



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012
(213) 974-1101
<http://cao.co.la.ca.us>

DAVID E. JANSSEN
Chief Administrative Officer

Board of Supervisors
GLORIA MOLINA
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Second District

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Third District

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MICHAEL D. ANTONOVICH
Fifth District

March 21, 2006

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**FIVE-YEAR LEASE RENEWAL
LOS ANGELES SUPERIOR COURT
105, 109 AND 117 WEST TORRANCE BOULEVARD, REDONDO BEACH
(FOURTH DISTRICT) (3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Mayor to sign the attached lease with PIER PLAZA INVESTMENTS, LLC (Landlord), for the occupancy of 11,559 rentable square feet of courtroom and administrative office space located at 105, 109 and 117 West Torrance Boulevard, Redondo Beach, for use by the Los Angeles Superior Court (LASC), at a maximum initial annual rental cost of \$276,932. The rental costs will be 100 percent net County cost. The lease will be effective upon approval by your Board.
2. Find that this lease is exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Class 1, Section r of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15301 of the State CEQA Guidelines.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of this recommended action is to enter into a five-year lease which allows the LASC to continue their operations at the subject facility upon Board approval.

In 1996, the Los Angeles Municipal Court (LAMC) proposed the establishment of the Redondo Beach Courthouse on the Redondo Beach Pier at 117 West Torrance Boulevard, Redondo Beach. This facility was needed to meet expanded operational needs in the Southwest (Torrance) area. On November 4, 1996, your Board approved this request and the County entered into a lease for 3,959 square feet of space. LAMC and Sheriff Court Services occupied 3,959 square feet known as the Redondo Beach Court. In 1998, the County leased expansion space for the Redondo Beach Court within the Redondo Beach Pier complex consisting of 5,642 square feet of office space at 105 West Torrance Boulevard, Suite 200, and 1,958 square feet of office and jury deliberation space at 109 West Torrance Boulevard, Suite 102. In January 2001, the LAMC merged into the LASC.

This Redondo Beach Court has been instrumental in reducing overcrowding at the Torrance Courthouse. The LASC has requested a lease extension as they have been on a holdover of the existing lease since September 2002. Because of the Trial Court Facilities transfer it is not economically feasible to consider a re-location of this court activity.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The Countywide Strategic Plan directs that we provide the public with easy access to quality information and services that are both beneficial and responsive (Goal 1). The proposed lease supports this goal by providing a quality and efficient environment for the public. Compliance with the County's Strategic Asset Management Principles is further outlined in Attachment A.

FISCAL IMPACT/FINANCING

The maximum initial annual rental costs for this lease will be \$276,932.

| 105, 109 AND 117 W. TORRANCE BLVD., REDONDO BEACH | EXISTING LEASE | FIVE-YEAR LEASE RENEWAL | CHANGE |
|--|---|---|------------------------------|
| Area (Square feet) | 11,559 | 11,559 | None |
| Term | 09/01/1997 - 08/31/2002 currently month-to-month | Five years | + five years |
| Annual Base Rent | \$251,536 | \$276,932 | + \$25,396 |
| Parking (included in base rent) | 18 parking spaces | 18 parking spaces | None |
| Cancellation | County may cancel after the 36th month upon 180 days' prior written notice. | Either party may cancel after the 36 th month upon 120 days' prior written notice. | + Either party may cancel |
| Option to Renew | Two five-year options. | None | No option |
| Purchase Right | None | None | None |
| Rental Adjustment | Base Rent subject to annual Consumer Price Index (CPI) adjustment to a maximum of five percent. | Base Rent subject to annual CPI adjustment with a minimum of three percent to a maximum of six percent. | +1% over previous 5% maximum |

Sufficient funding for the proposed lease is included in the 2005-06 Rent Expense budget. The Sheriff has sufficient funds in their 2005-06 operating budget to cover their projected share of rent, totaling \$4,289. The cost for LASC remains a net County cost in the Rent Expense budget.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The proposed lease renewal will provide LASC and Sheriff Court Services uninterrupted use of 11,559 rentable square feet of administrative, courtroom and juror space, and 18 parking spaces, and shall contain the following provisions:

The Honorable Board of Supervisors

March 21, 2006

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- The term will commence upon your Board's approval and terminate five years thereafter.
- The lease is a full service lease whereby the Landlord is responsible for all operating costs.
- The lease has a cancellation provision allowing either party the right to cancel anytime after the 36th month upon four months' advance written notice.
- The negotiated lease has annual CPI rental adjustments of the base rent after the 12th month subject to a minimum of three percent and a maximum increase of six percent.

No other sites that were on the market were reviewed to determine whether comparable or more economical sites were available, due to the Trial Court Facilities Transfer and the anticipated costs of tenant improvements if the Court were relocated.

Staff has established that the rental range for similar space is between \$23.60 and \$26.60 per square foot per year on a full-service gross basis. Thus, the annual rental rate of \$23.90 full-service gross for the proposed lease renewal represents a rate within the market range for the area.

A childcare facility is not financially or operationally feasible at this location.

LEGAL/NEGATIVE DECLARATION/ENVIRONMENTAL IMPACT REPORT

The project is categorically exempt from CEQA pursuant to Class 1, Section r, of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15301 of the State CEQA Guidelines.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

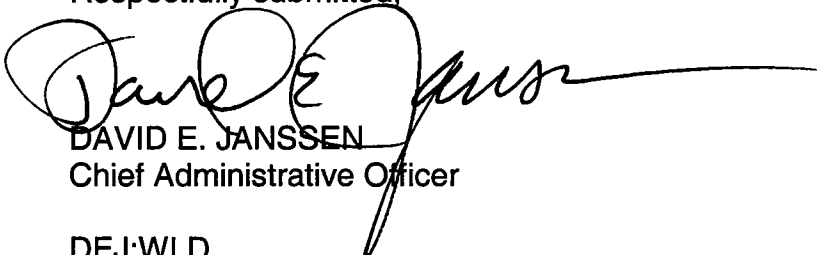
The proposed five-year lease renewal will provide the space necessary for LASC and Sheriff Court Services to continue court operations at this satellite location. In accordance with your Board policy on the housing of any County offices or activities, LASC concurs in this recommendation.

The Honorable Board of Supervisors
March 21, 2006
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CONCLUSION

It is requested that the Executive Officer, Board of Supervisors, return two originals of the executed lease amendment and the adopted, stamped Board letter, and four certified copies of the Minute Order to the CAO, Real Estate Division at 222 South Hill Street, Fourth Floor, Los Angeles, CA 90012 for further processing.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "David E. Janssen", with a long horizontal flourish extending to the right.

DAVID E. JANSSEN
Chief Administrative Officer

DEJ:WLD
CEM:TS:hd

c: County Counsel
Sheriff
Superior Court

**LOS ANGELES SUPERIOR COURT
105, 109 & 117 WEST TORRANCE BOULEVARD, REDONDO BEACH**

Asset Management Principles Compliance Form¹

| 1. <u>Occupancy</u> | | Yes | No | N/A |
|--------------------------------|--|-----|----|-----|
| A | Does lease consolidate administrative functions? ² | | | X |
| B | Does lease co-locate with other functions to better serve clients? ² It would not be cost effective to move this satellite court. | | X | |
| C | Does this lease centralize business support functions? ² | | | X |
| D | Does this lease meet the guideline of 200 sq. ft of space per person? ² Court Room space is designed to a maximum use by Superior Court and public. Administrative space meets guidelines of 200 sq. ft. of space per person. | | X | |
| 2. <u>Capital</u> | | | | |
| A | Is it a substantial net County cost (NCC) program? | X | | |
| B | Is this a long term County program? | X | | |
| C | If yes to 2 A or B; is it a capital lease or an operating lease with an option to buy? | | X | |
| D | If no, are there any suitable County-owned facilities available? | | X | |
| E | If yes, why is lease being recommended over occupancy in County-owned space? | | | X |
| F | Is Building Description Report attached as Attachment B? Moving to a County-occupied facility is not feasible. | | X | |
| G | Was build-to-suit or capital project considered? The State plans to close the Redondo Beach Court when they expand Torrance Courthouse. | | X | |
| 3. <u>Portfolio Management</u> | | | | |
| A | Did department utilize CAO Space Request Evaluation (SRE)? | X | | |
| B | Was the space need justified? | X | | |
| C | If a renewal lease, was co-location with other County departments considered? | | X | |
| D | Why was this program not co-located? | | | |
| | 1. ___ The program clientele requires a "stand alone" facility. | | | |
| | 2. ___ No suitable County occupied properties in project area. | | | |
| | 3. <u>X</u> No County-owned facilities available for the project. | | | |
| | 4. ___ Could not get City clearance or approval. | | | |
| | 5. ___ The Program is being co-located. | | | |
| E | Is lease a full service lease? ² | X | | |
| F | Has growth projection been considered in space request? Growth is the responsibility of the State. | | X | |
| G | Has the Dept. of Public Works completed seismic review/approval? | X | | |
| | ¹ As approved by the Board of Supervisors 11/17/98 | | | |

²If not, why not?

GROSS OFFICE LEASE

between

**PIER PLAZA INVESTMENTS, LLC,
a Delaware Limited Liability Company**

LANDLORD

and

**COUNTY OF LOS ANGELES
a body politic and corporate**

TENANT

dated as of

December 1, 2005

PIER PLAZA, REDONDO BEACH, CALIFORNIA 90277

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Exhibit "F" - Tenant Estoppel Certificate

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OFFICE LEASE

1. **Parties.**

This Lease (the "Lease") dated December 1, 2005, is made by and between **PIER PLAZA INVESTMENTS, LLC, a Delaware Limited Liability Company ("Landlord")**, and **COUNTY OF LOS ANGELES a body politic and corporate ("Tenant")**.

2. **Summary of Basic Terms.** As used in this Lease, the following terms shall have the meanings set forth below, subject to the qualifications, adjustments and exceptions set forth elsewhere in this Lease:

(a) **Premises:** The spaces located at 105, 109 and 117 W. Torrance Boulevard, consisting of approximately 11,559 rentable square feet as follows: 105 West Torrance Boulevard, Suite 200 (5,642 square feet); 109 West Torrance Boulevard (1,958 square feet) and 117 West Torrance Boulevard, (3,959 square feet) substantially as shown on the floor plan attached hereto as Exhibit "A."

(b) **Buildings:** The office buildings located at 103-131 West Torrance Boulevard, Redondo Beach, California, including all plazas, lobbies, landscaped areas, office and commercial space. Tenant may use the following areas ("Common Areas") in common with the Landlord and other tenants of the Buildings: The entrance, lobbies and other public areas of the Buildings, walkways, landscaped areas, driveways necessary for access to the Premises, parking areas and other common facilities designated by Landlord from time to time for common use of all tenants of the Building. The Tenant, however, shall not have any rights to the roof, the exterior walls, the area above the dropped ceilings, or the utility raceways of the Building containing the Premises. Tenant shall comply with all reasonable, non-discriminatory rules and regulations in connection with the use of the Common Areas established by Landlord.

(c) **Land:** The parcel(s) of land upon which the Buildings are located.

(d) **Permitted Use:** Office/Administrative, and courtroom space for the Superior Court, for other governmental purposes and for no other use.

(e) **Lease Term:** Five (5) years.

(f) **Commencement Date:** The later of January 1, 2006 or the date of mutual execution of the Lease.

(g) **Expiration Date:** Five (5) years from Commencement Date.

(h) **Monthly Rent:** Monthly Rent shall be Twenty-Three Thousand Seventy-Seven and 69/100 Dollars (\$23,077.69).

(i) **Rentable Area of Premises:** Approximately 11,559 rentable square feet (which number shall be conclusive for all purposes hereunder).

(j) **Base Year:** N/A.

(k) **Lease Year:** Each twelve (12) month period commencing with the Commencement Date.

(l) **Tenant's Share:** N/A.

(m) **Security Deposit:** Zero Dollars (\$0.00).

(n) **Tenant's Guarantor:** N/A

(o) **Landlord's Broker:** N/A.

(p) **Tenant's Broker:** N/A.

(q) **Landlord's Address for Notices:**

Pier Plaza Investments, LLC
433 N. Camden Drive
Suite 900
Beverly Hills, CA 90210
Attn: Nader Daneshgar.

(r) **Tenant's Addresses for Notices:**

Board of Supervisors
Kenneth Hahn Hall of Administration, Room 383
500 West Temple Street
Los Angeles, CA 90012

with a copy to:

Chief Administrative Office, Real Estate Division
222 South Hill Street, 3rd Floor
Los Angeles, CA 90012
Attention: Director of Real Estate

(s) **Master Lease; Master Landlord.** "Master Lease" shall mean and refer to that certain sublease by and between the City of Redondo Beach, California, as Sublessor ("**Master Landlord**") and Landlord's predecessor-in-interest, Seaport Village – Redondo Beach, as Sublessee, demising the Land.

3. **Demise and Term.** Landlord hereby leases the Premises to Tenant and Tenant hereby leases the Premises from Landlord, subject to all of the terms, covenants and conditions in this Lease. The Premises are leased for the Lease Term, which, subject to Article 4 below, shall commence on the Commencement Date and shall expire on the Expiration Date, unless sooner terminated pursuant to the provisions of this Lease.

4. **Tenant in Possession.** Tenant is accepting the Premises as a tenant currently in possession and in its "As-Is" condition with "all faults" as of the Commencement Date. Landlord shall have no obligation whatsoever to alter, remodel, improve, repair, decorate or paint the Premises or any part thereof either prior to or during the Lease Term.

5. **Rent.**

5.1 **Monthly Rent.** Tenant shall pay to Landlord as rent for the Premises the Monthly Rent as set forth in Section 2(h). The Monthly Rent shall be payable in advance, by Auditor's General Warrant within fifteen (15) days after a claim therefore for each month has been filed by Landlord with the Auditor of the County of Los Angeles ("County") prior to the first day of each month, except that the Monthly Rent for the first full calendar month of the Lease term shall be paid upon the execution of this Lease. The Monthly Rent for any period during the Lease Term which is for less than one (1) month shall be prorated based on the number of days in such month. The Monthly Rent and all other rent hereunder shall be paid without deduction or offset in lawful money of the United States of America which shall be legal tender at the time of payment, at the office of the Building or to another person or at another place as Landlord may from time to time designate in writing.

5.2 **Additional Rent.** The term "**Additional Rent**" means all other amounts payable by Tenant under this Lease (whether or not designated as additional rent), including without limitation additional services provided. The term "**Rent**" shall mean Monthly Rent and Additional Rent.

5.3 **Increases in Monthly Rent:** The Monthly Rent shall be increased on the first one-year anniversary of the Commencement Date and on each and every yearly anniversary thereafter during the Lease Term (each such anniversary is hereinafter referred to as a **Rental Adjustment**

Date) in accordance with the increase in the United States Department of Labor, Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers, ("All Items for the Los Angeles-Riverside-Anaheim Statistical area" on the basis of 1982-1984 = 100) (the "Index") as follows:

(a) The Monthly Rent in effect immediately before each Rental Adjustment Date (the "**Comparison Base Rent**") shall be increased by the percentage that the Index has increased from the date which is three (3) months prior to the date on which payment of the Comparison Base Rent began (without regard to any period of excused rent) (the "**Comparison Date**") to the date which is three (3) months prior to the month in which the applicable Rental Adjustment Date occurs; provided, however, in no event shall the Monthly Rent be increased on each Rental Adjustment Date by an amount less than three percent (3%), nor greater than six percent (6%), of the Comparison Base Rent. Landlord shall notify Tenant in writing of the new Monthly Rent.

(b) Tenant shall pay the new Monthly Rent each month from the applicable Rental Adjustment Date until the next Rental Adjustment Date. Landlord's notice may be given after the applicable Rental Adjustment Date of the increase, and Tenant shall pay Landlord the accrued rental adjustment for the months elapsed between the effective date of the increase and Landlord's notice of such increase within fifteen (15) days after Landlord's notice. If the format or components of the Index are materially changed after the Commencement Date, Landlord in its reasonable judgment shall substitute an index which is published by the Bureau of Labor Statistics or similar agency and which is most nearly equivalent to the Index in effect on the Commencement Date.

6. **Security Deposit.** N/A.

7. **Operating Expenses.**

7.1 **Definitions.** As used in this Lease, the following terms have the meanings set forth below:

(a) **Gross lease:** This is a gross lease where as Real Property Taxes; Operating and Non-Operating Expenses are included in the rent amount paid.

(b) **Real Property Taxes:** ~~Any fee, license fee, license tax, business license fee, commercial rental tax, levy, charge, assessment, penalty or tax imposed by any taxing authority against the Land or the Building; any tax on Landlord's right to receive, or the receipt of, rent or income from the Land or the Building; any tax or charge for fire protection, streets, sidewalks, road maintenance, refuse or other services provided to the Land or the Building; any tax imposed on this transaction or based on a reassessment of the Land or the Building due to a change in ownership or transfer of all or part of Landlord's interest in this Lease, the Land or the Building; and any charge or fee replacing any tax previously included within this definition. Real Property Taxes do not include Landlord's federal or state net income, franchise, inheritance, gift or estate taxes. [Intentionally Omitted]~~ 11

(c) **Operating Expenses:** ~~All costs and expenses of operating, maintaining and repairing the Building and the Land, including, but not limited to: Real Property Taxes; water and sewer charges; insurance premiums for all insurance policies deemed necessary by Landlord; deductible amounts under insurance policies; janitorial services; wages of Landlord's employees engaged in the operation, maintenance or repair of the Building or the Land, including all customary employee benefits, Worker's Compensation and payroll taxes; reasonable management fees or, if no managing agent is retained for the Building, a reasonable sum in lieu thereof which is not in excess of the prevailing rate for management services charged by professional management companies for the operation of similar buildings; legal, accounting and other consulting fees; the cost of air conditioning, heating, ventilation, electricity, water and other services and utilities; elevator maintenance; capital improvements and replacements to all or any portion of the Building and the Land made after completion of the Building, appropriately amortized over the useful life of such improvements; all costs and expenses incurred by Landlord and interest on any funds borrowed to pay the cost of any capital improvements as a result of or in order to comply with any Laws, including, but not limited to, Laws pertaining to energy, natural resources conservation, safety, environmental protection; supplies, materials, equipment and tools; and maintenance and repair of all~~ 11

~~common areas. Operating Expenses do not include the depreciation on the existing Building and improvements, loan payments, executive salaries, or real estate broker's commission. [Intentionally Omitted]~~ M

8. Use of Premises.

8.1 Permitted Use. Tenant shall use the Premises only for the Permitted Use and shall not use or permit the Premises to be used for any other purpose.

8.2 Restrictions on Use. Tenant shall not do or permit anything to be done in or about the Premises nor bring or keep anything therein which will: (a) increase the existing rate of, cause the cancellation of or otherwise adversely affect any casualty or other insurance for the Buildings or any part thereof or any of its contents; (b) impair the proper and economic maintenance, operation and repair of the Buildings or any portion thereof; (c) obstruct or interfere with the rights of other tenants or occupants of the Buildings or injure or annoy them; or (d) cause any nuisance in or about the Premises or the Buildings. Tenant shall not use or allow any part of the Premises to be used for the storage, manufacturing or sale of food or beverages or for the manufacture or auction of merchandise, goods or property of any kind or for any unlawful or objectionable purpose. Tenant shall not commit or allow to be committed any waste to the Premises or the Buildings.

8.3 Compliance with Laws. Tenant shall not use the Premises or permit anything to be done in or about the Premises, the Buildings or the Land which will in any way conflict with any law, statute, ordinance, code, rule, regulation, requirement, license, permit, certificate, judgment, decree, order or direction of any governmental or quasi-governmental authority, agency, department, board, panel or court (singularly and collectively "Laws"). Tenant shall, at its expense, promptly comply with all Laws and with the requirements of any board of fire insurance underwriters or other similar bodies now or hereafter constituted, relating to or affecting the condition, use or occupancy of the Premises. Tenant shall not be required to make structural changes to the Premises unless they arise or are required because of or in connection with Tenant's specific use of the Premises, or the type of business conducted by Tenant in the Premises, or Tenant's alterations, if any, or Tenant's acts or omissions. Tenant shall obtain and maintain in effect during the Lease Term all licenses and permits required for the proper and lawful conduct of Tenant's business in the Premises, and shall at all times comply with such licenses and permits.

8.4 Hazardous Materials.

(a) Tenant shall not cause or permit any Hazardous Material (as defined in Section 8.4(d) below) to be brought, kept or used in or about the Buildings by Tenant, its agents, employees, contractors, or invitees provided Tenant may use and store normal quantities of products used for office purposes (such as toner, cleaning solvents or the like) as long as the same are used in compliance with applicable Laws as defined in Section 8.4(e). Tenant indemnifies Landlord from and against any breach by Tenant of the obligations stated in the preceding sentence, and agrees to defend and hold Landlord harmless from and against any and all claims, judgments, damages, penalties, fines, costs, liabilities, or losses (including, without limitation, diminution in value of the Buildings, damages for the loss or restriction or use of rentable or usable space or of any amenity of the Buildings, damages arising from any adverse impact or marketing of space in the Buildings, and sums paid in settlement of claims, attorneys' fees, consultant fees, and expert fees) which arise or accrue during, or are attributable to, the term of this Lease as a result of such breach. This indemnification of Landlord by Tenant includes without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal, or restoration work required by any federal, state, or local governmental agency or political subdivision because of Hazardous Material present in the soil or ground water on or under the Buildings. Without limiting the foregoing, if the presence of any Hazardous Material on the Buildings caused or permitted by Tenant results in any contamination of the Buildings, Tenant shall promptly take all actions at its sole expense as are necessary to return the Buildings to the condition existing prior to the introduction of any such Hazardous Material and the contractors to be used by Tenant must be approved by the Landlord, which approval shall not be unreasonably withheld so long as such actions would not potentially have any material adverse long-term or short-term effect on the Buildings and so long as

such actions do not materially interfere with the use and enjoyment of the Buildings by the other tenants thereof.

(b) Landlord covenants and agrees that in the event any unlawful levels of Hazardous Material exist or are introduced in, on or about the Buildings, due to other than the actions or inaction of Tenant or Tenant's affiliates, assignees, subtenants, licensees or contractors, and any such Hazardous Materials are reasonably potentially injurious to Tenant's health, safety or welfare, of if any such unlawful levels of Hazardous Materials substantially interfere with Tenant's use of the Premises, Landlord shall, if required by applicable Laws, diligently commence to remove, restore, remediate or otherwise abate such Hazardous Materials in compliance with all Laws pertaining to Hazardous Materials.

(c) It shall not be unreasonable for Landlord to withhold its consent to any proposed transfer under Article 15 if (i) the proposed transferee's anticipated use of the Premises involves the generation, storage, use, treatment, or disposal of Hazardous Material; (ii) the proposed transferee has been required by any prior landlord, lender, or governmental authority to take remedial action in connection with Hazardous Material contaminating a property if the contamination resulted from such transferee's actions or use of the Property in question; or (iii) the proposed transferee is subject to an enforcement order issued by any governmental authority in connection with the use, disposal, or storage of a Hazardous Material.

(d) As used herein, the term "**Hazardous Material**" means any hazardous or toxic substance, material, or waste which is or becomes regulated by any local governmental authority, the State of California or the United States Government. The term "**Hazardous Material**" includes, without limitation, any material or substance which is (i) defined as "**Hazardous Waste**," "**Extremely Hazardous Waste**," or "**Restricted Hazardous Waste**" under Sections 25115, 25117 or 25122.7, or listed pursuant to Section 25140, of the California Health and Safety Code, Division 20, Chapter 6.5 (Hazardous Waste Control Law), (ii) defined as a "**Hazardous Substance**" under Section 25316 of the California Health and Safety Code, Division 20, Chapter 6.8 (Carpenter-Presley-Tanner Hazardous Substance Account Act), (iii) defined as a "**Hazardous Material**," "**Hazardous Substance**," or "**Hazardous Waste**" under Section 25501 of the California Health and Safety Code, Division 20, Chapter 6.95 (Hazardous Materials Release Response Plans and Inventory), (iv) defined as "**Hazardous Substance**" under Section 25281 of the California Health and Safety Code, Division 20, Chapter 6.7 (Underground Storage of Hazardous Substances), (v) petroleum, (vi) asbestos, (vii) listed under Article 9 or defined as Hazardous or extremely hazardous pursuant to Article 11 of Title 22 of the California Administrative Code, Division 4, Chapter 20, (viii) designated as a "**Hazardous Waste**" pursuant to Section 311 of the Federal Water Pollution Control Act (42 U.S.C. § 6903), or (x) defined as a "**Hazardous Substance**" pursuant to Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 et seq. (42 U.S.C. § 9601).

(e) As used in this Section 8.4 only, the term "**Laws**" means any and all present and future federal, state and local laws (whether under common law, statute or otherwise), ordinances, regulations, permits, guidance documents, policies, and any other requirements of governmental authorities relating to health, safety, the environment or to any Hazardous Material (including, without limitation, CERCLA, the Resource Conservation Recovery Act (RCRA), the Clean Water Act, the Clean Air Act, and the applicable provisions of the California Health and Safety Code and the California Water Code, and the rules, regulations, and guidance documents promulgated or published thereunder, including, without limitation, the Laws, ordinances, and regulations referred to in Section 8.4 (d) above.

(f) Indemnification. (i) Tenant's Indemnification: Tenant shall indemnify, defend and hold Landlord, its agents, employees, lenders and ground Landlord, if any, harmless from and against any and all loss of rents and/or damages, liabilities, judgments, claims, expenses, penalties, and attorneys' and consultants' fees arising out of or involving any Hazardous Material brought onto the Premises by or for Tenant (provided, however, that Tenant shall have no liability under this Lease with respect to underground migration of any Hazardous Material under the Premises from areas outside of the Buildings not caused or contributed to by Tenant). Tenant's Obligations shall include, but not be limited to, the effects of any contamination or injury to person, property or the

environment created or suffered by Tenant, and the cost of investigation, removal, remediation, restoration and/or abatement, and shall survive the expiration or termination of this Lease. No termination, cancellation or release agreement entered into by Landlord and Tenant shall release Tenant from its obligations under this Lease with respect to Hazardous Material, unless specifically so agreed by Landlord in writing at the time of such agreement; (ii) Landlord's Indemnification: Landlord and its successors and assigns shall indemnify, defend, reimburse and hold Tenant, its employees, special districts, elected and appointed officials, agents and lenders, harmless from and against any and all environmental damages, liabilities, claims, expenses, penalties, and attorney's and consultant's fees and expenses including but not limited to the cost of remediation, investigation, removal, restoration and/or abatement, which arise out of, involve or result from Hazardous Material which existed on the Premises prior to Tenant's occupancy or which are caused by the gross negligence or willful misconduct of Landlord, its agents, contractors or employees. Landlord's obligation shall include, but not be limited to, the cost of investigation, removal, remediation, restoration and/or abatement, and shall survive the expiration or termination of this Lease.

9. **Alterations and Additions.**

9.1 **Landlord's Consent.**

(a) Tenant shall not make or permit to be made any alterations, additions or improvements (singularly and collectively "**Alterations**") to or of the Buildings or the Premises or any part thereof without the prior written consent of Landlord in each instance.

(b) Landlord will not unreasonably withhold its consent to any Alterations provided and upon the condition that all of the following conditions shall be satisfied: (i) the Alterations do not affect the outside appearance of the Buildings; (ii) the Alterations are nonstructural and do not impair the strength of the Buildings or any part thereof; (iii) the Alterations are to the interior of the Premises and do not affect any part of the Buildings outside of the Premises; (iv) the Alterations do not affect the proper functioning of the heating, ventilating and air conditioning ("**HVAC**"), mechanical, electrical, sanitary or other utilities, systems and services of the Buildings, or increase the usage thereof by Tenant; (v) Landlord shall have approved the final plans and specifications for the Alterations and all contractors who will perform them; (vi) Tenant pays to Landlord (A) a fee for Landlord's indirect costs, field supervision or coordination in connection with the Alterations equal to five percent (5%) of the estimated cost of the Alterations, and (B) the reasonable costs and expenses actually incurred by Landlord in reviewing Tenant's plans and specifications and inspecting the Alterations to determine whether they are being performed in accordance with the approved plans and specifications and in compliance with Laws, including, without limitation, the fees of any architect or engineer employed by Landlord for such purpose; (vii) before proceeding with any Alteration which will cost more than \$10,000 (exclusive of the costs of items constituting Tenant's Property, as defined in Section 9.2), Tenant obtains and delivers to Landlord, at Landlord's option, either: (C) a performance bond and a labor and materials payment bond for the benefit of Landlord, issued by a corporate surety licensed to do business in California, each in an amount equal to one hundred twenty five percent (125%) of the estimated cost of the Alterations and in form satisfactory to Landlord, or (D) such other security as shall be reasonably satisfactory to Landlord. Unless all of the foregoing conditions are satisfied, Landlord shall have the right to withhold its consent to the Alterations in Landlord's sole and absolute discretion.

(c) Not less than fifteen (15) days nor more than twenty (20) days prior to commencement of any Alterations, Tenant shall notify Landlord of the work commencement date so that Landlord may post notices of non-responsibility about the Premises. All Alterations must comply with all Laws, the other terms of this Lease, and the final plans and specifications approved by Landlord, and Tenant shall fully and promptly comply with and observe the rules and regulations of Landlord then in force with respect to the making of Alterations. Landlord's review and approval of Tenant's plans and specifications are solely for Landlord's benefit. Landlord shall have no duty toward Tenant, nor shall Landlord be deemed to have made any representation or warranty to Tenant, with respect to the safety, adequacy, correctness, efficiency or compliance with Laws of the design of the Alterations, the plans and specifications therefor, or any other matter regarding the Alterations.

9.2 Ownership and Surrender of Alterations. Upon their installation, all Alterations, including, but not limited to, wall covering, paneling and built-in cabinetry, but excluding movable furniture, trade fixtures and office equipment ("**Tenant's Property**"), shall become a part of the realty and belong to Landlord and shall be surrendered with the Premises. However, upon the expiration or sooner termination of the Lease Term, Tenant shall, upon written demand by Landlord, at Tenant's expense, immediately remove any Alterations made by Tenant which are designated by Landlord to be removed and repair any damage to the Premises caused by such removal.

9.3 Liens. Tenant shall pay when due all claims for labor, materials and services furnished by or at the request of Tenant or Tenant's affiliates. For purposes of Sections 9.3 and 9.4, "Tenant's affiliates" shall mean sublessees and permittees. Tenant shall keep the Premises, the Buildings and the Land free from all liens, security interests and encumbrances (including, without limitation, all mechanic's liens and stop notices) created as a result of or arising in connection with the Alterations or any other labor, services or materials provided for or at the request of Tenant or Tenant's affiliates, or any other act or omission of Tenant or Tenant's affiliates, or persons claiming through or under them. (Such liens, security interests and encumbrances singularly and collectively are herein called "**Liens**.") Tenant shall not use materials in connection with the Alterations that are subject to any Liens. Tenant shall indemnify Landlord and Landlord's Affiliates for, and hold Landlord and Landlord's Affiliates harmless from and against: (a) all Liens; (b) the removal of all Liens and any actions or proceedings related thereto; and (c) all Liabilities incurred by Landlord or Landlord's Affiliates in connection with the foregoing. If Tenant fails to keep the Premises, the Buildings and the Land free from Liens, then, in addition to any other rights and remedies available to Landlord, Landlord may take any action necessary to discharge such Liens, including, but not limited to, payment to the claimant on whose behalf the Lien was filed. Tenant shall indemnify Landlord for, and hold Landlord harmless from and against, all Liabilities so incurred by Landlord, without regard to any defense or offset that Tenant may have had against the claimant. Neither Landlord's curative action nor the reimbursement of Landlord by Tenant shall cure Tenant's default in failing to keep the Premises, the Buildings and the Land free from Liens.

9.4 Additional Requirements. Alterations shall comply with all Laws. Tenant, at its expense, shall obtain all necessary permits and certificates for the commencement and performance of Alterations and for final approval thereof upon completion, and shall cause the Alterations to be performed in compliance therewith and with all applicable insurance requirements, and in a good, first-class and workmanlike manner. Tenant, at its expense, shall diligently cause the cancellation or discharge of all notices of violation arising from or otherwise connected with Alterations, or any other work, labor, services or materials done for or supplied to Tenant or Tenant's affiliates, or by any person claiming through or under Tenant or Tenant's affiliates. Alterations shall be performed so as not to interfere with any other tenant in the Buildings, cause labor disharmony therein, or delay or impose any additional expense on Landlord in the construction, maintenance, repair or operation of the Buildings. Throughout the performance of the Alterations, Tenant, at its expense, shall carry, or cause to be carried, in addition to the insurance described in Article 13, Workers' Compensation insurance in statutory limits and such other insurance as Landlord may reasonably require, with insurers reasonably satisfactory to Landlord. Tenant shall furnish Landlord with satisfactory evidence that such insurance is in effect at or before the commencement of the Alterations and, upon request, at reasonable intervals thereafter until completion of the Alterations.

10. Repairs.

10.1 Condition of Premises. The Premises shall be delivered to Tenant in an "as is" and "all faults" condition and Landlord shall have no obligation whatsoever to alter, remodel, improve, repair, decorate or paint the Premises or any part thereof either prior to or during the Lease Term except to the extent expressly provided in Section 10.3 below. By accepting possession of the Premises, Tenant shall be deemed to have acknowledged that the Premises are suitable for its purposes and in good condition and repair. Subject to Section 10.2, Tenant, at its expense, shall keep the Premises and every part thereof in good condition and repair and shall, upon the expiration or sooner termination of the Lease Term, surrender the Premises to Landlord broom clean and in good condition and repair, ordinary wear and tear excepted. Tenant acknowledges and agrees that it has inspected, or prior to the Commencement Date will inspect, the Premises and that Tenant is not

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relying on any representations or warranties made by Landlord or Landlord's affiliates regarding the Premises, the Buildings or the Land except as may be expressly set forth herein.

10.2 Landlord's Obligation to Repair. Subject to Article 14, Landlord shall repair and maintain the common areas and the structural portions of the Buildings, including, but not limited to, the structural portions of the roof, the foundations, exterior load-bearing walls, and the basic HVAC, mechanical, electrical, telephone intraBuildings network cable (excluding low voltage electronic, telephone and data cabling and related equipment that is installed by or for the exclusive benefit of Tenant), and plumbing systems installed by Landlord in the Buildings, stairways, and elevators serving the Buildings. However, if the repair or maintenance is caused in whole or in part by the act, neglect, fault or omission of Tenant or Tenant's affiliates, agents, employees, invitees and visitors or by Tenant's Alterations, Tenant immediately shall pay for such repair or maintenance and shall indemnify Landlord for and hold Landlord harmless from and against all other Liabilities incurred by Landlord in connection therewith. Landlord shall have a reasonable time after written notice from Tenant to perform necessary repairs or maintenance.

10.3 Tenant's Right to Repair. If Tenant provides Landlord a written notice with respect to repair and/or maintenance, and Landlord fails to provide such repair or maintenance within sixty (60) days, then Tenant may proceed to take the required action; provided, however, that if the nature of Landlord's obligation to repair is such that more than sixty (60) days after such notice are reasonably required for its performance, then Landlord shall not be in breach of this Lease, if performance is commenced within such thirty (30) days period and thereafter diligently pursued to completion. Tenant may undertake any repair or maintenance required of Landlord under Section 10.2 hereof without a prior notice, in the event of an emergency which threatens life or where there is imminent danger to property. If such action was required under the terms of this Lease to have been taken by Landlord and was not taken by Landlord with the time set forth herein, and Tenant took such required action, then Tenant, shall be entitled to reimbursement by Landlord of Tenant's reasonable costs and expenses in having taken such action upon presentation to Landlord of sufficient documentation evincing such costs and expenses.

11. Services and Utilities.

11.1 Landlord's Services. Subject to the rules and regulations of the Building, attached herewith as Exhibit "B", Landlord shall furnish to the Premises water, plumbing and HVAC required in Landlord's judgment for the comfortable use and occupancy of the Premises, and janitorial services, as hereinafter provided. Landlord shall also maintain and keep lighted the common stairs, entries and restrooms in the Buildings.

(a) In no event shall Landlord be liable for damages or otherwise for any interruption, reduction, disruption, curtailment or failure in the supply, quality or character of electricity, centrally conditioned cold air or any other utility or other service.

11.2 Janitorial Services. The janitorial services to be provided by Landlord to Tenant, as set forth in Exhibit "C" to the Lease, shall be provided five (5) days a week, Monday through Friday (except for holidays). Janitorial services shall be those customarily furnished for similar buildings in the general vicinity of the Building.

11.3 Hours of Operation. HVAC for the Premises shall be provided five (5) days a week, Monday through Friday, from 8:00 a.m. to 6:00 p.m. and Saturdays from 9:00 a.m. to 1:00 p.m. (excluding holidays). Tenant shall not be entitled to any abatement of rent or have any right to terminate this Lease in the event Landlord is unable to provide the services set forth herein, except when such inability results from Landlord's gross negligence.

11.4 Extra Hours. If during any hours or any days other than those specified in Section 11.3, Tenant desires to have any services or utilities supplied to the Premises which are not separately metered, and provided Landlord receives reasonable advance notice thereof, and if Landlord is reasonably able to provide the same, Tenant shall pay Landlord for Landlord's costs for providing such services and utilities which are not separately metered to the Premises. The costs of

Extra Hours HVAC services shall be \$45.00 per hour and of utilities shall be \$0.15 per square foot. Any such charges which Tenant is obligated to pay shall be deemed to be additional rent hereunder.

12. **Entry by Landlord.** Landlord shall have the right to enter the Premises in order to: inspect the Premises; post notices of non-responsibility; show the Premises to prospective purchasers, lenders or tenants; perform its obligations and exercise its rights hereunder; and make repairs, improvements, alterations or additions to the Premises or the Building or any portion thereof as Landlord deems necessary or desirable and to do all things necessary in connection therewith, including, but not limited to, erecting scaffolding and other necessary structures. Except in emergency conditions, Landlord shall provide reasonable notice to Tenant prior to entry into the Premises. Landlord shall retain (or be given by Tenant) keys to unlock all of the doors to or within the Premises, excluding doors to Tenant's vaults and files. Landlord shall have the right to use any and all means necessary to obtain entry to the Premises in an emergency. Landlord's entry to the Premises shall not, under any circumstances, be deemed to be a forcible or unlawful entry into, or a detainer of, the Premises, or an eviction of Tenant from the Premises or any portion thereof.

13. **Tenant's Insurance (Self-Insurance).** Tenant shall provide at Tenant's election either self-insurance evidenced by certificates issued by Tenant covering the risks, parties and property interests specified in this Article 13 for commercial insurance coverage or commercial insurance policies. In the event Tenant provides commercial insurance, the following provisions shall apply:

13.1 **Casualty Insurance.** At all times during the Lease Term, Tenant, at its expense, shall maintain in effect self-insurance covering: (a) all alterations made by Tenant and all leasehold improvements; and (b) all of Tenant's Property and other Personal Property from time to time in, on or about the Premises, in an amount not less than their full replacement cost (without deduction for depreciation) from time to time during the term of this Lease. Such policies shall provide for protection against any perils normally included within the classification of "All Risks", and shall contain endorsements covering: demolition and increased cost of construction; water damage, vandalism and malicious mischief; liability for changes in Laws. The proceeds of such insurance shall be used for the repair or replacement of the property so insured, except that upon termination of this Lease following a casualty as set forth herein, the proceeds applicable to the items described in clause (a) above shall be paid to Landlord, and the proceeds applicable to the items described in clause (b) above shall be paid to Tenant.

13.2 **Public Liability and Property Damage Insurance.** At all times during the Lease Term, Tenant, at its expense, shall maintain self-insurance General Liability Insurance (including property damage) with respect to the ownership, maintenance, use, operation and condition of the Premises and the business conducted therein. Such insurance shall at all times have limits of not less than Three Million Dollars (\$3,000,000.00) combined single limit per occurrence for bodily injury, personal injury and property damage liability. At Landlord's request, these limits shall be increased from time to time during the Lease Term (but not more often than once every two years) to such higher limits as Landlord or its insurance consultant believe are necessary to protect Landlord. The amount of such insurance shall not limit Tenant's liability nor relieve Tenant of any obligation hereunder. Each policy shall contain cross liability endorsements, if applicable, and shall insure Tenant's performance of the indemnity provisions contained in Section 22.2 and elsewhere in this Lease and any other obligations of Tenant to Landlord hereunder.

13.3 **Policy Requirements.**

(a) All insurance required to be carried by Tenant hereunder shall be issued by responsible insurance companies, qualified to do business in the State of California, approved by Landlord and, if required, by Landlord's Mortgagee. Copies of all certificates therefor shall be delivered to Landlord at least ten (10) days prior to Tenant's occupancy of the Premises. Each policy shall provide that it may not be canceled or modified except after thirty (30) days prior written notice to Landlord and Landlord's Mortgagee named as an additional insured or loss payee thereunder. Tenant shall furnish Landlord with renewals or "binders" of each policy, together with evidence of payment of the premium therefor, at least thirty (30) days prior to expiration. Tenant shall have the right to provide insurance coverage pursuant to blanket policies obtained by Tenant if the blanket



policies expressly afford coverage as required by this Lease. Each policy shall provide that all losses shall be settled in the name of Landlord (or, if required, Landlord's Mortgagee) only.

(b) Landlord and, if required, Landlord's Mortgagee shall be named as additional insureds in each insurance policy and, if requested by Landlord, they also shall be named as loss payees. The Commercial General Liability Insurance shall: apply severally to Landlord, Landlord's Mortgagee and Tenant; cover each of them as if separate policies had been issued to each of them; not contain provisions affecting any rights which any of them would have had as claimants if not named as insureds; be primary insurance and not considered contributory, with any other valid and collectible insurance available to Landlord and Landlord's Mortgagee constituting excess insurance; and be endorsed as necessary to cover the foregoing requirements.

(c) Each policy of All Risk Coverage which Tenant obtains for the Premises, and which Landlord obtains for the Building, shall include a clause or endorsement denying the insurer any right of subrogation against the other party hereto to the extent that rights have been waived by the insured party prior to the occurrence of injury or loss. Landlord and Tenant each waive any rights of recovery against the other for injury or loss due to hazards covered (or required to be covered) by its own insurance, to the extent of the injury or loss covered thereby.

13.4 Tenant's Failure to Deliver Policies. If Tenant fails to deliver copies of the insurance policies and evidence of payment therefor within the time required pursuant to Section 13.3, Landlord may, but shall not be obligated to, obtain the required insurance, and the cost thereof, shall be payable by Tenant to Landlord on demand. Nothing in this Section shall be deemed to be a waiver of any rights or remedies available to Landlord under this Lease or at law or in equity if Tenant fails to obtain and deliver the required insurance policies and evidence of payment.

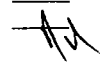
13.5 Waiver of Subrogation. Without affecting any other rights or remedies, Landlord and Tenant each hereby release and relieve the other, and waive their entire right to recover damages (whether in contract or in tort) against the other, for loss of or damage to their property arising out of or incident to perils required to be insured against under Article 13. The effect of such releases and waivers of the right to recover damages shall not be limited by the amount of insurance carried or required, or by any deductibles applicable thereto. Landlord and Tenant agree to have their respective insurance companies issuing property damage insurance waive any right to subrogation that such companies may have against Landlord or Tenant, as the case may be, so long as the insurance is not invalidated thereby.

13.6 Self-Insurance. Notwithstanding any provision to the contrary herein, Tenant shall have the right to provide self-insurance to meet the requirements of this Article 13.

14. Damage or Destruction; Eminent Domain.

14.1 Landlord's Restoration. If the Buildings or the Premises are partially damaged or totally destroyed by fire or other casualty, and if this Lease is not terminated as provided in this Article, Landlord shall repair the damage and restore or rebuild the Buildings or the Premises (except for Tenant's Property and leasehold improvements which are above the standard of the Building) after Landlord receives notice of the damage or destruction and Landlord receives substantially all of the insurance proceeds receivable on account of the casualty. However, Landlord shall not be required to spend amounts in excess of the insurance proceeds actually received for such repair, restoration or rebuilding. Subject to Article 22, Landlord shall attempt to make any required repairs or restoration promptly and so as not to interfere unreasonably with Tenant's use and occupancy of the Premises, but Landlord shall not be obligated to perform such work on an overtime or premium-pay basis.

14.2 Rent Abatement. Subject to Section 14.3, if, in Landlord's reasonable judgment, all or part of the Premises are rendered completely or partially untenable on account of fire or other casualty, the Monthly Rent shall be abated (to the extent of Landlord's rental loss insurance carried hereunder) in the proportion that the rentable area of the untenable portion of the Premises bears to the total Rentable Area of the Premises. Such abatement shall commence on the date of the damage or destruction and shall continue until the Premises have been substantially repaired and



Tenant has reasonable use of the Premises. However, if Tenant reoccupies the damaged portion of the Premises prior to the date that the Premises are substantially repaired, the Monthly Rent allocable to the reoccupied portions shall be payable by Tenant from the date of such occupancy in the proportion that the rentable area of the reoccupied portion of the Premises bears to the total Rentable Area of the Premises.

14.3 Exception to Abatement. Monthly Rent shall not be abated or reduced if: (a) the Premises or a portion thereof are rendered untenantable due to damage or loss of access for a period of five (5) consecutive days or less; or (b) Landlord provides other space in the Building reasonably suited for the temporary conduct of Tenant's business (but Landlord shall have no obligation to provide such other space); or (c) because of acts or omissions of Tenant or Tenant's Affiliates either (i) Landlord (or any Landlord's Mortgagee) is unable to collect all of the insurance proceeds (including, without limitation, rent insurance proceeds) for damage or destruction of the Premises or the Building, or (ii) the Premises or the Building was damaged or destroyed or rendered completely or partially untenantable. The collection of rent by Landlord under the circumstances described in clause (c) above shall not preclude Landlord from seeking damages from Tenant or exercising any other rights and remedies it may have under this Lease or at law or in equity.

14.4 Election to Terminate. Landlord or Tenant may terminate this Lease upon written notice to the other party if: (a) the Buildings or any of them, or the Premises or any one of the spaces set forth in Section 2(a) constituting the Premises are substantially or totally destroyed or, in Landlord's sole judgment, rendered untenantable by fire or other casualty or any other cause; or (b) the Buildings or anyone of them are damaged or rendered untenantable (whether or not the Premises or a space therein are damaged or destroyed or rendered untenantable) so that their repair or restoration requires the expenditure (as estimated by a reputable contractor or architect designated by Landlord) of more than twenty percent (20%) of the full insurable value of the Buildings immediately prior to the casualty; or (c) less than two (2) years remains in the Lease Term at the time of the damage or destruction or events which render the Buildings or the Premises untenantable and the time necessary to repair or restore the Buildings or the Premises would exceed ninety (90) days (as estimated by a reputable contractor or architect designated by Landlord); or (d) Landlord would be required under Section 14.2 to abate or reduce the Monthly Rent for a period in excess of four (4) months if repairs or restoration were undertaken. If Landlord or Tenant elects to terminate this Lease, its notice of termination shall be given within one hundred and twenty (120) days after the date of the damage, destruction or events causing untenantability and this Lease shall terminate on the date specified in such notice, but in no event earlier than thirty (30) days after service of such notice.

14.5 Eminent Domain. Either Landlord or Tenant may terminate this Lease upon written notice to the other party, if twenty-five percent (25%) or more of either the Premises, the Buildings or the Land is condemned, taken or appropriated by any public or quasi-public authority under the power of eminent domain, police power or otherwise (or in the event of a sale in lieu thereof). Whether or not this Lease is so terminated, Landlord shall be entitled to any and all income, rent, award, or interest thereon which may be paid or made in connection with the taking or appropriation, and Tenant shall be entitled to that portion of any award attributed to its interest. If Landlord or Tenant elects to terminate this Lease, its notice of termination shall be given within sixty (60) days after the taking or appropriation. If such notice is not given, this Lease shall continue in full force and effect, except that the Monthly Rent shall be reduced in the proportion that the rentable floor area of the Premises which is taken bears to the total Rentable Area of the Premises. Nothing contained in this Section shall prevent Tenant from bringing a separate action or proceeding for compensation for any of Tenant's Property taken and Tenant's moving expenses.

14.6 Business Interruption. Except as set forth in this Lease, Landlord shall not incur any liabilities of any type to Tenant or Tenant's affiliates arising from or in connection with any damage or destruction of the Premises, the Buildings or the Land, or any taking or appropriation thereof, or any repairs or restoration in connection therewith, except when caused by Landlord's gross negligence, nor shall Tenant have any right to terminate this Lease as a result thereof. However, in such event, Monthly Rent shall be abated if and to the extent that abatement is allowed pursuant to this Article 14.



14.7 Waiver. Tenant waives the application of any Laws which are contrary to the provisions of this Article in connection with any damage, destruction, condemnation, taking or appropriation (or sale in lieu thereof) of all or any portion of the Premises, the Building or the Land.

15. Assignment and Subletting.

15.1 Landlord's Consent Required. Tenant shall not voluntarily, involuntarily or by operation of any Laws sell, convey, mortgage, assign, sublet or otherwise transfer or encumber all or any part of Tenant's interest in this Lease or the Premises without Landlord's prior written consent in each instance, which consent shall not be unreasonably withheld, conditioned or delayed except as otherwise provided in this Article, and any attempt to do so without this consent shall be null and void. If Tenant desires to assign its interest in this Lease or to sublease all or any part of the Premises, Tenant shall notify Landlord in writing. This notice shall be accompanied by: (a) a statement setting forth the name and business address of the proposed assignee or subtenant; (b) a copy of the proposed assignment or sublease (and any collateral agreements) setting forth all of the terms and the financial details of the sublease or assignment (including, without limitation, the term, the rent and any security deposit, "key money", and amounts payable for Tenant's Property and the common use of any personnel or equipment); (c) financial statements certified by an independent certified public accountant and other information requested by Landlord relating to the proposed assignee or subtenant; and (d) any other information concerning the proposed assignment or sublease which Landlord may reasonably request. Notwithstanding the foregoing and the requirements of this Article 15, Lessee shall have the right at all times to assign or sublease to the state of California or the delegated holding entity for use by the Superior Court. The Tenant shall notify Landlord in writing of any change in tenancy.

15.2 Consent by Landlord. Tenant agrees that the withholding of Landlord's consent shall be deemed reasonable if all of the following conditions are not satisfied:

(a) The proposed assignee or subtenant shall use the Premises only for the Permitted Use, and the business of the proposed assignee or subtenant is consistent with the other uses and the standards of the Buildings, in Landlord's reasonable judgment.

(b) The proposed assignee or subtenant is reputable, has a credit rating reasonably acceptable to Landlord, and otherwise has sufficient financial capabilities to perform all of its obligations under this Lease or the proposed sublease, in Landlord's reasonable judgment.

(c) Neither the proposed assignee or subtenant nor any person or entity that directly or indirectly controls, is controlled by, or is under common control with the proposed assignee or subtenant is an occupant of any part of the Buildings or has negotiated for space in the Buildings within a six (6) month period prior to the delivery of Tenant's written notice.

(d) Tenant is not in default and has not committed acts or omissions which with the running of time or the giving of notice or both would constitute a default under this Lease.

(e) All of the other terms of this Article are complied with.

The conditions described above are not exclusive and shall not limit or prevent Landlord from considering additional factors in determining if it should reasonably withhold its consent.

15.3 Corporate and Partnership Transactions. ~~If Tenant is a corporation, a dissolution of the corporation or a transfer (by one or more transactions) of a majority of the voting stock of Tenant shall be deemed to be an assignment of this Lease subject to the provisions of this Article. However, these provisions shall not apply to transactions with a corporation into or with which Tenant is merged or consolidated or to which substantially all of Tenant's stock or assets are transferred or which controls, is controlled by, or is under common control with, Tenant, if a principal purpose of the merger or transfer is not the assignment of this Lease and Tenant's successor has a net worth not less than the net worth of Tenant on the execution of this Lease. Tenant shall cause reasonably satisfactory proof of such net worth to be delivered at least thirty (30) days prior to the effective date~~

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~~of the transaction. If Tenant is a partnership, a dissolution of the partnership (including a "technical" dissolution) or a transfer of the partnership interests to one or more partners which reduces the net worth of the partners shall be deemed an assignment of this Lease subject to the provisions of this Article, regardless of whether the transfer is made by one or more transactions. [Intentionally Omitted]~~

15.4 No Release of Tenant. Notwithstanding the granting of Landlord's consent, no sale, conveyance, mortgage, pledge, subletting, assignment or other transfer or encumbrance of this Lease or the Premises, other than assignment or subletting to the State of California or the delegated holding entity for the Superior Court, shall release or alter Tenant's primary liability to pay rent and perform all of its other obligations hereunder. The acceptance of rent by Landlord from any person other than Tenant shall not be a waiver by Landlord of any provision hereof. Consent to one assignment or subletting shall not be deemed to be consent to any subsequent assignment or subletting. If any assignee or successor of Tenant defaults in the performance of any of the terms hereof, Landlord may proceed directly against Tenant without proceeding against or exhausting its remedies against the assignee or successor. After any assignment, sublease or other transfer or encumbrance, Landlord may consent to subsequent assignments, subleases, transfers or encumbrances, or amendments to this Lease, without notifying Tenant or any other person, without obtaining consent thereto, and without relieving Tenant of liability under this Lease.

15.5 Additional Charges. If Landlord consents to any assignment or sublease, Tenant shall pay the following to Landlord as additional rent:

(a) In the case of an assignment, fifty percent (50%) of the amounts paid or payable to Tenant by the assignee for or by reason of such assignment (excluding commercially reasonable sums paid or payable for the purchase or rental of all or part of Tenant's Property).

(b) In the case of a sublease, fifty percent (50%) of the amount by which the sublease rental exceeds the portion of the rent and escalations allocable to the subleased space hereunder throughout the sublease term. In computing this amount, the sublease rental shall include all rents, charges and other consideration paid or payable to Tenant under the terms of the sublease and any collateral agreements (excluding commercially reasonable sums paid or payable by the subtenant for the purchase or rental of all or part of Tenant's Property). The rent hereunder allocable to the subleased space for any period shall equal the total rent accruing during such period, multiplied by a fraction, the numerator of which is the rentable area of the subleased space and the denominator of which is the Rentable Area of the Premises.

(c) This additional rent shall be paid by Tenant to Landlord as and when received by Tenant or, at Landlord's option, on written notice to the assignee or subtenant, Landlord may collect all or any portion of this additional rent directly from the assignee or subtenant. Landlord's acceptance or collection of this additional rent will not be deemed to be consent to any assignment or subletting or a cure of any default under this Article or the rest of the Lease.

15.6 Additional Terms. Tenant shall pay the reasonable attorney's fees and other costs and expenses of Landlord in connection with any request for Landlord's consent to any sale, conveyance, mortgage, pledge, assignment, sublease or other transfer or encumbrance.

(a) A sublease will be null and void unless it complies with the rest of this Lease and provides that: (i) it is subject and subordinate to this Lease and that if there is any conflict or inconsistency between the sublease and this Lease, this Lease will prevail; (ii) Landlord may enforce all the provisions of the sublease, including the collection of rent; (iii) it may not be modified without Landlord's prior written consent and that any modification without this consent shall be null and void; (iv) if this Lease is terminated or Landlord re-enters or repossesses the Premises, Landlord may, at its option, take over all of Tenant's right, title and interest as subLandlord and, at Landlord's option, the subtenant shall attorn to Landlord, but Landlord shall not be (x) liable for any previous act or omission of Tenant under the sublease, (y) subject to any existing defense or offset against Tenant, or (z) bound by any previous modification of the sublease made without Landlord's prior written consent or by any prepayment of more than one month's rent; and (v) it is ineffective until Landlord gives its written consent thereto.

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(b) An assignment will be null and void unless it complies with the rest of this Lease and provides that: (i) the assignee assumes all of Tenant's obligations under this Lease and agrees to be bound by all of the terms of this Lease; and (ii) it is ineffective until Landlord gives its written consent thereto.

(c) The sublease or assignment otherwise must exactly match the proposed sublease or assignment initially submitted by Tenant. A sublease or assignment will not be effective until a fully executed counterpart is delivered to Landlord and Landlord delivers its written consent thereto.

(d) This Article is binding on and shall apply to any purchaser, mortgagee, pledgee, assignee, subtenant or other transferee or encumbrancer, at every level.

(e) Notwithstanding anything to the contrary in this Lease, if Tenant or any proposed transferee of Tenant claims that Landlord has unreasonably withheld or delayed its consent under Section 15.3 or otherwise has breached or acted unreasonably under this Article, their sole remedy shall be a declaratory judgment and an injunction for the relief sought without any monetary damages, and Tenant waives all other remedies on its own behalf and, to the extent permitted under all Laws, on behalf of Tenant's proposed transferee.

16. **Quiet Enjoyment.** So long as Tenant pays all rent and performs all of its other obligations as required hereunder, Tenant shall quietly enjoy the Premises without hindrance or molestation by Landlord or any person lawfully claiming through or under Landlord, subject to the terms of this Lease and the terms of any Superior Leases and Mortgages, and all other agreements or matters of record or to which this Lease is subordinate. As used in this Lease, the term "**Superior Leases and Mortgages**" means all present and future ground leases, underlying leases, mortgages, deeds of trust or other encumbrances, and all renewals, modifications, consolidations, replacements or extensions thereof or advances made thereunder, affecting all or any portion of the Premises, the Building or the Land.

17. **Mortgage Protection.**

17.1 **Subordination.** This Lease is subordinate to all Superior Leases and Mortgages. This Section shall be self-operative and no further instrument of subordination shall be required. However, in confirmation of such subordination, Tenant shall execute, acknowledge and deliver a Subordination, No-Disturbance and Attornment agreement in form and content as set forth in Exhibit "E" to the Lease, within ten (10) days after a request is made by the Landlord's Mortgagees. (Each of the Landlords, mortgagees or beneficiaries is called a "**Landlord's Mortgagee.**").

17.2 **Mortgagee's Liability.** The obligations and liabilities of each of Landlord or Landlord's Mortgagees, or their successors, under this Lease shall exist only if and for so long as each of these respective parties owns fee title to the Land and the Building or is the Tenant under a ground lease therefor. No Monthly Rent or additional rent shall be paid more than thirty (30) days prior to the due date thereof and payments made in violation of this provision shall (except to the extent that such payments are actually received by a Landlord's Mortgagee) be a nullity as against Landlord's Mortgagees or their successors and Tenant shall be liable for the amount of such payments to Landlord's Mortgagees or their successors.

17.3 ~~**Mortgagee's Right to Cure.** No act or omission by Landlord which would entitle Tenant under the terms of this Lease or any Laws to be relieved of Tenant's obligations hereunder, or to terminate this Lease, shall result in a release or termination of such obligations or this Lease unless: (a) Tenant first shall have given written notice of Landlord's act or omission to Landlord and all Landlord's Mortgagees whose names and addresses shall have been furnished to Tenant; and (b) Landlord's Mortgagees, after receipt of such notice, fail to correct or cure the act or omission within a reasonable time thereafter (but in no event less than sixty (60) days). However, nothing contained in this Section shall impose any obligation on Landlord's Mortgagees to correct or cure any act or omission. [Intentionally Omitted]~~

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18. **Estoppel Certificates.** Tenant shall from time to time, within ten (10) days after request by Landlord, execute and deliver to Landlord or any other person designated by Landlord an estoppel certificate, in form and content satisfactory to Landlord, as set forth in Exhibit "F" to the Lease. An estoppel certificate issued by Tenant pursuant to this Article shall be a representation and warranty by Tenant which may be relied on by Landlord and by others with whom Landlord may be dealing, regardless of independent investigation. If Tenant fails to execute and deliver an estoppel certificate as required hereunder, Landlord's representations concerning the factual matters covered by such estoppel certificate, as described above, shall be conclusively presumed to be correct and binding on Tenant.

19. **Default.**

19.1 **Tenant's Default.** The occurrence of any one or more of the following events shall be a default and breach under this Lease by Tenant:

(a) The vacation or abandonment of the Premises by Tenant for thirty (30) consecutive days.

(b) The failure by Tenant to make any payment of rent or any other payment required to be made by Tenant hereunder for a period of twenty (20) days after such payment is due, provided Landlord has given Tenant written notice of such failure.

(c) The failure by Tenant to observe or perform any of the covenants, conditions or provisions of this Lease to be observed or performed by Tenant, other than those described in subparagraphs (b), (d), (e) and (f) of this Article 19, where such failure shall continue for a period of fifteen (15) days after written notice thereof by Landlord to Tenant. However, if the nature of these defaults is such that more than fifteen (15) days are reasonably required to cure, then Tenant shall not be deemed to be in default if Tenant commences such cure within the fifteen (15)-day period and thereafter diligently completes the cure within sixty (60) days.

(d) The making by Tenant or any guarantor of this Lease of any general assignment or general arrangement for the benefit of creditors; or the filing by or against Tenant or any guarantor of this Lease of a petition or order for relief under any Laws relating to bankruptcy or insolvency (unless, in the case of a petition filed against Tenant or any guarantor of this Lease, the petition is dismissed within sixty (60) days); or the appointment of a trustee, custodian or receiver to take possession of substantially all of Tenant's assets or the assets of any guarantor of this Lease or of Tenant's interest in this Lease where possession is not restored to Tenant within thirty (30) days; or the attachment, execution or judicial seizure of substantially all of Tenant's assets or of Tenant's interest in this Lease, unless discharged within thirty (30) days.

(e) The service by Landlord of a three-day notice under California Code of Civil Procedure Section 1161 on three or more occasions if the previous service of the three-day notices did not result in the termination of this Lease.

(f) A sale, conveyance, mortgage, pledge, assignment, sublease or other transfer or encumbrance, in violation of Article 15.

The defaults specified in subparagraphs (a), (d), (e), (f) and (g) above shall not be curable by Tenant.

19.2 **Breach by Landlord.** Except as provided otherwise herein, Landlord shall be in default in the performance of any material obligation required to be performed by Landlord under this Lease, if Landlord has failed to perform such obligations within sixty (60) days after the giving of written notice with respect thereto by Tenant (which notice shall be, if appropriate, the same notice given under Section 10; provided however, that if the nature of such default is such that the same cannot reasonably be cured within such sixty (60) day period, Landlord shall not be deemed to be in default, if Landlord shall within such period commence such cure and thereafter diligently prosecute the same to completion. If the default by Landlord ("Landlord Default") is of such a nature that it materially and substantially interferes with Tenant's occupancy and use of the Premises and

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such Landlord Default is not cured within the foregoing cure period, then Tenant shall have the right, at its option, with or without further notice or demand of any kind to Landlord or any other person, to cure said breach at Tenant's expense and offset from amounts payable to Landlord the actual and reasonable cost to perform such cure, provided however, that such offset shall not exceed an amount equal to three (3) months of total rent, reserving Tenant's right to seek reimbursement from Landlord. Tenant shall document the cost of said cure and supply said documentation to Landlord.

20. Remedies for Default.

20.1 General. In the event of any default or breach by Tenant, Landlord may at any time thereafter, with or without notice or demand:

(a) Terminate Tenant's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Tenant shall immediately surrender possession of the Premises to Landlord. In such event Landlord shall be entitled to recover from Tenant all liabilities incurred by Landlord or Landlord's Affiliates by reason of Tenant's default, including but not limited to: (i) the worth at the time of the award of the unpaid Monthly Rent which had been earned or was payable at the time of termination; (ii) the worth at the time of the award of the amount by which the unpaid Monthly Rent which would have been earned or payable after termination until the time of the award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; (iii) the worth at the time of the award of the amount by which the unpaid Monthly Rent which would have been paid for the balance of the term after the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; and (iv) any other amount necessary to compensate Landlord for all liabilities proximately caused by Tenant's failure to perform its obligations under the Lease or which in the ordinary course of things would be likely to result therefrom, including, but not limited to, any costs or expenses incurred by Landlord in maintaining or preserving the Premises, after such default, the cost of recovering possession of the Premises, expenses of r e t e n t i n g, i n c l u d i n g n e c e s s a r y r e n o v a t i o n o r a l t e r a t i o n o f t h e P r e m i s e s, L a n d l o r d ' s a t t o r n e y s ' f e e s a n d c o s t s i n c u r r e d i n c o n n e c t i o n t h e r e w i t h, a n d a n y r e a l e s t a t e c o m m i s s i o n s p a i d o r p a y a b l e. A s u s e d i n s u b p a r a g r a p h (i) a n d (i i) a b o v e, t h e " w o r t h a t t h e t i m e o f t h e a w a r d " i s c o m p u t e d b y a l l o w i n g i n t e r e s t o n u n p a i d a m o u n t s a t t h e r a t e o f t w e l v e p e r c e n t (1 2 %) p e r a n n u m, o r s u c h l e s s e r a m o u n t a s m a y t h e n b e t h e m a x i m u m l a w f u l r a t e. A s u s e d i n s u b p a r a g r a p h (i i i) a b o v e, t h e " w o r t h a t t h e t i m e o f t h e a w a r d " i s c o m p u t e d b y d i s c o u n t i n g s u c h a m o u n t a t t h e d i s c o u n t r a t e o f t h e F e d e r a l R e s e r v e B a n k o f S a n F r a n c i s c o a t t h e t i m e o f t h e a w a r d, p l u s o n e p e r c e n t (1 %). I f T e n a n t a b a n d o n s t h e P r e m i s e s, L a n d l o r d s h a l l h a v e t h e o p t i o n o f (x) t a k i n g p o s s e s s i o n o f t h e P r e m i s e s a n d r e c o v e r i n g f r o m T e n a n t t h e a m o u n t s p e c i f i e d i n t h i s s u b p a r a g r a p h, o r (y) p r o c e e d i n g u n d e r t h e p r o v i s i o n s o f s u b p a r a g r a p h (b) b e l o w.

(b) Maintain Tenant's right to possession, in which case this Lease shall continue in effect whether or not Tenant shall have abandoned the Premises. In such event Landlord shall be entitled to enforce all of Landlord's rights and remedies under this Lease and at law or in equity, including the right to recover the rent and other sums and charges as they become due hereunder.

(c) Pursue any other right or remedy now or hereafter available to Landlord hereunder or at law or in equity.

20.2 Redemption. Tenant waives any and all rights of redemption granted by or under any Laws if Tenant is evicted or dispossessed for any cause, or if Landlord obtains possession of the Premises by reason of the violation by Tenant of any of the terms, covenants or conditions of this Lease, or otherwise.

20.3 Performance by Landlord. If Tenant defaults under this Lease, Landlord, without waiving or curing the default, may, but shall not be obligated to, perform Tenant's obligations for the account and at the expense of Tenant. Notwithstanding Section 19(c), in the case of an emergency, Landlord need not give any notice prior to performing Tenant's obligations.

20.4 Post-Judgment Interest. The amount of any judgment obtained by Landlord against Tenant in any legal proceeding arising out of Tenant's default under this Lease shall bear interest until paid at the maximum rate allowed by law, or, if no maximum rate prevails, at the rate of ten

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percent (10%) per annum. Notwithstanding anything to the contrary contained in any Laws, with respect to any damages that are certain or ascertainable by calculation, interest shall accrue from the day that the right to the damages vests in Landlord, and in the case of any unliquidated claim, interest shall accrue from the day the claim arose.

21. **Holding Over.** Tenant shall not hold over in the Premises after the expiration or sooner termination of the Lease Term without the express prior written consent of Landlord. Tenant shall indemnify Landlord for, and hold Landlord harmless from and against, any and all Liabilities arising out of or in connection with any delay by Tenant in surrendering and vacating the Premises, including, without limitation, any claims made by any succeeding tenant based on any delay and any liabilities arising out of or in connection with these claims. If possession of the Premises is not surrendered to Landlord on the expiration or sooner termination of the Lease Term, in addition to any other rights and remedies of Landlord hereunder or at law or in equity, Tenant shall pay to Landlord for each month or portion thereof during which Tenant holds over in the Premises a sum equal to one hundred twenty five percent (125%) of the then-current Monthly Rent in addition to all other rent payable under this Lease. If any tenancy is created by Tenant's holding over in the Premises, the tenancy shall be on all of the terms and conditions of this Lease, except that rent shall be increased as set forth herein and the tenancy shall be a month-to-month tenancy. Nothing in this Article 21 shall be deemed to permit Tenant to retain possession of the Premises after the expiration or sooner termination of the Lease Term.

22. **Indemnification and Exculpation.**

22.1 **Definitions.** As used in this Lease, the following terms have the meanings set forth below:

(a) **Liabilities:** all losses, costs, damages, expenses, claims, injuries, liabilities and judgments, including, but not limited to, attorneys' fees and costs (whether or not suit is commenced or judgment entered).

(b) **Landlord's Affiliates and Tenant's Affiliates:** All corporate affiliates, directors, officers, shareholders, partners, agents, employees, invitees, customers, successors and assigns of Landlord and Tenant, respectively.

22.2 **Indemnification.** (a) Landlord. In addition to any other indemnities required of Tenant hereunder, Tenant shall indemnify Landlord and Landlord's Affiliates for, and hold Landlord and Landlord's Affiliates harmless from, any and all Liabilities arising from or in connection with: (i) the use and occupancy of the Premises by Tenant or Tenant's affiliates; (ii) the conduct of Tenant's business; (iii) any breach or default by Tenant under this Lease; (iv) claims by any assignee, subtenant, broker or other person based upon Landlord's failure to consent to any assignment, sublease or other transfer or encumbrance or termination of this Lease pursuant to Article 15; and (v) any other acts or omissions of Tenant or Tenant's affiliates or persons claiming through or under them. (b) Tenant. In addition to other indemnities required of Landlord hereunder, Landlord shall indemnify and hold Tenant and Tenant's affiliates harmless from and against all liabilities, arising from or in connection with any injury or damage to any person or property, occurring in or about the Buildings or Premises as a result of any gross negligence or willful misconduct of Landlord. The foregoing provisions shall not be construed to make Landlord responsible for loss, damage, liability or expense resulting from injuries to third parties caused by the negligence or willful misconduct of Tenant, or its officers, contractors, licensees, agents, employees or invitees or any third parties.

22.3 **Damage to Persons or Property.** Notwithstanding any provision to the contrary in the Lease, Tenant assumes the risk of all Liabilities it may incur, including, but not limited to, damage or injury to persons, property and the conduct of Tenant's business (and any loss of revenue therefrom), the loss of use or occupancy of the Premises, and the items enumerated below in this Section, and waives all claims against Landlord and Landlord's Affiliates in connection therewith. Landlord and Landlord's Affiliates shall not be liable for any Liabilities incurred by Tenant or Tenant's affiliates (including, but not limited to, the Liabilities described above in this Section) arising from or in connection with: (a) acts or omissions of any tenant of the Building or any other persons (including, but not limited to, any parking garage operators or their employees); (b) explosion, fire, steam,

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electricity, water, gas or rain, pollution or contamination; (c) the breakage, leakage, obstruction or other defects of plumbing, HVAC, electrical, sanitary, safety, elevator or other utilities and systems of the Building or the failure to furnish any of the foregoing; (d) any work, maintenance, repair, rebuilding or improvement performed by or at the request of Landlord or Landlord's Affiliates for the Premises, the Building or the Land; (e) any entry by Landlord or Landlord's Affiliates on the Premises; (f) any defects in the Premises, the Building, the Land or any portions thereof; (g) any interference with light or other incorporeal hereditaments; and (h) any other acts, omissions or causes. Nothing in this Section exempts Landlord for liability caused solely by its gross negligence or willful misconduct, but Landlord shall not be liable under any circumstances for consequential damages (including, but not limited to, damage or injury to persons, property and the conduct of Tenant's business [and any loss of revenue therefrom]). Tenant immediately shall notify Landlord of any defects in the Premises or the Building or any portion thereof and of any damage or injury thereto or to persons or property in or about the Premises or the Buildings.

22.4 **Satisfaction of Remedies.** Landlord's Affiliates shall not be personally liable for the performance of Landlord's obligations under this Lease. If Tenant or Tenant's affiliates acquire any rights or remedies against Landlord or Landlord's Affiliates (including, but not limited to, the right to satisfy a judgment), these rights and remedies shall be satisfied solely from Landlord's insurance, estate and interest in the Land and the Building (or the proceeds therefrom) and not from any other property or assets of Landlord or Landlord's affiliates. This Section shall be enforceable by Landlord and Landlord's affiliates.

23. **Rules and Regulations.** Tenant shall faithfully observe and comply with the rules and regulations that Landlord shall from time to time promulgate. Landlord reserves the right from time to time in its sole discretion to make all reasonable additions and modifications to the rules and regulations. Any additions and modifications to the rules and regulations shall be binding on Tenant when delivered to Tenant. Landlord shall not incur any Liabilities to Tenant or Tenant's affiliates arising from or in connection with the nonperformance of any rules and regulations by any other tenants or occupants of the Building. Landlord's current rules and regulations are attached hereto as Exhibit "C."

24. **Other Taxes.** Tenant shall pay, or cause to be paid, before delinquency, any and all taxes levied or assessed against Tenant's Property and any leasehold improvements in the Premises which were made for Tenant or at its request to the extent they are above the standard of the Building. If any or all of Tenant's Property or any of these leasehold improvements are assessed and taxed with the Building, Tenant shall pay to Landlord its share of such taxes within ten (10) days after delivery to Tenant by Landlord of a statement in writing setting forth the amount of such taxes.

25. **Brokers.** Landlord and Tenant represent and warrant to each other that they have had no dealings with any broker, finder, or similar person who is or might be entitled to a commission or other fee in connection with introducing Tenant to the Building or in connection with this Lease. Landlord and Tenant shall indemnify each other for, and hold the other harmless from and against, any and all claims that the indemnified party may have as a result of a breach of the foregoing representation.

26. **No Parking.** Tenant acknowledges that no parking is provided by Landlord for the Premises. The Master Landlord currently operates a subterranean parking facility located under the Buildings and Landlord will use its best commercial efforts to provide for Tenant during the term of this Lease or any renewal or holdover period as the case may be, eighteen (18) off-street in-and-out parking spaces, Monday through Friday (five days per week), located within the on-site garage. No tandem spaces will be included and all spaces will be "in and out" as long as that design is consistent with County of Los Angeles policy. If Tenant desires more or less parking spaces, Landlord will at its sole discretion negotiate with the parking facility located under the Buildings for this and Tenant will pay an equitable increase or reduction in the monthly rent based upon the fair market value of such additional parking spaces or the loss of such parking spaces.

27. **Authority to Enter into Lease.** Only the Board of Supervisors has the authority, by formally approving and/or executing this Lease, to bind the County to the terms included herein. Each individual executing this Lease on behalf of Tenant represents and warrants that he or she is

duly authorized to execute and deliver this Lease on behalf of Tenant, and that this Lease is binding upon Tenant in accordance with its terms. Landlord understands that no material terms of this Lease may be altered or deleted, nor may any new material terms be added to this Lease, without the express written approval of the Board of Supervisors, either through an amendment to the Lease or by other formal board action. No County officer, employee, agent or independent contractor has any authority to alter, add or delete the material terms of this Lease and Landlord may not rely upon any representations to the contrary. This limitation of authority applies to all material terms of the Lease including, without limitation, any monetary ceiling established for Tenant Improvements or other project costs of Landlord which are subject to reimbursement by County. County shall not reimburse Landlord for any expenses which exceed this ceiling. Notwithstanding the foregoing, the Chief Administrative Officer of the County or its designee (the "Chief Administrative Officer") may take any administrative act on behalf of Tenant hereunder which does not have the effect of increasing Rent or other financial obligations of Tenant under this Lease, including without limitation, granting any approvals, terminating this Lease in the manner provided herein by an Early Termination Notice or otherwise, signing estoppel certificates, signing the Commencement Date Memorandum and Confirmation of Lease Terms or subordinating this Lease. Each individual executing this Lease on behalf of Landlord represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of Landlord, and that this Lease is binding upon Landlord in accordance with its terms.

28. **Intentionally deleted.**

29. **Intentionally deleted.**

30. **General Provisions**

30.1 **Joint Obligation.** If Tenant consists of more than one person or entity, the obligations of such persons or entities as Tenant shall be joint and several.

30.2 **Marginal Headings.** The titles to the Articles and Sections of this Lease are not a part of this Lease and shall have no effect on the construction or interpretation.

30.3 **Time.** Time is of the essence for the performance of each and every provision of this Lease.

30.4 **Successors and Assigns.** Subject to the restrictions contained in Article 15 above, this Lease binds the heirs, executors, administrators, successors and assigns of the parties hereto.

30.5 **Recordation.** Tenant shall not record this Lease or a short form memorandum hereof without the prior written consent of Landlord. Landlord hereby consents to recordation of a memorandum of lease in the form and content set forth in Exhibit "D" to the Lease.

30.6 **Late Charges.** Tenant acknowledges that late payment of rent will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. These costs include, but are not limited to, processing and accounting charges and late charges which may be imposed on Landlord by the terms of any Superior Leases and Mortgage. Accordingly, if any installment of Monthly Rent or payment of additional rent due from Tenant is not received by Landlord or Landlord's designee within fifteen (15) days after the amount is due, Tenant shall pay to Landlord a late charge equal to six percent (6%) of the overdue amount. Acceptance of late charges by Landlord shall not constitute a waiver of Tenant's default with respect to the overdue amount, nor prevent Landlord from exercising any of the other rights and remedies granted hereunder or at law or in equity.

30.7 **Prior Agreements; Amendment, Waiver.** This Lease contains all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Lease, and no prior agreements or understanding pertaining to any such matters shall be effective for any purpose. No provision of this Lease may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successors in interest. All waivers hereunder must be in writing and specify the breach, act, omission, term, covenant or condition waived, and acceptance of rent or other



acts or omissions by Landlord shall not be deemed to be a waiver. The waiver by Landlord or Tenant of any breach, act, omission, term, covenant or condition of this Lease shall not be deemed to be a waiver of any other or subsequent breach, act, omission, term, covenant or condition.

30.8 Inability to Perform. Landlord shall not be in default hereunder nor shall Landlord be liable to Tenant or Tenant's Affiliates for any Liabilities if Landlord is unable to fulfill any of its obligations, or is delayed in doing so, if the inability or delay is caused by reason of accidents, breakage, strike, labor troubles, acts of God, or any other cause, whether similar or dissimilar, which is beyond the reasonable control of Landlord.

30.9 Legal Proceedings. In any action or proceeding involving or relating in any way to this Lease, the court or other person or entity having jurisdiction in such action or proceeding shall award to the party in whose favor judgment is entered the reasonable attorneys' fees and costs incurred. The party in whose favor judgment is entered may, at its election submit proof of fees and costs as an element of damages before entry of judgment or after entry of judgment in a post-judgment cost bill. Tenant also shall indemnify Landlord for, and hold Landlord harmless from and against, all liabilities incurred by Landlord if Landlord becomes or is made a party to any proceeding or action: (a) instituted by Tenant (except to the extent resulting from Landlord's breach or material default hereunder), or by any third party against Tenant, or by or against any person holding any interest under or using the Premises by license of or agreement with Tenant; (b) otherwise arising out of or resulting from any act or omission of Tenant or such other person; or (c) necessary to protect Landlord's interest under this Lease in a bankruptcy proceeding, or other proceeding under Title 11 of the United States Code, as amended. In any circumstance where Tenant is obligated to indemnify or hold harmless Landlord or Landlord's affiliates under this Lease, Landlord or Landlord's affiliates may employ their own counsel and Tenant shall pay when due all attorneys' fees and costs therefor.

30.10 Conveyance of Premises. As used herein the term "**Landlord**" means only the current owner or owners of the fee title to the Buildings or the Tenant under a ground lease of the Land. Upon each conveyance (whether voluntary or involuntary) of the Buildings, the conveying party shall be relieved of all liability under its covenants and obligations contained in or derived from this Lease arising out of any act, occurrence or omission occurring after the date of such conveyance. Landlord may sell, assign, convey, encumber or otherwise transfer all or any portion of its interests in this Lease, the Premises, the Buildings or the Land.

30.11 Name. Tenant shall not use the name of the Buildings or of the development in which the Buildings are situated, if any, for any purpose other than as an address of the business to be conducted by Tenant in the Premises.

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

30.13 Cumulative Remedies. No right, remedy or election hereunder or at law or in equity shall be deemed exclusive but shall, wherever possible, be cumulative with all other rights, remedies or elections.

30.14 Choice of Law. This Lease shall be governed by the laws of the State of California applicable to transactions to be performed wholly therein.

30.15 Signs. Tenant shall not place any sign on the Premises or the Buildings or which is visible from anywhere outside of the Premises, without Landlord's prior written consent. Landlord shall, at Landlord's cost, install one exterior sign identifying Tenant's business in the Premises above the door of the Premises (which sign shall be subject to the rules and regulations for the Building and Landlord's sign criteria). In addition, Tenant shall have the right to use up to two (2) lines in the Building directory to identify Tenant's business. Upon the expiration or earlier termination of this Lease, Tenant shall, at Tenant's sole cost and expense, remove all of Tenant's signage and repair any damage to the Building caused by such removal.

30.16 Landlord's Consent. Whenever Landlord's consent or approval is required hereunder, Landlord shall not unreasonably delay the granting or withholding of its consent or approval. Except where it is expressly provided that Landlord will not unreasonably withhold its consent or approval, Landlord may withhold its consent or approval arbitrarily and in its sole and absolute discretion.

30.17 Presumptions. This Lease shall be construed without regard to any presumption or other rule requiring construction against the party drafting the document. It shall be construed neither for nor against Landlord or Tenant, but shall be given reasonable interpretation in accordance with the plain meaning of its terms and the intent of the parties.

30.18 Exhibits. All exhibits and any riders annexed to this Lease including, without limitation, Exhibits "A", "B", "C", "D", "E", "G" and "F" are incorporated herein by this reference.

30.19 Submission of Lease. The submission of this Lease to Tenant or its broker, agent or attorney for review or signature does not constitute an offer to Tenant to lease the Premises or grant an option to lease the Premises. This document shall not be binding unless and until it is executed and delivered by both Landlord and Tenant.

30.20 Meaning of Terms. Whenever required by the context of this Lease, the singular shall include the plural and the plural shall include the singular, and the masculine, feminine and neuter genders shall each include the others, and the word "person" shall include corporations, partnerships or other entities. The words "Includes" and "Including" shall not be limiting.

30.21 Notices. All notices, demands or communications required or permitted under this Lease (the "Notices") shall be in writing and shall be personally delivered, sent by overnight courier, or sent by certified mail, return receipt requested, postage prepaid. Notices to Tenant shall be delivered to the address set forth in Section 2(r). Notices to Landlord shall be delivered to the address set forth in Section 2(q), or such other address as Landlord may specify in writing to Tenant. Notices shall be effective on the earlier of: delivery; or two (2) business days after they are mailed in accordance with this Section.

30.22 Trial by Jury. To the extent permitted by applicable law, Tenant and Landlord hereby waives trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto on any matters whatsoever arising out of or in any way connected with the Lease.

30.23 Confidentiality. , Unless otherwise provided by the applicable law, Tenant acknowledges and agrees that the terms of this Lease are confidential and constitute proprietary information of Landlord. Disclosure of the terms could adversely affect the ability of Landlord to negotiate other leases and impair Landlord's relationship with other tenants. Accordingly, Tenant agrees that it, and its partners, officers, directors, employees and attorneys, shall not intentionally and voluntarily disclose the terms and conditions of this Lease to any other tenant or apparent prospective tenant of the Building, either directly or indirectly, without the prior written consent of Landlord, provided, however, that Tenant may disclose the terms to prospective subtenants or assignees under this Lease.

30.24 Cancellation. Tenant or Landlord shall have right to cancel this entire Lease anytime after the thirty-sixth (36th) month of the term and by giving one hundred and twenty (120) days prior written notice by Tenant or Landlord as the case may be.

30.25 Solicitation of Consideration. It is improper for any County officer, employee or agent to solicit consideration in any form from a landlord with the implication, suggestion or statement that the landlord's provision of the consideration may secure more favorable treatment for the landlord in the award of the lease or that landlord's failure to provide such consideration may negatively affect the County's consideration of the landlord's offer to lease. A landlord shall not offer or give, either directly or through an intermediary, consideration in any form to a County officer, employee or agent for the purpose of securing favorable treatment with respect to the award of the Lease. Landlord shall immediately report any attempt by a County officer, employee or agent to solicit such improper consideration. The report shall be made either to the County manager charged



with the supervision of the employee or to the County Auditor-Controller's Employee Fraud Hotline at (213) 974-0914 or (800) 544-6861.

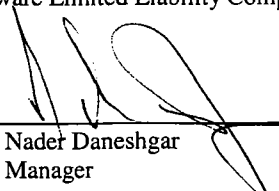
30.26 Government Code Sections 5950-5955. Landlord acknowledges that it is familiar with California Government Code Section 5950-5950 in connection with offer or sale of any security constituting a fractional interest in the lease or any portion thereof. Tenant acknowledges that such offer or sale is exempt under Government Code section 5951(g), if Landlord reasonably believes that the Buyer is an Accredited Investor as defined in the code.

30.27 Community Business Enterprises. Landlord shall complete and deliver to Tenant concurrently with the execution hereof a Community Business Enterprises form set forth as Exhibit "G" to the Lease.

IN WITNESS WHEREOF, the Landlord has executed this Lease or caused it to be duly executed, and the County of Los Angeles by order of its Board of Supervisors, has caused this Lease to be executed on its behalf by the Chair of said Board and attested by the Clerk thereof, the day, month, and year written below.

LESSOR

PIER PLAZA INVESTMENTS, LLC.
a Delaware Limited Liability Company

By 
Nader Daneshgar
Its: Manager

Executed at Beverly Hills on this
26 day of January 2006

ATTEST:

JOANNE STURGES
Acting Executive Officer-Clerk
of the Board of Supervisors

By _____
Deputy

LESSEE

COUNTY OF LOS ANGELES

By _____
Mayor, Board of Supervisors

APPROVED AS TO FORM:

RAYMOND G. FORTNER, JR.


By 
Kathleen D. Felice
Principal Deputy County Counsel

EXHIBIT "A"
PREMISES FLOOR PLAN
(Attached)

Initials: _____

JK

EXHIBIT A
PLOT PLAN

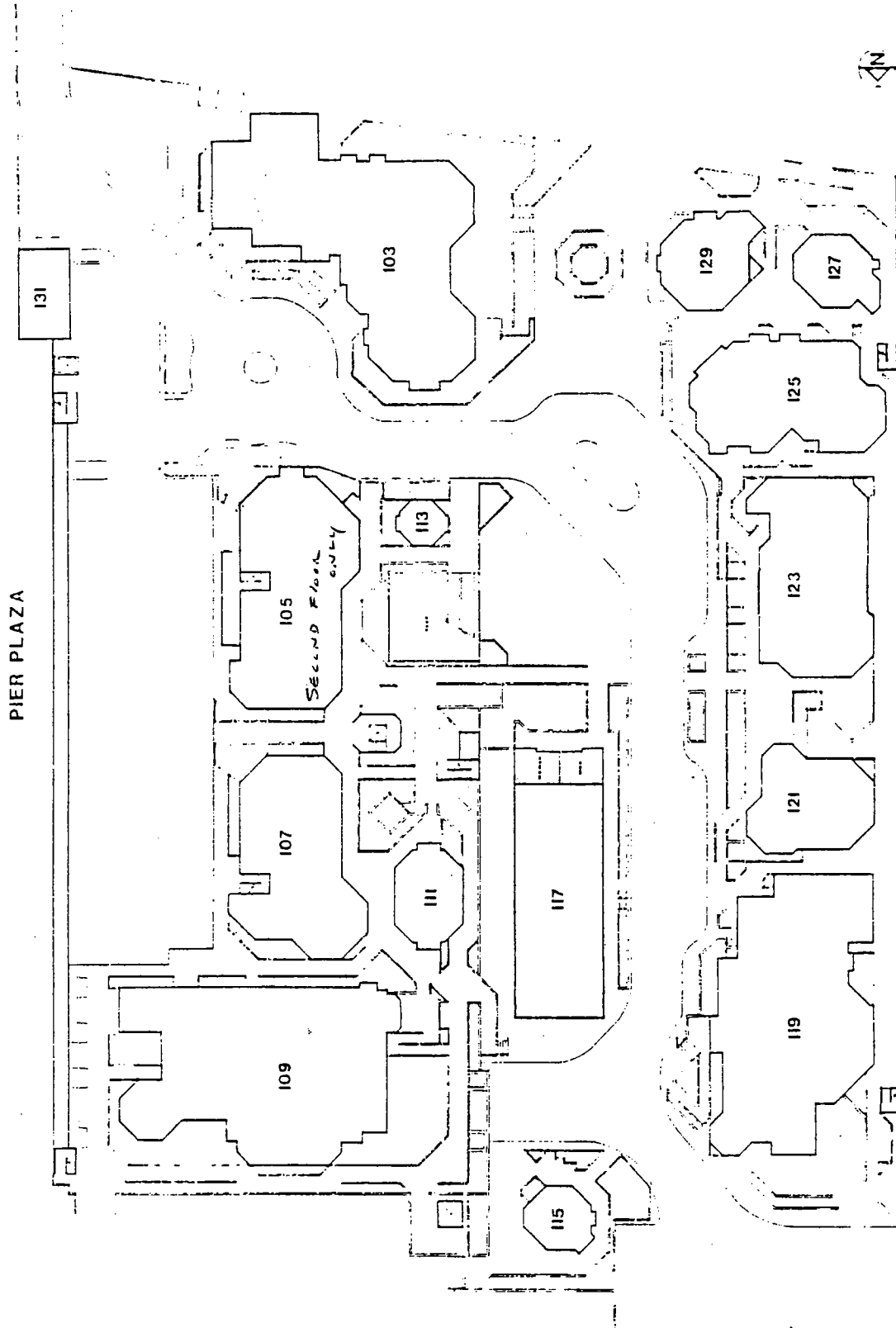


EXHIBIT "B"

RULES AND REGULATIONS

1. The sidewalks, halls, passages, exits, entrances, elevators, escalators and stairways of the Building shall not be obstructed by any of the tenants or used by them for any purpose other than for ingress to and egress from their respective premises. The halls, passages, exits, entrances, elevators, escalators and stairways are not for the general public and Landlord shall in all cases retain the right to control and prevent access thereto of all persons whose presence in the judgment of Landlord would be prejudicial to the safety, character, reputation and interests of the Building and its tenants, provided that nothing herein contained shall be construed to prevent such access to persons with whom any tenant normally deals in the ordinary course of its business, unless such persons are engaged in illegal activities. No tenant and no agent, employee, contractor, invitee or licensee of any tenant shall go upon the roof of the Building. Landlord shall have the right at any time, without the same constituting an actual or constructive eviction and without incurring any liability to any tenant therefor, to change the arrangement or location of entrances or passageways, doors or doorways, corridors, elevators, stairs, toilets and other common areas of the Building.

2. No sign, placard, picture, name, advertisement or notice visible from the exterior of any tenant's premises shall be inscribed, painted, affixed or otherwise displayed by any tenant on any part of the Building without the prior written consent of Landlord except that Tenant shall have the right, at its sole cost, to place its name on the door of the Premises. Landlord will adopt and furnish to tenants general guidelines relating to signs inside the Building. Tenants shall conform to such guidelines. All approved signs or lettering on doors shall be printed, painted, affixed or inscribed at the expense of any such tenant by a person approved by Landlord. Material visible from outside the Building will not be permitted.

3. The premises shall not be used for lodging. No cooking shall be done or permitted on the premises except that private use by any tenant of Underwriters' Laboratory approved equipment for brewing coffee, tea, hot chocolate and similar beverages, for preparation of meals by employees of any such tenant in a manner customary for an employee lounge or lunchroom, and for catering to serve food in connection with meetings or receptions will be permitted, provided that such use is in accordance with all applicable federal, state and municipal laws, codes, ordinances, rules and regulations.

4. No tenant shall employ any person or persons other than the janitor of Landlord for the purpose of cleaning its premises unless otherwise agreed to by Landlord in writing. Except with the written consent of Landlord, no person or persons other than those approved by Landlord shall be permitted to enter the Building for the purpose of cleaning the same. No tenant shall cause any unnecessary labor by reason of such tenant's carelessness or indifference in the preservation of good order and cleanliness. Landlord shall not be responsible to any tenant for any loss of property on the premises, however occurring, or for any damage done to the effects of any tenant by the janitor or any other employee or any other person. Tenant shall pay to Landlord the cost of removal of any of tenant's refuse and rubbish, to the extent that the same exceeds the refuse and rubbish usually attendant upon the use of tenant's premises as offices. Janitor service will not be furnished on nights when rooms are occupied after 6:00 P.M. unless, by agreement in writing, service is extended to a later hour for specifically designated rooms.

5. Landlord will furnish each tenant without charge with two (2) keys to each door lock provided in the premises by Landlord. Landlord may make a reasonable charge for any additional keys. No tenant shall have any such keys copied or any keys made. No tenant shall alter any lock or install a new or additional lock or any bolt on any door of its premises. Each tenant, upon the termination of its lease, shall deliver to Landlord all keys to doors in the Building.

6. Landlord shall designate appropriate entrances and a freight elevator for deliveries or other movement to or from the premises of equipment, materials, supplies, furniture or other property, and tenants shall not use any other entrances or elevators for such purposes. The freight elevator shall be available for use by all tenants in the Building subject to such reasonable scheduling as Landlord in

Initials: _____ 2



its discretion shall deem appropriate. All persons employed and means or methods used to move equipment, materials, supplies, furniture or other property in or out of the Building must be approved by Landlord prior to any such movement. Landlord shall have the right to prescribe the maximum weight, size and position of all equipment, materials, furniture or other property brought into the Building. Heavy objects shall, if considered necessary by Landlord, stand on a platform of such thickness as is necessary properly to distribute the weight. Landlord will not be responsible for loss of or damage to any such property from any cause, and all damage done to the Building by moving or maintaining such property shall be repaired at the expense of tenants.

7. No tenant shall use or keep in the premises or the Building any kerosene, gasoline or inflammable or combustible fluid or material other than limited quantities thereof reasonably necessary for the operation or maintenance of office equipment. No tenant shall use any method of heating or air conditioning other than that supplied by Landlord. No tenant shall use or keep or permit to be used or kept any foul or noxious gas or substance in the premises, or permit or suffer the premises to be occupied or used in a manner offensive or objectionable to Landlord or other occupants of the Building by reason of noise, odors or vibrations, or interfere in any way with other tenants or those having business in the Building, nor shall any animals or birds be brought or kept in the premises or the Building. All materials stored in the Premises by Tenant shall be stored in compliance with all applicable laws and shall not exceed the maximum floor load for the Premises as reasonably determined by Landlord.

8. Landlord shall have the right, exercisable without notice and without liability to any tenant, to change the name or street address of the Building.

9. Except as expressly set forth in the Lease, Landlord establishes the hours of 8 A.M. to 6 P.M. Monday through Friday, and Saturday 9:00 A.M. to 1:00 P.M., except legal holidays, as reasonable and usual business hours. If during any other hours or any other days, tenant desires to have any services or utilities supplied to tenant, and if Landlord is able to provide the same, tenant shall pay Landlord such charge as Landlord shall establish from time to time for providing such services or utilities during such hours. Any such charges which such tenant is obligated to pay shall be deemed to be additional rent under such tenant's lease.

10. The Building's air conditioning system achieves maximum cooling when the drapes and windows are closed. Landlord shall not be responsible for the room temperature if tenant does not keep all drapes and windows in the premises closed whenever the system is in operation. Tenant agrees to cooperate fully at all times with Landlord and to abide by all regulations and requirements which Landlord may prescribe for the proper functioning and protection of said air conditioning system. Tenant agrees not to connect any apparatus device, conduit or pipe to the Building chilled and hot water conditioning supply lines. Tenant further agrees that neither tenant nor its servants, employees, agents, visitors, licensees or contractors shall at any time enter mechanical installations or facilities of the Building or adjust, tamper with, touch or otherwise in any manner affect said installations or facilities.

11. Electric current is furnished as required by the Building standard office lighting and fractional horsepower office business machines in the amount of approximately four (4) watts per square foot. The tenant agrees, should its electrical installation or electrical consumption be in excess of the aforesaid quantity or extend beyond normal business hours, to reimburse Landlord monthly for the measured consumption under the terms, classifications and rates charged to similar consumers by said public utilities serving in the neighborhood in which the Building is located. If a separate meter is not installed at tenant's cost, such excess cost will be established by an estimate agreed upon by Landlord and tenant, and if the parties fail to agree, as established by an independent licensed engineer. Tenant agrees not to use any apparatus or device in, or upon, or about the premises which will in any way increase the amount of such services usually furnished or supplied to said premises, and tenant further agrees not to connect any apparatus or device or wires, conduits or pipes, or other means by which such services are supplied, for the purpose of using additional or unusual amounts of such services without written consent of Landlord. Should tenant use the same to excess, the refusal on the part of tenant to pay, upon demand of Landlord, the amount established by Landlord for such excess charge shall constitute a breach of the obligation to pay rent current under tenant's

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lease and shall entitle Landlord to the rights therein granted for such breach. At all times tenant's use of electric current shall never exceed the capacity of the feeders to the Building or the risers or wiring installation.

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

13. Landlord reserves the right to stop service of the elevator, plumbing, ventilating, air conditioning and electric systems, when necessary, by reason of accident or emergency or for repairs, alterations or improvements, in the judgment of Landlord desirable or necessary to be made, until said repairs, alterations or improvements shall have been completed, and shall further have no responsibility or liability for failure to support elevator facilities, plumbing, ventilating, air conditioning or electric service, when prevented from doing so by strike or accident or by any cause beyond Landlord's reasonable control or by laws, rules, orders, ordinances, directions, regulations or requirements of any federal, state, county or municipal authority or failure of gas, oil or other suitable fuel supplied or inability by exercise of reasonable diligence to obtain gas, oil or other suitable fuel. It is expressly understood and agreed that any covenants on Landlord's part to furnish any service pursuant to any of the terms, covenants, conditions, provisions or agreements of tenant's lease or to perform any act or thing for the benefit of tenant, shall not be deemed breached if Landlord is unable to furnish or perform the same by virtue of a strike or labor trouble or any other cause whatsoever beyond Landlord's control.

14. Landlord reserves the right to exclude from the Building between the hours of 6 P.M. and 8 A.M. Monday through Friday and at all hours on Saturdays, Sundays and legal holidays all persons who do not present identification acceptable to Landlord. Each tenant shall provide Landlord with a list of all persons authorized by such tenant to enter its premises and shall be liable to Landlord for all acts of such persons. Landlord shall in no case be liable for damages for any error with regard to the admission to or exclusion from the Building of any person. In the case of invasion, mob, riot, public excitement or other circumstances rendering such action advisable in Landlord's opinion, Landlord reserves the right to prevent access to the Building during the continuance of the same by such action as Landlord may deem appropriate, including closing doors.

15. The directory of the Building will be provided for the display of the name and location of tenants and the principal officers and employees of tenants (not to exceed two (2) names per one thousand (1,000) rentable feet in the Premises) at the expense of such tenant. Periodic revisions and updating shall be provided by Landlord without charge.

16. No curtains, draperies, blinds, shutters, shades, screens or other coverings, hangings or decorations shall be attached to, hung or placed in, or used in connection with any window of the Building without the prior written consent of Landlord. In any event, with the prior written consent of Landlord, such items shall be installed on the office side of Landlord's standard window covering and shall in no way be visible from the exterior of the Building. Tenants shall keep window coverings closed when the effect of sunlight (or the lack thereof) would impose unnecessary loads on the Building's heating or air conditioning system.

17. Each tenant shall ensure that the doors of its premises are closed and locked and that all water faucets, water apparatus and utilities are shut off before such tenant or such tenant's employees leave

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the premises so as to prevent waste or damage, and for any default or carelessness in this regard, such tenant shall compensate for all injuries sustained by other tenants or occupants of the Building or Landlord. On multiple-tenancy floors, all tenants shall keep the doors to the Building corridors closed at all times except for ingress and egress.

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

19. Except with the prior written consent of Landlord, no tenant shall sell at retail newspapers, magazines, periodicals, theater or travel tickets or any other goods or merchandise to the general public in or on the premises, nor shall any tenant carry on or permit or allow any employee or other person to carry on the business of stenography, typewriting, printing or photocopying or any similar business in or from the premises for the service or accommodation of occupants of any other portion of the Building, nor shall the premises of any tenant be used for manufacturing of any kind, or any business activity other than that specifically provided for in the tenant's lease.

20. No tenant shall install any radio or television antenna, loudspeaker, or other device on the roof or exterior walls of the Building. No television or radio or recorder shall be played in such a manner as to cause a nuisance to any other tenant.

21. There shall not be used in any space, or in the public halls of the Building, either by any tenant or others, any hand trucks except those equipped with rubber tires and side guards or such other material handling equipment as Landlord approves. No other vehicles of any kind shall be brought by any tenant into the Building or kept in or about its premises.

22. Each tenant shall store all its trash and garbage within its premises. No material shall be placed in the trash boxes or receptacles if such material is of such nature that it may not be disposed of in the ordinary and customary manner of removing and disposing of office building trash and garbage in the vicinity of the Building, without being in violation of any law or ordinance governing such disposal. All garbage and refuse disposal shall be made only through entryways and elevators provided for such purposes and at such times as Landlord shall designate.

23. Canvassing, soliciting, distribution of handbills or any other written material and peddling in the Building are prohibited, and each tenant shall cooperate to prevent the same.

24. The requirements of tenants will be attended to only upon application in writing at the office of the Building. Employees of Landlord shall not perform any work or do anything outside of their regular duties unless under special instructions from Landlord.

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

26. These Rules and Regulations are in addition to, and shall not be construed to in any way modify or amend, in whole or in part, the agreements, covenants, conditions and provisions of any lease of premises in the Building.

27. Landlord reserves the right to make such other rules and regulations as in its judgment may from time to time be needed for the safety, care and cleanliness of the Building and for the preservation of good order therein.

28. All construction projects and tenant improvement work must conform to the General Construction and Building Rules.

29. Tenant agrees that all employees will park on the lower levels of the parking structure and that the surface level parking spaces are to be reserved for customers and service providers.

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EXHIBIT "C"

EXHIBIT C - CLEANING AND MAINTENANCE SCHEDULE

1. DAILY (Monday Through Friday)
 - (a) Carpets vacuumed
 - (b) Composition floors dust-mopped
 - (c) Desks, desk accessories and office furniture dusted. Papers and folders left on desks not to be moved.
 - (d) Waste baskets, other trash receptacles emptied.
 - (e) Chairs and waste baskets returned to proper position.
 - (f) Fingerprints removed from glass doors and partitions.
 - (g) Drinking fountains cleaned, sanitized and polished.
 - (h) Lavatories, toilets and toilet rooms cleaned and mopped. Toilet supplies replenished.
 - (i) Bulb and tube replacements, as required.
 - (j) Graffiti expunged as needed within two (2) working days after notice by Tenant.
 - (k) Floors washed as needed
 - (l) Kitchen/Lunchroom supplies replenished including paper supplies and soap.

2. WEEKLY
 - (m) Low-reach areas, chair rungs, baseboards and insides of door-jambs dusted.
 - (n) Window sills, ledges and wood paneling and molding dusted

3. MONTHLY
 - (o) Floors washed and waxed in uncarpeted office area.
 - (p) High-reach areas, door frames and tops of partitions dusted.
 - (q) Upholstered furniture vacuumed, plastic and leather furniture wiped.
 - (r) Picture moldings and frames dusted.
 - (s) Wall vents and ceiling vents vacuumed.

4. QUARTERLY
 - (t) Light fixtures cleaned and dusted, but not less frequently than Quarterly.
 - (u) Wood furniture polished.
 - (v) Draperies or mini blinds cleaned as required, but not less frequently than Quarterly.
 - (w) Carpet professionally spot cleaned as required to remove stains.

5. ANNUALLY
 - (x) Windows washed as required inside and outside but not less frequently than twice annually.
 - (y) All painted wall and door surfaces washed and stains removed.
 - (z) All walls treated with vinyl covering washed and stains removed.
 - (aa) HVAC ducts and vents cleaned.
 - (bb) Carpets cleaned.

6. AS NEEDED
 - (cc) Premises should be maintained in good repair, clean and safe condition at all times. The sidewalks, driveways, parking areas and all means of access and egress for the demised.

 - (dd) All lawns, shrubbery and foliage on the grounds of the demised Premises should be maintained in good condition and neat in appearance. Grass and shrubbery must be replanted as needed to maintain the grounds in good appearance and condition.

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EXHIBIT "D"

EXHIBIT D - MEMORANDUM OF LEASE

RECORDING REQUESTED:
THE COUNTY OF LOS ANGELES

WHEN RECORDED MAIL TO:

Chief Administrative Office
Leasing and Space Management
222 South Hill Street, 4th floor
Los Angeles, CA 90012

This document is recorded for the benefit of the County of Los Angeles and recording is exempt from recording fees pursuant to California Government Code section 27383. This transaction is exempt from documentary transfer tax pursuant to California Revenue and Taxation Code section 11922.

MEMORANDUM OF LEASE

This Memorandum of Lease ("Memorandum") is made and entered into by and between PIER PLAZA INVESTMENTS, LLC, a Delaware Limited Liability Company (the "Landlord"), and the COUNTY OF LOS ANGELES, a body politic and corporate duly organized and existing under the laws of the State of California (the "Tenant") who agree as follows:

Landlord and Tenant have entered into that certain Lease and Agreement dated as of December 1, 2005, (the "Lease"). Pursuant to the Lease, the Landlord has leased to the Tenant real property located at 105, 107 and 109 W. Torrance Blvd., Redondo Beach, in the County of Los Angeles, State of California, described in Exhibit A attached hereto and incorporated herein by reference, commencing on August 1, 2005, and ending on a date 5 years after that date, unless such term is extended or sooner terminated pursuant to the terms and conditions set forth in the Lease. Landlord shall be responsible for providing full services during the term of the Lease, subject to the terms and conditions of the Lease.

This Memorandum has been prepared for the purpose of giving notice of the Lease and of its terms, covenants, and conditions, and for no other purposes. The provisions of this Memorandum shall not in any way change or affect the provisions of the Lease, the terms of which remain in full force and effect.

Landlord:

PIER PLAZA INVESTMENTS, LLC

By _____
By _____

Tenant:

COUNTY OF LOS ANGELES

By _____
Director of Real Estate

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EXHIBIT "E"

SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT

AND WHEN RECORDED MAIL TO:)
County of Los Angeles)
Chief Administrative Office)
Real Estate Division)
222 South Hill Street)
3rd Floor)
Los Angeles, California 90012)

Space above for Recorder's Use

SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT

NOTICE: THIS SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT RESULTS IN YOUR LEASEHOLD ESTATE BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.

This Subordination, Non-Disturbance and Attornment Agreement ("Agreement") is entered into as of the ___ day of ___, 200__ by and among COUNTY OF LOS ANGELES, a body politic and corporate ("Tenant"), [Insert name of Landlord], ("Borrower") and [Insert name of Lender], ("Lender").

Factual Background

- A. Borrower owns certain real property more particularly described in the attached Exhibit A. The term "Property" herein means that real property together with all improvements (the "Improvements") located on it.
B. Lender has made or agreed to make a loan to Borrower. The Loan is or will be secured by a deed of trust or mortgage encumbering the Property (the "Deed of Trust").
C. Tenant and Borrower (as "Landlord") entered into a lease dated ___ 200 (the "Lease") under which Borrower leased to Tenant a portion of the Improvements located within the Property and more particularly described in the Lease (the "Premises").
D. Tenant is willing to agree to subordinate certain of Tenant's rights under the Lease to the lien of the Deed of Trust and to attorn to Lender on the terms and conditions of this Agreement. Tenant is willing to agree to such subordination and attornment and other conditions, provided that Lender agrees to a Non-Disturbance provision, all as set forth more fully below.

Agreement

Therefore, the parties agree as follows:

- 1. Subordination. The lien of the Deed of Trust and all amendments, modifications and extensions shall be and remain at all times a lien on the Property prior and superior to the Lease, except that if Tenant is granted any option to extend the term of the Lease, right of first offer to lease additional premises, option to purchase the Property, or right of first offer to purchase the Property in the Lease such provisions shall not be affected or diminished by this subordination which is conditioned upon the agreement of Borrower and Lender in Section 3 of the Agreement.
2. Definitions of "Transfer of the Property" and "Purchaser". As used herein, the term "Transfer of the Property" means any transfer of Borrower's interest in the Property by foreclosure, trustee's sale or other action or proceeding for the enforcement of the Deed of Trust or by deed in lieu thereof. The term "Purchaser", as used herein, means any transferee, including Lender, of the interest of Borrower as a result of any such Transfer of the Property and also includes any and all successors and assigns, including Lender, of such transferee.

3. Non-Disturbance. The Transfer of the Property or any enforcement of the Deed of Trust shall not terminate the Lease or disturb Tenant in the possession and use of the leasehold estate created thereby, or deprive Tenant of any other property rights granted pursuant to the Lease.

4. Attornment. Subject to Section 3 above, if any Transfer of the Property should occur, Tenant shall and hereby does attorn to Purchaser, including Lender if it should be the Purchaser, as the landlord under the Lease, and Tenant shall be bound to Purchaser under all of the terms, covenants and conditions of the Lease for the balance of the Lease term and any extensions or renewals of it which may then or later be in effect under any validly exercised extension or renewal option contained in the Lease, all with the same force and effect as if Purchaser had been the original landlord under the Lease. This attornment shall be effective and self-operative without the execution of any further instruments upon Purchaser's succeeding to the interest of the landlord under the Lease.

5. Lender Not Obligated. Lender, if it becomes the Purchaser or if it takes possession under the Deed of Trust, and any other Purchaser shall not (a) be liable for any damages or other relief attributable to any act or omission of any prior Landlord under the Lease including Borrower; or (b) be subject to any offset or defense not specifically provided for in the Lease which Tenant may have against any prior landlord under the Lease; or (c) be bound by any prepayment by Tenant of more than one month's installment of rent; or (d) be obligated for any security deposit not actually delivered to Purchaser; or (e) be bound by any modification or amendment of or to the Lease unless the amendment or modification shall have been approved in writing by the Lender.

6. Notices. All notices given under this Agreement shall be in writing and shall be given by personal delivery, overnight receipted courier or by registered or certified United States mail, postage prepaid, sent to the party at its address appearing below. Notices shall be effective upon receipt (or on the date when proper delivery is refused). Addresses for notices may be changed by any party by notice to all other parties in accordance with this Section.

To Lender:

To Borrower:

[Insert name of Landlord]

To Tenant:

County of Los Angeles
Chief Administrative Office
Real Estate Division
222 South Hill Street, 3rd Floor
Los Angeles, California 90012
Attention: Director of Real Estate

7. Miscellaneous Provisions. This Agreement shall inure to the benefit of and be binding upon the parties and their respective successors and assigns. This Agreement is governed by the laws of the State of California without regard to the choice of law rules of that State.

TENANT: COUNTY OF LOS ANGELES,

a body politic and corporate
APPROVED AS TO FORM

RAYMOND G. FORTNER, JR.
County Counsel

By: _____
Deputy County Counsel

By: _____
Director of Real Estate

BORROWER: PIER PLAZA INVESTMENTS,
LLC, a Delaware Limited Liability Company

By: _____
Name: _____
Title: _____

LENDER: *[Insert name of Lender]*,

By: _____
Name: _____
Title: _____

EXHIBIT "F"

TENANT ESTOPPEL CERTIFICATE

To: [Insert name of party to rely on document]

Attn: _____

| | |
|----------------------------|----------------------|
| Re: | Date of Certificate: |
| Lease Dated: | _____ |
| Current Landlord: | _____ |
| Located at: | _____ |
| Premises: | _____ |
| Commencement Date of Term: | _____ |
| Expiration Date: | _____ |
| Current Rent: | _____ |

County of Los Angeles ("Tenant") hereby certifies that as of the date hereof:

1. Tenant is the present owner and holder of the tenant's interest under the lease described above, as it may be amended to date (the "Lease"). The Lease covers the premises described above (the "Premises") in the building (the "Building") at the address set forth above.

2. (a) A true, correct and complete copy of the Lease (including all modifications, amendments, supplements, side letters, addenda and riders of and to it) is attached to this Certificate as Exhibit A.

(b) The current Rent is set forth above.

(c) The term of the Lease commenced on the Commencement Date set forth above and will expire on the Expiration Date set forth above, including any presently exercised option or renewal term. Except as specified in the Lease, Tenant has no option or right to renew, extend or cancel the Lease, or to lease additional space in the Premises or Building, or to use any parking other than that specified in the Lease.

(d) Except as specified in the Lease, Tenant has no option or preferential right to purchase all or any part of the Premises (or the land of which the Premises are a part).

(e) Tenant has made no agreement with Landlord or any agent, representative or employee of Landlord concerning free rent, partial rent, rebate of rental payments or any other similar rent concession, except as expressly set forth in the Lease.

3. (a) The Lease constitutes the entire agreement between Tenant and Landlord with respect to the Premises, has not been modified, changed, altered or amended and is in full force and effect. There are no other agreements, written or oral, which affect Tenant's occupancy of the Premises.

[(b) To the knowledge of Tenant, Tenant has not given Landlord written notice of a material default under the Lease which has not been cured.

(b) The interest of Tenant in the Lease has not been assigned or encumbered. Tenant is not entitled to any credit against any rent or other charge or rent concession under the Lease except as set forth in the Lease. No rental payments have been made more than one month in advance.

4. All contributions required to be paid by Landlord to date for improvements to the Premises have been paid in full and all of Landlord's obligations with respect to tenant improvements have been fully performed.

[Signatures on the following page]

Initials: _____

IN WITNESS WHEREOF, the Tenant has executed this Tenant Estoppel Certificate as of the day set forth above.

COUNTY OF LOS ANGELES,
a body politic and corporate

APPROVED AS TO FORM

RAYMOND G. FORTNER, JR.
County Counsel

By: _____
Senior Deputy County Counsel

By: _____
Director of Real Estate

Initials: _____
