

**30683**  
SUBLEASE

1  
2 THIS SUBLEASE is made and entered as of March 15, 2008, for reference  
3 purposes only, pursuant to a minute order of the City Council of the City of Long Beach  
4 adopted at its meeting on March 18, 2008 by and between the CITY OF LONG BEACH,  
5 a municipal corporation ("Sublessor"), and MANAGED CAREER SOLUTIONS  
6 ("Sublessee").

7 WHEREAS, Sublessor leases property from Worldport, LLC, a Delaware  
8 limited liability company ("Lessor"); and

9 WHEREAS, Sublessor entered an Assignment of Lease from the City of  
10 Torrance dated as of October 16, 2007, attached as Exhibit "A," for premises more  
11 particularly described in said "Master Lease" and commonly known as 1851 North Gaffey  
12 Street, San Pedro, California ("Premises"), a copy of said Master Lease is identified as  
13 Exhibit "B" and attached hereto; and

14 WHEREAS, pursuant to Section 11 of the Master Lease, Sublessor has the  
15 right to sublease all or any portion of the Premises to entities administering programs for  
16 the permitted use;

17 NOW, THEREFORE, in consideration of the mutual terms, covenants, and  
18 conditions contained herein, the parties agree as follows:

19 1. PREMISES. The Sublessor hereby subleases to the Sublessee and  
20 the Sublessee hereby hires from the Sublessor those certain premises with  
21 appurtenances situated in the City of San Pedro, County of Los Angeles, California, and  
22 more particularly described as follows: Approximately two hundred (200) square feet of  
23 leased office space located at 1851 North Gaffey Street, as shown on Exhibit "C"  
24 attached hereto and incorporated herein by this reference into this Sublease. Sublessor  
25 makes no warranties about the nature or condition of the Premises. Sublessee hereby  
26 waives any and all claims or causes of action for damages or performance against  
27 Sublessor for failure of the Premises to conform with Exhibit "C". Sublessee agrees that  
28 its only remedy against Sublessor for failure of the Premises to conform with Exhibit "C"

1 is to quit the Premises.

2           2.     TERM. The term of this Sublease shall commence on October 1,  
3 2007, and shall continue thereafter on a month-to-month basis.

4           3.     RENT. A. Sublessee shall pay to Sublessor as rent, in advance,  
5 each month, without deduction, offset, notice, or demand, Four Hundred Twenty Dollars  
6 (\$420.00) ("Rent") prorated for any partial month at the commencement of the term.  
7 Factored into the monthly base rent is Sublessee's share of electrical, common area  
8 maintenance, property taxes and janitorial costs as well as computer, internet and copier  
9 usage.

10           B.     Sublessee shall pay Rent by cash or check payable to the City of  
11 Long Beach and delivered to: Department of Community Development, Administrative  
12 and Financial Services Bureau, 333 West Ocean Boulevard, 3<sup>rd</sup> Floor, Attention:  
13 Financial Services Officer, Long Beach, California 90802.

14           4.     USE. The premises will be used for general office use for the  
15 Los Angeles Business Assistance Program ("LABAP"). In Sublessee's use of the  
16 Premises and Sublessee's operations on the Premises, Sublessee will not create, cause  
17 or allow any nuisance on the Premises. Sublessee's use of the Premises shall be in  
18 conformance with all applicable laws and regulations and the rules and regulations of the  
19 Premises, as detailed on Exhibit "B" attached hereto and incorporated herein by this  
20 reference into this Sublease.

21           5.     UTILITIES. Utilities will be provided in accordance with the Master  
22 Lease as part of the operating expenses paid by Sublessor.

23           6.     TELECOMMUNICATIONS AND TECHNOLOGY. Sublessee will  
24 utilize existing phone lines and reimburse Sublessor for the monthly cost of the lines and  
25 all charges made for long distance calls or any other costs billed to those phone lines,  
26 including a proportional share of any taxes or fees imposed on the account. No wiring or  
27 installation of equipment within the Premises or on the exterior of the facility including  
28 rooftop communications equipment shall be conducted without the prior written approval

1 of the Sublessor. If requested by Sublessee, Sublessee will pay Sublessor for other  
2 telecommunications services and equipment to be provided by Sublessor as negotiated.

3           7.     FURNITURE, FIXTURES AND EQUIPMENT. Sublessee shall be  
4 responsible for providing all furniture, fixtures and equipment at its sole cost except as  
5 provided by Sublessor. Sublessee shall be responsible for all costs associated with  
6 moving and installation of all furniture, fixtures and equipment including damages caused  
7 to Premises. No furniture, fixtures or equipment may be permanently affixed to the  
8 Premises without prior written approval from Sublessor.

9           8.     ACCESS. The Sublessee will have access to the premises during  
10 normal business hours Monday through Friday as well as after hour access as necessary  
11 during the evening and weekends. The Sublessee will be provided with a key and alarm  
12 codes for the purpose of after hour access.

13           9.     IMPROVEMENTS. Sublessee will not make any improvements,  
14 alterations or additions to the Premises without the prior written consent of Sublessor and  
15 Lessor. Any improvements, alterations or additions and the removal of same will be  
16 performed pursuant to Section 6.4 of the Master Lease incorporated herein by this  
17 reference. Any and all costs associated with Sublessee's alterations or additions and the  
18 removal of same will be paid by Sublessee.

19           10.    LIENS. Sublessee shall keep the Premises free of all liens for any  
20 work done, labor performed, or material furnished by or for Sublessee relating to the  
21 Premises. Sublessee shall defend, indemnify and hold Lessor and Sublessor, its officials  
22 and employees harmless from and against all claims, demands, causes of action, liens,  
23 liability, proceedings, loss, costs, and expenses (including attorney's fees) of whatsoever  
24 kind for any such work done, labor performed, or materials furnished on the Premises.

25           11.    NONDISCRIMINATION. Subject to applicable laws, rules, and  
26 regulations, Sublessee shall not discriminate against any person or group on the basis of  
27 age, sex, sexual orientation, AIDS, AIDS related condition, HIV status, marital status,  
28 race, religion, creed, ancestry, national origin, disability, handicap, or Vietnam Era-

1 veteran status in connection with the subleasing and maintenance of the Premises.

2           12.    INDEPENDENT CONTRACTOR STATUS. It is distinctly understood  
3 that Sublessee is at all times a wholly-independent contractor. Sublessee expressly  
4 warrants that it has all permits and licenses required, if any, to conduct its operations.  
5 Sublessee expressly warrants that it will not, at any time, hold itself out or in any manner  
6 represent that Sublessee or any of its agents, volunteers, subscribers, members, officers  
7 or employees are in any manner the officers, employees or agents of the Sublessor or  
8 the Greater Long Beach Workforce Development Board (GLBWDB), an unincorporated  
9 non-profit association. Sublessee shall not have any authority to bind the Sublessor or  
10 GLBWDB for any purpose at any time during the term hereof. Sublessee nor any of  
11 Sublessee's officers, employees or agents shall have the power of authority as agent(s)  
12 or employees of the Sublessor or GLBWDB and shall not be entitled to any of the rights,  
13 privileges or benefits of a Sublessor or GLBWDB employee.

14           13.    INDEMNITY. Sublessee will indemnify, defend, and hold harmless  
15 the Greater Long Beach Workforce Development Board (GLBWDB), the City of Long  
16 Beach, the City Council, each member thereof, present and future, their respective  
17 officers, agents and employees (collectively "City") from and against any and all liability,  
18 expenses, including the defense costs and legal fees, and claims for damages  
19 whatsoever, including but not limited to, those arising from breach of contract, bodily  
20 injury, death, personal injury, property damage, loss of use, or property loss, however the  
21 same may be caused, and regardless of the responsibility for negligence. The obligation  
22 to indemnify, defend and hold harmless includes, but is not limited to, any liability or  
23 expense, including defense costs and legal fees arising from the negligent acts or  
24 omissions or willful misconduct of City. It is further agreed, that Sublessee's obligations  
25 to indemnify, defend and hold harmless will apply even in the event of concurrent  
26 negligence on the city, except for liability resulting solely from the negligence or willful  
27 misconduct of City. In the event of any dispute between Sublessee and Sublessor as to  
28 whether liability arises from the sole negligence of City, Sublessee will be obligated to

1 pay for the city's defense until such time as a final judgment has been entered or  
2 adjudicated against the City as solely negligent.

3 14. INSURANCE. Concurrent with the effective date of this Sublease  
4 and in partial performance of Sublessee's obligations hereunder, Sublessee will procure  
5 and maintain the following insurance coverages at Sublessee's sole expense for the  
6 duration of this Sublease and any extensions, renewals, or holding over thereof, from  
7 insurance companies admitted to write insurance in the State of California or from  
8 authorized non-admitted insurers and that have a minimum rating of or equivalent to  
9 A:VIII by A.M. Best Company the following insurance:

10 (a) Commercial General Liability (equivalent in coverage scope to  
11 Insurance Services Offices, Inc. (ISO) form CG 00 01 11 85 or CG 00 01  
12 11 88) in an amount not less than One Million Dollars (\$1,000,000) per  
13 occurrence and Two Million Dollars (\$2,000,000) general aggregate. This  
14 insurance shall be endorsed to include the Greater Long Beach Workforce  
15 Development Board (GLBWDB), City of Long Beach, and their respective  
16 officials, employees, and agents as additional insureds by an  
17 endorsement equivalent in coverage scope to ISO form CG 20 26 11 85  
18 and shall contain no special limitations on the scope of protection given to  
19 Sublessor, its officials, employees and agents.

20 (b) "All Risk" property insurance in an amount sufficient to cover  
21 the full replacement value of Sublessee's personal property, equipment,  
22 and improvements, if any, on the Premises.

23 (c) Workers' Compensation as required by the State of California  
24 and employer's liability insurance in an amount not less than One Million  
25 Dollars (\$1,000,000) per accident. The policy shall be endorsed to waive  
26 the insurer's rights of subrogation against the Sublessor, its officials,  
27 employees, and agents.

28 Sublessee hereby waives all rights of subrogation, but only to the

1 extent that collectible commercial insurance is available for said damage.

2 All insurance required hereunder shall be separately endorsed to  
3 require at least thirty (30) days' prior written notice of cancellation (ten (10)  
4 days if cancellation is for nonpayment of premium), nonrenewable, or  
5 reduction in coverage or limits (other than exhaustion of limits due to  
6 claims paid) and to provide that coverage shall be primary and not  
7 contributing to any other insurance or self-insurance maintained by the  
8 GLBWDB, the City of Long Beach or its officials, employees, and agents.  
9 Any self-insurance program, self-insured retention or deductible must be  
10 approved separately in writing by Sublessor's Risk Manager or designee  
11 and shall protect the GLBWDB, the City of Long Beach and its officials,  
12 employees, and agents in the same manner and to the same extent as  
13 they would have been protected had the policy or policies not contained  
14 such retention or deductible provisions.

15 Sublessee shall require its contractors and subcontractors to  
16 maintain the insurance required hereunder unless otherwise agreed in  
17 writing by Sublessor's Risk Manager or designee.

18 Upon the execution of this Sublease, Sublessee shall deliver to  
19 Sublessor certificates of insurance and the required endorsements  
20 evidencing the coverage required by this Sublease, including the  
21 certificates and endorsements of any of Sublessee's contractors and  
22 subcontractors, for approval as to sufficiency and form. The certificates  
23 and endorsements for each insurance policy shall contain the original  
24 signatures of persons authorized by that insurer to bind coverage on its  
25 behalf. Sublessee shall provide Sublessor with copies of certificates of  
26 insurance and endorsements for renewal policies within thirty (30) days of  
27 policy expiration. Sublessor reserves the right to require complete  
28 certified copies of all said policies at any time.

1           Such insurances as required herein shall not be deemed to limit  
2           Sublessee's liability relating to performance under this Sublease. The  
3           procuring of insurance shall not be construed as a limitation on liability or  
4           as full performance of the indemnification and hold harmless provisions of  
5           this Sublease.

6           Not more frequently than once a year or upon any amendments of  
7           this Sublease, if, in the opinion of Sublessor or designee, the amount of  
8           the foregoing insurance coverage is not adequate, Sublessee shall modify  
9           the insurance coverages required by Sublessor.

10          Any modification or waiver of the insurance requirements herein  
11          shall be made only with the written approval of Sublessor's Risk Manager  
12          or designee.

13          15.    SIGNS.    Sublessee shall not place, affix, maintain, or permit any  
14          sign, advertisement, name, insignia, logo, descriptive material, flyers, or similar item  
15          (collectively "sign") on the Premises without the prior written consent of Sublessor.

16          16.    HAZARDOUS MATERIAL CLEAN-UP AND ABANDONMENT.  
17          Sublessee shall comply with California Health and Safety Code Section 25359.7 or its  
18          successor statute regarding notice to Sublessor on discovery by Sublessee of the  
19          presence or suspected presence of any hazardous substance on the Premises.  
20          Sublessee warrants that it will store and dispose of hazardous materials in accordance  
21          with all applicable laws and regulations pertaining to its business and its use of the  
22          Premises.

23          17.    RELOCATION.    Sublessee agrees that nothing contained in this  
24          Sublease shall create any right in Sublessee for any relocation assistance or payment  
25          from Sublessor pursuant to the provisions of Title 1, Division 7, Chapter 16 of the  
26          California Government Code or any other law or regulation on the expiration or  
27          termination of this Sublease.

28          18.    WAIVER OF CLAIMS.    Sublessor shall not be liable for and

1 Sublessee hereby waives to the extent permitted by law all claims against Sublessor, its  
2 officials, employees and agents for loss, theft, or damage to equipment, furniture, trade  
3 fixtures, records, plants, and other property on or about the Premises, for loss or damage  
4 to Sublessee's business, or injury to or death of persons on or about the Premises from  
5 any cause except to the extent caused by the negligence or willful misconduct of  
6 Sublessor, its official and employees.

7 Sublessee acknowledges that it is familiar with California Civil Code Section  
8 1542 which states: "A general release does not extend to claims which the creditor does  
9 not know or suspect to exist in his or her favor at the time of executing the release, which  
10 if known by him or her must have materially affected his or her settlement with the  
11 debtor."

12 Sublessee hereby releases Lessor from any unknown claims and waives its  
13 rights under this Section 1542.

14 19. ABANDONED PERSONAL PROPERTY. If Sublessee abandons the  
15 Premises or is dispossessed by process or law or otherwise, then Sublessee shall be  
16 deemed to have abandoned any personal property belonging to Sublessee left on the  
17 Premises thirty (30) days after the date of abandonment or dispossession, and title to that  
18 personal property shall be deemed to have been transferred to Sublessor. Sublessor  
19 shall have the right to remove and to dispose of the personal property without liability to  
20 Sublessee or to any person claiming under Sublessee, and shall not need to account for  
21 its disposal. Sublessee hereby designates Sublessor's City Manager as its attorney in  
22 fact to execute and deliver any documents that are required to dispose of that personal  
23 property and transfer title to it. Sublessee shall pay the cost of removal, storage, sale or  
24 destruction as additional rent. Sublessee hereby agrees to and shall defend, indemnify  
25 and hold Sublessor, its officials and employees harmless from all claims, demands,  
26 damage, loss, liability, causes of action, penalties, fines, costs and expenses, including  
27 attorney's fees, arising from Sublessor's removal, storage, and disposal of personal  
28 property that is not owned by Sublessee.



1                   20.    RIGHT OF ENTRY.   Sublessor, Lessor, and their representatives  
2 shall have the right to enter the Premises at all reasonable times to inspect the Premises  
3 to determine whether or not Sublessee is complying with the terms, covenants, and  
4 conditions of this Sublease and the Master Lease, to serve, post, or keep posted any  
5 notice, to take any reasonable or necessary action to protect the Premises, and as  
6 otherwise provided in this Sublease and the Master Lease. Sublessor and Lessor shall  
7 not be liable for inconvenience, loss of business, or other damage arising from such  
8 entry. Sublessee shall not be entitled to an abatement or reduction in rent if Sublessor or  
9 Lessor exercises its right of entry hereunder. Sublessee shall not change or modify any  
10 locks or access points without prior written approval of Sublessor.

11                   21.    SUBLESSOR'S RIGHT TO RE-ENTER. Sublessee shall peaceably  
12 deliver possession of the Premises to Sublessor on the effective date of termination of  
13 this Sublease. On giving notice of termination to Sublessee, Sublessor shall have the  
14 right to re-enter and take possession of the Premises on the effective date of termination  
15 without further notice of any kind and without institution of summary or regular legal  
16 proceedings. Termination of the Sublease and re-entry of the Premises by Sublessor  
17 shall in no way alter or diminish any obligation of Sublessee under the Sublease.  
18 Sublessee waives any and all right of redemption under any existing or future law in the  
19 event of eviction from the Premises and in the event Sublessor re-enters and takes  
20 possession. Sublessee agrees that should the manner or method used by Sublessor in  
21 re-entering or taking possession give Sublessee a cause of action for damages or in  
22 forcible entry and detainer, the total amount of damages to which Sublessee shall be  
23 entitled in any such action shall be One Dollar (\$1.00). Sublessee agrees that this  
24 Section may be filed in any such action and that when filed it shall be a stipulation by  
25 Sublessee fixing the total damages to which Sublessee is entitled in such action.

26                   22.    NO WAIVER OF RIGHTS. The failure or delay of Sublessor to re-  
27 enter the Premises, to insist on strict enforcement of any term, covenant, or condition, or  
28 to exercise any right, power, privilege, or option arising from any breach or default shall

1 not impair any such right, power, privilege, or option or be construed or deemed a waiver  
2 of such breach or default or relinquishment of any right, power, privilege or option. The  
3 receipt and acceptance by Sublessor of delinquent Rent shall not constitute a waiver of  
4 any other default but shall only constitute a waiver of timely payment for the particular  
5 Rent payment involved. Any waiver by Sublessor of any default or breach shall be in  
6 writing and shall not be construed to be a waiver of any subsequent or other breach or  
7 default of the same or any other term, covenant, or condition of this Sublease, nor shall  
8 failure on the part of Sublessor to require exact and complete compliance hereof be  
9 construed or deemed as in any manner changing this Sublease or preventing Sublessor  
10 from enforcing this Sublease, nor shall the conduct of the parties be deemed to change  
11 this Sublease. Sublessor's approval of any act by Sublessee requiring Sublessor's  
12 approval shall not be deemed to waive Sublessor's approval of any subsequent act of  
13 Sublessee. No notice to Sublessee shall be required to restore "time is of the essence"  
14 after waiver by Sublessor of any breach or default. No right, power, privilege, option or  
15 remedy of Sublessor shall be construed as being exhausted by the exercise thereof in  
16 one or more instances.

17           23. ASSIGNMENT. Sublessee shall not assign or transfer this Sublease  
18 or any interest herein, nor sublease the Premises or any part thereof or grant permits for  
19 the use of the Premises, nor grant any franchise, easement, right of way, or permit in, on,  
20 over, under or across the Premises (collectively referred to as "transfer").

21           24. TIME. Time is of the essence in this Sublease, and every provision  
22 hereof.

23           25. INTEGRATION AND AMENDMENTS. This Sublease, including the  
24 Master Lease and amendments thereto, represents and constitutes the entire  
25 understanding between the parties and supersedes all other agreements and  
26 communications between the parties, oral or written, concerning the subject matter  
27 herein. This Sublease shall not be modified except in writing duly signed by the parties  
28 and referring to this Sublease. Each provision of this Sublease and the Master Lease to

1 be performed by Sublessee shall be construed as both a covenant and a condition of this  
2 Sublease and the Master Lease only as it pertains to the Premises described in Section 1  
3 above.

4 26. PARTIAL INVALIDITY. If any term, covenant, or condition of this  
5 Sublease is held by a court of competent jurisdiction to be invalid, void or unenforceable,  
6 the remainder of the provisions hereof will remain in full force and effect and will in no  
7 way be affected, impaired or invalidated thereby.

8 27. SUCCESSORS IN INTEREST. This Sublease shall be binding on  
9 and inure to the benefit of the parties and their successors, heirs, personal  
10 representatives, transferees, and assignees except as provided in Section 17 hereof, and  
11 all of the parties hereto shall be jointly and severally liable hereunder.

12 28. ATTORNEYS' FEES. In any action or proceeding relating to this  
13 Sublease, the prevailing party shall be entitled to its costs, including reasonable  
14 attorneys' fee.

15 29. RECORDATION. This Sublease shall not be recorded.

16 30. NOTICE. Any notice required hereunder shall be in writing and  
17 personally delivered or deposited in the U. S. Postal Service, registered or certified,  
18 return receipt, postage prepaid to Sublessor at 333 West Ocean Boulevard, Long Beach,  
19 California 90802 Attn: City Manager, with a courtesy copy to: Workforce Development  
20 Bureau Manager, 3447 Atlantic Avenue, Long Beach, California 90807 and to Sublessee  
21 at: Managed Career Solutions, 3333 Wilshire Blvd., Suite 405, Los Angeles, CA 90010.  
22 Notice shall be deemed effective on the date shown on the return receipt or on the date  
23 personal delivery is made, whichever first occurs. Change of address shall be given as  
24 provided herein for notices.

25 31. FORCE MAJEURE. Except as to the payment of Rent, in any case  
26 where either party is required to do any act, the inability of that party to perform, or delay  
27 in performance of that act caused by or resulting from fire, flood, earthquake, explosion,  
28 acts of God, war, civil commotion, strikes, lockouts, or any other cause whether similar or

1 dissimilar to the foregoing which is beyond the control of that party and not due to that  
2 party's fault or neglect shall be excused and such failure to perform or such delay in  
3 performance shall not be a default or breach hereunder. Financial inability to perform  
4 shall not be considered cause beyond the reasonable control of the party.

5           32. RESTORATION. If the whole of the Premises shall be damaged or  
6 destroyed, then this Sublease shall terminate. If any part of the Premises shall be  
7 damaged or destroyed Sublessee shall elect in writing either to terminate this Sublease  
8 or to continue in possession of the remainder of the Premises provided, however, that  
9 Rent shall be reduced in proportion to the amount of the Premises damaged or  
10 destroyed.

11           33. GOVERNING LAW. The Sublease shall be governed by and  
12 construed in accordance with the laws of the State of California.

13           34. COMPLIANCE WITH LAWS. Sublessee, at its sole cost, shall  
14 comply with all applicable laws, ordinances, rules and regulations, as well as the  
15 requirements of such permits, licenses, and certificates required by all federal, state and  
16 local governmental authorities having jurisdiction over the Premises and business  
17 thereon.

18           35. CONDEMNATION. If the whole of the Premises shall be taken by  
19 any public or quasi-public authority under the power of eminent domain, then this  
20 Sublease shall terminate. If any part of the Premises shall be taken under the power of  
21 eminent domain, then this Sublease shall terminate as to the part taken, as of the day  
22 possession of that part is required for any public purpose, and on or before that day  
23 Sublessee shall elect in writing either to terminate this Sublease or to continue in  
24 possession of the remainder of the Premises provided, however, that Rent shall be  
25 reduced in proportion to the amount of the Premises taken. All damages awarded for  
26 such taking shall belong to Sublessor or Lessor, whether such damages be awarded as  
27 compensation for diminution in value to the leasehold or to the fee.

28           36. QUIET ENJOYMENT. If Sublessee performs the terms, covenants,

1 and conditions of this Sublease and the Master Lease, then Sublessee shall peaceably  
2 and quietly hold and enjoy the Premises.

3 37. FURTHER COVENANTS. Sublessee further covenants and agrees  
4 to and shall comply with and be bound by all of the terms, covenants, and conditions of  
5 the Master Lease as they apply to the Premises described in Section 1 above and further  
6 covenants and agrees that it shall not violate any of these terms, covenants, or conditions  
7 of this Sublease and the Master Lease as they apply to the Premises described in  
8 Section 1 above. Sublessee further expressly assumes and agrees to and shall perform  
9 all of the obligations required to be kept or performed by Sublessor under the Master  
10 Lease only as they may apply to the Premises described in Section 1 above.

11 This Sublease shall be subject to the Master Lease and every term,  
12 covenant and condition in the Master Lease. To the extent there is any inconsistency  
13 between this Sublease and the Master Lease, then the terms, covenants, and conditions  
14 in the Master Lease shall control. If the Master Lease shall expire or terminate for any  
15 reason whatsoever, then this Sublease shall automatically terminate simultaneously  
16 therewith, notwithstanding any notice requirement herein with respect to termination.

17 38. ENCUMBRANCES. Sublessee leases and accepts the Premises  
18 subject to all existing easements, rights of way, permits, encumbrances, and the like.

19 39. MISCELLANEOUS.

20 A. All rights and remedies of Sublessor hereunder shall be  
21 cumulative and the exercise of one shall not exclude any other.

22 B. Each provision of this Sublease and the Master Lease shall  
23 be deemed both a covenant and a condition only as they apply to the Premises  
24 described in Section 1 above.

25 C. The various headings and numbers in this Sublease into  
26 separate sections, paragraphs and clauses are for convenience only and shall not  
27 be considered a part of this Sublease and shall have no effect on the interpretation  
28 of this Sublease.

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D. This Sublease is created as a joint effort between the parties and fully negotiated as to its terms and conditions and shall not be construed against either party as the drafter. The relationship of the parties is that of sublessor and sublessee, and the parties agree that nothing contained in this Sublease shall be deemed or construed as creating a partnership, joint venture, principal-agent, association, or employer-employee relationship between them or between Sublessor and any third person or entity.

E. This Sublease is created for the benefit of the parties only and is not intended to benefit any third person or entity.

40. BROKERS. The parties represent that neither has had contacts or dealings regarding this Sublease through a broker or agent or any other person who can claim a right to a commission or fee.

41. TAX IDENTIFICATION NUMBER. Sublessee's Tax Identification Number is [REDACTED]

42. AUTHORIZATION TO EXECUTE. Sublessee warrants and affirms to Sublessor that any and all persons signing this Sublease are authorized and empowered to so sign and signing by such person or persons does bind Sublessee to all terms, covenants and conditions of this Sublease.

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1 IN WITNESS WHEREOF, the parties hereto have caused this agreement to  
2 be duly executed with all the formalities required by law on the respective dates set forth  
3 opposite their signatures.

4 MANAGED CAREER SOLUTIONS

5 4/7/08, 2008

By Philip Star

Title Executive Director

7 "Sublessee"

8 CITY OF LONG BEACH, a municipal  
9 corporation

10 May 15, 2008

By Shirley Assistant City Manager

City Manager

11 "Sublessor"

12 EXECUTED PURSUANT  
13 TO SECTION 301 OF  
14 THE CITY CHARTER.

15 This Sublease is approved as to form on April 14, 2008.

16 ROBERT E. SHANNON, City Attorney

17 By Shirley J. Anderson  
18 Deputy

19 OFFICE OF THE CITY ATTORNEY  
20 ROBERT E. SHANNON, City Attorney  
21 333 West Ocean Boulevard, 11th Floor  
22 Long Beach, CA 90802-4664

**ASSIGNMENT OF LEASE  
AND CONSENT TO ASSIGNMENT**

THIS ASSIGNMENT OF LEASE AND CONSENT TO ASSIGNMENT (the "Assignment and Consent") is executed as of this 16<sup>th</sup> day of October, 2007 and effective October 1, 2007, by and between **THE CITY OF TORRANCE**, a municipal corporation, for CLT Worksource Investment Network (WIN)(formerly known as "The City of Torrance, a municipal corporation, for CLT Private Industry Council")("collectively,"Assignor"), and **THE CITY OF LONG BEACH**, a municipal corporation, for Workforce Development Bureau (collectively, "Assignee"), and **WORLDPORT LLC**, a Delaware limited liability company ("Landlord"), with reference to the following facts:

RECITALS:

A. Landlord is the Landlord and Assignor is the Tenant under that certain Lease dated June 26, 1998 between California Drive-In Theatres, Inc., as Landlord, and Tenant, and as amended by the First Addendum to Lease, dated as of July 30, 1999, between California Drive-In Theatres, Inc., as Landlord, and Tenant, and as amended by the Second Addendum to Lease, dated as of August 1, 2001 between Worldport LLC, as Landlord, and Tenant, and as amended by the Third Addendum to Lease, dated as of December 10<sup>th</sup>, 2002 between Worldport LLC, as Landlord, and Tenant, and as amended by the Fourth Addendum to Lease, dated as of September 28<sup>th</sup>, 2004, between Worldport LLC, as Landlord, and Tenant, and as amended by the Fifth Addendum to Lease, dated as of June 13, 2007 (collectively, the "Lease"), covering those certain Premises located in The Worldport Business Center, 1851 North Gaffey Street, Suites D, E, F, G and H, San Pedro, California, as more particularly described in the Lease (the "Premises").

B. Assignor desires to assign its interest in the Lease to Assignee and Assignee desires to accept the assignment.

C. Assignor and Assignee further desire that Landlord consent to the Assignment and Landlord is agreeable to the assignment subject to the terms and conditions hereinafter set forth.

AGREEMENT:

NOW, THEREFORE, in consideration of the terms and conditions hereinafter set forth, the parties do hereby covenant and agree as follows:

1. Effective as of October 1, 2007 (the "Effective Date"), Assignor assigns, transfers and conveys to Assignee, all of Assignor's right, title and interest in and to the Lease (the "Assignment").

2. Assignee shall, and by acceptance of this Assignment hereby covenants and agrees to accept the Assignment and in addition expressly assumes, from and after the Effective Date, to keep, perform and fulfill each and every term, covenant, condition and obligation required to be kept, performed and fulfilled by Assignee as Tenant under the Lease, including the making of all payments due and payable on behalf of Tenant under the Lease when due and payable.



3. Landlord hereby consents to the Assignment to Assignee, provided, however, that:

a) Neither the Assignment nor this Assignment and Consent shall release or discharge Assignor from its obligations under the Lease until 11:59 PM September 30, 2007.

b) This Assignment and Consent shall apply only to the Assignment and shall not apply to any future assignments, subleases, or hypothecation with respect to the Lease or any interest therein; and

c) This Assignment and Consent shall not constitute a waiver by Landlord of any right, remedy, provision, term or condition contained in the Lease or given to Landlord by law or in equity.

4. The parties hereby acknowledge that Landlord shall retain, as the "Security Deposit," under the Lease, the Security Deposit which was posted by Assignor under the terms of the Lease and presently held by Landlord to pay for any outstanding charges including unpaid CAM, Industrial Rent and cost of repairs to vacated suites incurred through 11:59 PM September 30, 2007. All costs will be provided through statement to the City of Torrance and any remaining Security Deposit will be refunded, Any overage based on the aforementioned charges will be billed to the City of Torrance.

5. Notwithstanding anything contained in the Lease, Assignee's sole address for notices pursuant to Paragraph 18 of the Basic Lease Provisions shall be 1851 North Gaffey Street, Suite F, San Pedro, California 90731.

6. This Assignment and Consent shall be binding upon and to the benefit of parties hereto, their heirs, executors, successor-in-interest and assigns.

7. Paragraph 2 of the Lease is hereby supplemented by addition of the following:

a) Section 2.4 Landlord (s) Termination Right:

Notwithstanding anything herein to the contrary, Landlord shall have the Right to terminate this lease and all future rights and obligations of the parties at anytime during the term of this lease, upon not less than (90) days prior written notice to Tenant, if Landlord intends to demolish and or redevelop all or part of the Worldport Business Center.

**ASSISTANT** Cfs (Tenant's Initials) JJ (Landlord's Initials)

8. Except as herein specifically provided, no other amendment or modification of the Lease is intended by this Assignment and all provisions of the Lease shall remain unchanged and in full force and effect in accordance with their terms.

**EXECUTED PURSUANT  
TO SECTION 301 OF  
THE CITY CHARTER.**

IN WITNESS WHEREOF, the undersigned have caused this Assignment and Consent to be executed as of the date first above written.

“ASSIGNOR”:

THE CITY OF TORRANCE, a  
municipal corporation

By: Frank Scott  
Name: Frank Scott  
Title: Mayor

“ASSIGNEE”:

THE CITY OF LONG BEACH, a  
municipal corporation

By: Patrick H. West  
Name: Patrick H. West  
Title: City Manager

APPROVED AS TO FORM:

John L. Fellows, III,  
City Attorney,

By: John L. Fellows, III  
Name: \_\_\_\_\_  
Title: Deputy City Attorney

ATTEST:

Sue Herbers,  
City Clerk

By: Sue Herbers

APPROVED AS TO FORM.

06.22, 2007  
ROBERT E. SHANNON, City Attorney  
By: Robert E. Shannon  
DEPUTY CITY ATTORNEY

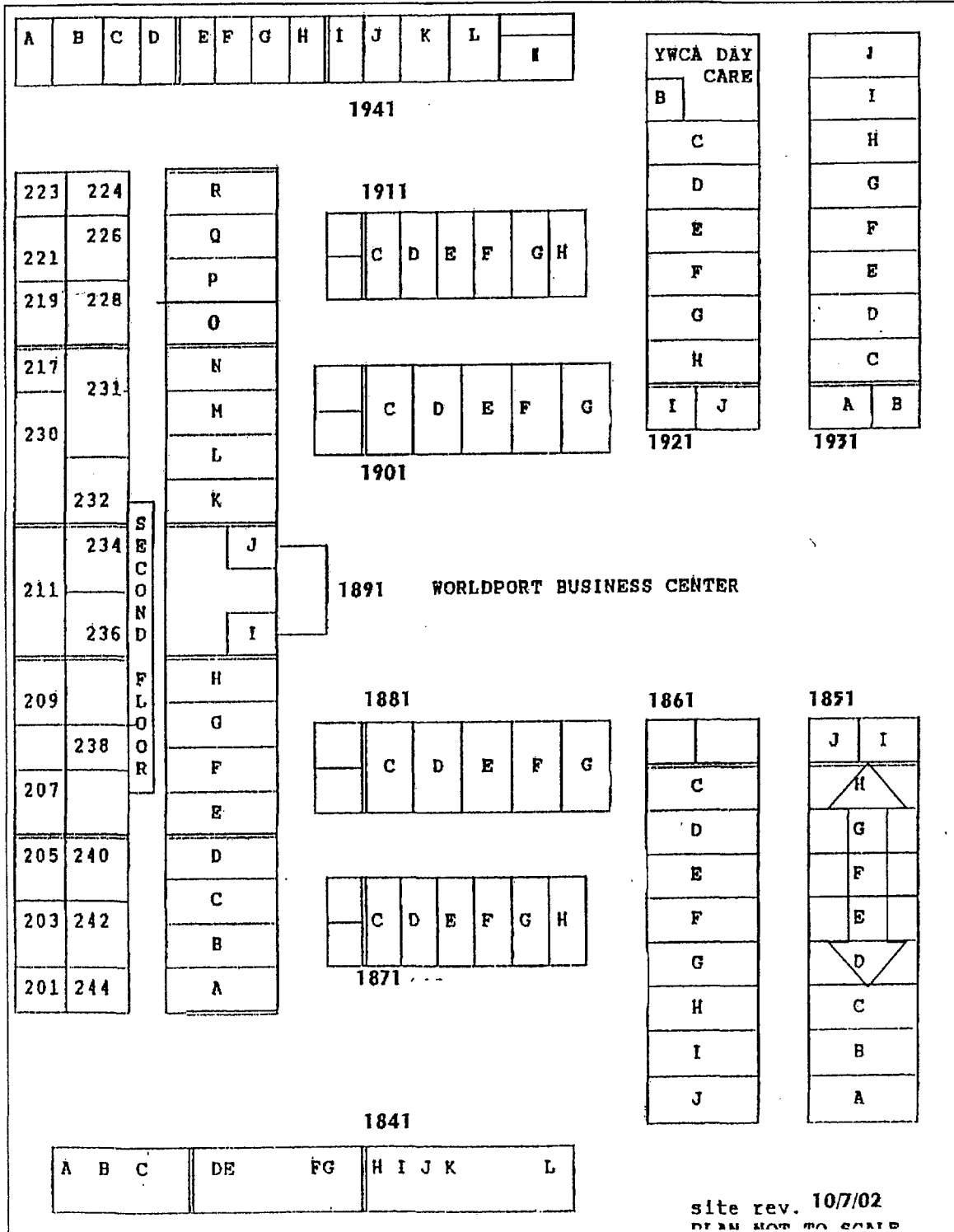
“LANDLORD”:

WORLDPORT, LLC,  
a Delaware limited liability company

By: Worldport, Inc., a Delaware  
corporation, Manager

By: Jill Sapere  
Name: Jill Sapere  
Title: Assistant Secretary

**EXHIBIT A  
LOCATION OF THE PREMISES**



THE WORLDPORT BUSINESS CENTER LEASEBASIC LEASE PROVISIONS

1. Parties: This Lease, dated, for reference purposes only, June 2, 1998 (the "Execution Date"), is made by and between California Drive-In Theatres, Inc., a California corporation ("Landlord"), and City of Torrance for CLT Private Industry Council ("Tenant").
2. The Worldport Business Center: That certain complex comprised of office, retail and industrial space, commonly known as "The Worldport Business Center" (the "Business Center") consisting of eleven (11) buildings, commonly known as 1841, 1851, 1861, 1871, 1881, 1891, 1901, 1911, 1921, 1931, and 1941 North Gaffey Street, San Pedro, California 90731 and the "Common Area" (as hereinafter defined in Paragraph 1.2.1) and the land upon which the aforementioned buildings and Common Area are located.
3. Building: That certain building located at 1851 North Gaffey Street, San Pedro, California 90731.
4. Premises: Suites D, E, F, G and H of the Building (as delineated on Exhibit A attached hereto) which area is bounded by the exterior glass line of all glass surfaces and the interior surfaces of all demising walls, floors and ceilings. (See Paragraph 1.1).
5. Total Rentable Area: Approximately 6,720 square feet.
6. Vehicle Parking: Tenant shall be entitled to the non-exclusive use of those portions of the Common Area designated by Landlord, in Landlord's sole and absolute discretion, for parking on an unreserved and unassigned basis. (See Paragraph 1.3).
7. Term: Approximately three (3) years and one (1) month. (See Paragraph 2).
8. Commencement Date: Upon execution and delivery. (See Paragraph 2.1).
9. Termination Date: 11:59 p.m., California time on June 30, 2001. (See Paragraph 2.1).
10. Rent Commencement Date: Upon substantial completion of the Premises Improvements (defined below in Paragraph 4.1) permitting Tenant's occupancy and use of the Premises, or on the sixty-first (61<sup>st</sup>) day following the Commencement Date, whichever occurs first. (See Paragraph 3.1).
11. Base Rent: Four Thousand Seven Hundred Four Dollars (\$4,704.00) per month, payable no later than the tenth (10<sup>th</sup>) day of each month (See Paragraph 3.1), plus the Premises Improvement Reimbursements as additional rent as described under Paragraph 4.1 below.
12. Prepaid Rent: Four Thousand Seven Hundred Four Dollars (\$4,704.00).
13. Tenant's Share: Five and 45/100 Percent (5.45%). (See Paragraph 3.3.)

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14. INTENTIONALLY OMITTED.

15. Security Deposit: Four Thousand Seven Hundred Four Dollars (\$4,704.00) ("Security Deposit"). (See Paragraph 4.)

16. Permitted Use: One stop career training and business resource center office administering community, city, state and federal government programs, and no other purpose. (See Paragraph 5.)

17. Real Estate Broker(s): None. (See Paragraph 14.)

18. Addresses:

(a) Landlord For Notices:

California Drive-In Theatres, Inc.  
1891 North Gaffey Street, Suite 101  
San Pedro, California 90731  
Attn: Property Manager

(b) Landlord For Payments:

California Drive-In Theatres, Inc.  
120 North Robertson Boulevard  
Los Angeles, California 90048  
Attn: Real Estate Accounting

(c) Tenant For Notices:

City of Torrance/CLT Private Industry Council  
3031 Torrance Boulevard  
Torrance, California 90503  
Attention: City Clerk

(d) Tenant for Payments:

CLT Private Industry Council  
1 Civic Plaza, Suite 500  
Carson, California 90745

19. Initial HVAC Charge: Seventeen Dollars and 50/100 (\$17.50) per maintenance service. (See Paragraph 6.2.2(a)).

20. Guarantor: None. (See Paragraph 31.)

21. Exhibits.

Exhibit A -- Description of Premises.

Exhibit B -- Rules and Regulations.

Exhibit C -- Supplemental Agreement.

Exhibit D -- Tenant Work Letter

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## THE WORLDPORT BUSINESS CENTER LEASE

In addition to each of the provisions contained in the Base Lease Provisions, all of the provisions, covenants and conditions set forth in the succeeding paragraphs, addenda, if any, and exhibits attached hereto are incorporated in this Lease and by this reference made a part hereof. Landlord and Tenant hereby agree that this Lease shall be deemed binding and in full force and effect upon the Execution Date, and further covenant and agree as follows:

### 1. Premises, Common Area and Parking.

#### 1.1 Premises.

In consideration of and subject to each and all of the covenants, terms and conditions hereinafter set forth, Landlord hereby leases to Tenant and Tenant hereby hires from Landlord the Premises.

#### 1.2 Common Areas.

1.2.1 Tenant shall have the non-exclusive right to use in common with other tenants in the Business Center, the following areas (the "Common Areas") appurtenant to the Premises: all parking areas, access roads and facilities within the boundaries of the Business Center, and any trash areas, sidewalks, walkways and landscape areas appurtenant to the Business Center. Tenant's use of the Common Areas shall be subject to such reasonable regulations as Landlord may from time to time impose. Tenant shall abide by all rules and regulations and cause its officers, employees, agents, customers and invitees to abide thereby.

1.2.2 Landlord may, except in the case of an emergency, with three (3) days prior verbal or written notice to Tenant, at any time close temporarily all or any portion of the Common Areas to make repairs or changes, prevent the acquisition of public rights therein, discourage non-customer parking, or for other purposes. Further, Landlord shall have the right from time to time to change or modify and add to or subtract from all or any portion of the Common Areas. Under no circumstances shall Tenant be entitled to store any property, temporarily or permanently, in the Common Areas. Notwithstanding anything to the contrary set forth in this Paragraph, Landlord shall use commercially reasonable efforts to perform any maintenance and repairs to the Common Area fronting the Premises during Tenant's non-business hours.

#### 1.3 Vehicle Parking.

Tenant shall be entitled to the non-exclusive use of those portions of the Common Area as set forth in Paragraph 6 of the Basic Lease Provisions. Tenant shall abide by any and all parking regulations instituted by Landlord, at Landlord's sole and absolute discretion, including but not limited to those parking regulations included as part of Exhibit B (the "Rules and Regulations"), which Parking Regulations are subject to change in Landlord's sole and absolute discretion. Landlord reserves the right to change the location of land used for vehicle parking. Any such land designated by Landlord for vehicle parking shall be deemed part of the Business Center and the Common Areas for purposes of this Lease.

#### 1.4 Conference Rooms.

Landlord provides conference room facilities at the Business Center. Notwithstanding anything contained in this Lease to the contrary, the conference room facilities shall be considered part of the Common Areas except that Tenant shall not have the right to use the conference room facilities except as Landlord, in its sole and absolute discretion, shall permit and upon such terms and conditions as Landlord deems desirable. Landlord reserves the right to modify and/or remove any such conference rooms.

### 2. Term.

#### 2.1 Defined.

The term of this Lease ("Term") shall be for the period set forth in Paragraph 7 of the Basic Lease Provisions, commencing upon the Commencement Date, and terminating on the Termination Date (as set forth in Paragraphs 8 and 9, respectively, of the Basic Lease Provisions), unless sooner terminated pursuant to any provision hereof. When the Commencement Date is not specified in Paragraph 8 of the Basic Lease Provisions, within five (5) days after Tenant's receipt of Landlord's written request therefor, Tenant agrees to execute a Supplemental Agreement in the form attached hereto as Exhibit C to become a part hereof, setting forth the Commencement Date.

#### 2.2 Delivery of Possession.

If for any reason Landlord cannot deliver possession of the Premises to Tenant on the anticipated Commencement Date, Landlord shall not be subject to any liability therefor, nor shall such failure affect the validity of this Lease or the obligations of Tenant hereunder or extend the term hereof. Instead, in such case, Tenant shall not be obligated to pay rent or perform any other obligations under the terms of this Lease until possession of the Premises is tendered to Tenant. Notwithstanding the foregoing, if Landlord has not delivered possession of the Premises within ninety (90) days from said anticipated Commencement Date, Tenant may, at Tenant's option, by notice in writing to Landlord within ten (10) days thereafter, cancel this Lease, in which event the parties hereto shall be discharged of any and all of their obligations hereunder. (Should Tenant fail to deliver such notice to Landlord within such ten-day period, Tenant's right to cancel this Lease shall terminate and be of no further force or effect.)

Before possession of the Premises is tendered to Tenant, Lessor shall re-key the 10 exterior doors to the Premises.

#### 2.3 Early Occupancy.

Should Tenant, with the prior written consent of Landlord, occupy the Premises prior to the anticipated Commencement Date, such occupancy shall be subject to all of the provisions of this Lease, except that such occupancy shall not advance the Expiration Date. During the pendency of such early possession, Tenant shall pay rent for such period at the initial monthly rates set forth below.

## 2.4 Termination Option; Debt-Limitation Provision.

2.4.1 Except as otherwise set forth in this Lease, nothing in this Lease will be construed to violate the debt-limitation provisions of Article XVI, Section 18 of the California Constitution. Provided that, in the event of any early termination of this Lease for any reason whatsoever, Tenant shall remit to Landlord an amount equal to the fully unamortized Premises Improvement Reimbursement no later than thirty (30) days prior to the anticipated termination date, and subject to the terms and conditions of this Lease, Tenant has the option to terminate this Lease at any time after August 14, 1999, if insufficient funds are made available by the Budget of any fiscal year (of Tenant) during which the Tenant exercises this option to terminate, for the operation of the Harbor One Stop Career Center ("Termination Option"). Subject to the terms and conditions set forth in this Lease, this Lease is subject to any additional restrictions, limitations or conditions enacted by the Legislature and contained in the Budget Bill or any statute enacted by the Legislature that may affect the provisions, terms or funding of this Lease in any manner.

*is sufficient*

2.4.2 Tenant will give Landlord not less than one hundred eighty (180) days advance written notice of its election to exercise the Termination Option. Notice will be given in accordance with the provisions of Section 22 of this Lease.

## 3. Rent

### 3.1 Base Rent.

From and after the Rent Commencement Date (as set forth in Paragraph 10 of the Basic Lease Provisions) during the term of this Lease, Tenant shall pay and cause to be received by Landlord, as Base Rent for the Premises (hereinafter the "Base Rent"), without offset or deduction, on the first day of each month of the term hereof, monthly payments in advance in the amount(s) as set forth in Paragraph 11 of the Basic Lease Provisions, subject to increases as provided in subparagraph 3.2 hereof. In addition to the Base Rent, Tenant agrees to pay additional rent as provided in this Lease, including, but not limited to, the monthly Premises Improvement Reimbursement as set forth under Paragraph 41 below. Such Base Rent, additional rent and any and all other amounts required to be paid under the terms of this Lease are hereinafter collectively referred to as "Rent." Base Rent (and all other Rent) shall be payable in lawful money of the United States to Landlord at the address stated herein or to such other person or at such other places as Landlord may designate in writing during the Term hereof. Upon completion of the Premises Improvements, Landlord will grant Tenant a credit in the amount of two (2) months Base Rent towards the Premises Improvement Reimbursement (defined below in Paragraph 41).

### 3.2 Increases to Base Rent.

The Base Rent payable for each year of the Term shall be increased effective July 1, 1999 of each year during the Term in accordance with percentage increases, if any, in the Consumer Price Index--All Urban Consumers (Los Angeles-Long Beach-Riverside-Anaheim Area; Base 1982-84=100) (the "Index"), as published by the United States Department of Labor, Bureau of Labor Statistics (the "Bureau"). The Index for each June during the Term

shall be compared with the Index for the preceding June and Base Rent shall be increased in accordance with the percentage increase, if any, between such June Indexes. In no event shall Base Rent be decreased. Landlord shall use its reasonable efforts to calculate and give Tenant prior written notice of any such increases in Base Rent. Tenant shall pay the increased Base Rent effective July 1 of each year. Pending the calculation of the increase of Base Rent as provided herein, Tenant shall continue to pay the same Base Rent which it had been paying during the immediately preceding period and shall promptly pay the deficiencies, if any, upon demand therefor by Landlord. Notwithstanding the foregoing, in the event this Lease has not been in effect for twelve (12) months prior to the first adjustment to the Base Rent, said first adjustment shall be prorated by multiplying the increase in the Base Rent by a fraction, the numerator of which shall be the actual number of days in the year in which the Lease has been in effect, and the denominator of which shall be three hundred sixty-five (365). Should the Bureau discontinue the publication of the Index, or publish the same less frequently, or alter its method of computing the Index, or alter the Index in some other manner, or in the exercise of its reasonable business judgment, should Landlord elect to convert to another index, then Landlord, in its discretion, shall adopt a substitute index or procedure which reasonably reflects and monitors consumer prices.

### 3.3 Common Area Maintenance ("CAM") Expenses.

Commencing from the thirty-first (31<sup>st</sup>) day following the Commencement Date, Tenant shall pay to Landlord during the Term hereof, in addition to the Base Rent, Tenant's Share, as hereinafter defined, of all CAM Expenses, as hereinafter defined, during each 12-month period (currently July 1 through June 30) utilized by Landlord as the fiscal year for the Business Center in accordance with the following provisions:

(a) "Tenant's Share" is defined as a fraction, the numerator of which is the rentable square footage of the Premises and the denominator of which is the total square footage comprising the Business Center. Tenant understands and acknowledges that Landlord may, in its sole and absolute discretion, change, alter and otherwise reconfigure the total square footage comprising the Business Center. Landlord shall timely provide Tenant with notice of such modifications to the Business Center which results in an increase or decrease of Tenant's Share.

(b) "CAM Expenses" is defined, for purposes of this Lease, as all costs incurred by Landlord for operating, equipping, maintaining, insuring, repairing, replacing, cleaning, policing, securing and monitoring the Business Center, including, without limitation:

(i) Costs and expenses of operating, maintaining, repairing, lighting, signing, cleaning, painting, controlling of rodents within and policing and securing the Business Center (including, without limitation, fees for permits and licenses, the cost of management services and the cost of uniforms, equipment and supplies);

(ii) Costs and expenses of purchasing and maintaining in full force insurance covering the Business Center;

(iii) Costs and expenses of (i) of water and sewer services and other services, if any, to the extent furnished for the use of the Business Center (such charges, to the extent allocable exclusively to Tenant's use, shall be paid 100% by Tenant);

(iv) Costs and expenses of maintaining and repairing the Business Center, including, but not limited to, the structure, including floors, ceiling, roofs, skylights and windows;

(v) Costs and expenses of payroll, payroll taxes and employee benefits of all personnel employed in connection with the Business Center, including without limitation security and maintenance personnel, secretaries, bookkeepers, a building manager and any assistants to the building manager;

(vi) Costs and expenses incurred in connection with the provision and maintenance of parking and landscaping in the Common Area;

(v) The cost (amortized over such reasonable period as Landlord shall determine, together with interest at the maximum rate allowed by law on the unamortized balance) of (a) any capital improvements made to the Business Center by the Landlord that reduce other CAM Expenses, or made to the Business Center by Landlord after the date of the Lease that are required under any governmental law or regulation that was not applicable to the Business Center at the time it was constructed, or (b) replacement of any building equipment needed to operate the Business Center at the same quality levels as prior to the replacement;

(vi) Costs incurred in any and all trash removal for the Business Center;

(vii) Costs and expenses of utilities, electricity and security serving the Common area; and

(viii) "Tax Expenses" (as hereinafter defined).

As used herein, the term "Tax Expenses" shall include any form of assessment, license fee, license tax, business license fee, commercial rental tax, levy, charge, penalty, tax or similar imposition, imposed by any authority having the direct power to tax, including any city, county, state or federal government, or any school, agricultural, lighting, drainage or other improvement or special assessment district thereof, against any legal or equitable interest of Landlord in the real or personal property comprising the Business Center, including, but not limited to, the following:

i) any tax on Landlord's "right" to rent or "right" to other income from the Business Center or against Landlord's business of leasing the Business Center;

ii) any assessment, tax, fee, levy or charge in substitution, partially or totally, of any assessment, tax, fee, levy or charge previously included within the definition of real property tax, it being acknowledged by Tenant and Landlord that Proposition 13 was adopted by the voters of the State of California in the June, 1978 election and that assessments, taxes, fees, levies and charges may be imposed by governmental agencies for such services as fire protection, street, sidewalk and road maintenance, refuse removal and for other governmental services formerly provided without charge to property owners or occupants. It is the intention of Tenant and Landlord that all such new and increased assessments, taxes,

fees, levies and charges be included within the definition of "Tax Expenses" for the purposes of this Lease;

iii) any assessment, tax, fee, levy or charge allocable to or measured by the area of the Premises or the rent payable hereunder, including, without limitation, any gross income tax or excise tax levied by the State, City or Federal government, or any political subdivision thereof, with respect to the receipt of such rent, or upon or with respect to the possession, leasing, operating, management, maintenance, alteration, repair, use or occupancy by Tenant of the Premises, or any portion thereof;

iv) any assessment, tax, fee, levy or charge upon this transaction or any document to which Tenant is a party, creating or transferring an interest or an estate in the Premises;

v) any assessment, tax, fee, levy or charge by any governmental agency related to any transportation plan, fund or system instituted within the geographic area of which the Business Center is a part; or

vi) reasonable legal and other professional fees, costs and disbursements incurred in connection with proceedings to contest, determine or reduce Tax Expenses.

An accounting fee equal to ten percent (10%) of the costs specified in Items (i) through (xiii) above, shall also be payable by Tenant. Notwithstanding any provision of this Subparagraph 3.3(b) expressed or implied to the contrary, "Tax Expenses" shall not include Landlord's federal or state income, franchise, inheritance or estate taxes. In addition, in the event that Tenant shall place any improvements in, on, or upon the Premises, and such improvements shall result in any increase whatsoever in Tax Expense, upon written request therefor, Tenant shall reimburse Landlord for any and all amounts of such increase resulting from Tenant's improvements.

(c) The inclusion of the improvements, facilities and services set forth in the definition of CAM Expenses shall not be deemed to impose an obligation upon Landlord to either have said improvements or facilities or to provide those services except to the extent Landlord has expressly agreed elsewhere in this Lease to provide the same or some of them.

(d) Tenant's Share of CAM Expenses shall be payable by Tenant within 10 days after a statement of actual expenses is presented to Tenant by Landlord. At Landlord's option, however, an amount may be estimated by Landlord from time to time of Tenant's Share of annual CAM Expenses and the same shall be payable monthly or quarterly, as Landlord shall designate, during each 12-month period of the Term on the same day as the Base Rent is due hereunder. In the event that Tenant pays Landlord's estimate of Tenant's Share of Operating Expenses as aforesaid, Landlord shall deliver to Tenant within 120 days after the expiration of each fiscal year a reasonably detailed statement showing Tenant's Share of the actual Operating Expenses incurred during the preceding fiscal year. If Tenant's payments under this paragraph during said preceding year exceed Tenant's Share as indicated on said statement, Tenant shall be entitled to credit the amount of such overpayment against Tenant's Share of Operating Expenses next falling due. If Tenant's payments under this paragraph during said preceding year were less than Tenant's Share as indicated on said

statement, Tenant shall pay to Landlord the amount of the deficiency within 10 days after delivery by Landlord to Tenant of said statement.

3.4 INTENTIONALLY OMITTED.

4. Security Deposit.

4.1 Generally.

Concurrent with Tenant's execution of this Lease, Tenant shall pay the Security Deposit to Landlord, which shall be held by Landlord as collateral security for the full and faithful performance by Tenant of each and every term, provision, covenant and condition of this Lease. The Security Deposit shall not bear interest and shall not be considered an advance payment of rent (or any other sums payable by Tenant under this Lease) or a measure of Landlord's damages in case of a default by Tenant. The Security Deposit shall not be considered as a trust fund, and Tenant expressly acknowledges and agrees that Landlord is not acting as a trustee or in any fiduciary capacity in controlling or using Tenant's Security Deposit. Landlord, at its option, may maintain the Security Deposit separate and apart from Landlord's general and/or other funds, or may commingle the Security Deposit with Landlord's general and/or other funds. In each instance when the Base Rent increases during the Lease Term, Tenant shall, within fourteen (14) business days after written demand therefor, deposit with Landlord an additional sum so that the amount of the Security Deposit held by Landlord shall at all times bear the same proportion to the then current rate of Base Rent as the amount of the Security Deposit set forth in Paragraph 15 of the Basic Lease Provisions bears to the initial rate of Base Rent set forth in Paragraph 11 thereof.

4.2 Return.

If Tenant shall fully and faithfully comply with all the terms, provisions, covenants and conditions of this Lease, the Security Deposit (or any balance thereof) shall be returned to Tenant, without interest, after the termination of this Lease and after the removal of Tenant and surrender of possession of the Premises to Landlord in accordance with the terms and conditions of this Lease and applicable law.

4.3 Default.

If Tenant defaults in respect of any of the terms, provisions, covenants or conditions of this Lease, including, but not limited to, payment of any rent and other sums of money payable by Tenant under this Lease, Landlord may, but shall not be required to, use, apply or retain the whole or any part of the Security Deposit to the payment of any sum in default, or any other sum, including but not limited to, any damages or deficiency in reletting the Premises, which Landlord may expend or be required to expend by reason of Tenant's default. Whenever, and as often as, Landlord has used the Security Deposit to cure Tenant's default hereunder, Tenant shall, within ten (10) days after notice from Landlord, deposit additional money with Landlord sufficient to restore the Security Deposit to the full amount originally paid. The failure of Tenant to restore any such deficiency shall constitute a default hereunder.



#### 4.4 Transfer.

If Landlord transfers its interest under this Lease, Landlord may assign the Security Deposit to the new landlord and thereafter Landlord shall have no further liability for the return of the Security Deposit, and Tenant agrees to look solely to the new lessor for the return of the Security Deposit. The provisions of the preceding sentence shall apply to every transfer or assignment of Landlord's interest under this Lease. Tenant agrees that it will not assign or encumber or attempt to assign or encumber the monies deposited as security and that Landlord, its successors and assigns, may return the Security Deposit to the original Tenant and shall be relieved of any liability thereto, regardless of one or more assignments of the Lease or any such actual or attempted assignment or encumbrances of the monies held as the Security Deposit.

#### 5. Use.

##### 5.1. Generally.

5.1.1 The Premises shall be occupied and used by Tenant solely as set forth in Paragraph 16 of the Basic Lease Provisions.

5.1.2 This Lease does not grant any exclusive use rights to Tenant.

5.1.3 Tenant agrees to the following with respect to the Premises and/or the Business Center:

(a) Tenant shall conduct the business for which the Premises have been rented. Tenant shall personally operate such business.

(b) Tenant shall not display or store merchandise, inventory or materials outside of the Premises.

(c) No unsightly objects shall be placed in, on, against or near windows or glass walls so as to be visible from the exterior of the Building. No gates, doors, blinds or shades which would be visible from the exterior of the Building may be installed without the prior approval of Landlord.

(d) Tenant shall be solely responsible for the protection of all items of personal property in the Premises against theft, loss or damage and Landlord shall have no liability with respect thereto.

(e) No flammable or toxic materials may be kept on the Premises or the Business Center except as authorized by Landlord in Landlord's sole and absolute discretion. Tenant shall immediately dispose of all unauthorized flammable or toxic waste materials at Tenant's own expense.

(f) No trash shall be burned in the Business Center. All garbage shall be disposed of in containers to be provided by Landlord. Tenant shall not deposit any liquid trash anywhere in the Business Center. Landlord, in its sole and absolute discretion, shall determine the acceptability of any trash deposited by Tenant anywhere in the Business

Center. Landlord reserves the right to require Tenant to make separate arrangements for trash removal, at Tenant's sole cost and expense.

(g) Tenant shall not abuse plumbing features serving the Premises or install any equipment which overloads the electrical system serving the Premises.

(h) Tenant shall not install any radio or television antenna, loudspeaker or other device on the roof or exterior walls of the Premises nor shall Tenant penetrate the roof in any manner. Tenant shall not interfere with radio or television broadcasting or reception from or in the Business Center or elsewhere. Neither Tenant nor its agents, employees, contractors, invitees or representatives or any other party claiming under Tenant shall make, or permit to be made, any unseemly or disturbing noises or disturb or interfere with any occupants of the Business Center or neighboring buildings or premises by the use of any musical instrument, radio, phonograph, mechanical apparatus, audio equipment or any other item which shall be audible outside the Premises.

(i) Tenant shall keep any mechanical apparatus on the Premises free from disruptive noise and vibration.

(j) Tenant shall not use or allow the use of the Premises for any unlawful or immoral purpose, nor for any purpose which would tend to cause a cancellation or increase the cost of any insurance covering the Premises or the Building or the Business Center, nor allow any disorderly or noisy conduct on the Premises.

(k) Tenant shall not use or allow the use of the Premises as a living quarters.

(l) Tenant shall not conduct "bankruptcy" or "going-out-of-business" sales on the Premises or at the Business Center.

(m) Tenant shall not keep any animals on the Premises or at the Business Center.

(n) Alcoholic beverages may not be manufactured, sold or transferred anywhere in the Business Center.

(o) Coin-operated devices may not be installed anywhere in the Business Center except as Landlord may permit in its sole and absolute discretion.

(p) No political meetings may be conducted anywhere in the Business Center.

(q) Tenant shall not place any object on roofs or ledges.

(r) Landlord reserves the right to change the name and/or street address of the Business Center. Tenant shall bear any expenses in connection with such modification.

(s) All permitted uses and activities shall be conducted wholly within the Premises.

(t) Tenant shall not permit any smoking in the Premises.

## 5.2 Compliance with Law.

Tenant shall, at its expense, comply with all laws, recommendations, ordinances, rules and regulations of governmental, public, private and other authorities and agencies, including those with authority over insurance rates, with respect to the use and occupancy of the Premises.

## 5.3 As Is.

5.3.1 AS A MATERIAL CONDITION OF THIS LEASE, TENANT HEREBY ACCEPTS THE PREMISES IN ITS "AS IS" CONDITION, SUBJECT TO ALL APPLICABLE ZONING, MUNICIPAL, COUNTY AND STATE LAWS, ORDINANCES AND REGULATIONS WITH RESPECT TO THE OCCUPANCY AND USE OF THE PREMISES, AND ANY COVENANTS OR RESTRICTIONS NOW OR HEREAFTER OF RECORD, AND AGREES THAT EXCEPT AS SPECIFICALLY PROVIDED TO THE CONTRARY IN WRITING HEREIN, LANDLORD HAS MADE NO REPRESENTATIONS OR WARRANTIES OF ANY KIND OR NATURE WITH RESPECT TO THE PREMISES.

  DH   (Tenant's Initials)

  BN   (Landlord's Initials)

5.3.2 Subject to the terms of Paragraph 41 below, and except as expressly provided to the contrary in this Lease, Landlord shall have no responsibility to make any improvements to the Premises or Business Center. If any improvements or modifications are made necessary to any portion of the Business Center because of the actions or inactions of Tenant, without limiting Landlord's remedies, Landlord, at Landlord's option, may complete such items, at Tenant's sole cost and expense plus a management and administrative fee equal to ten percent (10%) of such costs and expenses, or Landlord may elect that Tenant shall complete such items. Tenant, at its sole cost and expense, shall complete any improvements to the Premises which may be required prior to Tenant's initial opening for business. All such improvements shall be done strictly in accordance with all the terms and conditions of this Lease and all improvements (including without limitation all plans and specifications) shall be subject to Landlord's prior approval.

## 5.4 Inspection; Compliance.

Landlord and Landlord's lender(s) shall have the right to enter the Premises at any time, in the case of an emergency, and otherwise at reasonable times, for the purpose of inspecting the condition of the Premises and for verifying compliance by Tenant with this Lease and all applicable laws, and to employ experts and/or consultants in connection therewith and/or to advise Landlord with respect to Tenant's activities, including but not limited to, inspecting, monitoring and/or effectuating the removal of any hazardous substance or storage tank on or from the Premises. The costs and expenses of any such inspections shall be paid by the party requesting same, unless a default or breach of this Lease, violation of applicable law, or a contamination, caused or contributed to by Tenant is found to exist or is reasonably

believed by Landlord to be imminent, or unless the inspection is requested or ordered by a governmental authority as the result of any such existing or imminent violation or contamination. In any such case, Tenant shall, upon request, immediately reimburse Landlord or Landlord's lender, as the case may be, for the costs and expenses of such inspections.

## 6. Maintenance of Premises.

### 6.1 Maintenance by Landlord.

6.1.1 Landlord shall keep or cause to be kept the foundations, roof and structural portions of the walls of the Premises in good order, repair and condition, except for damage thereto due to the acts or omissions of Tenant, its agents, employees or invitees. Where Landlord is required so to do pursuant to the preceding sentence, Landlord shall commence required repairs as soon as reasonably practicable after receiving written notice from Tenant of the need thereof. This section shall not apply in case of damage or destruction by fire or other casualty or condemnation or eminent domain, in which event the obligations of Landlord shall be controlled by the relevant articles hereunder. Except as specifically provided in this section, Landlord shall not be obligated to make repairs, replacements or improvements of any kind upon or to the Premises, or to any equipment, merchandise, stock and trade, facilities or fixtures therein, all of which shall be Tenant's responsibility, but Tenant shall give Landlord prompt written notice of any accident, casualty, damage or other similar occurrence in or to the Premises or the Common Areas of which Tenant has knowledge.

#### 6.1.2 Landlord and Tenant agree to the following:

(a) Landlord will replace all broken glass with reasonable promptness with respect to any glass featured on the exterior of the Premises, but all such replacements will be at Tenant's expense and will be billed to and immediately payable by Tenant as additional rent with the next monthly installment of Base Rent.

(b) Landlord may, at Landlord's option, repair any damage to the Building or the Common Area caused by Tenant, but such repairs shall be at Tenant's expense and will be billed to and immediately payable by Tenant as additional rent with the next monthly installment of Base Rent.

(c) Landlord may, at Landlord's option, repair any damage to the plumbing or electrical system, but such repairs, if caused by or made necessary by Tenant's acts, omissions or use of the Premises or Business Center, shall be at Tenant's expense and will be billed to and immediately payable by Tenant as additional rent with the next monthly installment of Base Rent.

### 6.2 Maintenance by Tenant.

6.2.1 Tenant shall at all times keep the Premises and all partitions, windows and window frames and moldings, glass, store fronts, doors, door openers, fixtures, equipment and appurtenances thereof (including lighting, heating, electrical, plumbing, ventilating and air conditioning fixtures and systems and other mechanical equipment and appurtenances) and all parts of the Premises in good order, condition and repair and clean, orderly, sanitary and safe. Tenant shall do such things as are necessary to cause the Premises

to comply with applicable laws, ordinances, rules, regulations and orders of governmental and public bodies and agencies. If replacement of equipment, fixtures and appurtenances thereto is necessary, Tenant shall replace the same with new or completely reconditioned equipment, fixtures and appurtenances, and repair all damage done in or by such replacement. If Tenant fails to perform its obligations hereunder, Landlord without notice may, but shall not be obligated to, perform Tenant's obligations or perform work resulting from Tenant's acts, actions or omissions and add the cost of the same plus a management and administrative fee equal to ten percent (10%) of such cost, to the next installment of Base Rent due hereunder to be repaid in full.

6.2.2 Landlord and Tenant agree to the following:

(a) Landlord has elected to employ an air conditioning system (HVAC) maintenance service for all occupied premises at the Business Center for the benefit of Landlord and Tenant. Tenant shall reimburse Landlord for Tenant's Share of the costs of such service. Tenant shall be invoiced for such service in the monthly remittance notice next following such service.

(b) Tenant shall, at Tenant's expense, maintain and repair all wiring from the telephone company's demarcation point in the Building to the Premises. Tenant is responsible for all telephone charges.

(c) Notwithstanding anything to the contrary contained in this Lease, Tenant shall maintain the entrance to Tenant's Premises, including without limitation the exterior walls, exterior windows, storefronts, walkways and roll-up door access areas, in a clean and clear condition.

6.3 Surrender of Premises.

At the expiration or earlier termination of the Term, Tenant shall surrender the Premises in the same condition as they were required to be in on the Commencement Date, reasonable wear and tear excepted, and deliver all keys for, and all combinations on locks, safes and vaults in, the Premises to Landlord at Landlord's notice address.

6.4 Painting; Decorating; Alterations.

Tenant will not paint, decorate or change the architectural treatment of any part of the exterior of the Premises nor any part of the interior of the Premises visible from the exterior, nor make any structural alterations, additions or changes in the Premises, without Landlord's prior written approval thereto, which approval may be withheld or granted at Landlord's sole and absolute discretion, and will promptly remove any paint, decoration, alteration, addition or changes applied or installed without Landlord's approval and restore the Premises to an acceptable condition or take such other action with respect thereto as Landlord directs. (The foregoing remedial actions by Tenant shall not limit Landlord's remedies in the event Tenant conducts unapproved alterations.)

## 6.5 Additional Provisions Regarding HVAC.

Notwithstanding the provisions of Paragraph 6.2 above, Landlord shall, at its sole cost and expense, make major repairs to the HVAC system for the first one hundred twenty (120) days following the Commencement Date. Thereafter, Landlord shall, at its sole cost and expense, absorb the first \$500 in major repairs of the HVAC system per year, and Tenant shall absorb any and all costs associated with such repairs in excess of \$500.

## 7. Insurance.

Before starting any work on the Premises, Tenant will deliver to Landlord certificates of insurance showing that Tenant has in force, and Tenant shall have in force throughout the term hereof the following forms of insurance:

### 7.1 Comprehensive General Liability Coverage.

A comprehensive general liability insurance policy covering liability for bodily injury and property damage and including coverage for liability assumed by contract; completed operations; explosion; collapse; products liability and personal injury liability. Such insurance, which shall be in the amount of Nine Million Dollars (\$9,000,000) in excess of a self-insured retention of One Million Dollars (\$1,000,000) per occurrence, combined single limit, shall insure Tenant's indemnification obligation under Paragraph 9.1 herein. Aggregate limits, if any, shall not be less than the per occurrence limit.

### 7.2 INTENTIONALLY OMITTED.

### 7.3 Workers' Compensation and Employers' Liability Coverage.

Workers' compensation insurance with statutory limits and employer's liability insurance with limits of not less than One Million Dollars (\$1,000,000) per accident.

### 7.4 Property Damage Insurance.

Property damage insurance covering Tenant's Property (defined as all trade fixtures, inventory, merchandise, Tenant-owned alterations and utility installations, if any, and other personal property from time to time in, on or about the Premises) in an amount not less than one hundred percent (100%) of its replacement cost valuation from time to time during the term of this Lease (with a value endorsement deleting any coinsurance provisions), providing "all risk coverage" (also known as "special causes of loss"), including sprinkler leakage, with a deductible not to exceed Twenty-Five Thousand Dollars (\$25,000) per occurrence. The proceeds from any such insurance shall be used by Tenant for the replacement of Tenant's Property and the restoration of Tenant's trade fixtures, Tenant-owned alterations and utility installations, if any.

All certificates of insurance evidencing the coverages set forth in paragraphs 7.1, 7.2 and 7.3 above will name Landlord as an additional insured and will provide that Tenant's coverage is primary to any insurance coverage obtained by Landlord. All certificates shall bear the endorsement "Not to be canceled or modified without thirty (30) days' prior written notice to Landlord." The delivery of the certificates in form and substance required herein shall be a

condition of this Lease being effective against Landlord. Notwithstanding anything to the contrary contained herein, Landlord shall in no circumstances be liable for injury to Tenant's business or for any loss of income or profit therefrom.

#### 7.5 Self Insurance by Tenant

Tenant may self-insure for fire, extended coverage, flood, personal property and plate glass in lieu of the policies required above, but only so long as any such self-insurance will provide equivalent coverage, reimbursement, and payment in the same way as such third-party commercial policies of insurance and Landlord is considered as an additional insured under such self-insurance. Tenant shall give notice of self-insurance to Landlord.

#### 8. Damage or Destruction.

If the Premises are hereafter damaged or destroyed or rendered partially untenable for their accustomed use by fire or other casualty, Landlord may, at its option, either terminate this Lease or repair the same to substantially the condition which the Premises were in immediately prior to the happening of such casualty (excluding stock and trade, fixtures, furniture, furnishings, carpeting, floor covering, wall covering, drapes, ceiling and equipment, the repair and/or replacement of which shall be the responsibility of Tenant), and from the date of such casualty until the Premises are so repaired and restored, the Base Rent payments payable hereunder shall abate in such proportion as the part of said Premises thus destroyed or rendered untenable bears to the total Premises. Further, if any portion of the Business Center outside the Premises shall be damaged or destroyed or rendered partially unusable, Landlord may, at its option, terminate this Lease. Notwithstanding anything to the contrary contained in this Lease, in the event Landlord elects to make any repairs in connection with any casualty event as described in this Article 8, Landlord shall only make such repairs or reconstruction as to return the damaged area to the condition that existed immediately prior to the damage occurring. In addition, Landlord shall have no obligation to repair any items which were not part of Landlord's initial work in the Premises or Business Center, including without limitation, any improvements made by or fixtures placed on the Premises by Tenant.

#### 9. Indemnification.

##### 9.1 Indemnification.

Tenant hereby agrees to indemnify, hold harmless and upon demand defend Landlord and Landlord's agents, successors and assigns, and any mortgagees, from any liability, claims, demands, damages, expenses, costs and penalties (including without limitation attorneys' fees, consultant and expert witness fees) arising from or related to any action based on an alleged act or omission of Tenant, its agents, employees or invitees, or any obligation of Tenant or rights of Landlord under this Lease.

In connection with its defense of any claim or demand of the type described herein, Tenant shall use either the City Attorney of the City of Torrance, or other counsel reasonably satisfactory to Landlord and advance, as appropriate, costs of defense and pay said costs as they are incurred. However, if a reasonable issue exists between Tenant and Landlord as to whether a claim is excluded from Tenant's indemnity obligation hereunder, Tenant shall be responsible to advance and pay costs of defense only upon Landlord's undertaking to

reimburse Tenant for said payments, plus interest, at the legal rate if it ultimately is determined by appropriate proceedings that such matters were not within the scope of Tenant's indemnity obligation.

## 9.2 Waiver.

Neither Landlord nor Landlord's agents, employees, or mortgagees shall be liable for any loss or damage to the goods, wares, equipment, merchandise, business, reputation, goodwill or any other property (tangible or intangible), or for any injury to the person (including death) of Tenant, of any agent, employee or invitee of Tenant or of any other person, in, upon or about the Premises caused by any use thereof or from any cause whatsoever, including, without limitation, water damage caused by bursting pipes or faulty plaster (except to the extent resulting exclusively from (a) the willful misconduct or recklessness of Landlord, or (b) in the case of water damage caused by bursting pipes or faulty plaster, Landlord's intentional failure to take reasonable steps to repair within a reasonable time of receipt of notice that leakage is occurring). Nor shall Landlord or its agents or employees be liable for any such loss, damage or injury occurring anywhere in or about the Business Center and caused by or arising out of any act of or failure to act by Tenant, any or its agents or employees, any other tenant, any other agents or employees or any other person who is not Landlord's agent or employee. Landlord shall not be liable to Tenant for any damages or losses alleged to arise or which are caused by the failure of Landlord to enforce the provisions of any other lease against any other tenant in the Business Center. Tenant hereby waives on its behalf all claims against Landlord and all its agents and employees and any mortgagee for any loss, damage or injury described above.

## 10. Utilities.

### 10.1 Generally.

Tenant shall pay for all water, gas, heat, light, power, telephonic and other utilities and services supplied to the Premises, together with any taxes thereon. If any such services are not separately metered to the Premises, Tenant shall pay a reasonable proportion to be determined by Landlord of all charges jointly metered with other Premises in the Business Center.

## 11. Assignment and Subletting.

Tenant shall not voluntarily or by operation of law assign, transfer, mortgage, sublet, or otherwise transfer or encumber all or any part of Tenant's interest in this Lease or in the Premises. Any reconfiguration of the structuring of Tenant, or transfer of partnership interests, shares or other ownership interests in Tenant, shall constitute an assignment.

Notwithstanding the provisions of this Paragraph 11 to the contrary, in the event (i) the City of Los Angeles terminates the CLT Private Industry Council JTPA Agreement, or (ii) the CLT Private Industry Council vacates or abandons the Premises, the City of Los Angeles, at its sole and absolute discretion, may assume the Lease for its remaining Term under the same terms and conditions of the Lease then in effect. In addition, Tenant shall have the right, without Landlord's prior consent or approval, at any time and from time to time, to sublet the whole or any portion or portions of the leased Premises to entities administering programs for



the Permitted Use, including, but not limited to, Harbor College, OJT, Harbor Occupational Center, DPSS/GAIN, San Pedro Skills Center, EDD, FEMA, and other local educational and community based institutions and organizations. If the income collected by Tenant for any sublease of the whole or any portion or portions of the Premises exceeds the Base Rent or the pro rata portion of the Base Rent ("Sublet Income") based on the rentable floor area of the subleased portion of the Premises, as the case may be, Tenant shall pay Landlord annually within thirty (30) days, as additional rent, the entire Sublet Income in excess of Base Rent applicable to the space so subleased, along with an annual statement of Sublet Income for each sublease. Within thirty (30) days following Tenant's sublease of the whole or any portion or portions of the Premises as provided herein, Tenant shall provide Landlord with the details of such sublease, including all information pertaining to the rent payable and the insurance to be obtained under such sublease. Tenant acknowledges that the sublet by Tenant of the whole or any portion or portions of the leased Premises shall not release Tenant of the liability to pay the monthly Premise Improvement Reimbursement as more fully described under Paragraph 41 below.

## 12. Default; Remedies.

### 12.1 Default.

The occurrence of any one or more of the following events shall constitute a material default of this Lease by Tenant:

12.1.1 The vacating or abandonment of the Premises by Tenant or the failure of Tenant to fulfill any obligation under this Lease which failure endangers or threatens life or property, or the conduct by Tenant of a prohibited assignment, subletting or other transfer.

12.1.2 The failure by Tenant to make any payment of rent or any other payment required to be made by Tenant hereunder, as and when due, where such failure shall continue for a period of three (3) days after written notice thereof from Landlord to Tenant. In the event that Landlord serves Tenant with a Notice to Pay Rent or Quit pursuant to applicable Unlawful Detainer statutes, such Notice to Pay Rent or Quit shall also constitute the notice required by this subparagraph.

12.1.3 Except as otherwise provided in this Lease, 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 described in paragraph 12.1.2 above, where such failure shall continue for a period of thirty (30) days after written notice thereof from Landlord to Tenant; provided, however, that if the nature of Tenant's noncompliance is such that more than thirty (30) days are reasonably required for its cure, then Tenant shall not be deemed to be in default if Tenant commenced such cure within said thirty (30) day period and thereafter diligently prosecutes such cure to completion. To the extent permitted by law, such thirty (30) day notice shall constitute the sole and exclusive notice required to be given to Tenant under applicable Unlawful Detainer statutes.

12.1.4 (i) The making by Tenant of any general arrangement or general assignment for the benefit of creditors; (ii) Tenant becomes a "debtor" as defined in 11 U.S.C. §101 of any successor statute thereto (unless, in the case of a petition filed against

Tenant, the same is dismissed within sixty (60) days); (iii) the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where possession is not restored to Tenant within thirty (30) days; or (iv) the attachment, execution or other judicial seizure of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where such seizure is not discharged within thirty (30) days. In the event that any provision of this paragraph 12.1.4 is contrary to any applicable law, such provision shall be of no force or effect.

12.1.5 The discovery by Landlord that any financial statement given to Landlord by Tenant, any assignee of Tenant, any subtenant of Tenant or any successor in interest of Tenant or any guarantor of Tenant's obligation hereunder, was materially false.

12.1.6 Except as expressly otherwise provided in this Lease, the failure by Tenant to provide Landlord with reasonable written evidence (in duly executed original form, if applicable) of (i) compliance with applicable law per Paragraph 5.2; (ii) a tenancy statement as required under Paragraph 15; (iii) the subordination or non-subordination of this Lease as required under Paragraph 15; (iv) the guaranty of the performance of Tenant's obligations under this Lease if a guarantor is required by this Lease; (v) the execution of any document requested under Paragraph 33 (easements); or (vi) any other documentation or information which Landlord may reasonably require of Tenant under the terms of this Lease, where any such failure continues for a period of ten (10) days following written notice by or on behalf of Landlord to Tenant.

12.1.7 If the performance of Tenant's obligations under this Lease is guaranteed: (i) the death of a guarantor; (ii) the termination of a guarantor's liability with respect to this Lease other than in accordance with the terms of such guaranty; (iii) a guarantor's becoming insolvent or the subject of a bankruptcy filing; (iv) a guarantor's refusal to honor the guaranty; or (v) a guarantor's breach of its guaranty obligation on an anticipatory breach basis, and Tenant's failure, within sixty (60) days following written notice by or on behalf of Landlord to Tenant of any such event, to provide Landlord with written alternative assurance or security, which, when coupled with the then existing resources of Tenant, equals or exceeds the combined financial resources of Tenant and the guarantors that existed at the time of execution of this Lease.

To the extent permitted by law, any notice provided for herein shall be in lieu of and not in addition to any notice which may be required by applicable law.

## 12.2 Remedies.

In the event of any such material default by Tenant, Landlord may at any time thereafter, with or without notice or demand and without limiting Landlord in the exercise of any right or remedy which Landlord may have by reason of such default:

12.2.1 Terminate Tenant's right to possession of the Premises by any lawful means, in which case this Lease and the term hereof shall terminate and Tenant shall immediately surrender possession of the Premises to Landlord. In such event, Landlord shall be entitled to recover from Tenant: (i) the worth at the time of the award of the unpaid rent which had been earned at the time of termination; (ii) the worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time

of award exceeds the amount of such rental loss that the Tenant proves could have been reasonably avoided; (iii) the worth at the time of award of the amount by which the unpaid rent for the balance of the Term after the time of award exceeds the amount of such rental loss that the Tenant proves could be reasonably avoided; and (iv) any other amount necessary to compensate Landlord for all the detriment proximately caused by the Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, including but not limited, to the cost of recovering possession of the Premises, expenses of reletting, including necessary renovation and alteration of the Premises, reasonable attorneys' fees, and that portion of the leasing commission paid by Landlord applicable to the unexpired term of this Lease. The worth at the time of award of the amount referred to in provisions (i) and (ii) of this Subparagraph 12.2.1 shall be computed by allowing the maximum interest allowed by applicable law. The worth at the time of award of the amount referred to in provision (iii) of this Subparagraph 12.2.1 shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent. Efforts by Landlord to mitigate damages caused by Tenant's default or breach of this Lease shall not waive Landlord's right to recover damages under this Paragraph. If termination of this Lease is obtained through the provisional remedy of unlawful detainer, Landlord shall have the right to recover in such proceeding the unpaid rent and damages as are recoverable therein, or Landlord may reserve therein the right to recover all or any part thereof in a separate suit for such rent and/or damages. If a notice and grace period required under Subparagraph 12.1 was not previously given, a notice to pay rent or quit, or to perform or quit, as the case may be, given to Tenant under any statute authorizing the forfeiture of leases for unlawful detainer shall also constitute the applicable notice for grace period purposes required by Subparagraph 12.1. In such case, the applicable grace period under Subparagraph 12.1 and under the unlawful detainer statute shall run concurrently after the one such statutory notice, and the failure of Tenant to cure the default within the greater of the two such grace periods shall constitute both an unlawful detainer and a breach of this Lease entitling Landlord to the remedies provided for in this Lease and/or by said statute.

12.2.2 Maintain Tenant's right to possession in which case this Lease shall continue in effect whether or not Tenant shall have vacated or abandoned the Premises pursuant to California Civil Code Section 1951.4. In such event Landlord shall be entitled to enforce all of Landlord's rights and remedies under this Lease, including the right to recover the rent as it becomes due hereunder. Acts of maintenance or preservation, efforts to relet the Premises, or the appointment of a receiver to protect Landlord's interest under the Lease, shall not constitute a termination of Tenant's right to possession.

12.2.3 Pursue any other remedy now or hereafter available to Landlord under the laws or judicial decisions of California. Unpaid installments of rent and other unpaid monetary obligations of Tenant under the terms of this Lease shall bear interest from the date due at the maximum rate then allowable by law.

12.2.4 The expiration or termination of this Lease and/or the termination of Tenant's right to possession shall not relieve Tenant from liability under any indemnity provisions of this Lease as to matters occurring or accruing during the Term hereof or by reason of Tenant's occupancy of the Premises.

### 12.3 Default by Landlord.

Landlord shall not be in default unless Landlord fails to perform obligations required of Landlord within thirty (30) days after written notice by Tenant to Landlord and to the holder of any first mortgage or deed of trust covering the Premises whose name and address shall have theretofore been furnished to Tenant in writing, specifying wherein Landlord has failed to perform such obligation; provided, however, that if the nature of Landlord's obligation is such that more than thirty (30) days are required for performance, then Landlord shall not be in default if Landlord commenced performance within such thirty (30) day period and thereafter diligently prosecutes the same to completion. This Lease may not be canceled or terminated by Tenant by reason of any default of Landlord hereunder and Tenant's sole remedy in the event of such default shall be to seek, subject to Paragraph 16, such damages as may be afforded at law.

### 12.4 Late Charges.

Any payment not made when due shall bear interest at that fluctuating rate (the "Lease Rate") equal to the discount rate announced from time to time by the Federal Reserve Bank of San Francisco plus 500 basis points, or the maximum amount allowed by law, whichever is less. Any payment of Rent not paid when due shall be subject to a late charge of ~~Two Hundred Fifty Dollars (\$250) or five percent (5%) of the Rent then due and payable,~~ whichever is more, to reimburse Landlord for its administrative costs and expenses in notating and processing such late payment. Such late charge will not limit Landlord's right to recover its actual costs of collection or the exercise of its remedies under this Lease, at law or in equity, in the event of a default.

### 12.5 Inducement Recapture in Event of Breach.

Any agreement by Landlord for free or abated rent or other charges applicable to the Premises, or for the giving or paying by Landlord to or for Tenant of any cash or other bonus, inducement or consideration for Tenant's entering into this Lease, all of which concessions are hereinafter referred to as "Inducement Provisions", shall be deemed conditioned upon Tenant's full and faithful performance of all of the terms, covenants and conditions of this Lease to be performed or observed by Tenant during the Term hereof as the same may be extended. Upon the occurrence of a breach of this Lease by Tenant, any such Inducement Provision shall automatically be deemed deleted from this Lease and of no further force or effect, and any rent, other charge, bonus, inducement or consideration theretofore abated, given or paid by Landlord under such an Inducement Provision shall be immediately due and payable by Tenant to Landlord, and recoverable by Landlord as additional rent due under this Lease, notwithstanding any subsequent cure of said breach by Tenant. The acceptance by Landlord of rent or the cure of the breach which initiated the operation of this Paragraph shall not be deemed a waiver by Landlord of the provisions of this Paragraph unless specifically so stated in writing by Landlord at the time of such acceptance.

## 13. Eminent Domain.

If all or any portion of the Premises or the Business Center shall be acquired or condemned by right of eminent domain for any public or quasi-public use or purpose, or sold under the threat of the exercise of said power, then Landlord at its election may terminate this

Lease by giving notice to Tenant of its election, and in such event, rentals shall be apportioned and adjusted as of the date of termination. If the Lease shall not be terminated as aforesaid, then it shall continue in full force and effect, and Landlord shall within a reasonable time after possession is physically taken (subject to delays due to shortage of labor, materials or equipment, labor difficulties, breakdown of equipment, government restrictions, fires, other casualties or other causes beyond the reasonable control of Landlord) repair or rebuild what remains of the Premises for Tenant's occupancy (to the extent that Landlord initially conducted such construction activity for Tenant) for Tenant's occupancy; and a just proportion of the Base Rent shall be abated, according to the nature and extent of the injury to the Premises until such repairs and rebuilding are completed, and thereafter for the balance of the Term. Landlord hereby reserves, and Tenant hereby assigns to Landlord, all rights to damages on account of any taking or condemnation or any act of any public or quasi-public authority for which damages are payable, and to all proceeds of the sale conducted under the threat of the exercise of the foregoing powers. Tenant shall execute such instruments of assignment as Landlord requires, join with Landlord in any action for the recovery of damages, if requested by Landlord, and turn over to Landlord any damages recovered in any proceeding. If Tenant fails to execute instruments required by Landlord, or undertake such other steps as requested, Landlord shall be deemed the duly authorized irrevocable agent and attorney-in-fact of Tenant to execute such instruments and undertake such steps on behalf of Tenant. However, Landlord does not reserve any damages payable for trade fixtures installed by Tenant at Tenant's own cost which are not part of the realty.

#### 14. Broker's Fee.

Landlord and Tenant hereby represent and warrant to each other that neither party has had any dealings with any real estate broker, agent or finder in connection with this Lease other than as specified in Paragraph 17 of the Basic Lease Provisions, and neither party knows of any real estate broker, agent or finder who is entitled to a commission or finder's fee in connection with this Lease other than as specified in Paragraph 17 of the Basic Lease Provisions. Landlord and Tenant hereby indemnify the other against a breach of this representation and warranty.

#### 15. Offset Statement; Attornment; Subordination.

##### 15.1 Offset Statement.

Within ten (10) days after Landlord's written request therefor, Tenant shall deliver, executed in recordable form, a declaration to any person designated by Landlord (a) ratifying this Lease; (b) stating the commencement and termination dates; and (c) certifying (i) that this Lease is in full force and effect and has not been assigned, modified, supplemented or amended (except by such writings as shall be stated), (ii) that all conditions under this Lease to be performed by Landlord have been satisfied (stating exceptions, if any), (iii) that no defenses or offsets against the enforcement of this Lease by Landlord exists (or stating those claimed); (iv) as to advance Base Rent, if any, paid by Tenant; (v) the date to which Base Rent has been paid; (vi) as to the amount of security deposited with Landlord, and such other information as Landlord reasonably requires. Persons receiving such statements shall be entitled to rely upon them.

#### 15.2. Attornment.

Tenant shall, in the event of a sale or assignment of Landlord's interest in the Premises or the Business Center, or if the Premises or the Business Center comes into the hands of a mortgagee or any other person whether because of a mortgage foreclosure, exercise of a power of sale under a mortgage, remedy under a senior lease or otherwise, and notwithstanding any election by Landlord under Paragraph 15.3 to subordinate or cause to be subordinated any "mortgage" (defined therein) to this Lease, attorn to the purchaser or such mortgagee or other person and recognize the same as Landlord hereunder. Tenant shall execute, at Landlord's request, any attornment agreement required by any mortgagee or other such person to be executed, containing such provisions as such mortgagee or other person requires.

#### 15.3 Subordination.

This Lease shall be secondary, junior and inferior at all times to the lien of any mortgage and to the lien of any deed of trust or other method of financing or refinancing or to any ground lease (hereinafter collectively referred to as "mortgage") now or hereafter existing against all or a part of the Business Center, and to all renewals, modifications, replacements, consolidations and extensions thereof, and Tenant shall execute and deliver all documents requested by any mortgagee or security holder to effect such subordination. If Tenant fails to execute and deliver any such document requested by a mortgagee or security holder to affect such subordination, Landlord is hereby authorized to execute such documents and take such other steps as are necessary to effect such subordination on behalf of Tenant as Tenant's duly authorized irrevocable agent and attorney-in-fact. Notwithstanding the foregoing, Landlord shall have the right to subordinate or cause to be subordinated any such mortgage to this Lease.

#### 15.4 Failure to Execute Instruments.

Tenant's failure to execute instruments or certificates provided for in this article within thirty (30) days after the mailing by Landlord of a written request therefor shall be a default under this Lease.

#### 16. Landlord's Liability.

The term "Landlord" as used herein shall mean only the owner or owners, at the time in question, of the fee title or a tenant's interest in a ground lease of the Business Center. In the event of any transfer of such title or interest, Landlord herein named (and in case of any subsequent transfers the then grantor) shall be relieved from and after the date of such transfer of all liability as respects Landlord's obligations thereafter to be performed, provided that any funds in the hands of Landlord or the then grantor at the time of such transfer, in which Tenant has an interest, shall be delivered to the grantee. The obligations contained in this Lease to be performed by Landlord shall, subject as aforesaid, be binding on Landlord's successors and assigns, only during their respective periods of ownership. Notwithstanding anything to the contrary contained herein, Tenant agrees that it shall look solely to the interest of Landlord in the Business Center for the satisfaction or collection of any judgment against Landlord and no other assets of Landlord shall be subject to levy, execution or any other procedure in connection with the exercise of Tenant's remedies.

17. Severability.

The invalidity of any provision of this Lease as determined by a court of competent jurisdiction, shall in no way affect the validity of any other provision hereof.

18. Interest on Past-Due Obligations.

Except as expressly herein provided, any amount due to Landlord not paid when due shall bear interest at the maximum rate then allowable by law from the date due. Payment of such interest shall not excuse or cure any default by Tenant under this Lease; provided, however, that interest shall not be payable on late charges incurred by Tenant nor on any amounts upon which late charges are paid by Tenant.

19. Time of Essence.

Time is of the essence with respect to the obligations to be performed under this Lease.

20. Additional Rent.

All monetary obligations of Tenant to Landlord under the terms of this Lease shall be deemed to be rent.

21. Incorporation of Prior Agreements; Amendments.

This Lease contains all agreements of the parties with respect to any matter mentioned herein. No prior or contemporaneous agreement or understanding pertaining to any such matter shall be effective. This Lease may be modified in writing only, signed by the parties in interest at the time of the modification. Except as otherwise stated in this Lease, Tenant hereby acknowledges that neither the Broker listed in Paragraph 14 hereof nor any cooperating broker on this transaction nor the Landlord or any employee or agents of any of said persons has made any oral or written warranties or representations to Tenant relative to the condition or use by Tenant of the Premises or the Building or the Business Center and Tenant acknowledges that Tenant assumes all responsibility regarding the Occupational Safety Health Act, the legal use and adaptability of the Premises and the compliance thereof with all applicable laws and regulations in effect during the term of this Lease except as otherwise specifically stated in this Lease.

22. Notices.

Any notice required or permitted to be given hereunder shall be in writing and may be given by personal delivery or by certified mail, and if given personally or by mail, shall be deemed sufficiently given if addressed to Tenant or to Landlord at the address noted in Paragraph 18 of the Basic Lease Provisions. Either party may by notice to the other specify a different address for notice purposes except that upon Tenant's taking possession of the Premises, the Premises shall constitute Tenant's address for notice purposes. A copy of all notices required or permitted to be given to Landlord hereunder shall be concurrently transmitted to such party or parties at such addresses as Landlord may from time to time hereafter designate by notice to Tenant.

23. **Waivers.**

No waiver by Landlord of any provision hereof shall be deemed a waiver of any other provision hereof or of any subsequent breach by Tenant of the same or any other provision. Landlord's consent to, or approval of, any act shall not be deemed to render unnecessary the obtaining of Landlord's consent to or approval of any subsequent act by Tenant. The acceptance of rent hereunder by Landlord shall not be a waiver of any preceding breach by Tenant of any provision hereof other than the failure of Tenant to pay the particular rent so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such rent.

24. **Cumulative Remedies.**

No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.

25. **Binding Effect; Choice of Law.**

Subject to any provisions hereof restricting assignment or subletting by Tenant and subject to the provisions of paragraph 16, this Lease shall bind the parties, their personal representatives, successors and assigns. This Lease shall be governed by the laws of the State where the Business Center is located and any litigation concerning this Lease between the parties hereto shall be initiated in the county in which the Business Center is located.

26. **Attorney's Fees.**

If either party named herein brings an action to enforce the terms hereof or declare rights hereunder, the prevailing party in any such action, on trial or appeal, shall be entitled to his reasonable attorney's fees to be paid by the losing party as fixed by the court.

27. **Landlord's Access.**

Landlord and Landlord's agents shall have the right to enter the Premises, except in the case of emergencies, at pre-arranged reasonable times for the purpose of inspecting the same, showing the same to prospective purchasers, lenders, or tenants, and making such alterations, repairs, improvements or additions to the Premises or to the Building or to the Business Center as Landlord may deem necessary or desirable. Landlord may at any time place on or about the Premises or the Building any ordinary "For Sale" signs and Landlord may at any time during the last 120 days of the term hereof place on or about the Premises any ordinary "For Lease" signs. All activities of Landlord pursuant to this paragraph shall be without abatement of rent, nor shall Landlord have any liability to Tenant for the same.

28. **Auctions.**

Tenant shall not conduct nor permit to be conducted, either voluntarily or involuntarily, any auction upon the Premises or the Common Areas without first having obtained Landlord's prior written consent. Notwithstanding anything to the contrary in this Lease,



Landlord shall not be obligated to exercise any standard of reasonableness in determining whether to grant such consent.

29. Signs.

Tenant shall not place any sign upon the Premises or the Business Center without Landlord's prior written consent. Under no circumstances shall Tenant place a sign on any roof of the Business Center. Tenant, at its sole cost and expense, shall pay for any signs permitted by Landlord.

30. Merger.

The voluntary or other surrender of this Lease by Tenant, or a mutual cancellation thereof, or a termination by Landlord, shall not work a merger, and shall, at the option of Landlord, terminate all or any existing subtenancies or may, at the option of Landlord, operate as an assignment to Landlord of any or all of such subtenancies.

31. Guarantor.

In the event that there is a guarantor of this Lease, said guarantor shall have the same obligations as Tenant under this Lease.

32. Security Measures.

Tenant hereby acknowledges that Landlord shall have no obligation whatsoever to provide guard service or other security measures for the benefit of the Premises or the Business Center. Tenant assumes all responsibility for the protection of Tenant, its agents, employees and invitees and the property of Tenant and of Tenant's agents, employees and invitees from acts of third parties. Nothing herein contained shall prevent Landlord, at Landlord's sole option, from providing security protection for the Business Center or any party thereof.

33. Easements.

Landlord reserves to itself the right, from time to time, to grant such easements, rights and dedications that Landlord deems necessary or desirable, and to cause the recordation of Parcel Maps and restrictions. Tenant shall sign any of the aforementioned documents upon request of Landlord within ten (10) days and failure to do so shall constitute a material default of this Lease by Tenant without the need for further notice to Tenant.

34. Authority.

If Tenant is a corporation, trust, or general or limited partnership, each individual executing this Lease on behalf of such entity represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of said entity. If Tenant is a corporation, trust or partnership, Tenant shall, within thirty (30) days after execution of this Lease, deliver to Landlord evidence of such authority satisfactory to Landlord.

35. Alarm System.

Tenant acknowledges that Landlord has installed a twenty-four (24) hour central security alarm system (the "System") within each suite of the Business Center, including the Premises. In connection therewith, within ten (10) days after the date of execution of the Lease by Landlord and Tenant, Tenant, at its sole cost and expense, shall secure from the San Pedro Police Department (the "Department") a police dispatch permit, as well as any other permit which is required by the Department as a condition to responding to the System (collectively, the "Permit"). Tenant shall pay Landlord for the services rendered in connection with the System on a monthly basis. The cost of said service is presently Seventeen Dollars (\$17.00) per month; however, if the fee for such service is increased, Tenant shall pay, on such monthly basis, any such increased amounts. Tenant acknowledges that if the Department responds to the System due to a false alarm, the Department may charge Tenant for such response. Tenant shall promptly pay any such charge. Tenant further acknowledges that Landlord bears no responsibility or liability for the adequacy or reliability of the System or its features

36. Hazardous Materials.

36.1 Generally.

Tenant represents, warrants and covenants as follows:

36.1.1 During the term of this Lease, Tenant shall not cause or permit any "Hazardous Substance" (as defined hereinbelow) to be brought upon, used, kept or stored in, on, about or under the Premises or the Business Center by Tenant, its agents, representatives, employees, contractors or invitees, without the prior written consent of Landlord (which Landlord may withhold in its sole and absolute discretion; in no event will such consent be obtained unless Tenant demonstrates to Landlord's sole satisfaction that such Hazardous Substance is necessary or useful to Tenant's business and will be brought upon, used, kept and stored in a manner which complies with all "Environmental, Health and Safety Requirements" (as defined hereinbelow) regulating such Hazardous Substance and with the highest standards prevailing in the industry for such Hazardous Substance).

36.1.2 If, with the consent of Landlord, any Hazardous Substance is brought upon, used, kept or stored in, on, about or under the Premises or the Business Center by Tenant, then Tenant shall do so in a manner which complies with all Environmental, Health and Safety Requirements regulating such Hazardous Substance and with the highest standards prevailing in the industry for such Hazardous Substance. Without limiting any of the other obligations of Tenant set forth in this Lease, Tenant shall, at its own cost and expense, procure, maintain in effect and comply with all conditions and requirements of any and all permits, licenses and other governmental and regulatory approvals or authorizations required under any Environmental, Health or Safety Requirement in connection with the bringing, use, keeping and storage of such Hazardous Substance in, on, about or under the Premises or the Business Center. Tenant shall submit to Landlord copies of all such permits, licenses, or other governmental or regulatory approvals or authorizations within five (5) business days of its receipt thereof.

36.1.3 If the presence of any Hazardous Substance in, on, about or under the Premises or the Business Center caused or permitted by Tenant results in any

contamination of the Premises or the Business Center or the surrounding environment, Tenant shall promptly take all action at its sole cost and expense as are necessary to return the Premises or the Business Center or the surrounding environment to the condition existing prior to such contamination (the "Remediation"); provided, however, that Tenant shall not undertake any Remediation without first providing Landlord with written notice thereof and obtaining Landlord's prior approval therefor. Tenant shall carry out any Remediation in a manner which will minimize the impact on the businesses conducted by other tenants in the Business Center and in a manner which complies with all Environmental, Health and Safety Requirements. Further, Tenant shall not undertake any Remediation, nor enter into any settlement agreement, consent decree or other compromise with respect to any claim relating to any Hazardous Substance in any way connected with the Premises or the Business Center without first notifying Landlord of Tenant's intention to do so and affording Landlord ample opportunity to appear, intervene or otherwise appropriately assert and protect Landlord's interest with respect thereto.

36.1.4 Upon the expiration or early termination of the term of this Lease, Tenant shall cause to be removed from the Premises or the Business Center, as appropriate, all Hazardous Substances brought upon, used, kept or stored in, on, about or under the Premises or the Business Center by Tenant, as well as all receptacles or containers therefor, and shall cause such Hazardous Substances and such receptacles or containers to be stored, treated, transported and/or disposed of in compliance with all applicable Environmental, Health and Safety Requirements. Any Hazardous Substances or receptacles or containers therefor which Tenant causes to be removed from the Premises or Business Center shall be removed solely by duly licensed haulers and transported to and disposed of at duly licensed facilities for the final disposal of such Hazardous Substances and receptacles or containers therefor. Tenant shall deliver to Landlord copies of any and all manifests and other documentation relating to the removal, storage, treatment, transportation and/or disposal of any Hazardous Substances or receptacles or containers therefor reflecting the legal and proper removal, storage, treatment, transportation and/or disposal thereof. Tenant shall, at its sole cost and expense, repair any damage to the Premises or the Business Center resulting from Tenant's removal of such Hazardous Substances and receptacles or containers therefor. Tenant's obligation to pay Base Rent and all additional rent shall continue until such removal by Tenant has been completed to Landlord's satisfaction, notwithstanding the expiration or early termination of the term of this Lease.

36.1.5 Tenant shall, from time to time throughout the term of this Lease, execute such affidavits, certificates or other documents as may be requested by Landlord concerning Tenant's best knowledge and belief regarding the presence of Hazardous Substances in, on, about or under the Premises or the Business Center. Further, each year throughout the term of this Lease, on the anniversary date hereof, Tenant shall deliver to Landlord a letter stating that during the preceding year Tenant has complied with the provisions of this Paragraph 36 or, if Tenant has not so complied, a letter setting forth the details concerning his noncompliance.

36.1.6 Tenant shall notify Landlord in writing immediately upon becoming aware of: (1) any enforcement, cleanup, remediation or other action threatened, instituted or completed by any governmental or regulatory agency or private person with respect to the Premises or the Business Center relating to Hazardous Substances; (ii) any claim threatened or made by any person against Tenant or the Premises or the Business

Center for personal injury, property damage, other losses, contribution, cost recovery compensation or any other matter with respect to the Premises or the Business Center relating to Hazardous Substances; (iii) any reports made by or to any governmental or regulatory agency with respect to the Premises or the Business Center relating to Hazardous Substances, including without limitation any complaints, notices or asserted violations in connection therewith; and (iv) any other information with respect to the Premises or the Business Center relating to Hazardous Substances. Further, Tenant shall also supply to Landlord as promptly as possible, and in any event within five (5) business days after Tenant first receives or sends the same, copies of all claims, reports, complaints, notices, warnings, asserted violations or other documents relating in any way to the foregoing.

36.1.7 Landlord and its agents and representatives shall have the right to communicate, verbally or in writing, with any governmental or regulatory agency or any environmental consultant on any matter with respect to the Premises or the Business Center relating to Hazardous Substances. Landlord shall be entitled to copies of any and all notices, inspection reports or other documents issued by or to any such governmental or regulatory agency or consultant with respect to the Premises or the Business Center relating to Hazardous Substances.

#### 36.2 Indemnity:

If Tenant breaches any of the representations, warranties or covenants set forth in this Paragraph 36, or if the presence of Hazardous Substances on the Premises or Business Center caused or permitted by Tenant results in contamination of the Premises or the Business Center, or if contamination of the Premises or Business Center by Hazardous Substances otherwise occurs for which Tenant is legally liable to Landlord for damage resulting therefrom, or if any lender or governmental agency requires an investigation to determine whether there has been any contamination of the Premises or the Business Center, then, Tenant shall indemnify and hold harmless Landlord, any subsidiary or other affiliate of Landlord, and any director, officer, shareholder, employee, agent, attorney or partner of any of the foregoing, from any and all claims, damages, penalties, fines, costs, liabilities and losses (including, without limitation, diminution in value of the Premises or the Business Center, damages for the loss or restriction on use of rentable or usable space or of any other amenity of the Premises or the Business Center, damages arising from any adverse impact on marketing of space in the Premises or the Business Center, other consequential damage and sums paid in settlement of claims, attorneys' fees, consultants' fees and experts' fees) which arise during or after the Term as a result of such contamination. 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 governmental or regulatory agency or any private person due to the presence of Hazardous Substances at the Premises or the Business Center or in the soil or groundwater in, on, about or under the Premises or the Business Center.

#### 36.3 Inspection.

If Tenant breaches any of the representations, warranties or covenants set forth in this Paragraph 36, or if the presence of Hazardous Substances on the Premises or the Business Center caused or permitted by Tenant results in contamination of the Premises or the Business Center, or if contamination of the Premises or the Business Center by Hazardous

Substances otherwise occurs for which Tenant is legally liable to Landlord for damage resulting therefrom, or if any lender or governmental agency requires an investigation to determine whether there has been any contamination of the Premises or the Business Center, then, Landlord and its agents and representatives shall have the right, at any reasonable time and from time to time during the term of this Lease, to enter upon the Premises to perform monitoring, testing or other analyses, and to review any and all applicable documents, notices, correspondence or other materials which may be in the possession of Tenant. Further, Tenant shall be obligated to provide Landlord, within five (5) business days of Landlord's request therefor, with copies of all such applicable documents which may be in Tenant's possession but are not at the Premises. All costs and expenses reasonably incurred by Landlord in connection therewith shall become due and payable by Tenant upon Landlord's presentation to Tenant of an invoice therefor.

#### 36.4 Hazardous Substance.

As used herein, the term "Hazardous Substance" shall mean any substance, material, waste, contaminant or pollutant determined by any local, regional, state or federal governmental agency, court, judicial or quasi-judicial body or legislative or quasi-legislative body pursuant to any Environmental, Health and Safety Requirement to be hazardous, toxic, infectious, radioactive, ignitable or flammable, corrosive, persistent or bioaccumulative, explosive, reactive or otherwise dangerous.

#### 36.5 Environmental, Health and Safety Requirement.

As used herein, the term "Environmental, Health and Safety Requirement" shall mean any law, statute, ordinance, rule, regulation, order, judgment or decree promulgated by any local, regional, state or federal governmental agency, court, judicial or quasi-judicial body or legislative or quasi-legislative body which relates to matters of the environment, health, industrial hygiene or safety.

#### 36.6 Liability.

ANY AND ALL LIABILITIES ARISING FROM THE MANUFACTURING, GENERATION, HANDLING, USE, STORAGE, TREATMENT, TRANSPORTATION OR DISPOSAL OF HAZARDOUS SUBSTANCES PERFORMED OR CAUSED TO BE PERFORMED BY TENANT, OR ITS AGENTS, REPRESENTATIVES, EMPLOYEES, CONTRACTORS OR INVITEES, SHALL AT ALL TIMES REMAIN THE SOLE RESPONSIBILITY OF TENANT AND TENANT SHALL RETAIN ANY AND ALL LIABILITIES ARISING THEREFROM. NOTWITHSTANDING ANYTHING TO THE CONTRARY SET FORTH IN THIS PARAGRAPH 36, ANY ACT BY LANDLORD OR ITS AGENTS OR REPRESENTATIVES HEREUNDER SHALL NOT CONSTITUTE AN ASSUMPTION BY LANDLORD OF ANY OBLIGATIONS, DUTIES, RESPONSIBILITIES OR LIABILITIES OF TENANT HEREUNDER, INCLUDING WITHOUT LIMITATION TENANT'S COMPLIANCE WITH ANY ENVIRONMENTAL, HEALTH OR SAFETY REQUIREMENT, WHICH TENANT SHALL RETAIN UNDER ALL CIRCUMSTANCES AND SHALL INDEMNIFY, DEFEND AND HOLD HARMLESS LANDLORD AS PROVIDED HEREIN. FURTHER, NOTWITHSTANDING ANYTHING TO THE CONTRARY SET FORTH IN THIS PARAGRAPH 36, EVEN THOUGH HAZARDOUS SUBSTANCES REMOVED, TRANSPORTED AND DISPOSED OF BY TENANT MAY ORIGINATE FROM THE PREMISES OR THE BUSINESS CENTER, TENANT SHALL

REMAIN FULLY LIABLE FOR THEIR REMOVAL, TRANSPORTATION AND DISPOSAL AND SHALL INDEMNIFY, DEFEND AND HOLD HARMLESS LANDLORD AS PROVIDED HEREIN.

36.7 Survival.

The representations, warranties, covenants, agreements and indemnities of Tenant set forth in this Paragraph 36 shall survive the expiration or earlier termination of this Lease and shall not be affected by any investigation, or information obtained as a result of any investigation, by or on behalf of Landlord or any prospective tenant.

37. Amendments.

This Lease may be modified only in writing, signed by the parties in interest at the time of the modification. The parties shall amend this Lease from time to time to reflect any adjustments that are made to the Base Rent or other rent payable under this Lease. As long as they do not materially change Tenant's obligations hereunder, Tenant agrees to make such *reasonable non-monetary modifications to this Lease as may be reasonably required by an institutional, insurance company, or pension plan lender in connection with the obtaining of normal financing or refinancing of the property of which the Premises are a part.*

38. Relocation.

At Landlord's option, Landlord may cause Tenant to relocate, upon thirty (30) days' prior written notice, at Landlord's sole expense, to similar contiguous space fronted by North Gaffey Street which is within the Business Center reasonably deemed by Landlord to be comparable to the Premises as improved in accordance with the Tenant Work Letter (defined below in Paragraph 41.1).

39. Holdover.

There shall be no holding over by Tenant after the expiration or earlier termination of this Lease and the failure by Tenant to deliver possession of the Premises to Landlord shall be an unlawful holdover. During any period in which Tenant so holds over, the monthly rental value of the Premises, payable from the date immediately following the date on which Tenant was to deliver the Premises through and including the date Tenant so delivers the Premises, shall be deemed to equal the product of one and one-half (1½) times the sum of (a) the monthly Base Rent payable for the month immediately preceding such holdover and (b) all other items of additional rent that would have been otherwise payable hereunder had this Lease not expired or been terminated. Acceptance by Landlord of any such rent during the period in which Tenant so holds over shall not cure or waive Tenant's default, nor prevent Landlord from exercising, before or after such acceptance, any of the remedies provided by this Lease or at law or in equity. Payment of any such rent and other sums during any holdover period shall not excuse Tenant's obligation to vacate and surrender the Premises on the date, and in the manner and condition, required under this Lease.

40. Courtesy Notice of Adjacent Space.

As a courtesy to Tenant only, Landlord hereby agrees, from time to time, to provide Tenant with notice of any space adjacent to the Premises which may from time to time

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become available for lease. Tenant understands and acknowledges that Landlord in its usual course of business, does not offer tenants the first right to negotiate to take more space, nor options on additional space.

#### 41. Premises Improvements.

41.1 Subject to the terms and conditions set forth in this Paragraph 41, Landlord shall up front the costs and expenses associated with the improvements to be made to the Premises ("Premises Improvements"), at a cost not to exceed Eighty Thousand Dollars (\$80,000) ("Cap"). Immediately upon the mutual execution of this Lease between Landlord and Tenant, Landlord shall obtain the services of *Adyton Design* or other mutually acceptable designers and contractors to both design and construct the Premises Improvements in accordance with the "Tenant Work Letter" attached hereto and incorporated herein by this reference as Exhibit D. Within fourteen (14) days following the mutual execution of this Lease, Landlord shall deliver a set of final plans and specifications ("Final Plans") for Tenant's approval, which approval shall not be unreasonably withheld or delayed. Landlord shall have no obligation to commence construction of the Premises Improvements or to bring the construction to conclusion, as appropriate, unless each of the following conditions have been satisfied:

41.1.1 Tenant's written approval of the Final Plans; and

41.1.2 The written approval of the Final Plans by all necessary governmental agencies and officials, and Landlord's ability to obtain all necessary or desirable permits or other approvals in connection with the Premises Improvements (collectively, "Improvement Entitlements").

41.2 Any and all costs and expenses involved in the construction of the Premises Improvements shall fall within the Cap allowance, shall be paid by Landlord, and shall be subject to the Premises Improvement Reimbursement as described under Paragraph 41.5 below. Such costs and expenses shall include, but shall not be limited to, any and all costs and fees incurred by Landlord to obtain the Improvement Entitlements, and any and all costs and fees of contractors, consultants, engineers, employees and such other personnel employed by Landlord (collectively, "Landlord Consultants") for the design and construction of the Premises Improvements, including, but not limited to, the Final Plans. All Landlord Consultants shall be selected by Landlord in its sole and absolute discretion. The fees and costs of subcontractors, materialmen, contractors, consultants, engineers, employees and such other personnel employed by Tenant ("Tenant Consultants") shall be the sole responsibility of Tenant, and shall in no event be an expense under the Cap to be fronted by Landlord. Each Landlord Consultant and Tenant Consultant shall be duly qualified, experienced, registered and licensed in the State of California for the type of work which such Consultant will perform on the Premises. Once commenced, the construction of the Premises Improvements shall be diligently pursued, and completed in a good and workmanlike manner, in accordance with the Final Plans. In no event shall the Premises Improvements be completed later than the Rent Commencement Date set forth under Paragraph 10 of the Basic Lease Provisions ("Completion Deadline").

41.3 If the construction is delayed due to circumstances beyond the control of Landlord, such as the usual occurrences described in the force majeure clause of the latest AIA construction contract (i.e., acts of God, strikes, riot, fire, flood, war, delay of carrier, material shortages, embargoes or inclement weather) and Landlord promptly notifies Tenant of the

commencement and cessation of each such occurrence, then the Completion Deadline shall be extended for the same period as the period of delay. If the construction is delayed due to a default by the general contractor under the construction contract and Landlord is not party to such default, and Landlord promptly notifies Tenant of such default and acts or causes action to be taken to promptly complete the construction, then the Completion Deadline shall be extended for a period reasonably sufficient to permit Landlord to cause said construction to be completed.

41.4 Any and all material variations from the Final Plans which are initiated by either Landlord or Tenant, shall be submitted by the initiating party to the non-initiating party, in writing for the prior written approval by the non-initiating party. Such approval shall be deemed to have been given unless the initiating party receives notification of disapproval within ten (10) business days after the non-initiating party's receipt of the variation or change order. The initiating party shall be deemed to have cured any reason for such disapproval by promptly notifying the other party that such variation or change order shall be disregarded and its submission withdrawn. Any and all costs associated with a change order, if any, shall be deemed to be an expense falling within the Cap allowance.

41.5 Tenant understands and acknowledges that it is obligated to fully reimburse Landlord for the actual amount of the costs and expenses associated with the Premises Improvements, plus twelve percent (12%) interest per annum, to be amortized over the Term of the Lease ("Premises Improvement Reimbursements"). Commencing from the ninetieth (90<sup>th</sup>) day following the Commencement Date, the monthly Premises Improvement Reimbursements shall be due and payable, without offset or deduction, along with the Base Rent, on the first day of each month of the Term hereof. The Premises Improvement Reimbursements shall be deemed to be additional rent under the terms of this Lease. In the event Tenant fails to make timely payments of such additional rent, Landlord shall have available to it, all of the rights and remedies set forth in this Lease, including, but not limited to, the terms and provisions of Paragraph 12 (Defaults; Remedies) above.

41.6 Notwithstanding anything to the contrary described in this Paragraph 41, Landlord and Tenant agree that the following terms and provisions shall apply under each of the following respective circumstances:

41.6.1 At any time during the Term of this Lease, Tenant may, without any fines or penalties, (i) remit a lump sum payment to Lessor for all or part of the Premises Improvement Reimbursement, or (ii) accelerate payment of the entire balance of the Premises Improvement Reimbursement;

41.6.2 In the event Landlord and Tenant mutually agree that the cost and expenses of the Premises Improvements may exceed the Cap ("Excess"), Landlord shall upfront the amount of such Excess, and Tenant shall, within thirty (30) days following Landlord's payment of such Excess, reimburse Landlord the full amount of such Excess;

41.6.3 In the event of an early termination of this Lease for any reason whatsoever, Tenant shall remit to Landlord an amount equal to the fully unamortized Premises Improvement Reimbursement no later than thirty (30) days prior to the anticipated termination date; and



41.6.4 In the event of (i) any casualty, whether insured or uninsured, to the Business Center and/or the Premises, or (ii) any condemnation of the Business Center and/or the Premises, Tenant shall remit to Landlord an amount equal to the full unamortized cost of the Premises Improvements no later than thirty (30) days following Landlord's written demand to Tenant therefor.

41.7 Tenant shall not (i) mortgage, pledge, assign or hypothecate this Lease except as otherwise allowed herein, (ii) cause any liens, encumbrances or security interests to attach to any fixtures, equipment, leasehold improvements, betterment or any other property at the Premises, or (iii) enter into any lease purchase, lease financing or conditional sales or installment agreements with respect to any fixtures, equipment, leasehold improvements, betterments or any other property, real or personal, used in, on or about or in connection with the Premises.

41.8 Landlord shall provide to Tenant, financial statement(s) in connection with invoices paid by Landlord for work performed pursuant to this Paragraph 41, including copies of invoices and evidence that these invoices have been paid.

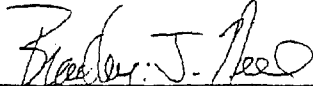
#### 42. City JTPA Programs.

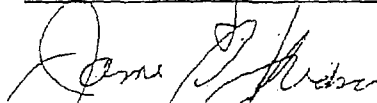
Any improvements made to the facility or property by contractors paid for with JTPA funds, inure to the benefit of the City of Los Angeles, and the City of Los Angeles may elect, at its sole option, to remove such improvements provided that said improvements are not a permanently attached fixture and/or permanently attached to the building or property.

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the day and year first above written.

"LANDLORD":

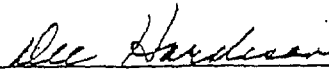
CALIFORNIA DRIVE-IN THEATRES, INC.

By:   
Name: BRADLEY J. NEEL  
Title: SECRETARY

By:   
Name: JAMES P. HUDSON  
Title: VICE PRESIDENT

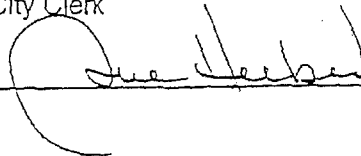
"TENANT":

THE CITY OF TORRANCE, a municipal corporation

By:   
Name: Dee Hardison  
Title: Mayor

ATTEST:

Sue Herbers  
City Clerk



APPROVED AS TO FORM:

John L. Fellows III,  
City Attorney

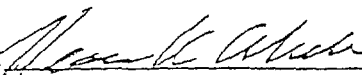
By:   
Name: Heather K. Whitham  
Title: Deputy City Attorney

EXHIBIT A  
to The Worldport Business Center Lease

Description of Premises

[to be attached prior to execution]

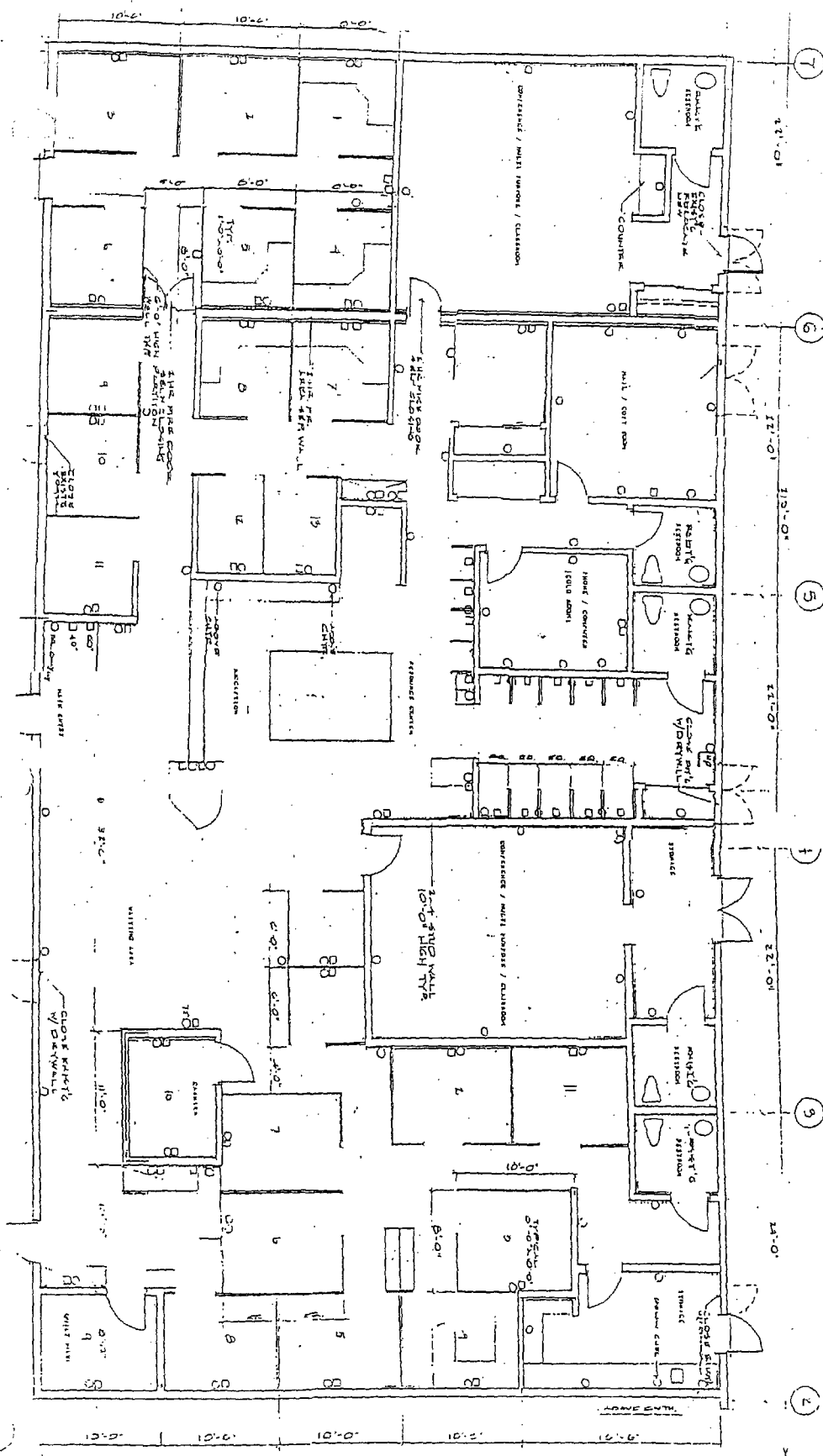


EXHIBIT B  
to The Worldport Business Center Lease

Rules and Regulations

[to be attached prior to execution]

EXHIBIT B

1. Lessee shall be entitled to parking spaces, unreserved and unassigned, on those portions of the Common Areas designated by Lessor for parking. Said parking spaces shall be used only for parking by vehicles no larger than full size passenger automobiles, vans or pick - up trucks, herein called "Permitted Size Vehicles." Vehicles other than Permitted Size Vehicles are herein referred to as "Oversized Vehicles."
2. Lessee shall not permit or allow any vehicles that belong to or are controlled by Lessee or Lessee's employees, suppliers, shippers, customers, or invitees to be loaded, unloaded or parked in areas other than those designated by Lessor for such activities.
3. If Lessee permits or allows any of the prohibited activities described herein, then Lessor shall have the right, without notice, in addition to such other rights and remedies that it may have, to remove or tow away the vehicle involved and charge the cost to Lessee, which cost shall be immediately payable upon demand by Lessor.
4. Parking is for Tenants, Employees, and their Clients only.
5. Overnight parking is not permitted.

FIRST ADDENDUM TO LEASE

THIS FIRST ADDENDUM TO LEASE, executed as of this 30<sup>th</sup> day of July, 1999, by and between CALIFORNIA DRIVE-IN THEATRES, INC., a California corporation ("Landlord"); and THE CITY OF TORRANCE, a municipal corporation, for CLT Private Industry Council ("Tenant"), with reference to that certain Lease, dated June 26, 1998, between Landlord and Tenant (the "Lease"), hereby amends, modifies and supplements the Lease in the following particulars but no others:

1. Effective on the date this First Addendum to Lease is executed by both Landlord and Tenant (the "Effective Date"), the "Premises," as defined in Paragraph 4 of the Basic Lease Provisions, shall be revised to include that certain space commonly known as Suite A of the Building, consisting of approximately 1,390 square feet of rentable space (the "Suite A Premises"), as delineated on Exhibit A, attached hereto and incorporated herein by this reference. In this regard, effective from and after the Effective Date:

a) The "Total Rentable Area" (as defined in Paragraph 5 of the Basic Lease Provisions), shall be approximately 8,110 square feet, as follows:

- Original Premises: 6,720 sq. ft.
- Suite A Premises: 1,390 sq. ft.
- Total Rentable Area: 8,110 sq. ft.

b) The "Base Rent" (as defined in Paragraph 11 of the Basic Lease Provisions), shall be Five Thousand Seven Hundred Twenty Nine and 76/100 Dollars (\$5,729.76) per month.

c) "Tenant's Share" (as defined in Paragraph 13 of the Basic Lease Provisions), shall be: Six and 57/100 percent (6.57%).

2. Except as herein specifically provided, no other amendment or modification of the Lease is intended by this Addendum and all provisions of the

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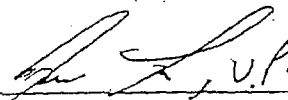
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Lease shall remain unchanged and in full force and effect in accordance with their terms.

IN WITNESS WHEREOF, the parties hereto have executed this addendum as of the date first above written.

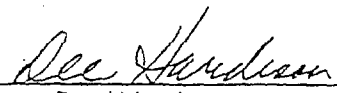
"LANDLORD":

CALIFORNIA DRIVE-IN  
THEATRES, INC., a  
California corporation

By:   
Name: \_\_\_\_\_  
Title: \_\_\_\_\_


"TENANT":

THE CITY OF TORRANCE, a  
municipal corporation

By:   
Name: Dee Hardison  
Title: Mayor


ATTEST:

Sue Herbers  
City Clerk



APPROVED AS TO FORM:

John L. Fellows III,  
City Attorney,

By:   
Name: Heather K. Whitham  
Title: Deputy City Attorney



SECOND ADDENDUM TO LEASE

THIS SECOND ADDENDUM TO LEASE, executed as of this 1<sup>st</sup> day of AUGUST, 2001 (the "Second Addendum"), by and between WOLDPORT LLC, a Delaware limited liability company (successor-in-interest to California Drive-In Theatres, Inc.) ("Landlord"), and THE CITY OF TORRANCE, a municipal corporation, for the CLT Workforce Investment Network (WiN) (formerly known as "The City of Torrance, a municipal corporation, for CLT Private Industry Council") ("Tenant"), with reference to that certain Lease, dated June 26, 1998, between California Drive-In Theatres, Inc., as landlord, and Tenant, and as amended by the First Addendum to Lease, dated as of July 30, 1999, between California Drive-In Theatres, Inc., as landlord, and Tenant (collectively, the "Lease"), hereby amends, modifies and supplements the Lease in the following particulars but no others:

1. Effective August 1, 2001 the "Premises," as defined in Paragraph 4 of the Basic Lease Provisions, shall be revised to include that certain space commonly known as Suites I and J of the Building, consisting of approximately 1,480 square feet of rentable space (the "Suites I and J Premises"), as delineated on Exhibit A, attached hereto and incorporated herein by this reference. In this regard, the following terms set forth in the Basic Lease Provisions shall be modified as follows:

a) Total Rentable Area. Effective August 1, 2001, the "Total Rentable Area" (as defined in Paragraph 5 of the Basic Lease Provisions), shall be approximately 9,590 square feet, allocated as follows:

Suites D, E, F, G and H:	6,720 sq. ft.
Suite A:	1,390 sq. ft.
Suites I and J:	<u>1,480</u> sq. ft.
Total Rentable Area:	<u>9,590</u> sq. ft.

b) Tenant's Share. From and after August 1, 2001, "Tenant's Share" (as defined in Paragraph 13 of the Basic Lease Provisions), shall be seven and 78/100 (7.78%).

c) Security Deposit. Effective from and after August 1, 2001, the aggregate amount of the Security Deposit (as set forth in Paragraph 15 of the Basic Lease Provisions) shall be Nine Thousand Six Hundred Fifty-One and 50/100 Dollars (\$9,651.50), as set forth below. Upon the execution of this Second Addendum, Tenant shall deliver to Landlord the sum of Five Thousand Nine Hundred Sixty-Eight Dollars (\$5,968), constituting the balance of the Security Deposit due hereunder.

Deposit currently on hand: \$ 4,704.00

Suites I and J Premises, and  
Increased rent for Suites A, D, E, F, G and H \$ 3,447.50

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"Doorway Repair Security Deposit"  
(as defined in Subparagraph 6.3(a)): \$ 1,500.00

-- Total Aggregate Security Deposit: \$ 9,651.50

d) Base Rent. Effective on the last to occur of (i) August 1, 2001, or (ii) the date Landlord delivers possession of the Suites I and J Premises to Tenant (the "Second Addendum Rent Commencement Date"), to and including December 31, 2002, the "Base Rent" (as defined in Paragraph 11 of the Basic Lease Provisions, and Subparagraph 3.1) for the Premises shall be Eight Thousand One Hundred Fifty-One and 50/100 Dollars (\$8,151.50) per month, as adjusted upward pursuant to Subparagraph 3.2 of the Lease. In addition, Tenant shall continue to pay all other "Rent" as set forth in Section 3 of the Lease.

2. As used herein, the term "Termination Date" (as defined in Paragraph 9 of the Basic Lease Provisions) shall mean and refer to 11:59 p.m., Pacific Standard Time, on December 31, 2002."

3. The following is hereby added following Subparagraph 6.3 of the Lease.

"6.3(a) Fire Door Removal. Tenant shall, at Tenant's sole cost and expense, cause the fire door between Suites J and H of the Building to be removed, and the concrete wall where the fire door is currently located to be appropriately sealed and closed off (the 'Doorway Repair'), which Doorway Repair shall (i) be completed to Landlord's full and complete satisfaction, and (ii) be performed on or before the expiration or earlier termination of the Lease. Upon entering into the Second Addendum, Tenant shall deposit with Landlord One Thousand Five Hundred Dollars (\$1,500) as a security deposit covering Tenant's completion of the Doorway Repair (the 'Doorway Repair Security Deposit'). In the event the Doorway Repair is not completed in accordance with the terms of this Subparagraph 6.3(a), Landlord shall retain the 'Doorway Repair Security Deposit' to cover such Doorway Repair costs."

4. Paragraph 39 of the Lease is hereby deleted in its entirety, and the following is inserted in its place and stead:

**"39. Holding Over.**

If Tenant holds over after the term hereof, with or without the express or implied consent of Landlord, such tenancy shall be from month to month only, and not a renewal hereof or an extension for any further term, and in such case Rent shall be payable in an amount equal to one hundred twenty-five percent (125%) of the amount payable by Tenant during the last month of the term hereof pursuant to and at the times specified in Section 3 herein, and such month to month tenancy shall be subject to every other term, covenant and agreement contained herein. Nothing contained in this Section 39 shall be construed as a consent by Landlord to any holding over by Tenant, or as relieving Tenant from

liability for any damages which such holding over may cause Landlord, and Landlord expressly reserves the right to require Tenant to surrender possession of the Premises to Landlord as provided in Subparagraph 6.3 herein forthwith upon the expiration or other termination of the term of this Lease. If Tenant fails to surrender the Premises upon the expiration of the term or earlier termination of this Lease despite demand to do so by Landlord, Tenant shall indemnify, defend and hold harmless Landlord from and against any and all claims, demands, losses, liabilities, costs and/or expenses (including, without limitation, reasonable attorneys' fees and expenses) arising as a result thereof, including, without limitation, any claim made by any succeeding tenant founded on or resulting from such failure to surrender."

5. The following is hereby added as Section 43 of the Lease:

**"43. Suites I and J Improvements.**

43.1 Subject to the terms and conditions set forth in this Paragraph 43, Landlord shall cause improvements to be made to Suites I and J of the Premises, pursuant to the Proposal/Contract of Lyle Smith Construction, dated May 25, 2001, as amended by the Change Order, dated July 18, 2001 ('Suites I and J Improvements').

43.2 Landlord shall initially pay all costs and expenses covering the Suites I and J Improvements, provided that Tenant shall fully reimburse Landlord for all costs and expenses incurred by Landlord in connection with the Suites I and J Improvements. In addition, Landlord shall install carpet to Suites I and J as reasonably selected by Tenant, provided, however, that Tenant shall be required to reimburse Landlord for the difference between standard grade commercial carpet and the upgraded carpet selected ('Tenant's Carpet Share'). Tenant's Carpet Share and all costs and expenses covering the Suites I and J Improvements are collectively referred to herein as 'Tenant's Share'. Tenant shall reimburse Landlord for Tenant's Share pursuant to Subparagraph 43.3 and Section 43.4 below.

43.3 Tenant hereby agrees and shall pay to Landlord Tenant's Share, with interest thereon from and after the Second Addendum Rent Commencement Date, at the rate of ten percent (10%) per annum. Tenant's Share, together with accrued but unpaid interest thereon shall be paid in equal monthly installments, calculated by amortizing Tenant's Share over the period commencing on the Second Addendum Rent Commencement Date and ending December 31, 2002, at which time all outstanding principal of Tenant's Share and accrued unpaid interest shall be due and payable. Tenant's Share shall be due and payable, without offset or deduction, along with the Base Rent, on the first day of each calendar month during the Term hereof.

Notwithstanding the foregoing, the unpaid balance of Tenant's Share, and all accrued unpaid interest thereon shall become due and payable on the first to

occur of (i) December 31, 2002; (ii) thirty (30) days prior to the expiration or earlier termination of this Lease, or (iii) thirty (30) days following Landlord's written demand for payment following any casualty to the Business Center and/or the Premises, or any governmental taking of any portion of the Business Center or the Premises. Tenant reserves the privilege of prepaying Tenant's Share, and all accrued unpaid interest thereon, at any time, in whole or in part.

Tenant's Share shall constitute additional Rent under the terms of this Lease. In the event Tenant fails to make timely payments of such additional Rent, Landlord shall have available to it, all of the rights and remedies set forth in this Lease, including, but not limited to, the terms and provisions of Paragraph 12 of the Lease (Defaults; Remedies).

43.4 Landlord shall provide to Tenant with copies of paid invoices in connection with the Suites I and J Improvements."

6. Except as herein specifically provided, no other amendment or modification of the Lease is intended by this Addendum and all provisions of the Lease shall remain unchanged and in full force and effect in accordance with their terms.

IN WITNESS WHEREOF, the parties hereto have executed this addendum as of the date first above written.

"LANDLORD":

WORLDPORT LLC, a Delaware limited liability company

By: Worldport Inc., a Delaware

By: James D. Vanderj  
Name: James D. Vanderj  
Title: Vice President

"TENANT":

THE CITY OF TORRANCE, a municipal corporation, for the CLT Workforce Investment Network (WIN) (formerly known as "The City of Torrance, a municipal corporation, for CLT Private Industry Council")

By: Dee Hardison  
Name: Dee Hardison  
Title: Mayor

ATTEST:

Sue Herbers,  
City Clerk

By: Sue Herbers

APPROVED AS TO FORM:

John L. Fellows, III,  
City Attorney,

By: Patrick J. Sullivan  
Name: Patrick Sullivan  
Title: Deputy City Attorney

THIRD ADDENDUM TO LEASE

This THIRD ADDENDUM TO LEASE, executed as of this 10<sup>th</sup> day of DECEMBER, 2002 (the "Third Addendum"), by and between WORLDPORT LLC, a Delaware limited liability company (successor-in-interest to California Drive-In Theatres, Inc.) ("Landlord"), and THE CITY OF TORRANCE, a municipal corporation, for the CLT Worksource Investment Network (WiN) (formerly known as "The City of Torrance, a municipal corporation, for CLT Private Industry Council") ("Tenant"), with reference to that certain Lease, dated June 26, 1998, between California Drive-In Theatres, Inc., as landlord, and Tenant, as amended by the First Addendum to Lease, dated as of July 30, 1999, between California Drive-In Theatres, Inc., as landlord, and Tenant, and as amended by the Second Addendum to Lease, dated as of August 1, 2001, between Worldport LLC, as landlord, and Tenant (collectively, the "Lease"), hereby amends, modifies and supplements the Lease in the following particulars but no others:

1. Paragraph 7 of the Basic Lease Provisions is hereby deleted in its entirety, and the following is inserted in its place and stead:

"7. Term. Approximately nine (9) years and six (6) months."

2. Paragraph 9 of the Basic Lease Provisions is hereby deleted in its entirety, and the following is inserted in its place and stead:

"9. Termination Date. As used herein, the term 'Termination Date' shall mean and refer to 11:59 p.m., P.S.T. on December 31, 2007"

3. Base Rent. Effective from and after January 1, 2003 to and including the Termination Date, the Base Rent shall be Eight Thousand Six Hundred Thirty-One Dollars (\$8,631) per month, as adjusted upward pursuant to Subparagraph 3.2 of the Lease. In addition, Tenant shall continue to pay all other "Rent" as set forth in Section 3 of the Lease.

4. The following is hereby added at the end of Subparagraph 3.2 of the Lease:

"Notwithstanding anything hereinabove to the contrary, commencing from and after January 1, 2003, in no event shall the increase in the Base Rent after any such adjustment be greater than three percent (3%) of the amount of Base Rent immediately preceding any such adjustment."

5. Air-conditioning System Modification. From and after the full execution and delivery of the Third Addendum, Tenant shall modify and correct the airflow/air-conditioning system which is currently providing airflow and air-conditioning to the Premises, in order to achieve the maximum and efficient usage of the air-conditioning units of the Premises (the "Air-conditioning Repairs"); provided, however, that all of the Air-conditioning Repairs shall be subject to Landlord's approval, and Tenant shall not commence any portion of the Air-conditioning Repairs unless and until Tenant has received Landlord's written approval of all of

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the plans and specifications for the same. All of the Air-conditioning Repairs shall be performed in a good and workmanlike manner and in accordance with the terms and provisions of this Lease, including, without limitation, the terms and provisions of Section 6.4 (governing Tenant's Alterations). Within ten (10) days after satisfactory completion of the Air-conditioning Repairs and Landlord's receipt of invoices reflecting payment in full for all of the Air-conditioning Repairs, Landlord shall reimburse Tenant for an amount equal to fifty percent (50%) of the actual cost of the Air-conditioning Repairs, in an amount not to exceed Two Thousand Five Hundred Dollars (\$2,500).

6. In the second (2<sup>nd</sup>) grammatical sentence of Subparagraph 12.4 (Late Charges), the words "not made when due" are hereby deleted in their entirety, and the words "not paid within fifteen (15) days following the date on which Rent is due" are hereby inserted in their place and stead.

7. The following is hereby added as Section 44 of the Lease:

**"44. Early Termination Option.**

44.1 Tenant shall have the option to terminate this Lease, and all future rights and obligations of the parties hereunder, effective 11:59 p.m., P.S.T., on June 30, 2005 (the 'Early Termination Option'), subject to and conditioned upon each of the following terms and conditions:

(a) Tenant must provide Landlord with 'Evidence of Non-Funding' (as hereinafter defined), along with the written notice set forth in subparagraph 44.1(b) below. Tenant operates at the Premises the Harbor Worksource Center (the 'Center'). The City of Los Angeles has funded Tenant to operate the Center, which funding is providing to Tenant each fiscal year commencing each July 1<sup>st</sup> (the 'Funding'). In the event Tenant will not be receiving the Funding for the period July 1, 2005 to June 30, 2006, Tenant will provide Landlord with a writing from the City of Los Angeles addressed to Tenant, stating that the City of Los Angeles will not provide Tenant with the Funding for such period (the 'Evidence of Non-Funding'), which Evidence of Non-Funding must meet Landlord's reasonable satisfaction that the Center will not be funded for such period; and

(b) Tenant must deliver to Landlord written notice irrevocably exercising its right to terminate the Lease pursuant to Tenant's Early Termination Option, along with the Evidence of Non-Funding set forth in Subparagraph 44.1(a) above, delivered no later than May 1, 2005.

44.2 In the event Tenant exercises its Early Termination Option, Tenant shall quit and surrender possession of the Premises to Landlord, pursuant to the terms set forth in Subparagraph 6.3 of the Lease, on or before 11:59 p.m., P.S.T., on June 30, 2005.

44.3 In the event all of the terms and conditions set forth in this Section 44 are not satisfied, this Lease and all rights and obligations of the parties hereunder shall remain in full force and effect to and including the Termination Date."

8. Except as herein specifically provided, no other amendment or modification of the Lease is intended by this Addendum and all provisions of the Lease shall remain unchanged and in full force and effect in accordance with their terms.

IN WITNESS WHEREOF, the parties hereto have executed this addendum as of the date first above written.

"LANDLORD":

WORLDPORT LLC, a Delaware limited liability company

By: Worldport Inc., a Delaware

By: [Signature]  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

"TENANT":

THE CITY OF TORRANCE, a municipal corporation, for the CLT Worksource Investment Network (WiN) (formerly known as "The City of Torrance, a municipal corporation, for CLT Private Industry Council")

By: [Signature]  
Name: Dan Walker  
Title: Mayor

ATTEST:

Sue Herbers,  
City Clerk

By: [Signature]

APPROVED AS TO FORM:

John L. Fellows, III,  
City Attorney,

By: [Signature]  
Name: Patrick O. Sullivan  
Title: Deputy City Attorney

FOURTH ADDENDUM TO LEASE

This FOURTH ADDENDUM TO LEASE, executed as of this 28th day of September, 2004 (the "Fourth Addendum"), by and between WORLDPORT LLC, a Delaware limited liability company (successor-in-interest to California Drive-In Theatres, Inc.) ("Landlord"), and THE CITY OF TORRANCE, a municipal corporation, for CLT Worksource Investment Network (WIN) (formerly known as "The City of Torrance, a municipal corporation, for CLT Private Industry Council") ("Tenant"), with reference to that certain Lease, dated June 26, 1998, between California Drive-In Theatres, Inc., as landlord, and Tenant, and as amended by the First Addendum to Lease, dated as of July 30, 1999, between California Drive-In Theatres, Inc., as landlord, and Tenant (collectively, the "Lease"), hereby amends, modifies and supplements the Lease in the following particulars but no others:

1. Effective August 1, 2004 the "Premises," as defined in Paragraph 4 of the Basic Lease Provisions, shall be revised to show that certain space commonly known as Suite A of the Building, consisting of approximately 1,390 square feet of rentable space (the "Suite A"), as delineated on Exhibit A, attached hereto and incorporated herein by this reference, shall be vacated by "Tenant" and returned to "Landlord." In this regard, the following terms set forth in the Basic Lease Provisions shall be modified as follows:

a) Total Rentable Area. Effective August 1, 2004, the "Total Rentable Area" (as defined in Paragraph 5 of the Basic Lease Provisions), shall be approximately 8,200 square feet, allocated as follows:

Suites D, E, F, G and H: 6,720 sq. ft.  
Suites I and J: 1,480 sq. ft.  
Total Rentable Area: 8,200 sq. ft.

b) Tenant's Share. From and after August 1, 2004, "Tenant's Share" (as defined in Paragraph 13 of the Basic Lease Provisions), shall be Six and 65/100 (6.65%).

c) Base Rent. Effective August 1, 2004, or (ii) the date Tenant delivers possession of Suite A premises to Landlord, to and including December 31, 2007, the "Base Rent" (as defined in Paragraph 11 of the Basic Lease Provisions, and Subparagraph 3.1) for the Premises shall be Seven Thousand Seven Hundred Ninety Dollars & No/100 (\$7,790.00) per month, as adjusted upward pursuant to Subparagraph 3.2 of the Lease. In addition, Tenant shall continue to pay all other "Rent" as set forth in Section 3 of the Lease.

C98-13C  
9/04  
Suite A  
Vacated

DUPLICATE ORIGINAL COPY



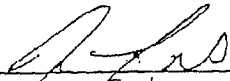
2. Except as herein specifically provided, no other amendment or modification of the Lease is intended by this Addendum and all provisions of the Lease shall remain unchanged and in full force and effect in accordance with their terms.

IN WITNESS WHEREOF, the parties hereto have executed this addendum as of the date first above written.

"LANDLORD":

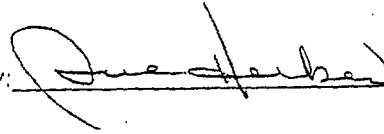
WORLDPORT LLC, a Delaware limited liability company

By: Worldport Inc., a Delaware

By:   
Name: Ira S. Levin  
Title: Vice President

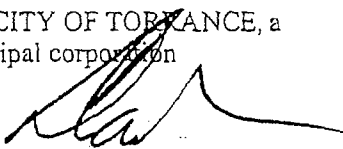
ATTEST:

Sue Herbers,  
City Clerk

By: 

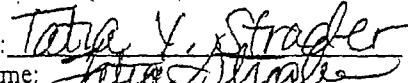
"TENANT":

THE CITY OF TORRANCE, a municipal corporation

By:   
Name: Dan Walker  
Title: Mayor

APPROVED AS TO FORM:

John I. Fellows III  
City Attorney

By:   
Name: Tatria V. Strader  
Title: Deputy City Attorney

## FIFTH ADDENDUM TO LEASE

This FIFTH ADDENDUM TO LEASE, executed as of this 19th day of June, 2007 (the "Fifth Addendum") by and between **WORLDPORT LLC**, a Delaware limited liability company (successor-in-interest to California Drive-In Theatres, Inc.) ("Landlord"), and **THE CITY OF TORRANCE**, a municipal corporation, for CLT Worksource Investment Network (WIN) (formerly known as "The City of Torrance, a municipal corporation, for CLT Private Industry Council") ("Tenant"), with reference to that certain Lease dated June 26, 1998 between California Drive-In Theatres, Inc., as landlord, and Tenant, and as amended by the First Addendum to Lease, dated as of July 30, 1999, between California Drive-In Theatres, Inc., as landlord, and Tenant, and as amended by the Second Addendum to Lease, dated as of August 1, 2001 between Worldport LLC, as landlord, and Tenant, and as amended by the Third Addendum to Lease, dated as of December 10<sup>th</sup>, 2002 between Worldport LLC, as landlord, and Tenant, and as amended by the Fourth Addendum to Lease, dated as of September 28<sup>th</sup>, 2004, between Worldport LLC, as landlord, and Tenant (collectively, the "Lease"), hereby amends, modifies and supplements the Lease in the following particulars but no others:

1. Paragraph 9 of the Basic Lease Provisions is hereby deleted in its entirety, and the following is inserted in its place and stead:

"9. Termination Date. 11:59 p.m., P.D.T. on June 30, 2007." Pursuant to Section 2.4 of the Lease Termination Option; Debt-Limitation Provision" and Section 44 of the Lease subparagraph 44.1, which was added in the Third Addendum to Lease, Tenant provided written notice to Landlord to exercise its option to terminate. Effective July 1, 2007, the term of this Lease shall be considered month-to-month, such that either party may terminate the Lease upon thirty days written notice.

2. Effective July 1, 2007 the "Premises," as defined in Paragraph 4 of the Basic Lease Provision, shall be revised to show that certain space commonly known as Suite I & J of the Building, consisting of approximately 1,480 square feet of rentable space (the "Suites I and J Premises"), as delineated on Exhibit A, attached hereto and incorporated herein by this reference shall be vacated by "Tenant," and returned to "Landlord." In this regard the following terms set forth in the Basic Lease Provisions shall be modified as follows:

- a) Total Rentable Area. Effective July 1, 2007, the "Total Rentable Area", (as defined in Paragraph 5 of the Basic Lease Provisions) shall be approximately 6,720 square feet, allocated as follows:

Suite D: 1,320

Suite E: 1,320

Suite F: 1,320

Suite G: 1,320

Suite H: 1,440

Total Rentable Area: 6,720 sq. ft.

- b) Tenant's Share. From and after July 1, 2007, "Tenant's Share" (as defined in Paragraph 13 of the Basic Lease Provisions) shall be five and 45/100 (5.45%).
- c) Base Rent. Effective July 1, 2007, or (ii) the date the Tenant delivers possession of Suite I & J premises to Landlord, the "Base Rent" (as defined in Paragraph 11 of Basic Lease Provisions, and Subparagraph 3.1) for the Premises Suite D, Suite E, Suite F, Suite G and Suite H shall be Six-Thousand Seven Hundred and Seventy-Two dollars and 78/100 (\$6,772.78) per month, as adjusted pursuant to Subparagraph 3.2 of the Lease. In addition, Tenant shall continue to pay all other "Rent," as set forth in Section 3 of the Lease.

3. Paragraph 2 of the Lease is hereby supplemented by addition of the following:

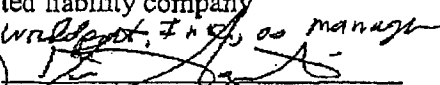
- a) Section 2.4 Landlord (s) Termination Right:  
Notwithstanding anything herein to the contrary, Landlord shall have the Right to terminate this lease and all future rights and obligations of the parties at anytime during the term of this lease, upon not less than (90) days prior written notice to Tenant, if Landlord intends to demolish and or redevelop all or part of the Worldport Business Center.

 (Tenant's Initials)                     
  (Landlord's Initials)

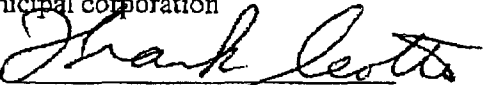
- 4. Except as herein specifically provided, no other amendment or modification of the Lease is intended by this Addendum and all provisions of the Lease shall remain unchanged and in full force and effect in accordance with their terms.

IN WITNESS WHEREOF, the parties hereto have executed this addendum as of the date first above written.

"LANDLORD":

WORLDPORT LLC, a Delaware  
limited liability company  
By: *Worldport, Inc. as manager*  
By:   
Name: Jill Saperstein  
Title: Asst. Secretary

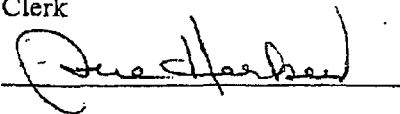
"TENANT":

THE CITY OF TORRANCE, a  
municipal corporation  
By:   
Name: Frank Scotto  
Title: Mayor

APPROVED AS TO FORM:

ATTEST:

Sue Herbers,  
City Clerk

By: 

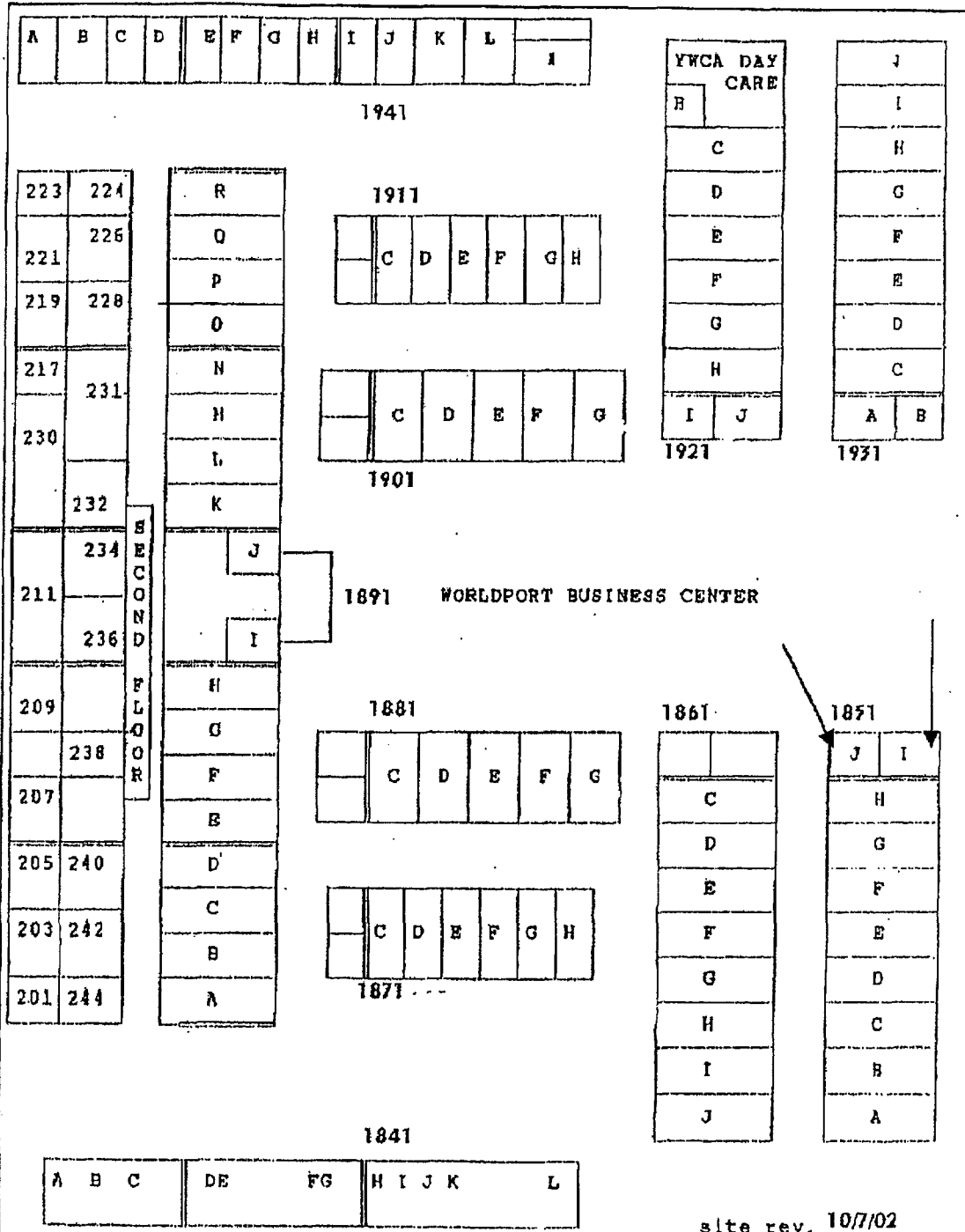
John L. Fellows, III,  
City Attorney,

By:   
Name: Tatia Strader  
Title: Deputy City Attorney, Tatia Strader

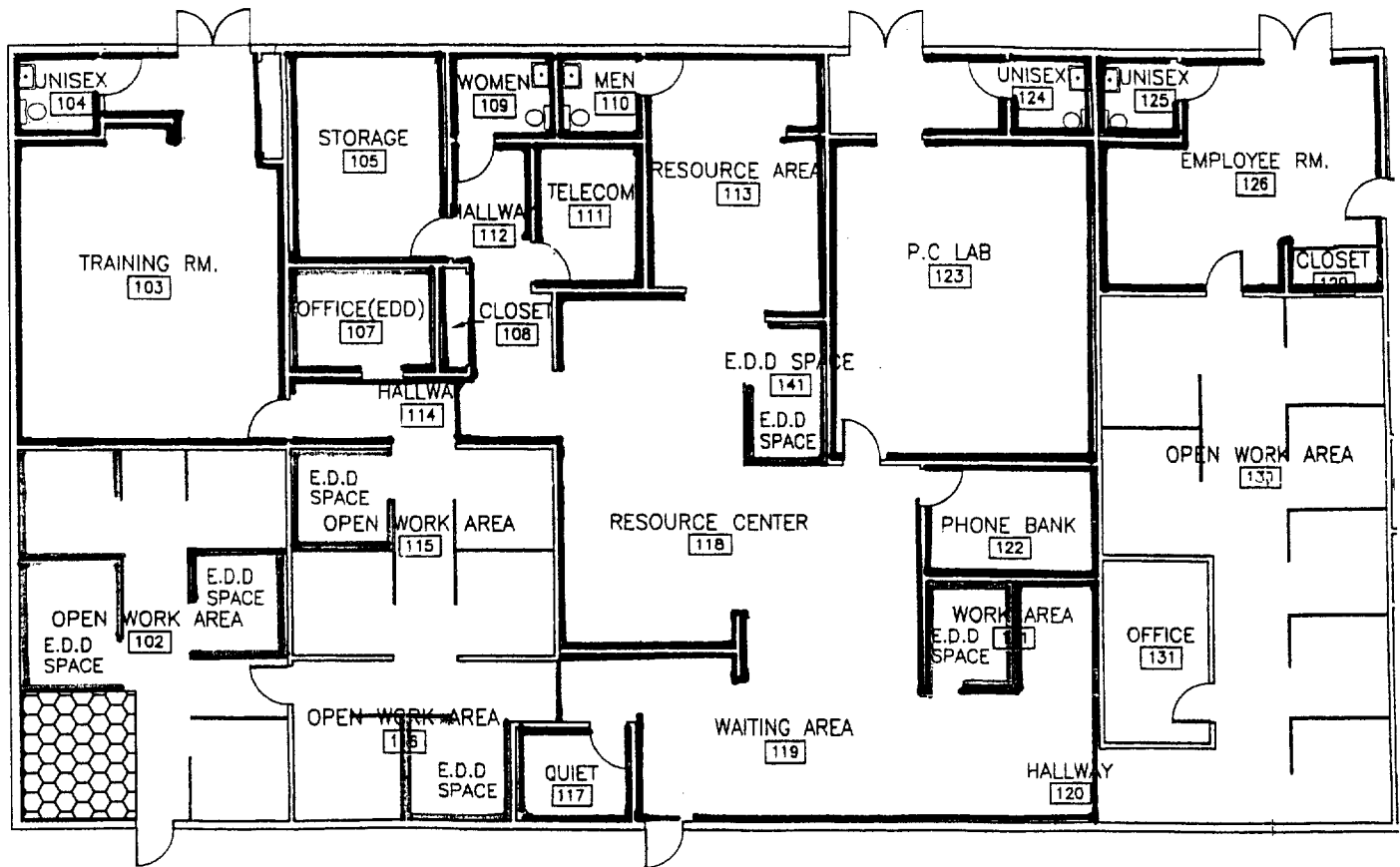
**EXHIBIT A  
LOCATION OF THE PREMISES**

City of Torrance Addendum5.doc\Worldport

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## Harbor WorkSource Center



### Areas to be Leased



Cubicle Space - Open Work Area - Room 102 - 100 sq ft

5% of - Training Room - Room 103 - 30 sq ft

5% of - Quiet Room - Room 117 - 4 sq ft

5% of - Resource Area - Room 118 - 34 sq ft

5% of - P.C. Lab - Room 123 - 32 sq ft

Total Area - 200 sq ft

**CITY OF LONG BEACH - CALIFORNIA  
DEPARTMENT OF PUBLIC WORKS, ENGINEERING BUREAU**

Leased Office Space Area Vicinity Map for  
**Managed Career Solutions**

Located at Harbor WorkSource Center  
1851 N. Gaffey Street, San Pedro, Ca 90731