*

By: _____

Its _____

JOHN W. WITT, CITY ATTORNEY

[Signature]
CHIEF DEPUTY CITY ATTORNEY

AMENDMENT TO LEASE

This Amendment to Lease between KOWA Real Estate California, Inc., a California corporation, and the City of San Diego, a municipal corporation, is dated as of October 17, 1991. The following provision is deemed added to the Lease:

SECTION 35.19 - ADOPTION OF ORDINANCE/INDEMNITY

Landlord and Tenant specifically acknowledge that the effectiveness of this Lease is contingent upon the adoption of an ordinance ("Ordinance") approving this Lease by the City Council of Tenant and that such Ordinance will not become fully effective until approximately forty-five (45) days following the introduction of the Ordinance by the City Council. Tenant acknowledges that Landlord may be making expenditures for Tenant's space planning prior to the date the Ordinance becomes final. Accordingly, in the event the Ordinance does not become final by reason of referendum or otherwise, Tenant agrees to reimburse Landlord for expenditures made by Landlord for Tenant's space planning not to exceed the sum of Six Thousand Seven Hundred Dollars (\$6,700.00).

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

LANDLORD: KOWA Real Estate California, Inc., a
California corporation

By: Bank of America, NT&SA, as its
agent

By:

Name:

Title:

By:

Name:

Title:

TENANT:

The City of San Diego, a municipal
corporation

By:

Name:

Title:

By:

Name:

Title:

Approved as to form and content:

By:

Name:

Title:

Deputy

City Attorney for the City of San Diego