

LEASE AGREEMENT

BASIC LEASE INFORMATION

31736

Date: July 6, 2010.

Landlord: AP-ATLANTIC LLC, a California limited liability company.

Tenant: THE CITY OF LONG BEACH, a municipal corporation.

The Project: Atlantic Plaza, 5166-5190 Atlantic Avenue, Long Beach, California.

The Premises: 5166 Atlantic Avenue, containing approximately 4,079 rentable square feet.

Tenant's Percentage Share: 13.04%.

Term: One Hundred Twenty (120) months.

Options to Extend Term: One (1) five-year option to renew, subject to the terms and conditions of Section 4.6 below.

Commencement Date: The date that the Initial Leasehold Improvements are Substantially Completed and the Premises are Ready for Occupancy (each as defined in the Work Letter attached hereto as Exhibit "D").

Target Commencement Date: August 1, 2010.

Base Rent: \$5,343.49 per month, subject to first month rent abatement and subject to increase as provided in Exhibit "B" attached hereto.

Security Deposit: \$0.00.

Use: The Premises shall be used as Women, Infant & Children Program office facility operated through the City of Long Beach, described more particularly as: a nutrition education and counseling office, including the provision of supplemental foods and breastfeeding education to eligible families. The Premises shall be used solely for the Permitted Use, or any other legal use which is reasonably comparable thereto, and for no other use or purpose.

Monthly Project Operating Costs Charge: \$1,386.86 per month, subject to adjustment under Paragraph 5.3 below.

Landlord's and Tenant's Address for Notices:

If to Landlord:

AP-Atlantic LLC
c/o The Abbey Management Company LLC
310 Golden Shore, Ste 300
Long Beach, CA 90802
Attn: Property Manager
Fax: (562) 435-2109
Tel: (562) 435-2100

If to Tenant:

City of Long Beach
Attn: City Manager
333 W. Ocean Blvd.
Long Beach, CA 90802

With a copy to:

Property Services Bureau,
Department of Community Development
333 W. Ocean Blvd., 3rd Floor
Long Beach, CA 90802

Brokers: None for Landlord; Inco Company for Tenant.

Parking: Tenant shall have exclusive use of the gated parking area behind the site for staff parking, which totals approximately five thousand and five hundred (5,500) square feet, or space for approximately sixteen (16) parking stalls. Customer parking shall be located within the general Atlantic Plaza parking lot.

This Basic Lease Information shall be a part of this Lease, provided that in the event of any conflict between any Basic Lease Information and the provisions contained in the body of this Lease, the latter shall control.

LEASE AGREEMENT

THIS LEASE AGREEMENT (this "Lease") is entered into as of July 6, 2010, by and between **AP-ATLANTIC LLC, a California limited liability company** ("Landlord"), and **THE CITY OF LONG BEACH, a municipal corporation** ("Tenant"), pursuant to a minute order adopted by the City Council of the City of Long Beach at its meeting on March 9, 2010.

A. Unless this Lease provides for a contrary standard, whenever in this Lease the consent or approval of Landlord or Tenant is required, such consent or approval shall not be unreasonably withheld or delayed (except, however, with respect to any Landlord consent, for matters which could possibly have an effect on the Building's plumbing, heating, mechanical, life safety, ventilation, air conditioning or electrical systems (the "Building Systems"), which could affect the structural integrity of the Building, which could affect the exterior appearance of the Building, or which could affect the security of the Building, Landlord may withhold such consent or approval in its sole discretion but shall act in good faith); and

B. Unless a contrary standard or right is set forth in this Lease, whenever Landlord or Tenant is granted a right to take action, exercise discretion, or make an allocation, judgment or other determination, Landlord or Tenant shall act reasonably and in good faith and take no action which might result in the frustration of the reasonable expectations of a sophisticated tenant and a sophisticated landlord concerning the benefits to be enjoyed under this Lease.

Landlord and Tenant specifically agree as follows:

1. **LEASE OF PREMISES.** In consideration of the Rent (as defined at Section 5.4) and the provisions of this Lease, Landlord leases to Tenant and Tenant leases from Landlord, the Premises shown on the plans attached hereto as Exhibit "A". The Premises are located within the Building and Project described in Section 2 below. Tenant shall have the nonexclusive right (unless otherwise provided herein) in common with Landlord, other tenants, subtenants and invitees, to use the "Common Areas". Additionally, the Premises shall include the gated area at the rear of the Building, as more particularly shown on Exhibit "A".

2. **DEFINITIONS.** As used in this Lease, the following terms shall have the following meanings:

a. Base Rent: \$5,343.49 per month, subject to first month rent abatement and subject to increase as provided in Exhibit "B".

b. Brokers: none for Landlord; Inco Company for Tenant ("Tenant's Broker")

c. Intentionally deleted.

d. Commencement Date: The date that the Initial Leasehold Improvements are Substantially Completed and the Premises are Ready for Occupancy (each as defined in the Work Letter attached hereto as Exhibit "D").

e. Common Areas: The term "Common Areas" shall mean those portions of the Project which are provided, from time to time, for use in common by Landlord, Tenant and any other tenants of the Project, which may include, without limitation, public entrances, access ways, ramps, common pipes, conduits, wires and appurtenant equipment serving the Project or any portion thereof, loading and unloading areas, trash areas, parking areas, roadways, sidewalks, walkways, parkways, driveways, and landscaped areas, and other generally understood public or common areas. Landlord shall have the right to regulate or restrict the use of the Common Areas.

f. Expiration Date: One Hundred Twenty (120) months after the Commencement Date, unless otherwise sooner terminated in accordance with the provisions of this Lease.

g. Target Commencement Date: Landlord and Tenant intend that the target Commencement Date shall be August 1, 2010.

h. Term: The period commencing on the Commencement Date and expiring at midnight on the Expiration Date. The Commencement Date and Expiration Date will be set forth in Landlord's Notice of Lease Term Dates (the "Notice"), if delivered by Landlord, which shall be substantially in the form set forth as Exhibit "C". The Notice may be served on Tenant promptly following Landlord's tender or delivery of possession of the Premises to

Tenant. The Notice shall be binding upon Tenant unless Tenant objects to the Notice in a writing served on Landlord within fifteen (15) days of Tenant's receipt of the Notice.

i. Intentionally deleted.

j. Intentionally deleted.

k. Premises: That portion of the Building containing approximately 4,079 square feet of Rentable Area, shown on Exhibit "A", known as 5166 Atlantic Avenue, Long Beach, California.

l. Project: The building of which the Premises are a part (the "Building") and any other improvements on the real property located at 5166 - 5190 Atlantic Avenue, Long Beach, California and commonly known as Atlantic Plaza (collectively, the "Project"). The Project is located on the site plan attached hereto as Exhibit "A".

m. Tenant's Monthly Percentage Share of Project Operating Costs: \$1,386.86 per month, subject to adjustment as provided under Paragraph 5.3 below.

n. Rentable/Usable Area: As to both the Premises and the Project, the respective measurements of floor area as may from time to time be subject to lease by Tenant and all tenants of the Project, respectively, as determined by Landlord from time to time and applied on a consistent basis throughout the Project. Any adjustments to the Rentable Area or Usable Area of the Premises or the Rentable Area of the Project made by Landlord shall accordingly adjust all amounts and figures in this Lease which are specifically determined based upon Rentable Area or Usable Area.

o. Security Deposit: \$0.00.

p. Tenant's Percentage Share: 13.04%. Such share is the product obtained by multiplying (i) 100 by (ii) the quotient obtained by dividing the Rentable Square Feet of the Premises by the total Rentable Square Feet of the Project. Tenant's Percentage Share shall initially be as specified in this paragraph 2(p) and shall be subject to adjustment in the event of a change in the Rentable Square Feet of the Premises and/or the Project (with Tenant's Percentage Share as to the calendar year in which any such change occurs being determined on a pro rata basis based on the number of days during such calendar year at each such percentage share). The Project contains a total Rentable Area of 31,281 square feet as of the date of this Lease.

q. Tenant's Use Clause: The Premises shall be used as Women, Infant & Children Program office facility operated through the City of Long Beach, described more particularly as: a nutrition education and counseling office, including the provision of supplemental foods and breastfeeding education to eligible families. The Premises shall be used solely for the Permitted Use, or any other legal use which is reasonably comparable thereto, and for no other use or purpose.

r. Parking Privileges: Tenant shall have exclusive use of the gated parking area behind the site for staff parking, which totals approximately five thousand and five hundred (5,500) square feet, or space for approximately sixteen (16) parking stalls. Customer parking shall be located within the general Atlantic Plaza parking lot.

3. **EXHIBITS**. The exhibits listed below are incorporated by reference in this Lease:

- a. EXHIBIT "A" - FLOOR PLAN OF THE PREMISES / SITE PLAN OF THE PROJECT
- b. EXHIBIT "B" - SCHEDULE OF BASE RENT
- c. EXHIBIT "C" - SAMPLE FORM OF NOTICE OF LEASE TERM DATES
- d. EXHIBIT "D" - WORK LETTER
- EXHIBIT "D-1" - THE PLANS
- e. EXHIBIT "E" - RULES AND REGULATIONS
- f. EXHIBIT "F" - TENANT'S INSURANCE REQUIREMENTS
- g. EXHIBIT "G" - SIGNAGE PROGRAM

4. COMMENCEMENT DATE; DELIVERY OF POSSESSION; OPTION TO EXTEND TERM; EARLY TERMINATION OPTION.

4.1 Effective Date. The Lease will become effective when signed and delivered by Landlord to Tenant.

4.2 Commencement Date. Subject to Section 4.3 below, the Term of this Lease and Tenant's obligation to pay Rent, as such term is defined in Section 5.4 below, shall commence on the earlier of: (a) the date that the Initial Leasehold Improvements are Substantially Completed (each as defined in the Work Letter attached hereto as Exhibit "D") and the Premises are Ready for Occupancy (as defined in Exhibit "D" attached hereto); or (b) the date the Initial Leasehold Improvements would have been Substantially Completed and the Premises would have been Ready for Occupancy except for any delays caused by Tenant, as mutually determined by Landlord and Tenant, (which date shall be referred to herein as the "Commencement Date").

4.3 Delivery of Premises. Landlord will deliver possession of the Premises to Tenant on or about the date that the Initial Leasehold Improvements (as defined in Exhibit "D" attached hereto) are Substantially Completed and the Premises are Ready for Occupancy. Landlord agrees to use its commercially reasonable efforts to deliver possession of the Premises to Tenant by the Target Commencement Date. Except as otherwise provided herein, if, despite said efforts, Landlord cannot deliver possession of the Premises to Tenant on or before the Target Commencement Date, this Lease will not be void or voidable, nor will Landlord be liable to Tenant for any loss or damage resulting from such delay, but in such event, the Commencement Date and Tenant's obligation to pay Rent for the Premises will not commence until the date that Landlord delivers possession of the Premises to Tenant with the Initial Leasehold Improvements Substantially Completed and the Premises are Ready for Occupancy. If the delay in possession is caused by Tenant, then Tenant's obligation to pay Rent for the Premises will commence as of the date that Landlord would have been able to deliver the Premises to Tenant but for the delay(s) caused by Tenant, as mutually determined by Landlord and Tenant. Notwithstanding the foregoing, Landlord will not deliver possession of the Premises to Tenant (but Tenant will be liable for Rent if Landlord can otherwise deliver the Premises to Tenant) until Landlord has received evidence of the insurance coverage for the Premises in accordance with the insurance requirements of this Lease. Any of the Initial Leasehold Improvements not completed by the time Premises is Ready for Occupancy will be completed within three (3) months after Tenant's occupancy.

The foregoing notwithstanding, if possession is not delivered within ninety (90) days after the Target Commencement Date due to any reason(s) (1) within the reasonable control of Landlord, and/or (2) not caused by Tenant, then Tenant shall have the right, upon fifteen (15) days' prior written notice to Landlord, to terminate this Lease, provided, however, if Landlord delivers the Premises to Tenant prior to the expiration of the 15 day notice period, then such notice shall be deemed rescinded.

4.4 Early Entry Into Premises. Landlord hereby agrees to exercise its best efforts to inform Tenant of the date that Landlord anticipates the Initial Leasehold Improvements will be Substantially Completed and the Premises will be Ready for Occupancy, and to allow Tenant access to the Premises in advance of such date for the purpose of installing furniture, trade fixtures, telephones, computers, photocopy equipment, and other business equipment. All terms and conditions of this Lease shall apply to Tenant's early entry into the Premises except for the payment of Base Rent. Landlord shall not be responsible for, and Tenant is required to obtain insurance covering, any loss (including theft), damage or destruction to any work or material installed or stored by Tenant or Landlord, or by any contractor or individual involved in the construction of the Initial Leasehold Improvements, or for any injury to Tenant or Tenant's agents, contractors or employees or to any other person.

4.5 Notice of Commencement Date. In the event that the Commencement Date is a date other than the Target Commencement Date, Landlord shall send Tenant notice of the occurrence of the Commencement Date in the form of the attached Exhibit "C", which notice Tenant shall acknowledge by executing a copy of the notice and returning it to Landlord. The notice as sent by Landlord to Tenant shall be deemed to have correctly set forth the Commencement Date, unless Tenant objects to the notice in writing delivered to Landlord within fifteen (15) business days of receipt of the notice from Landlord. If Tenant objects to the Commencement Date stated in the notice from Landlord, then Landlord and Tenant shall meet within ten (10) days following such objection in an effort to agree upon the Commencement Date.

4.6 Options to Extend Lease Term. Provided Tenant is not in default at the time an Option Exercise Notice (as hereinafter defined) is received by Landlord, or thereafter until the commencement of the Option Term (as hereinafter defined), Tenant shall have the option to extend the Lease Term for one (1) additional term (the "Option Term") of five (5) years following the expiration of the initial Term. Tenant shall exercise its rights under this Section 4.6, if at all, by delivering written notice (an "Option Exercise Notice") to Landlord of Tenant's election to so extend the then current Term by the applicable Option Term, no later than 180 days, and no earlier than 270 days, prior to the expiration of the then initial Term. Tenant's occupancy of the Premises during an Option Term shall be subject to all

of the terms and conditions of this Lease, except that (i) an Option Term, having been exercised, shall no longer be available, (ii) Base Rent payable by Tenant shall be equal to ninety percent (90%) of the fair market rental rate for the Premises as of the commencement date of the applicable Option Term (the "FMRR"), as determined pursuant to this Section 4.6, and (iii) Landlord shall deliver to Tenant upon the commencement of the Option Term, a one-time tenant improvement allowance of \$20,395.00 (the "Option Allowance"). Tenant shall use the Option Allowance to clean or replace the carpet, to repaint the interior walls, and any other necessary maintenance, replacements or improvements to the Premises. If Tenant fails to deliver its Option Exercise Notice within the time and in the manner set forth above, then Tenant's right to extend the Lease Term by an Option Term shall expire and be of no further force and effect.

Within thirty (30) days following the date it receives an Option Exercise Notice from Tenant, Landlord shall deliver written notice ("Landlord's FMRR Notice") to Tenant stating Landlord's proposed FMRR for the Premises upon commencement of the then applicable Option Term. Following Tenant's receipt of Landlord's FMRR Notice, Tenant shall accept or reject the FMRR stated in Landlord's notice within fifteen (15) business days following Tenant's receipt of such notice, and Tenant shall be deemed to have approved Landlord's proposed FMRR if it fails to deliver written notice of rejection within such time. If Tenant timely rejects the FMRR stated in Landlord's FMRR Notice, then Landlord and Tenant shall meet within ten (10) days following such rejection in an effort to agree upon the FMRR of the Premises.

If Landlord and Tenant are unable to agree upon the FMRR within ten (10) days following the expiration of the preceding 10-day period, then Landlord and Tenant shall each appoint an appraiser to appraise the FMRR of the Premises upon the commencement of an Option Term, and shall concurrently with such appointment notify the other party, in writing, of the appraiser so appointed. Each appraiser shall complete his/her appraisal within twenty (20) business days following the expiration of the 10-day period within which their appointment was to occur, and shall deliver a copy of his/her final appraisal to both Landlord and Tenant. If the two appraisers' appraisals differ by ten percent (10%) or less, then the FMRR of the Premises upon commencement of an Option Term shall be the average of the two appraisals. If the two appraisers' appraisals differ by more than ten percent (10%), then the two appraisers shall within ten (10) business days jointly appoint a third appraiser (who shall not be provided with a copy of the prior appraisals or otherwise informed of the results thereof), and the FMRR of the Premises upon commencement of an Option Term shall be the average of the third appraisal and the other of the two appraisals which is closest in value to the third appraisal. The third appraiser shall complete its appraisal within twenty (20) days following his/her appointment. If (i) either Landlord or Tenant fails to appoint an appraiser (and notify the other of such appointment) within the required time, or (ii) either of the appraisers selected fails to complete its appraisal within the required time, then the determination of the appraiser who is timely appointed or who timely completes its appraisal, as applicable, shall be conclusive. Any appraiser appointed pursuant to this Section 4.6 must be a licensed commercial real estate appraiser with at least ten (10) years experience in the Long Beach market.

If the FMRR has not been determined by the commencement of the applicable Option Term, Tenant shall continue to pay the Base Rent previously in effect until the FMRR has been determined. Once the FMRR has been determined, within ten (10) business days of the date of such determination, if the FMRR rental rate is greater than the Base Rent in effect immediately prior to the applicable Option Term, then Tenant shall pay to Landlord the difference between the amount of Base Rent actually paid by Tenant during the Option Term at issue and the FMRR amount for that same period. If the FMRR is less than the Base Rent in effect immediately prior to the applicable Option Term, then Tenant shall receive a credit for the difference applicable to the next occurring monthly installment(s) of Rent.

Tenant acknowledges and agrees that the options granted above are personal to the original Tenant named in this Lease, and may be exercised only by the original Tenant while occupying the entire Premises who does so without the intent to thereafter assign this Lease or sublet all or any portion of the Premises. Following Tenant's exercise of an Option Term, the parties shall enter into a written agreement reflecting the extension of the Lease Term upon the terms provided for herein.

4.7 Tenant's Early Termination Right. Provided no default (including any circumstance which would constitute a default either with the passage of time or the giving of notice) by Tenant has occurred at any time prior to the time of Landlord's receipt of Tenant's Early Termination Notice (as defined below), or thereafter until the Early Termination Date (as defined below), Tenant shall have the right to terminate this Lease prior to the intended Expiration Date at any time after the last day of the seventy-second (72nd) full calendar month of the initial Term of this Lease, subject to the terms and provisions of this Paragraph 4.7. Tenant shall exercise this early termination right, if at all, by delivering to Landlord not less than nine (9) months prior written notice (the "Early Termination Notice") of the date that Tenant has elected to terminate this Lease (the "Early Termination Date"), along with a cash termination payment equal to the sum of: (a) the unamortized portion of the costs incurred by Landlord in connection with the planning and completion of the Initial Leasehold Improvements, (b) leasing commissions paid by Landlord in connection with this Lease for an amount equal to fifty (50) percent of the actual costs, and (c) five months of the then current monthly Base Rent and Project Operating Costs Charge (together, the "Early Termination Payment"). The

parties hereby acknowledge and agree that Initial Leasehold Improvement costs and leasing commissions paid by Landlord in connection with this Lease shall be amortized over the initial 120-month Term of this Lease at a rate of ten percent (10%) per annum.

The intent of the foregoing early termination option is to provide Tenant a means of terminating this Lease in the event that Tenant loses a material portion of the funding for Tenant's WIC program, provided that the same is brought about by circumstances outside of Tenant's reasonable control. If Tenant timely and properly exercises its early termination option, (i) Base Rent, Monthly Project Operating Costs Charge and all other amounts payable under this Lease shall be paid through and apportioned as of the applicable Early Termination Date (in addition to payment by Tenant of the Early Termination Payment); (ii) neither party shall have any rights, liabilities, or obligations under this Lease for the period accruing after the Early Termination Date, except those which, by the provisions of the Lease, expressly survive the expiration or termination of the Lease; and (iii) Tenant shall surrender and vacate the Premises and deliver possession thereof to Landlord on or before the Early Termination Date in the condition required under this Lease for surrender of the Premises; and (iv) Tenant shall enter into a written agreement reflecting the termination of this Lease upon the terms provided for herein, which agreement shall be executed within thirty (30) days after Tenant exercises the Early Termination Option.

5. RENT.

5.1 Payment of Base Rent. Tenant agrees to pay the Base Rent for the Premises. Base Rent shall be payable monthly in advance on the first day of each calendar month of the Term. If the Term begins (or ends) on other than the first (or last) day of a calendar month, the Base Rent for the partial month shall be prorated on a per diem basis (calculated on the basis of a thirty (30) day month).

5.2 Abatement of Base Rent. Base Rent for the Premises is \$5,343.49 per month for the first 12 months of the initial Term of this Lease, but provided that Tenant is not in default of any material term or obligation of this Lease (including any circumstance which would constitute a default either with the passage of time or the giving of notice), Landlord agrees to abate \$5,343.49 (the "Abated Amount") of the Base Rent due for the first full month of the initial Term of this Lease.

5.3 Project Operating Costs.

a. Throughout the Lease Term, commencing on the Commencement Date, Tenant agrees to pay to Landlord as additional rent, in addition to the Base Rent and all other payments due under this Lease, and in accordance with the terms of this paragraph 5, Tenant's Percentage Share of Project Operating Costs. Project Operating Costs are defined in paragraph 5.3(b)(1) below.

b. It is the intention hereunder to estimate from time to time the amount of Tenant's Percentage Share of Project Operating Costs for each calendar year during the Lease Term, and then to make an adjustment (as hereinafter provided) based on the actual amount of Tenant's Percentage Share of Project Operating Costs.

(1) The term "Project Operating Costs" shall consist of all direct costs of operation, repair and maintenance of the Project and its Common Areas as determined by standard accounting practices, calculated assuming the Building is fully occupied, and to the extent the same are not paid directly by Tenant. Such direct costs of operation, repair and maintenance shall include, without limitation, the cost of: (a) "real property taxes" (as defined below) and assessments levied or assessed against the Building or Project, and any taxes or assessments hereafter imposed in lieu thereof; (b) rent taxes and gross receipts taxes (whether assessed against Landlord, or assessed against Tenant and paid by Landlord, or both); (c) water, sewer and other similar governmental charges; (d) insurance for which Landlord is responsible hereunder or which Landlord or any lender with a first lien affecting the Premises or Project reasonably deems necessary in connection with the operation of the Project; (e) Common Area utilities; (f) janitorial services ((unless Landlord requires Tenant to procure the same directly through one or more service contracts); (g) security; (h) labor; (i) utilities surcharges, or any other costs levied, assessed or imposed by, or at the direction of, or resulting from statutes or regulations or interpretations thereof promulgated by, any federal, state, regional, municipal or local government authority in connection with the use or occupancy of the Project or the Premises; (j) 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 any capital improvements made to the Project by Landlord that (i) reduce other Project Operating Costs, (ii) are required under any governmental law or regulation, (iii) are required to comply with insurance requirements, (iv) are intended to expand telecommunications service to the Building, or (v) reasonably calculated to improve or maintain the safety, health or access of Project occupants, and otherwise maintain the quality, appearance, or integrity of the Project; (k) costs incurred in the management of the Project, if any (including supplies, wages, salaries and fringe benefits of employees used in the management, operation, repair and maintenance of the Project, and payroll taxes and similar governmental charges with respect

thereto; Project management office rental; a management fee; and, if Landlord directly participates in the administration of the Project, an administrative fee in the amount of the expenses actually incurred by Landlord due to such participation); (l) air-conditioning; (m) waste disposal and refuse removal; (n) heating; (o) ventilating; (p) supplies; (q) materials; (r) equipment; (s) tools; (t) repair and maintenance of the structural portions of the Project, including the roof, plumbing, heating, ventilating, air-conditioning, telecommunications and electrical systems installed or furnished by Landlord; (u) operation, maintenance, repair, upkeep and replacement costs of all Common Areas, including related utilities and payroll expenses, rental of (or a reasonable depreciation allowance on) personal property used in such operation or maintenance, painting, lighting, resurfacing, cleaning and similar items, and appropriate reserves for future maintenance, repairs, upkeep or replacement; (v) costs and expenses of gardening and landscaping; (w) maintenance of signs (other than Tenant's signs); (x) personal property taxes levied on or attributable to personal property used in connection with the entire Project, including the Common Areas; (y) reasonable audit or verification fees in connection with maintaining and preparing tax and accounting records for the Project; and (z) any and all impositions and assessments imposed with respect to the Building pursuant to any covenants, conditions and restrictions affecting the Project, the Common Areas, or the Building.

Notwithstanding anything in this Lease to the contrary, it is the parties' specific intent that Project Operating Costs shall not include any increases in real property taxes that are caused by the sale or other transfer of the Project by Landlord.

(2) If less than one hundred percent (100%) the total Rentable Area of the Project is occupied during any calendar year during the Term, then Landlord shall adjust actual Project Operating Costs for such year (during which less than one hundred percent (100%) occupancy exists) to equal Landlord's reasonable and good faith estimate of what Project Operating Costs would have been had one hundred percent (100%) of the total Rentable Area of the Project been occupied; provided, however, that such adjustment shall apply only to Project Operating Costs which are variable and therefore increase as occupancy of the Project increases.

(3) As used herein, the term "real property taxes" shall include any form of tax, assessment, license fee, license tax, excise tax, franchise tax, capital levy, ad valorem tax, transfer tax, transaction tax, occupancy tax, use tax, per capita tax, business license fee, commercial rental tax, levy, charge, penalty or similar imposition (sometimes individually and collectively referred to herein as a "tax") imposed by any authority having the direct power to tax, including any City, County, State or Federal government, or any school, agricultural, lighting, drainage, redevelopment or other improvement or special assessment district thereof, as against any legal or equitable interest of Landlord in the Premises or Project, including, but not limited to, the following: (i) any tax directly imposed on the Rent received under this Lease or on the rent received under any other leases of space in the Building or Project or on Landlord's "right" to "rent" or "right" to other income from the Premises or other premises in the Building or Project or as against Landlord's business of leasing the Premises, Building or Project; (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 estate 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 "real property taxes" for purposes of this Lease; (iii) any assessment, tax, fee, levy or charge allocable to or measured by the area of the Premises or other premises in the Building or Project, or by the Rent payable hereunder or under other leases of space in the Building or Project, 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, operation, management, maintenance, alteration, repair, use or occupancy of the Premises or other premises in the Building or Project; (iv) any assessment, tax, fee, levy or charge upon (a) this transaction or any document to which Tenant is a party creating or transferring an interest or an estate in the Premises, or (b) any transaction or document creating or transferring an interest or estate in any other Premises in the Building or Project; and (v) any assessment, tax, fee, levy or charge by any governmental agency related to any transportation plan, fund or system (including assessment districts) instituted within the geographic area of which the Building is a part.

(4) Tenant shall pay Tenant's Monthly Percentage Share of Project Operating Costs in advance with each installment of Base Rent, provided, however, that Landlord may at any time during the Lease Term, following written notice to Tenant, adjust Tenant's Monthly Percentage Share of Project Operating Costs to reflect current expenditures, and thereafter, all payments by Tenant shall be based upon such notice.

(5) On or before May 1st of each calendar year (or as soon thereafter as is practical), Landlord shall deliver to Tenant a statement (the "Statement") setting forth the actual amount of Tenant's Percentage Share of Project Operating Costs for the preceding calendar year. If the actual amount of Tenant's Percentage Share

of Project Operating Costs for the previous calendar year exceeds the total payments of Tenant's Monthly Percentage Share of Operating Costs made by Tenant for such year, Tenant shall pay Landlord the amount of the deficiency within thirty (30) days of the receipt of the Statement. If such total exceeds the actual amount of Tenant's Percentage Share of Project Operating Costs for such calendar year, then Landlord shall credit against Tenant's next ensuing payment(s) of Tenant's Monthly Percentage Share of Operating Costs an amount equal to the difference until the credit is exhausted. Upon termination of this Lease, Landlord may bill Tenant, and Tenant shall pay within thirty (30) days of its receipt of such bill, Landlord's estimate of Tenant's Percentage Share of Operating Costs for the year of such termination; Tenant shall receive a credit for any installments of Tenant's Monthly Percentage Share of Operating Costs paid prior to termination. If a credit is due from Landlord on the Expiration Date, Landlord shall pay Tenant the amount of the credit. The obligations of Tenant and Landlord to make payments required under this Section 5.3 shall survive the Expiration Date. Tenant's Percentage Share of Project Operating Costs in any calendar year having less than 365 days shall be appropriately prorated.

(6) Landlord shall keep full and accurate books of account and records regarding the Project Operating Costs applicable to the Project, and such books and records shall be kept for a period of two (2) years after the close of each calendar year and shall be available for inspection and audit by Tenant and its representatives at the Premises, at the office of Landlord's certified public accountant or at Landlord's usual and customary place of business, at all times during regular business hours. Tenant shall have a period of two (2) years following receipt of the Statement, within which to inspect, at Landlord's office during normal business hours, Landlord's books and records concerning Project Operating Costs for the Building for the preceding calendar year period in question. It is agreed and understood that the period within which Tenant may inspect Landlord's books and records concerning Project Operating Costs for any given year shall expire two (2) years following Tenant's receipt of the Statement furnished to Tenant pursuant to (c) above or else Tenant's rights to inspect or audit such books and records for the Project Operating Costs for such year shall be deemed waived. If Tenant elects to inspect Landlord's books and records concerning Project Operating Costs, Landlord agrees to fully cooperate with Tenant. Any such inspection may only be done by a certified public accountant or firm or the City Auditor of the City of Long Beach, and in no event may such inspection be done by a person or entity which is being paid on a contingency fee basis. If Tenant shall not have availed itself of such inspection within the time period set forth above, Tenant shall be deemed to have accepted as final and determinative the amounts shown on the Statement. If Tenant shall have availed itself of its right to inspect the books and records for the Building within the time period set forth above, and then disputes the accuracy of the information set forth in Landlord's books and records with respect to the Statement, Tenant shall be entitled to a credit against amounts otherwise required by the provisions of this Section 5.3. No later than twelve (12) months after Tenant takes a credit, Landlord must (or its right to contest such charges shall be deemed waived) institute proceedings against Tenant to collect and recover any credits taken by Tenant resulting from errors in the books and records of Landlord; and provided further, that Landlord shall, within ten (10) business days of filing the complaint, serve Tenant with a copy of the complaint filed in any such proceeding. In any such proceeding, each party shall be responsible for all fees incurred by it with respect to the proceeding. Tenant's rights and remedies with respect to any errors and/or overcharges made by Landlord with respect to Project Operating Costs shall be limited to those expressly set forth in this Section 5.3.

5.4 Definition of Rent. All costs and expenses which Tenant assumes or agrees to pay to Landlord under this Lease shall be deemed additional rent (which, together with the Base Rent, is sometimes referred to as the "Rent"). The Rent shall be paid to the Property Manager (or other person) and at such place as Landlord may from time to time designate in writing, without any prior demand therefor and without deduction or offset, in lawful money of the United States of America. As to delinquent payment of Rent, such payments will be applied to any outstanding items in order of priority as determined by Landlord in its sole and absolute discretion.

5.5 Rent Control. If the amount of Rent or any other payment due under this Lease violates the terms of any governmental restrictions on such Rent or payment, then the Rent or payment due during the period of such restrictions shall be the maximum amount allowable under those restrictions. Upon termination of the restrictions, Landlord shall, to the extent it is legally permitted, recover from Tenant the difference between the amounts received during the period of the restrictions and the amounts Landlord would have received had there been no restrictions.

5.6 Taxes on Tenant's Property.

a. Tenant shall be liable for and shall pay, at least ten (10) days before delinquency, taxes levied against any personal property or trade fixtures placed by Tenant in or about the Premises. If any such taxes on Tenant's personal property or trade fixtures are levied against Landlord or Landlord's property, or if the assessed value of the Premises is increased by the inclusion of any value placed upon Tenant's personal property or trade fixtures, and if Landlord, after written notice to Tenant, pays the taxes based upon such increased assessment, which Landlord may do regardless of the validity of such taxes (but only under proper protest if requested by Tenant), Tenant shall upon demand repay to Landlord the taxes levied against Landlord attributable to Tenant's property, or the proportion of such taxes resulting from such increase in the assessment. In any such event, Tenant shall have

the right, at Tenant's sole cost and expense, to bring suit in any court of competent jurisdiction in the name of Landlord and with Landlord's full cooperation, to recover for itself the amount of any such taxes so paid under protest.

b. If the Leasehold Improvements (as defined in Section 13.a.) in the Premises, whether installed and/or paid for by Landlord or Tenant and whether or not affixed to the real property so as to become a part thereof, are assessed for real property tax purposes at a valuation significantly higher than the valuation at which leasehold improvements conforming to Building standards in other space in the Building are assessed (adjusted for the tax collector's internal amortization schedule), then, at Landlord's option, the real property taxes and assessments levied against Landlord on the Leasehold Improvements by reason of such excess assessed valuation shall be deemed to be taxes levied against the personal property of Tenant and shall be governed by the provisions of Section 5.6.a. above. If the records of the County Assessor are available and sufficiently detailed to serve as a basis for determining whether the Leasehold Improvements are assessed at a higher valuation than the Building "Standards", such records shall be binding on both Landlord and Tenant. If the records of the County Assessor are not available or sufficiently detailed to serve as a basis for making such determination, the actual cost of construction shall instead be used, as amortized over the Term by Landlord.

6. **INTEREST AND LATE CHARGES.** If Tenant fails to pay when due any Rent or other amounts or charges which Tenant is obligated to pay under the terms of this Lease, other than late charges, the unpaid amounts shall bear interest at the rate of ten percent (10%) per annum but shall not exceed the maximum rate then allowed by law ("Interest Rate") from the date such amount is due until the date paid. Tenant acknowledges that the late payment of any Rent due hereunder will cause Landlord to lose the use of that money and incur costs and expenses not contemplated under this Lease, including without limitation, administrative and collection costs, processing and accounting expenses, and late charges that may be imposed on Landlord by the terms of any encumbrance (and companion promissory note) covering the Project, the exact amount of which are extremely difficult to ascertain. Therefore, in addition to interest, if any monthly installment of Base Rent is not received by Landlord within fifteen (15) days from the date it is due, or if Tenant fails to pay any other sum of money due hereunder and such failure continues for ten (10) days after receipt of notice thereof from Landlord, Tenant shall pay Landlord a one-time late charge equal to two percent (2%) of the delinquent amount. Landlord and Tenant agree that this late charge represents a reasonable estimate of such costs and expenses of and is fair compensation to Landlord for the loss suffered from such nonpayment by Tenant. Acceptance of any interest or late charge shall not constitute a waiver of Tenant's default with respect to such nonpayment by Tenant nor prevent Landlord from exercising any other rights or remedies available to Landlord under this Lease. In the event that any payments of any kind made by Tenant are returned for insufficient funds, Tenant shall pay to Landlord upon receipt of written demand (1) the actual NSF fee charged by the respective bank, and (2) an additional handling charge of up to \$60.00 (which amounts shall be deemed Additional Rent), and thereafter, Landlord may require Tenant to pay all future payments of Rent or other sums due by money order or cashier's check.

7. **SECURITY DEPOSIT.** Intentionally deleted.

8. **USE.**

a. Tenant's Use of the Premises. Tenant shall use the Premises solely for the purposes set forth in paragraph 2(q). Tenant shall not use or occupy the Premises in violation of law or any covenant, condition or restriction affecting the Building or Project or the Certificate of Occupancy issued for the Premises, Building or Project, and shall, upon notice from Landlord, immediately discontinue any use of the Premises which is declared by any governmental authority having jurisdiction to be a violation of law or any such Certificate of Occupancy. Tenant, at Tenant's own cost and expense, shall comply with all laws, ordinances, regulations, rules and/or any directives of any governmental agencies or authorities having jurisdiction which shall, by reason of the nature of Tenant's use or occupancy of the Premises, impose any duty upon Tenant or Landlord with respect to the Premises or its use or occupation. A judgment of any court of competent jurisdiction or the admission by Tenant in any action or proceeding against Tenant that Tenant has violated any such laws, ordinances, regulations, rules and/or directives in the use of the Premises shall be deemed to be a conclusive determination of that fact as between Landlord and Tenant. Tenant shall not do or permit to be done anything which will invalidate or increase the cost of any fire, extended coverage or other insurance policy covering the Building or Project and/or property located therein, and shall comply with all rules, orders, regulations, requirements and recommendations of the Insurance Services Office or any other organization performing a similar function. Tenant shall not do or permit anything to be done in or about the Premises which will in any way obstruct or interfere with the rights of other tenants or occupants of the Building or Project, or injure or annoy them, or use or allow the Premises to be used for any improper, immoral, unlawful or objectionable purpose, nor shall Tenant cause, maintain or permit any nuisance in, on or about the Premises. Tenant shall not commit or suffer to be committed any waste in or upon the Premises. Tenant shall not place a load upon the Premises exceeding the average pounds of live load per square foot of floor area specified for the Building by Landlord's architect, with the partitions to be considered a part of the live load. Landlord reserves the right to prescribe the weight and position of all safes, files and heavy equipment which Tenant desires to place in the Premises so as to distribute their weight

properly. Further, Tenant's business machines and mechanical equipment which cause vibration or noise that may be transmitted to the Building structure or to any other space in the Building shall be installed, maintained and used by Tenant so as to eliminate such vibration or noise.

b. Intentionally deleted

c. Hazardous Materials. Except for ordinary and general office supplies, such as copier toner, liquid paper, glue, ink and common household cleaning materials and medical supplies and medical waste stored, used, handled, and disposed of in compliance with all applicable laws and or regulations (some or all of which may constitute "Hazardous Materials" as defined in this Lease), Tenant agrees not to cause or permit any Hazardous Materials to be brought upon, stored, used, handled, generated, released or disposed of on, in, under or about the Premises, the Building, the Common Areas or any other portion of the Project by Tenant, its agents, employees, permitted subtenants, permitted assignees, permitted licensees, contractors or invitees (collectively, "Tenant's Parties"), without the prior written consent of Landlord, which consent Landlord may withhold in its sole and absolute discretion. Upon the expiration or earlier termination of this Lease, Tenant agrees to promptly remove from the Premises, the Building and the Project, at its sole cost and expense and in compliance with all applicable requirements, any and all Hazardous Materials, including any equipment or systems containing Hazardous Materials which are installed, brought upon, stored, used, generated or released upon, in, under or about the Premises, the Building and/or the Project or any portion thereof by Tenant or any of Tenant's Parties. To the fullest extent permitted by law, Tenant agrees to promptly indemnify, protect, defend and hold harmless Landlord and Landlord's members, and their respective members, partners, officers, directors, employees, agents, successors and assigns (collectively, "Landlord Indemnified Parties") from and against any and all claims, damages, judgments, suits, causes of action, losses, liabilities, penalties, fines, expenses and costs (including, without limitation, investigation, monitoring, clean up, removal, remediation and restoration costs, sums paid in settlement of claims, attorneys' fees, consultant fees and expert fees and court costs) which arise or result from the presence of Hazardous Materials on, in, under or about the Premises, the Building or any other portion of the Project and which are caused or permitted by Tenant or any of Tenant's Parties (provided, however, that Tenant shall have no liability, indemnification or defense obligations under this Lease with respect to any Hazardous Materials in, under or about the Premises, the Building and/or the Project or any portion thereof not caused or contributed by Tenant). Landlord and its successors and assigns shall promptly indemnify, protect, defend, reimburse and hold harmless Tenant and any of Tenant's Parties from and against any and all environmental damages, including the cost of remediation, which are suffered as a result of Hazardous Materials in, under or about the Premises, the Building and/or the Project or any portion thereof, prior to Tenant taking possession or which are caused by the negligence or misconduct of Landlord, its agents or employees. Landlord's obligations, as and when required by applicable requirements, shall include, but not be limited to, the cost of investigation, removal, remediation, restoration and/or abatement. Tenant agrees to promptly notify Landlord of any release of Hazardous Materials at the Premises, the Building or any other portion of the Project which Tenant becomes aware of during the Term of this Lease, whether caused or permitted by Tenant, Tenant's Parties or any other persons or entities. In the event of any release of Hazardous Materials caused or permitted by Tenant or any of Tenant's Parties, Landlord shall have the right, but not the obligation, to cause Tenant to immediately take all steps Landlord deems necessary or appropriate to investigate or remediate such release and prevent any similar future release to the satisfaction of Landlord and Landlord's mortgagee(s). At any time during the Term of this Lease that Landlord has a reasonable belief that a violation or violations of this Section 8(c) exist at the Premises, Landlord shall have the right, but not the obligation, to enter upon the Premises to inspect, investigate, sample and/or monitor the Premises to determine if Tenant is in compliance with the terms of this Lease regarding Hazardous Materials. As used in this Lease, the term "Hazardous Materials" shall mean and include any substance or material that is now or hereafter described or designated as a toxic or hazardous substance, waste or material or a pollutant or contaminant or medical, infectious, biohazardous, biomedical or "sharps" waste, or words of similar import under any law, statute, ordinance, rule, regulation, order or ruling of any agency of the State, the United States Government or any local governmental authority, including, without limitation, asbestos, petroleum, petroleum hydrocarbons and petroleum based products, urea formaldehyde foam insulation, polychlorinated biphenyls ("PCBs"), and freon and other chlorofluorocarbons and chemicals which may cause cancer or reproductive toxicity. The provisions of this section 8(c) shall survive the expiration or earlier termination of this Lease.

d. Name. Tenant shall operate in the Premises, including the name of said business used on any sign in the Premises, only under the trade name "WIC (Women Infant Children)", or a name approved in writing by Landlord.

e. Hours of Operation. Subject to closures due to events of strikes, fire, or casualty and reasonable periods of time for actual remodeling of the Premises as permitted hereunder, Tenant shall take steps to ensure the entire Premises shall be continuously and uninterruptedly used and operated during the Lease Term solely for the Permitted Use during the hours of 7:30 a.m. to 8:00 p.m. Monday through Sunday, including, but not limited to, all holidays (but in any event Tenant need not operate its business on Easter Sunday or on Christmas, Thanksgiving or New Year's Days) and for no other purpose whatsoever, without the prior written consent of Landlord which shall be given in Landlord's sole and absolute discretion. The hours of operation set forth herein are recommended minimum

requirements and are not to be interpreted as preventing Tenant from operating its business at times other than as set forth herein, provided any such operation is in compliance with all the terms and conditions of this Lease and is approved in writing by Landlord.

f. Health Department Notices. Tenant shall comply with all health department and other governmental rules and regulations applicable to Tenant's operations in the Premises and shall promptly: (i) furnish or cause to be furnished to Landlord copies of all health department and other governmental reports, notices and citations issued with respect to the Premises; and (ii) cure or otherwise eliminate all deficiencies and violations noted by the health department and other governmental authorities and take all required actions to prevent the reoccurrence of such deficiencies and violations.

g. Noise. Tenant shall, throughout the Lease Term and at Tenant's sole expense, take such steps as may be necessary to keep the Premises and/or premises occupied by other tenants free of loud sounds, including music, loudspeakers, television or radio associated with Tenant's business or from the operation of any instrument, apparatus, equipment, radio, television or amplification system. Upon Tenant's receipt of notice of any complaint of noise that may be resulting from, directly or indirectly, the operation of Tenant's business that is objectionable to Landlord or to other tenants, Tenant, at Tenant's sole expense, shall take such steps as may be necessary to immediately remedy such noise.

h. Odors. Tenant shall, at all times, at Tenant's sole cost and expense, maintain and use the Premises so that no odors, fumes, vapors or gases of any kind shall emanate from the Premises and/or permeate the Building. Landlord acknowledges the normal operation of Tenant's business will create certain aromas which shall not be considered a violation of this provision. Upon Tenant's receipt of notice of any complaint of odor that may be resulting from, directly or indirectly, the operation of Tenant's business, that is objectionable to Landlord or any other third party, Tenant, at Tenant's sole expense, shall take such steps as may be necessary to immediately remedy such odor.

i. Deliveries. All deliveries to and from the Premises shall be made only in such manner and at such times so as not to create a material inconvenience to other tenants, visitors or invitees of the Building and/or Project.

j. Licensees and Permits. Tenant shall procure, at its sole cost and expense, any and all licenses and permits which may be required for the conduct of Tenant's business in accordance with the terms of this Lease.

9. **SERVICES AND UTILITIES.** Landlord has installed, or may elect to install, in the Premises utility meters and/or sub-meters to measure all utility services consumed in or for the Premises, and Tenant shall keep said meters and/or sub-meters in good working order, condition and repair. Should Tenant desire to have any other utilities available at the Premises, Tenant shall in similar fashion install the appropriate meters and service-lines and equipment therefore, and maintain the same throughout the duration of the Lease, at Tenant's sole cost and expense, in good working order, condition and repair. Throughout the Term of this Lease, Tenant shall promptly pay directly to the utility company providing such service all costs for any services metered, chargeable, or provided to the Premises. Landlord shall not be in default hereunder or be liable for any damages directly or indirectly resulting from, nor shall the Rent be abated by reason of (i) the installation, use or interruption of use of any equipment in connection with the furnishing of any of the foregoing services, (ii) failure to furnish or delay in furnishing any such services where such failure or delay is caused by accident or any condition or event beyond the reasonable control of Landlord, or by the making of necessary repairs or improvements to the Premises, Building or Project, or (iii) the limitation, curtailment or rationing of, or restrictions on, use of water, electricity, gas or any other form of energy serving the Premises, Building or Project. Landlord shall not be liable under any circumstances for a loss of or injury to property or business, however occurring, through or in connection with or incidental to failure to furnish any such services. Tenant shall not connect any apparatus with electric current except through existing electrical outlets in the Premises.

Tenant specifically agrees to install and maintain at Tenant's expense such fire protection equipment as is required by any governmental authority or insurer, including, without limitation, emergency lighting, and if so required, Tenant shall appoint one of Tenant's personnel to coordinate with the fire protection facilities and personnel of Landlord.

10. **CONDITION OF THE PREMISES.** Tenant acknowledges that neither Landlord nor any agent of Landlord has made any representation or warranty with respect to the Premises, Building or Project or with respect to their suitability for the conduct of Tenant's business.

11. **REPAIRS AND MAINTENANCE.**

a. Landlord's Obligations. Landlord shall repair and maintain the structural portions of the Project, including the foundations, bearing and exterior walls (excluding glass), sub-flooring, roof (excluding skylights), and those portions of the HVAC systems, electrical systems, plumbing systems, and main sewer system that are underground and outside the Premises, as well as the gutters and downspouts on the Building which serve the Premises. If such maintenance or repairs are necessitated in whole or part by the act, neglect, fault or omission of Tenant, its agents, servants, employees or invitees, Tenant shall pay to Landlord, as additional rent, the reasonable cost of such maintenance and repairs equal to the percentage of fault attributed to Tenant, its agents, servants, employees or invitees. Landlord shall not be liable for any failure to make any repairs or perform any maintenance unless such failure persists for an unreasonable time after written notice of the need for such repairs or maintenance is given to Landlord by Tenant. Except as provided in Section 19 hereof, there shall be no abatement of Rent and no liability of Landlord by reason of any injury to or interference with Tenant's business arising from the making of any repairs, alterations or improvements in or to any portion of the Project, Building or Premises, or in or to the fixtures, appurtenances and equipment therein. Tenant shall not undertake any repair to the Premises, Building or Project that is Landlord's obligation hereunder. Tenant waives the right to make repairs at Landlord's expense under any law, statute, ordinance, rule, regulation, order or ruling (including, without limitation, to the extent the Premises are located in California, the provisions of California Civil Code Sections 1941 and 1942 and any successor statutes or laws of a similar nature).

b. Tenant's Obligations.

(1) By entry hereunder, Tenant accepts the Premises as being in good and sanitary order, condition and repair. Except as provided in Section 11.a. above, Tenant shall, at its sole cost and expense, when and if needed or whenever requested by Landlord to do so, maintain and make all repairs to the Premises and every part thereof, and keep, maintain and preserve the Premises in good condition (excepting ordinary wear and tear) and repair. Any such maintenance and repairs shall be performed by Landlord's contractor, or at Tenant's option, by a contractor(s) or City employee(s) chosen by Tenant after providing courtesy notice to Landlord. All costs and expenses incurred in such maintenance and repair shall be paid by Tenant within thirty (30) days after billing by Landlord or such contractor(s). Landlord shall have no obligation to alter, remodel, improve, repair, decorate or paint the Premises or any part thereof and the parties hereto affirm that Landlord has made no representations to Tenant respecting the condition of the Premises, Building or Project, except as specifically herein set forth. Notwithstanding anything to the contrary contained in Section 11.a. and this Section 11.b., Tenant shall maintain and repair at its sole cost and expense, and with maintenance contractors approved by Landlord, the Premises and every part thereof including, without limitation, all walls, storefronts, storefront glass, all other interior and exterior glass, floors, concrete, floor coverings, columns, ceilings, interior and exterior doors, sump pumps, trash enclosures, fire sprinkler and suppression systems, heating, ventilation, air conditioning, air diffusers, ducting, windows and fixtures, skylights, signs, all electrical systems including without limitation sub-panels, electrical fixtures, lights, ballasts, outlets, j-boxes, disconnects, all plumbing systems including without limitation water, sewer, and gas mains, lateral lines, connections and fixtures, and all other improvements on or about the Premises excluding Landlord's obligations defined above.

(2) Tenant shall be responsible for performing or paying for (as is applicable) all repairs, maintenance and alterations in and to the Premises, Building and Project and the facilities and systems thereof, the need for which arises out of (i) Tenant's use or occupancy of the Premises, (ii) the installation, removal, use or operation of Tenant's Property (as defined in Section 13) in the Premises, (iii) the moving of Tenant's Property into or out of the Building, or (iv) the act, omission, misuse or negligence of Tenant, its agents, contractors, employees or invitees.

(3) If Tenant fails to maintain the Premises in good order, condition and repair, Landlord shall give Tenant notice to do such acts as are reasonably required to so maintain the Premises. If Tenant fails to promptly commence such work and diligently prosecute it to completion, then Landlord shall have the right to do such acts, after noticing Tenant at least 30 days prior to beginning such work, and expend such funds at the expense of Tenant as are reasonably required to perform such work. Any amount so expended by Landlord shall be repaid by Tenant promptly, after invoicing Tenant for such work and providing documentation supporting all expenditures, with interest at the Interest Rate (as such term is defined in Section 6), from the date of such work, but not to exceed the maximum rate then allowed by law. Landlord shall have no liability to Tenant for any damage, inconvenience, or interference with the use of the Premises by Tenant as a result of performing any such work.

(4) Service Contracts. Tenant shall procure and maintain, at Tenant's sole cost and expense, City employees or maintenance contracts with contractors specializing and experienced in the maintenance of the following systems: (i) Heating, ventilation and air conditioning ("HVAC") providing for not less than four (4) inspections per year including, but not limited to, annual coil cleaning, quarterly filter changes, pressure checks, condensate pan cleaning, electrical testing, belt inspections, motor lubrication, and visual inspections; (ii) Fire

sprinkler and Fire suppression systems providing for not less than four (4) inspections per year including, but not limited to, all risers, standpipes, lateral lines, jockey boxes, pumps, halon, chemical or other dry systems, sprinkler heads, valves, pressure tests, and monitoring systems. Tenant shall provide Landlord with copies of all maintenance contracts and immediately notify Landlord of any changes, modifications, or cancellations thereof. The foregoing notwithstanding, in the event that Landlord elects to provide maintenance for the items in (i) and (ii) above, Tenant shall reimburse Landlord for Tenant's Percentage Share of such costs, which costs shall be considered an Operating Cost.

Tenant shall also, at its sole cost and expense, enter into (and keep in full force and effect throughout the Term of this Lease and any extensions hereof) a full service janitorial contract with a janitorial company approved by Landlord, or use its own internal janitorial services, to provide janitorial service to the Premises. Landlord shall not provide any janitorial or cleaning service for the Premises. If Tenant directly contracts with a third party for its janitorial services for the Premises, (i) Tenant shall do so at its sole cost and expense, and (ii) such third party and its janitors shall comply with Landlord's reasonable rules and regulations with respect to their access to and work in the Premises.

(5) Refuse, Sewage, and Medical Waste. Tenant shall, at Tenant's own cost and expense, cause the removal and disposal of its refuse from the Premises after 6:00 p.m. and before 8:00 a.m. of each day, so as not to create an unsightly appearance, or to inconvenience, render uncomfortable or annoy the tenants, visitors or invitees of or to the Building or Project. All such refuse will be removed through the rear door of the Premises to the location designated by Landlord from which said refuse is to be picked up.

Tenant agrees to not keep any trash, garbage, non-medical waste or other refuse on the Premises except in sanitary containers and agrees to regularly and frequently remove same from the Premises. Tenant shall keep all containers or other equipment used for storage of such materials in a clean and sanitary condition. Tenant shall properly dispose of all sanitary sewage and shall not use the sewage disposal system for the disposal of anything except sanitary sewage. Tenant shall keep the sewage disposal system free of all obstructions and in good operating condition. If the volume of Tenant's trash becomes excessive in Landlord's judgment, Landlord may request to charge Tenant for additional trash disposal services and/or may request that Tenant contract directly for additional trash disposal services at Tenant's sole cost and expense. Tenant agrees to handle, store, and dispose of all medical waste (including without limitation all "sharp" waste) in compliance with all applicable requirements.

Without limiting the generality of the foregoing, all such refuse shall be kept in closed cans within the Premises, which cans shall be kept completely out of sight, except when the same are being physically transported, in such closed cans by Tenant to the place of collection designated from time to time by Landlord. Landlord retains the right to require such refuse to be kept in adequately refrigerated space, if any such refrigeration is reasonably deemed necessary by Landlord.

Tenant shall not accumulate or permit materials to accumulate in hallways, service corridors or other Common Areas. Any waste or garbage, and any food deliveries, stored or accumulated by Tenant outside of the Premises (other than the garbage placed in the appropriate trash container) may be removed immediately by Landlord without notice to Tenant and the cost of such removal, together with \$50 per occurrence to cover Landlord's administrative cost in providing such service to Tenant, shall be Additional Rent payable by Tenant to Landlord upon demand.

(6) Store Front. Tenant shall, at Tenant's sole cost and expense, professionally maintain and keep clean at all times the interior and exterior of the store front forming the exterior of the Premises, including but not limited to the interior and exterior of all glass windows, partitioning, cases, glass side lights and metal trim around and between the windows, doors and thresholds thereof (the "Store Front"), in a good manner. Landlord shall not be obligated to clean or otherwise maintain the Store Front. Tenant agrees that any cleaning of the Store Front will, at Tenant's expense, be performed only by a professional contractor approved in advance in writing by Landlord.

Tenant acknowledges that the entire appearance of the Premises, including but not limited to the Store Front, is an essential element of the first class appearance of the Building. Therefore, Tenant agrees that Landlord shall have the right, upon reasonable prior notice to Tenant, to inspect the exterior and interior of the Store Front to verify that Tenant is maintaining and cleaning the interior and exterior of the Store Front in a good manner. If Landlord determines that Tenant is not maintaining and cleaning the interior or exterior of the Store Front in a good manner, Landlord shall provide notice of this fact to Tenant, and if Tenant does not commence to cure such non-compliance within ten (10) days after receipt of Landlord's notice and thereafter diligently pursue such cure to completion, Landlord may, at Landlord's option, in addition to Landlord's other remedies for breach of Tenant's obligations hereunder cure such non-compliance and charge Tenant for Landlord's costs in connection therewith,

which charges shall be paid by Tenant to Lessor within ten (10) days after Tenant's receipt of Landlord's demand therefor provided such action by Landlord shall not be deemed to cure Tenant's breach of its obligations hereunder.

(7) Pests. Tenant shall keep the Premises at all times free from pests and vermin, including control coverage for the following: cockroaches, ants, earwigs, weevils, silverfish, spiders, beetles, rats, mice and rodents of all types, and dry rot and fungus. Tenant may, at its discretion, use the City's Vector Control Program to comply with said requirement. Without limiting the foregoing, if the Premises becomes infested with pests or vermin, including cockroaches, ants, earwigs, weevils, silverfish, spiders, beetles, rats, mice and rodents of all types or dry rot or fungus, Tenant shall, at Tenant's own cost and expense, cause the same to be exterminated and/or removed, from time to time, to the satisfaction of Landlord.

Notwithstanding the foregoing, if Tenant or Tenant's pest control operator fails to immediately remedy such event of infestation to Landlord's sole satisfaction, Landlord may in addition to Landlord's other remedies for breach of Tenant's obligations hereunder contract with its own pest control operator to remedy such event of infestation, and the total costs incurred by Landlord shall be paid by Tenant to Landlord within thirty (30) calendar days after written demand by Landlord, provided such action by Landlord shall not be deemed to cure Tenant's breach of its obligations hereunder.

(8) Plumbing. Tenant shall, at all times, at Tenant's sole cost and expense, maintain the "Plumbing" for the Premises in good working order. "Plumbing" shall mean all plumbing equipment and related pipes and fixtures which are located within or outside the Premises which solely are for the use of the Premises. Notwithstanding the foregoing, if fails to immediately remedy any problems with the Plumbing to Landlord's sole satisfaction, Landlord may in addition to Landlord's other remedies for breach of Tenant's obligations hereunder remedy such problem after noticing Tenant of such intent at least 30 days prior to beginning any work, and the total costs incurred by Landlord shall be paid by Tenant to Landlord within thirty (30) calendar days after written demand by Landlord provided such action by Landlord shall not be deemed to cure Tenant's breach of its obligations hereunder.

c. Compliance with Law. Landlord and Tenant shall each do all acts required to comply with all applicable laws, ordinances, and rules of any public authority relating to their respective maintenance obligations as set forth herein.

d. Tenant's Notice. Tenant shall give Landlord prompt notice of any damage to or defective condition in any part or appurtenance of the Building's mechanical, electrical, plumbing, HVAC or other systems serving, located in, or passing through the Premises.

e. Return of Premises. Upon the expiration or earlier termination of this Lease, Tenant shall return the Premises to Landlord clean and in the same condition as on the date Tenant took possession, except for normal wear and tear. Any damage to the Premises, including any structural damage, resulting from Tenant's use or from the removal of Tenant's fixtures, furnishings and equipment pursuant to Section 13.b. shall, at Landlord's election, be repaired by either Landlord or Tenant, but in either case at Tenant's expense.

12. ALTERATIONS AND ADDITIONS.

a. Tenant shall not make any additions, alterations or improvements (collectively referred to as "Changes") to the Premises without obtaining the prior written consent of Landlord. Notwithstanding the foregoing, Tenant may make minor non-structural Changes costing less than Five Thousand Dollars (\$5,000.00) in any twelve (12) month period to the Premises without Landlord's consent, but after providing Landlord with ten (10) business days prior written notice of its intent to make such Changes. Landlord's consent may be conditioned on Tenant removing any such Changes upon the expiration of the Term and restoring the Premises to the same condition as on the date Tenant took possession. All work with respect to any Changes shall be done in a good and workmanlike manner by properly qualified and licensed personnel approved by Landlord, during normal business hours (unless otherwise approved by Landlord), and such work shall be diligently prosecuted to completion. If Landlord permits Tenant to work on Changes before or after normal business hours, any additional costs incurred in operating the Building or Project on account of such work shall be paid for by Tenant promptly after receipt of a bill therefor from Landlord. No Changes shall be permitted which alter the appearances or impair the structural strength of the Building, or in Landlord's opinion lessen the value of the Building or create a potential for unusual expense upon removal of such Changes and restoration of the Premises. Further, no Changes shall be permitted which impair the proper functioning of or access to, any mechanical, electrical, sanitary or other service systems of the Building. Landlord may, at Landlord's option, require that any such work be performed by Landlord's contractor, in which case the cost of such work shall be paid for before commencement of the work. Tenant shall pay to Landlord upon completion of any such work by Landlord's contractor, an administrative fee of 8% of the cost of the work.

b. Tenant shall pay the costs of any work done on the Premises pursuant to Section 12.a., and shall keep the Premises, Building and Project free and clear of liens of any kind. Tenant shall indemnify, defend against and keep Landlord free and harmless from all liability, loss, damage, costs, attorneys fees and any other expense incurred on account of claims by any person performing work or furnishing materials or supplies for Tenant except for the willful conduct or negligence of the Landlord or any person performing work or furnishing materials or supplies.

Tenant shall keep Tenant's leasehold interest, and any additions or improvements which are or become the property of Landlord under this Lease, free and clear of all attachment or judgment liens. Before the actual commencement of any work for which a claim or lien may be filed, Tenant shall give Landlord notice of the intended commencement date a sufficient time before that date to enable Landlord to post notices of non-responsibility or any other notices which Landlord deems necessary for the proper protection of Landlord's interest in the Premises, Building or Project, and Landlord shall have the right to enter the Premises and post such notices at any reasonable time. If any such liens are filed, Landlord may, without waiving its rights and remedies based on such breach of Tenant and without releasing Tenant from any of its obligations, cause such liens to be released by any means it shall deem proper, including payment in satisfaction of the claim giving rise to such lien. Tenant shall pay to Landlord at once, upon notice by Landlord, any sum paid by Landlord to remove such liens, together with interest at the maximum rate per annum permitted by law from the date of such payment by Landlord.

c. Intentionally deleted.

d. All Tenant's Changes and the performance thereof shall at all times comply with (i) all laws, rules, orders, ordinances, directives, regulations and requirements of all governmental authorities, agencies, offices, departments, bureaus and boards having jurisdiction thereof, (ii) all rules, orders, directives, regulations and requirements of the Pacific Fire Rating Bureau, Insurance Services Office or of any similar insurance body or bodies, and (iii) all rules and regulations of Landlord. Tenant shall cause Tenant's Changes to be performed in compliance with the foregoing requirements and in a good and first class workmanlike manner, using materials and equipment at least equal in quality and class to the original installations of the Building. Tenant's Changes shall be performed in such manner as not to interfere with the occupancy of any other tenant in the Building, nor delay, or impose any additional expense upon Landlord in the construction, maintenance or operation of the Building or Project. Changes shall be performed by contractors or mechanics approved by Landlord who shall coordinate their work in cooperation with any other work being performed in or to the Building.

e. Tenant further covenants and agrees that any mechanic's lien filed against the Premises, Building, or Project for work claimed to have been done for, or materials claimed to have been furnished to Tenant, will be discharged by Tenant, by bond or otherwise, within ten (10) days after the filing thereof, at the cost and expense of Tenant.

f. Unless their removal is required by Landlord as provided in Sections 12.a. and 13.a., all additions, alterations and improvements made to the Premises shall become the property of Landlord and be surrendered with the Premises upon the expiration of the Term; provided, however, Tenant's equipment, machinery and trade fixtures which can be removed without damage to the Premises shall remain the property of Tenant and may be removed, subject to the provisions of Section 13.b.

g. Landlord reserves the right at any time and from time to time to make such changes, alterations, additions, improvements, repairs or replacements in or to the Building and/or the Project (including the Premises if required to do so by any law or regulation) and the fixtures and equipment thereof, as well as in or to the street entrances, halls, passages and stairways thereof, as Landlord may deem necessary or desirable. Such changes, alterations, additions, improvements, repairs or replacements shall be without liability to Tenant and shall not constitute an actual or constructive eviction of Tenant nor affect Tenant's obligations under this Lease. Nothing contained in this Section shall be deemed to relieve Tenant of any duty, obligation or liability of Tenant with respect to making any repair, replacement or improvement or complying with any law, order or requirement of any government or other authority and nothing contained in this Section shall be deemed or construed to impose upon Landlord any obligation, responsibility or liability whatsoever, for the care, supervision or repair of the Building or Project or any part thereof other than as otherwise provided in this Lease.

13. LEASEHOLD IMPROVEMENTS; TENANT'S PROPERTY.

a. All alterations, decorations, additions or improvements upon the Premises made by either party, including (without limiting the generality of the foregoing) all wallcovering, built-in cabinet work, paneling and the like ("Leasehold Improvements"), shall, unless Landlord elects otherwise, become the property of Landlord, and shall remain upon, and be surrendered with and as a part of the Premises at the end of the Term, except that Landlord

may by written notice to Tenant given at least thirty (30) days prior to the end of the Term, require Tenant to remove all partitions, counters, railings and the like installed by Tenant, and Tenant shall repair any damage to the Premises arising from such removal, or, at Landlord's option, pay to Landlord all of Landlord's costs of such removal and repair.

b. All movable partitions, business and trade fixtures, machinery and equipment, communications equipment and office equipment located in the Premises and acquired by or for the account of Tenant, without expense to Landlord, which can be removed without structural damage to the Building, and all furniture, furnishings and other articles of movable personal Property owned by Tenant and located in the Premises (collectively "Tenant's Property") shall be and shall remain the property of Tenant and may be removed by Tenant at any time during the Term; provided that if any of Tenant's Property is removed, Tenant shall promptly repair any damage to the Premises or to the Building resulting from such removal. If Tenant fails to remove any of its effects from the Premises upon termination of this Lease for any reason whatsoever, Landlord may, at its option, either (a) remove them in any manner that Landlord shall choose, and store said effects without liability to Tenant for loss thereof, and Tenant agrees to pay Landlord upon demand any and all expenses incurred in such removal, including court costs and attorneys' fees and storage charges on such effects for any length of time that they are in Landlord's possession, or (b) without notice, sell said effects, or any of them at private sale and without legal process, for such price as Landlord may obtain and apply the proceeds of such sale to any amounts due under this Lease from Tenant to Landlord and to the expense incident to the removal and sale of said effects.

14. **RULES AND REGULATIONS.** Tenant agrees to comply with (and cause its agents, contractors, employees and invitees to comply with) the rules and regulations attached hereto as Exhibit "E" and with such reasonable modifications thereof and additions thereto as Landlord may from time to time make. Landlord shall not be responsible for any violation of said rules and regulations by other tenants or occupants of the Building or Project.

15. **RIGHTS RESERVED BY LANDLORD.** Landlord reserves the following rights, exercisable without liability to Tenant for (a) damage or injury to property, person or business, (b) causing an actual or constructive eviction from the Premises, or (c) disturbing Tenant's use or possession of the Premises: a. To name the Building and Project and to change the name or street address of the Building or Project; b. To install and maintain all signs on the exterior and interior of the Building and Project; c. To have pass keys to the Premises and all doors within the Premises, excluding Tenant's vaults and safes; d. At any time during the Term, and on reasonable prior notice to Tenant, to inspect the Premises, and to show the Premises to any prospective purchaser or mortgagee of the Project, or to any assignee of any mortgage on the Project, or to others having an interest in the Project or Landlord, and during the last six (6) months of the Term, to show the Premises to prospective tenants thereof; e. To enter the Premises for the purpose of making inspections, repairs, alterations, additions or improvements to the Premises or the Building (including, without limitation, checking, calibrating, adjusting or balancing controls and other parts of the HVAC system), and to take all steps as may be necessary or desirable for the safety, protection, maintenance or preservation of the Premises, Building or Project or Landlord's interest therein, or as may be necessary or desirable for the operation or improvement of the Building or in order to comply with laws, orders or requirements of governmental or other authority. Landlord agrees to use its best efforts (except in an emergency) to minimize interference with Tenant's business in the Premises in the course of any such entry; and f. To enter the Premises for the purpose of posting Notices of Non-Responsibility or other similar notices.

16. **ASSIGNMENT AND SUBLETTING.**

(a) Restriction on Transfer. Except as expressly provided in this Paragraph 16, Tenant will not, either voluntarily or by operation of law, assign or encumber this Lease or any interest herein or sublet the Premises or any part thereof, or permit the use or occupancy of the Premises by any party other than Tenant (any such assignment, encumbrance, sublease or the like will sometimes be referred to as a "Transfer"), without the prior written consent of Landlord, which consent Landlord will not unreasonably withhold.

Landlord shall not unreasonably withhold its consent to any proposed Transfer to the proposed transferee on the terms specified in the Transfer Notice (as defined below). The parties hereby agree that it shall be deemed reasonable under this Lease and under any applicable law for Landlord to withhold consent to any proposed Transfer where one or more the following apply, without limitation as to other reasonable grounds for withholding consent: (1) the transferee is of a character or reputation or engaged in a business which is not consistent with the quality of the Building or Project, or would be a less prestigious occupant of the Building or Project than Tenant; (2) the transferee's intended use of the Premises is inconsistent with the permitted use; (3) the transferee is not a party of reasonable financial worth and/or financial stability in light of the responsibilities involved under the Lease on the date consent is requested; (4) the proposed Transfer would cause Landlord to be in violation of another lease or agreement to which Landlord is party, or would give an occupant of the Building a right to cancel its lease; or (5) either the proposed transferee or any person or entity which directly or indirectly controls, is controlled by, or is under the common control with, the proposed transferee, (i) occupies space in the Building or the Project at the time of the request for consent,

(ii) is negotiating with Landlord to lease space in the Building at such time, or (iii) has negotiated with Landlord during the 6-month period immediately preceding the Transfer Notice.

In the event Landlord withholds or conditions its consent and Tenant believes that Landlord did so contrary to the terms of this Lease, Tenant may prosecute an action for declaratory relief to determine if Landlord properly withheld or conditioned its consent. In any such action, each party shall bear its own attorneys' fees. If Landlord consents to any Transfer pursuant to the terms of this Paragraph 16 (and does not exercise any recapture rights Landlord may have under this Lease), Tenant may within six (6) months after receipt of Landlord's consent, but not later than the expiration of said six-month period, enter into an agreement effectuating such Transfer upon the same terms and conditions as are set forth in the Transfer Notice furnished by Tenant to Landlord pursuant to this Paragraph 16, provided that if they are any material changes in the terms and conditions from those specified in the Transfer Notice (i) such that Landlord would initially have been entitled to refuse its consent to such Transfer, or (ii) which would cause the proposed Transfer to be more favorable to the transferee than the terms set forth in Tenant's original Transfer Notice, Tenant shall again submit the Transfer to Landlord for its approval and other action under this Paragraph 16 (including Landlord's right to recapture the Premises).

(b) Transfer Notice. If Tenant desires to effect a Transfer, then at least thirty (30) days prior to the date when Tenant desires the Transfer to be effective (the "Transfer Date"), Tenant agrees to give Landlord a notice (the "Transfer Notice"), stating the name, address and business of the proposed assignee, sublessee or other transferee (sometimes referred to hereinafter as "Transferee"), reasonable information (including references) concerning the character, ownership, and financial condition of the proposed Transferee, the Transfer Date, any ownership or commercial relationship between Tenant and the proposed Transferee, and the consideration and all other material terms and conditions of the proposed Transfer, all in such detail as Landlord may reasonably require.

(c) Landlord's Options. Within fifteen (15) days of Landlord's receipt of any Transfer Notice, and any additional information requested by Landlord concerning the proposed Transferee's financial responsibility, Landlord will notify Tenant of its election to do one of the following: (i) consent to the proposed Transfer subject to such reasonable conditions as Landlord may impose in providing such consent; (ii) refuse such consent, which refusal shall be on reasonable grounds; or (iii) terminate this Lease as to all or such portion of the Premises which is proposed to be sublet or assigned and recapture all or such portion of the Premises for reletting by Landlord.

(d) Additional Conditions. A condition to Landlord's consent to any Transfer of this Lease will be the delivery to Landlord of a true copy of the fully executed instrument of assignment, sublease, transfer or hypothecation, in form and substance reasonably satisfactory to Landlord. Tenant agrees to pay to Landlord, as additional rent, all sums and other consideration payable to and for the benefit of Tenant by the assignee or sublessee in excess of the rent payable under this Lease for the same period and portion of the Premises. In calculating excess rent or other consideration which may be payable to Landlord under this paragraph, Tenant will be entitled to deduct commercially reasonable third party brokerage commissions and attorneys' fees and other amounts reasonably and actually expended by Tenant in connection with such assignment or subletting if acceptable written evidence of such expenditures is provided to Landlord. No Transfer will release Tenant of Tenant's obligations under this Lease or alter the primary liability of Tenant to pay the rent and to perform all other obligations to be performed by Tenant hereunder. Landlord may require that any Transferee remit directly to Landlord on a monthly basis, all moneys due Tenant by said Transferee. Consent by Landlord to one Transfer will not be deemed consent to any subsequent Transfer. In the event of default by any Transferee of Tenant or any successor of Tenant in the performance of any of the terms hereof, Landlord may proceed directly against Tenant without the necessity of exhausting remedies against such Transferee or successor.

17. **HOLDING OVER**. Tenant shall surrender possession of the Premises immediately upon the expiration of the Term of this Lease. If Tenant shall continue to occupy or possess the Premises after such expiration or termination with the consent of Landlord, then unless Landlord and Tenant have otherwise agreed in writing, Tenant shall be a tenant from month-to-month. All of the terms, provisions and conditions of this Lease shall apply to the month-to-month tenancy, except those terms, provisions and conditions pertaining to the Term, and except that Base Rent shall be immediately adjusted upward upon the expiration or termination of this Lease to equal one hundred fifteen percent (115%) of the current Base Rent on the date of the expiration or termination of this Lease. This month-to-month tenancy may be terminated by Landlord or Tenant upon thirty (30) days' prior notice to the non-terminating party. In the event that Tenant fails to surrender the Premises upon such termination or expiration, then Tenant shall indemnify and hold Landlord harmless against all loss or liability resulting from or arising out of Tenant's failure to surrender the Premises, including, but not limited to, any amounts required to be paid to any tenant or prospective tenant who was to have occupied the Premises after said termination or expiration, and any amounts related to attorneys' fees and brokerage commissions.

18. **SURRENDER OF PREMISES.**

a. The voluntary or other surrender of this Lease by Tenant, or a mutual cancellation thereof, shall not work a merger, and shall, at the option of Landlord, operate as an assignment to it of any or all subleases or subtenancies. Tenant shall peaceably surrender the Premises to Landlord on the Expiration Date, in broom-clean condition and in as good condition as when Tenant took possession, except for (i) reasonable wear and tear, (ii) loss by fire or other casualty, and (iii) loss by condemnation. Tenant shall, on Landlord's request, remove Tenant's Property on or before the Expiration Date and promptly repair all damage to the Premises or Building caused by such removal. Prior to the date Tenant is to actually surrender the Premises to Landlord, Tenant agrees to give Landlord reasonable prior notice of the exact date Tenant will surrender the Premises so that Landlord and Tenant can schedule a walk through of the Premises to review the condition of the Premises and identify the Changes and Tenant's Property which Tenant is to remove and any repairs Tenant is to make upon surrender of the Premises.

b. If Tenant abandons or surrenders the Premises, or is dispossessed by process of law or otherwise, any of Tenant's Property left on the Premises shall be deemed to be abandoned, and, at Landlord's option, title shall pass to Landlord under this Lease as by a bill of sale. If Landlord elects to remove all or any part of such Tenant's Property, the cost of removal, including repairing any damage to the Premises or Building caused by such removal, shall be paid by Tenant. On the Expiration Date Tenant shall surrender all keys to the Premises. No act or conduct of Landlord, including, without limitation, the acceptance of keys to the Premises, shall constitute an acceptance of the surrender of the Premises by Tenant before the expiration of the Term. Only a written notice from Landlord to Tenant shall constitute acceptance of the surrender of the Premises and accomplish a termination of this Lease.

19. **DESTRUCTION OR DAMAGE.** If the Premises or the portion of the Building necessary for Tenant's occupancy is damaged by fire, earthquake, act of God, the elements or other casualty, Landlord shall provide written notice to Tenant within thirty (30) days from the date of any destruction or damage as to whether or not repairs can be completed within ninety (90) days.

a. If the Premises or the portion of the Building necessary for Tenant's occupancy is damaged or destroyed, Landlord shall, subject to the provisions of this Section, promptly repair the damage, if such repairs can, in Landlord's opinion, be completed within ninety (90) days. If Landlord determines that repairs can be completed within ninety (90) days, this Lease shall remain in full force and effect, except that if such damage is not the result of the negligence or willful misconduct of Tenant or Tenant's agents, employees, contractors, licensees or invitees, the Base Rent shall be abated to the extent Tenant's use of the Premises is impaired, commencing with the date of damage and continuing until completion of the repairs required of Landlord under Section 19.e.

b. If in Landlord's opinion, such repairs to the Premises or portion of the Building necessary for Tenant's occupancy cannot be completed within ninety (90) days, either party may terminate this Lease upon sixty (60) days' written notice to the other, and such notice shall be given within thirty (30) days after the occurrence of such damage or destruction. This Lease shall continue in full force and effect, but Base Rent shall be abated to the extent Tenant's use of the Premises is impaired, commencing with the date of damage and continuing until termination of this Lease.

c. Intentionally deleted.

d. Except for obligations which have previously accrued and are then unpaid or unperformed, any termination of this Lease under any of the provisions of the Section 19 shall release the parties from any further obligation to the other from and after the date Tenant surrenders possession of the Premises to Landlord.

e. If the Premises are to be repaired under this Section, Landlord shall repair at its cost any injury or damage to the Building and Building Standard Work in the Premises. Tenant shall be responsible at its sole cost and expense for the repair, restoration and replacement of any other Leasehold Improvements and Tenant's Property. Landlord shall not be liable for any loss of business, inconvenience or annoyance arising from any repair or restoration of any portion of the Premises, Building or Project as a result of any damage from fire or other casualty.

f. Tenant shall not be released from any of its obligations under this Lease except to the extent and upon the conditions expressly stated in this Section 19. Notwithstanding anything to the contrary contained in this Section 19, if this Lease is not terminated but Landlord is delayed or prevented from repairing or restoring the damaged Premises within six (6) months after the occurrence of such damage or destruction by reason of acts of God, war, governmental restrictions, inability to procure necessary labor or materials, or other cause beyond Landlord's control, Landlord may, at its election, be relieved of its obligation to make such repairs or restoration and if Landlord so elects, Landlord and Tenant shall be released from their obligations under this Lease as of the end of such six (6) month period. Landlord shall give Tenant notice of such election within thirty (30) days following expiration of such six (6) month period.

g. Notwithstanding anything to the contrary contained in this Section 19, Landlord shall have no obligation to repair, reconstruct or restore the Premises, Building or Project when the damage resulting from any casualty covered under this Section 19 occurs during the last six (6) months of the Term or any extension thereof if the cost to repair the damage exceeds one month's Base Rent.

h. Intentionally deleted.

i. This Lease shall be considered an express agreement governing any case of damage to or destruction of the Premises, Building or Project by fire or other casualty, and any present or future law which purports to govern the rights of Landlord and Tenant in such circumstances in the absence of express agreement shall have no application.

j. Landlord and Tenant agree that the foregoing provisions of this Paragraph 19 are to govern their respective rights and obligations in the event of any damage or destruction and supersede and are in lieu of the provisions of any applicable law, statute, ordinance, rule, regulation, order or ruling now or hereafter in force which provide remedies for damage or destruction of leased premises (including, without limitation, to the extent the Premises are located in California, the provisions of California Civil Code Section 1932, Subsection 2, and Section 1933, Subsection 4 and any successor statute or laws of a similar nature).

20. EMINENT DOMAIN.

a. If the whole of the Building or Premises is lawfully taken by condemnation or in any other manner for any public or quasi-public purpose, this Lease shall terminate as of the date of such taking of title or possession, whichever first occurs, and Rent shall be prorated to such date. If less than the whole of the Building or Premises is so taken, this Lease shall be unaffected by such taking, provided that (i) Tenant shall have the right to terminate this Lease by notice to Landlord given within ninety (90) days after the date of such taking if twenty percent (20%) or more of the Premises is taken and the remaining area of the Premises is not reasonably sufficient for Tenant to continue operation of its business, and (ii) Landlord shall have the right to terminate this Lease by notice to Tenant given within ninety (90) days after the date of such taking. If either Landlord or Tenant so elects to terminate this Lease, this Lease shall terminate on the thirtieth (30th) day after either such notice. The Rent shall be prorated to the date of termination. If this Lease continues in force upon such partial taking, the Base Rent and Tenant's Percentage Share shall be equitably adjusted according to the remaining Rentable Square Feet of the Premises and Project.

b. In the event of any taking, partial or whole, all of the proceeds of any award, judgment or settlement payable by the condemning authority shall be the exclusive property of Landlord, and Tenant hereby assigns to Landlord all of its right, title and interest in any award, judgment or settlement from the condemning authority. Tenant, however, shall have the right to the extent that Landlord's award is not reduced or prejudiced, to claim from the condemning authority (but not from Landlord) such compensation as may be recoverable by Tenant in its own right for relocation expenses and damage to Tenant's personal property.

c. In the event of a partial taking of the Premises which does not result in a termination of this Lease, Landlord shall restore the remaining portion of the Premises as nearly as practicable to its condition prior to the condemnation or taking, but only to the extent of Building Standard Work. Tenant shall be responsible at its sole cost and expense for the repair, restoration and replacement of any other Leasehold Improvement and Tenant's Property.

d. In the event of a taking of the Premises or any part thereof for temporary use, (i) this Lease shall be and remain unaffected thereby and Rent shall not abate, and (ii) Tenant shall be entitled to receive for itself such portion(s) of any award made for such use for the period of the taking which is within the Term, provided that if such taking shall remain in force at the expiration or earlier termination of this Lease, Tenant shall then pay to Landlord a sum equal to the reasonable cost of performing Tenant's obligations under Section 18 with respect to surrender of the Premises, and upon such payment Tenant shall be excused from such obligations. For purposes of this Section 20.d., a temporary taking shall be defined as a taking for a period of two hundred seventy (270) days or less.

21. INDEMNIFICATION.

a. Except for when caused by the negligence or misconduct of Landlord or its employees or agents, Tenant shall indemnify and hold Landlord harmless against and from liability and claims of any kind for loss or damage to property of Landlord, Tenant or any other person, or for any injury to or death of any person, arising out of: (1) Tenant's use and occupancy of the Premises, or any work, activity or other things allowed or suffered by Tenant to be done in, on or about the Premises; (2) any breach or default by Tenant of any of Tenant's obligations under this Lease; or (3) any act or omission of Tenant, its agents, employees, invitees or contractors. Tenant shall, at Tenant's sole cost and expense, and by counsel approved by Landlord in writing, promptly defend Landlord in any action or proceeding arising from any such claim and shall indemnify Landlord against reasonable costs, attorneys' fees,

expert witness fees and any other expenses incurred in such action or proceeding. As a material part of the consideration for Landlord's execution of this Lease, Tenant hereby assumes all risk of damage or injury to any person or property (including the loss of property by theft or otherwise) in, on or about the Premises from any cause except for when caused by the negligence or misconduct of Landlord or its employees or agents.

b. Except for when caused by the negligence or misconduct of Landlord or its employees or agents, Landlord shall not be liable for injury or damage which may be sustained by the person or property of Tenant, its employees, invitees or customers, or any other person in or about the Premises, caused by or resulting from fire, steam, electricity, gas, water or rain which may leak or flow from or into any part of the Premises, or from the breakage, leakage, obstruction or other defects of pipes, sprinklers, wires, appliances, plumbing, heating, ventilation or air-conditioning systems or lighting fixtures, whether such damage or injury results from conditions arising upon the Premises or upon other portions of the Building or Project or from other sources. Landlord shall not be liable for any damages arising from any act or omission of any other tenant of the Building or Project. Landlord or its agents shall not be liable for any claims of interference with any easements of right or air claimed to belong to Tenant or the Premises or with other incorporeal hereditaments (if any) associated with this Lease of the Premises. Tenant shall give prompt notice to Landlord in case of fire or accidents in the Premises, Building or Project or of defects therein or in the fixtures or equipment located therein.

22. **TENANT'S INSURANCE.**

a. On or before the earlier to occur of (i) the Commencement Date, or (ii) the date Tenant commences any work of any type in the Premises pursuant to this Lease (which may be prior to the Commencement Date), and continuing throughout the entire Term hereof and any other period of occupancy, Tenant agrees to keep in full force and effect, at its sole cost and expense, the insurance specified on Exhibit "F" attached hereto. Landlord reserves the right to require any other form or forms of insurance as Tenant or Landlord or any mortgagees of Landlord may reasonably require from time to time in form, in amounts, and for insurance risks against which, a prudent tenant would protect itself, but only to the extent coverage for such risks and amounts are available in the insurance market at commercially acceptable rates. Landlord makes no representation that the limits of liability required to be carried by Tenant under the terms of this Lease are adequate to protect Tenant's interests and Tenant should obtain such additional insurance or increased liability limits as Tenant deems appropriate.

b. All policies required to be held by Tenant under this Lease must be in a form reasonably satisfactory to Landlord and issued by an insurer admitted to do business in the State. All policies must be issued by insurers with a policyholder rating of "A-" and a financial rating of "VIII" in the most recent version of Best's Key Rating Guide. All policies must contain a requirement to notify Landlord (and Landlord's property manager and any mortgagees or ground lessors of Landlord who are named as additional insured, if any) in writing not less than thirty (30) days prior to any material change, reduction in coverage except for reduction by claim-related activity, cancellation or other termination thereof. Tenant agrees to deliver to Landlord, as soon as practicable after placing the required insurance, but in any event within the time frame specified in Subparagraph 22(a) above, certificate(s) of insurance and/or if required by Landlord, copies of each policy evidencing the existence of such insurance and Tenant's compliance with the provisions of this Paragraph 22. Tenant agrees to cause policies or certificates to be delivered to Landlord not less than thirty (30) days prior to the expiration of any such policy or policies. Each policy shall contain: (A) a cross-liability endorsement; (B) a provision that such policy and the coverage evidenced thereby shall be primary and noncontributing with respect to any policies carried by Landlord which shall be excess insurance; and (C) with respect to workers' compensation only, a waiver by the insurer of any right of subrogation against Landlord, its agents, employees and representatives, which arises or might arise by reason of any payment under such policy or by reason of any act or omission of Landlord, its agents, employees or representatives. Tenant has the right to provide self insurance in lieu of insurance with respect to this Lease.

23. **LANDLORD'S INSURANCE.** During the Term Landlord shall maintain special perils real property insurance covering the Project, Building and the Building Standard Work (excluding personal property of Tenant) at replacement cost). Such insurance shall provide protection against any peril included within the classification "Fire and Extended Coverage". Landlord shall also maintain commercial general liability with limits of \$1 million per occurrence and \$2 million in aggregate, with respect to the use, operation and condition of the Common Areas of the Building and Project.

24. **WAIVER OF SUBROGATION.** Landlord and Tenant each hereby waive all rights of recovery against the other and against the officers, employees, agents and representatives of the other, on account of loss by or damage to the waiving party or its property or the property of others under its control, to the extent that such loss or damage is insured against under any real property insurance policy which either may have in force at the time of the loss or damage. Tenant shall, upon obtaining the policies of insurance required under this Lease, give notice to its insurance carrier or carriers that this mutual waiver of subrogation is contained in this Lease.

25. **SUBORDINATION AND ATTORNMENT.** At the election of Landlord or any mortgagee or beneficiary with a deed of trust encumbering the Building or the Project or any portion thereof, or any lessor of a ground or underlying lease with respect to the Building or the Project or any portion thereof, this Lease will be subject and subordinate at all times to: (i) all ground leases or underlying leases which may now exist or hereafter be executed affecting the Building and/or the Project; and (ii) all of the terms and provisions of any mortgage or deed of trust or any other hypothecation for security now or hereafter placed upon the Premises, the Building, the Project or any portion thereof, or Landlord's interest and estate in any of same, and to any and all advances made on the security thereof and to all renewals, modifications, consolidations, replacements and extensions thereof which may now exist or hereafter be executed. Notwithstanding the foregoing, if any mortgagee, trustee or ground lessor shall elect to have this Lease prior to the lien of its mortgage or deed of trust or to its ground lease, and shall give written notice thereof to Tenant at any time prior to the transfer of the Premises in foreclosure or by deed in lieu of foreclosure of such lien or otherwise (or at any time prior to the termination of the ground lease, as the case may be), then, notwithstanding any prior subordination, this Lease shall be deemed prior to such mortgage, deed of trust, or ground lease, whether this Lease is dated prior or subsequent to the date of said mortgage, deed of trust or ground lease or the date of recording thereof.

Notwithstanding the foregoing provisions of this Section 25, in the event any proceedings are brought for foreclosure, or in the event of the exercise of the power of sale under any mortgage or deed of trust made by Landlord covering the Premises, Tenant shall, at the new owner's option, attorn to the purchaser upon any such foreclosure or sale and recognize such purchaser as Landlord under this Lease. Additionally, the transferee of the Premises upon any foreclosure sale or pursuant to any deed in lieu of foreclosure or other transfer (or the ground lessor in the event of a termination of a ground lease) shall have the right, whether or not this Lease has been terminated by or in connection with such transfer or termination of ground lease (whether voluntarily, involuntarily or by operation of law), to require Tenant to enter into a new lease of the Premises (with the transferee or ground lessor as landlord) on terms and conditions identical to those as set forth in this Lease, except that the term of the new lease shall expire on the date specified herein for the expiration of the term of this Lease.

Tenant agrees not to amend this Lease without the prior written consent of the holder or beneficiary of any mortgage or deed of trust encumbering the Premises. If any such holder or beneficiary succeeds to Landlord's interest under this Lease, then no such amendment shall be binding upon such holder or beneficiary unless consented to by such holder or beneficiary. Tenant further agrees that any successor to Landlord (including any holder or beneficiary of any mortgage or deed of trust who succeeds to Landlord's interest under this Lease by foreclosure of any such mortgage or deed of trust (or deed in lieu thereof)) shall not be liable for any acts or omissions of any prior landlord under this Lease or be subject to any offsets or defenses which Tenant may have against any prior landlord under this Lease.

The provisions hereof are intended to be self-executing and do not require the necessity of any additional document being executed by Tenant for the purpose of effecting same. Tenant nevertheless agrees to execute and deliver to Landlord, within ten (10) days after request therefor, any documents reasonably requested by Landlord to effectuate or evidence any subordination or attornment, to make this Lease prior to the lien of any mortgage, deed of trust or ground lease or to enter into a new lease, each as described above in this Section 25, and failing to do so: (i) Tenant shall be in default hereunder with no right to further notice or cure, and (ii) Tenant hereby irrevocably appoints Landlord as Tenant's attorney-in-fact to execute and deliver such documents for Tenant, such power, being coupled with an interest and being irrevocable. Without limitation on any of the foregoing, Tenant hereby waives its rights under any law which gives or purports to give Tenant any right to terminate or otherwise adversely affect this Lease and the obligations of Tenant hereunder in the event of any such foreclosure proceeding, sale or termination of ground lease.

26. **TENANT ESTOPPEL CERTIFICATES.** Within thirty (30) days after written request from either party, the requested party shall execute and deliver to the requesting party or the requesting party's lender and/or purchaser, a written statement substantially in the form as may be required by the requesting party's lender and/or purchaser certifying (a) that this Lease is unmodified and in full force and effect, or is in full force and effect as modified and stating the modifications; (b) the amount of Base Rent and the date to which Base Rent and additional rent have been paid in advance; (c) the amount of any security deposited with Landlord; (d) that the parties are not in default hereunder or, if a party is claimed to be in default, stating the nature of any claimed default; and (e) as to such other items relating to this Lease as may be reasonably requested by the requesting party or the requesting party's lender and/or purchaser. Any such statement may be relied upon by a purchaser, assignee or lender. The requested party's failure to execute and deliver such statement within the time required shall at the requesting party's election be a default under this Lease and shall also be conclusive upon the requested party that: (1) this Lease is in full force and effect and has not been modified except as represented by the requesting party; (2) there are no uncured defaults in the requesting party's performance and that the requested party has no right of offset, counterclaim or deduction against Rent; and (3) not more than one month's Rent has been paid in advance.

27. **TRANSFER OF LANDLORD'S INTEREST.** In the event of any sale or transfer by Landlord of the Premises, Building or Project, and assignment of this Lease by Landlord, Landlord shall be and is hereby entirely freed and relieved of any and all liability and obligations contained in or derived from this Lease arising out of any act, occurrence or omission relating to the Premises, Building, Project or Lease occurring after the consummation of such sale or transfer. If any security deposit or prepaid Rent has been paid by Tenant, Landlord shall transfer the security deposit or prepaid Rent to Landlord's successor and upon such transfer Landlord shall be relieved of any and all further liability with respect thereto.

28. **DEFAULT.** A "default" is defined in Section 28.1. A "breach" is defined as the occurrence of one or more defaults, and the failure of Tenant to cure such default within any applicable grace period.

28.1 Tenant's Default. The occurrence of any one or more of the following events shall constitute a default under this Lease by Tenant:

(a) if Tenant abandons or vacates the Premises (abandonment is herein defined to include, but is not limited to, any absence by Tenant from the Premises for five (5) business days or longer while in default of any provision of this Lease); or

(b) if Tenant fails to pay any Rent or any other charges required to be paid by Tenant under this Lease and such failure continues for thirty (30) days after written notice from Landlord to Tenant. If the default cannot reasonably be cured within said thirty (30) days, Tenant shall not be in default of this Lease if Tenant commences to cure the default within the thirty (30) day period and diligently, and in good faith, continues to cure the default; or

(c) if Tenant fails to promptly and fully perform any other covenant, condition or agreement contained in this Lease except as set forth in a. and b. above and such failure continues for thirty (30) days after written notice thereof from Landlord to Tenant (such notice shall be in lieu of, and not in addition to, any notice required under applicable Unlawful Detainer statutes); If the default cannot reasonably be cured within said thirty (30) days, Tenant shall not be in default of this Lease if Tenant commences to cure the default within the thirty (30) day period and diligently, and in good faith, continues to cure the default; or

(d) if Landlord receives notice from any state, federal or local law enforcement agency, evidencing that criminal activity of any kind was allowed by Tenant to take place within the Premises with the knowledge of Tenant and/or the person(s) in possession of the Premises (such default shall immediately be deemed an incurable default and Landlord shall have the right to terminate this Lease upon five (5) days written notice); or

(e) if a writ of attachment or execution is levied on this Lease or on any of Tenant's Property; or

(f) if Tenant makes a general assignment for the benefit of creditors, or provides for an arrangement, composition, extension or adjustment with its creditors; or

(g) if in any proceeding or action in which Tenant is a party, a trustee, receiver, agent or custodian is appointed to take charge of the Premises or Tenant's Property (or has the authority to do so) for the purposes of enforcing a lien against the Premises or Tenant's Property.

The provisions of this Section 28.1 are subject to any applicable provisions of Section 30 of this Lease.

28.2 Remedies. In the event of Tenant's default and breach hereunder, then in addition to any other rights or remedies Landlord may have under any law, Landlord shall have the right, at Landlord's option, without further notice or demand of any kind to do the following:

(a) Terminate this Lease and Tenant's right to possession of the Premises and reenter the Premises and take possession thereof, and Tenant shall have no further claim to the Premises or under this Lease; or

(b) Continue this Lease in effect, reenter and occupy the Premises for the account of Tenant, and collect any unpaid Rent or other charges which have or thereafter become due and payable; or

(c) Reenter the Premises under the provisions of subparagraph b., and thereafter elect to terminate this Lease and Tenant's right to possession of the Premises.

If Landlord reenters the Premises under the provisions of subparagraphs b. or c. above, Landlord shall not be deemed to have terminated this Lease or the obligation of Tenant to pay any Rent or other charges thereafter accruing, unless Landlord notifies Tenant in writing of Landlord's election to terminate this Lease. In the event of any reentry or retaking of possession by Landlord, Landlord shall have the right, but not the obligation, to remove all or any part of Tenant's Property in the Premises and to place such property in storage at a public warehouse at the expense and risk of Tenant. If Landlord elects to relet the Premises for the account of Tenant, the rent received by

Landlord from such reletting shall be applied as follows: first, to the payment of any indebtedness other than Rent due hereunder from Tenant to Landlord; second, to the payment of any costs of such reletting; third, to the payment of the cost of any alterations or repairs to the Premises; fourth to the payment of Rent due and unpaid hereunder; and the balance, if any, shall be held by Landlord and applied in payment of future Rent as it becomes due. If that portion of rent received from the reletting which is applied against the Rent due hereunder is less than the amount of the Rent due, Tenant shall pay the deficiency to Landlord promptly upon demand by Landlord. Such deficiency shall be calculated and paid monthly. Tenant shall also pay to Landlord, as soon as determined, any costs and expenses incurred by Landlord in connection with such reletting or in making alterations and repairs to the Premises, which are not covered by the rent received from the reletting.

Should Landlord elect to terminate this Lease under the provisions of subparagraph a. or c. above, Landlord may recover as damages from Tenant the following:

(i) Past Rent. The worth at the time of the award of any unpaid Rent which had been earned at the time of termination; plus

(ii) Rent Prior to Award. The worth at the time of the award of the amount by which the unpaid Rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus

(iii) Rent After Award. The worth at the time of the award of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds the amount of the rental loss that Tenant proves could be reasonably avoided.

"The worth at the time of the award" as used above, is to be computed by allowing interest at the rate of ten percent (10%) per annum. "The worth at the time of the award" as used in subparagraph 3. above, is to be computed by discounting the applicable amount at the discount rate of the Federal Reserve Bank situated nearest to the Premises at the time of the award plus one percent (1%).

All rights, options and remedies of Landlord contained in this Lease shall be construed and held to be cumulative, and no one of them shall be exclusive of any other, and Landlord shall have the right to pursue any one or all of such remedies or another remedy or relief which may be provided by law, whether or not stated in this Lease.

28.3 Landlord's Default. If Landlord fails to perform any covenant, condition, or agreement contained in this Lease within thirty (30) days after receipt of written notice from Tenant specifying such failure (or if such failure cannot reasonably be cured within thirty (30) days, if Landlord does not commence to cure the failure within that thirty (30) day period), then such failure shall constitute a default and breach hereunder and Landlord shall be liable to Tenant for any damages sustained by Tenant as a result of Landlord's default; provided, however, it is expressly understood and agreed that if Tenant obtains a money judgment against Landlord resulting from any default or other claim arising under this Lease, that judgment shall be satisfied only out of the rents, issues, profits, and other income actually received on account of Landlord's right, title and interest in the Premises, Building or Project, and no other real, personal or mixed property of Landlord (or of any of the partners which comprise Landlord, if any, or of the officers, shareholders, directors, partners or principals of such partners comprising Landlord, (if any) wherever situated), shall be subject to levy, attachment or execution, or otherwise used to satisfy any such judgment. Tenant hereby waives any right to satisfy a judgment against Landlord except from the rents, issues, profits and other income actually received on account of Landlord's right, title and interest in the Premises, Building or Project. Tenant shall have the right to terminate this Lease or to withhold, reduce or offset any amount against any payments of Rent or any other charges due and payable under this Lease except as otherwise specifically prohibited herein.

30. **TENANT'S BANKRUPTCY.**

(a) Prior to Commencement Date. If prior to the Commencement Date there is filed by or against Tenant in any court pursuant to any statute of the United States or any State, a petition in bankruptcy or insolvency or for reorganization or for the appointment of a receiver or trustee or conservator of all or a portion of Tenant's Property, or if Tenant makes an assignment for the benefit of creditors, this Lease shall ipso facto be canceled and terminated. In such event neither Tenant nor any person claiming through or under Tenant or by virtue of any statute or by an order of any court shall be entitled to possession of the Premises, and Landlord, in addition to the other rights and remedies given by Section 30.4 hereof, any other provisions in this Lease, or any statute or rule of law, may retain as damages any Rent, security deposit or sums received by it from or on behalf of Tenant.

(b) During Term. If during the Term there is filed by or against Tenant in any court pursuant to any statute of the United States or any State, a petition in bankruptcy or insolvency or for reorganization or for the appointment of

a receiver or trustee or conservator of all or a portion of Tenant's Property, or if Tenant makes an assignment for the benefit of creditors, this Lease may, at the option of Landlord (which option shall be exercised within a reasonable time after notice of the occurrence of any one or more of such events), be canceled and terminated. In the event of such termination by Landlord, neither Tenant nor any person claiming through or under Tenant or by virtue of any statute or of an order of any court shall be entitled to possession or to remain in possession of the Premises, and shall forthright quit and surrender the Premises. Landlord, in addition to the other rights and remedies granted by Section 30.4 hereof, any other provision in this Lease or any statute or rule of law, may retain as damages any Rent, security deposit or sums received by it from or on behalf of Tenant.

(c) Tenant's Assumption or Rejection of Lease. If any event specified in this Section 30 occurs and Landlord has not, or by law cannot, exercise its right to terminate this Lease, then subject to any other rights of Landlord hereunder or conferred by law, (i) Tenant, as debtor in possession, or its trustee in bankruptcy shall assume or reject this Lease within sixty (60) days after issuance of an order for relief by the Bankruptcy Court; (ii) Tenant or its trustee shall honor and timely perform all obligations of Tenant under this Lease until the decision to assume or reject this Lease is made; and (iii) if no decision to assume or reject this Lease is made within the sixty (60) day period provided for, this Lease shall be deemed rejected and Tenant or its trustee shall surrender possession of the Premises to Landlord immediately. If Tenant or its Trustee elects to assume this Lease, Tenant and/or its trustee in bankruptcy shall timely perform all obligations of Tenant hereunder.

Notwithstanding anything contained in this Lease to the contrary, if this Lease is rejected in any bankruptcy proceeding filed by or against Tenant, and the effective date of rejection is on or after the date upon which that month's rent is due and owing, then the Rent owing under this Lease for the month during which the effective date of such rejection occurs shall be due and payable in full and shall not be prorated.

(d) Measure of Damages. In the event of termination of this Lease pursuant to Sections 30.1 or 30.2 above, or rejection of this Lease pursuant to Section 30(c) above, Landlord shall be entitled to the same rights and remedies as are set forth in Section 28.2 of this Lease.

31. **BROKERS**. Tenant is represented in the negotiation of this Lease by Tenant's Broker. Tenant warrants and represents that it has not dealt with any real estate broker or agent in connection with this Lease or its negotiation except Tenant's Broker. Tenant shall indemnify and hold Landlord harmless from any cost, expense or liability (including costs of suit and reasonable attorneys' fees) for any compensation, commission or fees claimed by Tenant's Broker in connection with this Lease or its negotiation by reason of any act of Tenant.

32. **NOTICES AND CONSENTS**. All notices, consents, demands and other communications from one party to the other that are given pursuant to the terms of this Lease shall be in writing and shall be deemed to have been fully given two (2) full business days following deposit in the United States mail, certified or registered, postage prepaid, or one (1) business day following transmittal by reputable overnight courier (such as Federal Express), or when hand delivered, to the respective addresses for delivery of notices specified in the Basic Lease Information, or to such other place as either party may from time to time designate in a notice to the other party. Notwithstanding the foregoing, Tenant hereby appoints as its agent to receive the service of all dispossessory or distraint proceedings and notices thereunder the person in charge of or occupying the Premises at the time, and, if no person shall be in charge of or occupying the same, then such service may be made by attaching the same on the main entrance of the Premises.

33. **GOVERNMENT ENERGY OR UTILITY CONTROLS**. In the event of imposition of federal, state, or local government controls, regulations, or restrictions on the use or consumption of energy or other utilities during the Term, both Landlord and Tenant shall be bound thereby.

34. Intentionally deleted.

35. **QUIET ENJOYMENT**. Tenant, upon paying the Rent and performing all of its obligations under this Lease, shall peaceably and quietly enjoy the Premises, subject to the terms of this Lease and to any mortgage, lease or other agreement to which this Lease may be subordinate.

36. **OBSERVANCE OF LAW**. Tenant shall not use the Premises or permit anything to be done in or about the Premises which will in any way conflict with any law, statute, ordinance or governmental rule or regulation now in force or which may hereafter be enacted or promulgated. Tenant shall, at its sole cost and expense, promptly comply with all laws, statutes, ordinances and governmental rules, regulations or requirements now in force or which may hereafter be in force, and with the requirements of any board of fire insurance underwriters or other similar bodies now or hereafter constituted, relating to, or affecting the condition, use or occupancy of the Premises, excluding structural changes not relating to or affected by Tenant's improvements or acts. The judgment of any court of

competent jurisdiction or the admission of Tenant in any action against Tenant, whether Landlord is a party thereto or not, that Tenant has violated any law, statute, ordinance or governmental rule, regulation or requirement, shall be conclusive of that fact as between Landlord and Tenant.

37. **FORCE MAJEURE.** Any prevention, delay or stoppage of work to be performed by Landlord or Tenant which is due to strikes, labor disputes, inability to obtain labor, materials, equipment or reasonable substitutes therefor, acts of God, governmental restrictions or regulations or controls, judicial orders, enemy or hostile government actions, civil commotion, fire or other casualty, or other causes beyond the reasonable control of the party obligated to perform hereunder, shall excuse performance of the work by that party for a period equal to the duration of that prevention, delay or stoppage.

38. **DEFINITION OF LANDLORD.** The term "Landlord" as used in this Lease and as it relates to covenants or obligations of Landlord hereunder, shall be limited to mean and include only the owner or owners, at the time in question, of the fee title to, or a lessee's interest in a ground lease of the Property. In the event of any transfer, assignment or other conveyance or transfers of any such title or interest, Landlord herein named (and in case of any subsequent transfers or conveyances, the then grantor) shall be automatically freed and relieved from and after the date of such transfer, assignment or conveyance of all liability as respects the performance of any covenants or obligations on the part of Landlord contained in this Lease thereafter to be performed and, without further agreement, the transferee of such title or interest shall be deemed to have assumed and agreed to observe and perform any and all obligations of Landlord hereunder, during its ownership of the Premises. Any funds in the possession of Landlord or the then grantor in which Tenant has an interest shall be delivered to the grantee. Landlord may transfer its interest in the Premises without the consent of Tenant and such transfer or subsequent transfer shall not be deemed a violation on Landlord's part of any of the terms and conditions of this Lease.

39. **SIGNAGE.**

(a) Tenant shall not affix, paint, erect or inscribe any sign, projection, awning, signal or advertisement of any kind to any part of the Premises, Building or Project, including without limitation, the inside or outside of windows or doors, or on the Common Area sidewalks without the written consent of Landlord. Temporary signage during one-day events are exempted. Landlord shall have the right to remove any signs or other matter installed without Landlord's permission, without being liable to Tenant by reason of such removal.

(b) Window Displays. No window display case or platform or menu or signage of any type whatsoever shall be constructed or placed by Tenant in the Premises, nor shall Tenant store anything in the Premises, so that it may be viewed from or through an outside window or door unless Tenant first obtains Landlord's consent to its placement therein and approval as to its design, quality and construction, which consent and approval will not be unreasonably withheld. Tenant will not place a display or change a display in or on any aforementioned window display case or platform or in any window without prior approval of Landlord as to the suitability of the subject matter, design and quality of the display.

Subject to applicable laws, Tenant shall have its window displays, exterior signs and exterior advertising displays adequately illuminated continuously during those hours and days that the Premises are required to be open for business to the public and shall maintain its show windows, signs and storefront entrance door in neat, clean and orderly condition. If, as to any such sign, show window or entrance floor located on an exposure to other stores, the Common Area or the parking areas, Tenant shall fail to do so within two (2) days after receipt of written notice from Landlord, Landlord may repair, clean or maintain such exterior sign, show window or entrance floor. Tenant shall not be entitled to render any service or sell any product or item not included in the Permitted Use.

40. **PARKING.**

a. Unless Tenant is in default hereunder, Tenant shall be entitled to the number of vehicle parking spaces designated in paragraph 2(r). Parking shall be on those portions of the Common Areas designated by Landlord for parking. Landlord reserves the right to set and increase monthly rates for such parking privileges from time to time during the Term. Landlord may assign any unreserved and unassigned parking privileges and/or make all or a portion of such privileges reserved, if it determines in its sole discretion that it is necessary or desirable for orderly and efficient parking. The employees of Tenant shall not be permitted to park their cars in the parking areas which may from time to time be designated for tenants, visitors, or invitees of the Building or Project. Tenant shall not use more parking privileges than it is allocated. If Landlord has not assigned specific spaces to Tenant, Tenant shall not use any spaces which have been specifically assigned by Landlord to other tenants or for such other uses as visitor parking or which have been designated by governmental entities with competent jurisdiction as being restricted to certain uses.

b. Tenant shall not permit or allow any vehicles that belong to or are controlled by Tenant or Tenant's employees, suppliers, shippers, customers, or invitees to be loaded, unloaded, or parked in areas other than those designated by Landlord for such activities.

c. If Tenant permits or allows any activity prohibited by this Section 40, then Landlord shall have the right, without notice and in addition to any other rights and remedies as it may have, to remove or tow away the vehicle involved.

d. Tenant shall comply with (and cause its agents, contractors, employees and invitees to comply with) such parking rules and regulations (including reasonable modifications thereof and additions thereto) as Landlord may from time to time make. Landlord shall not be responsible for any violation of said rules and regulations by other tenants or occupants of the Building or Project.

e. Landlord reserves at all times the right to substitute any parking privileges being used by Tenant with an equivalent number of parking privileges located in a parking structure, subterranean parking facility, or surface parking area within a reasonable distance of the Premises.

41. **MODIFICATION AND CURE RIGHTS OF LANDLORD'S MORTGAGEES AND LESSORS.** Tenant agrees to execute any reasonable amendments to this Lease which may be requested by any lender or ground lessor of the Project, provided any such amendments do not increase the obligations of Tenant under this Lease or adversely affect the leasehold estate created by this Lease and provided any such amendments are authorized by the Tenant's City Council. In the event of any default on the part of Landlord, Tenant will give notice by registered or certified mail to any beneficiary of a deed of trust or mortgage covering the Premises or ground lessor of Landlord whose address has been furnished to Tenant, and Tenant agrees to offer such beneficiary, mortgagee or ground lessor a reasonable opportunity to cure the default (including with respect to any such beneficiary or mortgagee, time to obtain possession of the Premises, subject to this Lease and Tenant's rights hereunder, by power of sale or a judicial foreclosure, if such should prove necessary to effect a cure).

42. **WAIVER.** The waiver by either party of any breach of any term, covenant or condition herein contained will not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant or condition herein contained, nor will any custom or practice which may develop between the parties in the administration of the terms hereof be deemed a waiver of or in any way affect the right of either party to insist upon performance in strict accordance with said terms. The subsequent acceptance of rent or any other payment hereunder by Landlord will not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease, other than the failure of Tenant to pay the particular rent so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such rent. No acceptance by Landlord of a lesser sum than the basic rent and additional rent or other sum then due will be deemed to be other than on account of the earliest installment of such rent or other amount due, nor will any endorsement or statement on any check or any letter accompanying any check be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such installment or other amount or pursue any other remedy provided in this Lease. The consent or approval of Landlord to or of any act by Tenant requiring Landlord's consent or approval will not be deemed to waive or render unnecessary Landlord's consent or approval to or of any subsequent similar acts by Tenant.

43. **SIGNS.** In connection with the signage program for the Project attached hereto as Exhibit "G", Landlord will designate the location on the Premises, if any, for one or more Tenant identification sign(s). Tenant has no right to install Tenant identification signs in any other location in, on or about the Premises or the Project and will not display or erect any other signs, displays or other advertising materials that are visible from the exterior of the Building or from within the Building in any interior or exterior common areas. Landlord shall provide Tenant with one-time allowance of \$3,000, which Tenant shall use for installation of Tenant's identification signage at the Project. In the event that Landlord erects a monument sign at the Project with space available for tenants of the Project, Tenant shall have the right to a portion of such monument sign to display Tenant's name.

The size, design, color and other physical aspects of any and all permitted sign(s) will be subject to (i) Landlord's written approval prior to installation, which approval may be withheld in Landlord's discretion, (ii) any covenants, conditions or restrictions and sign criteria governing the Project, and (iii) any applicable municipal or governmental permits and approvals. Tenant will be solely responsible for all costs for installation, maintenance, repair and removal of any Tenant signage. Landlord shall supply one (1) 110v outlet to the exterior facade of the Premises for Tenant's signage, if lighting is required by the signage program for the Project". If Tenant fails to remove Tenant's sign(s) upon termination of this Lease and repair any damage caused by such removal, Landlord may do so at Tenant's sole cost and expense. Tenant agrees to reimburse Landlord for all costs incurred by Landlord to effect any installation, maintenance or removal on Tenant's account. Any sign rights granted to Tenant

under this Lease are personal to Tenant and may not be assigned, transferred or otherwise conveyed to any assignee or subtenant of Tenant without Landlord's prior written consent, which consent Landlord may withhold in its sole and absolute discretion.

44. **LIMITATION ON LIABILITY.** In consideration of the benefits accruing hereunder, Tenant on behalf of itself and all successors and assigns of Tenant covenants and agrees that, in the event of any actual or alleged failure, breach or default hereunder by Landlord: (a) Tenant's recourse against Landlord for monetary damages will be limited to Landlord's interest in the Building including, subject to the prior rights of any Mortgagee, Landlord's interest in the rents of the Building and any insurance proceeds payable to Landlord, and in no event shall Tenant have the right to levy upon any of Landlord's other property or assets to satisfy any judgment or claim Tenant may have against Landlord; (b) except as may be necessary to secure jurisdiction of the partnership, no partner of Landlord shall be sued or named as a party in any suit or action and no service of process shall be made against any partner of Landlord; (c) no partner of Landlord shall be required to answer or otherwise plead to any service of process; (d) no judgment will be taken against any partner of Landlord and any judgment taken against any partner of Landlord may be vacated and set aside at any time after the fact; (e) no writ of execution will be levied against the assets of any partner of Landlord; (f) the obligations under this Lease do not constitute personal obligations of the individual partners, directors, officers or shareholders of Landlord, and Tenant shall not seek recourse against the individual partners, directors, officers or shareholders of Landlord or any of their personal assets for satisfaction of any liability in respect to this Lease; and (g) these covenants and agreements are enforceable both by Landlord and also by any partner of Landlord.

45. **MISCELLANEOUS.**

a. Accord and Satisfaction; Allocation of Payments. No payment by Tenant or receipt by Landlord of a lesser amount than the Rent provided for in this Lease shall be deemed to be other than on account of the earliest due Rent, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as Rent be deemed an accord and satisfaction. Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of the Rent or pursue any other remedy provided for in this Lease.

b. Addenda. If any provision contained in an addendum to this Lease is inconsistent with any other provisions herein, the provisions contained in the addendum shall control, unless otherwise provided in the addendum.

c. Captions and Section Numbers. The captions appearing in the body of this Lease have been inserted as a matter of convenience and for reference only and in no way define, limit or enlarge the scope or meaning of this Lease. All references to Section numbers refer to Sections in this Lease.

d. Changes Requested by Lender. Neither Landlord nor Tenant shall unreasonably withhold its consent to changes or amendments to this Lease requested by any lender of Landlord having a security interest in the Project or this Lease, so long as these changes do not alter the basic business terms of this Lease or otherwise materially diminish any rights or materially increase any obligation of the party from whom consent to such change or amendment is requested.

e. Choice of Law. This Lease shall be construed and enforced in accordance with the laws of the state in which the Project is located.

f. Consent. Notwithstanding anything contained in this Lease to the contrary, the parties shall have no claim, and hereby waives the right to any claim against the non-consenting party for money damages by reason of any refusal, withholding or delaying by the non-consenting party of any consent, approval or statement of satisfaction. The parties only remedies therefor shall be an action for specific performance, injunction or declaratory judgment to enforce any right to such consent, etc.

g. Time of the Essence. Time is of the essence in the performance of all obligations under this Lease.

h. Counterparts. This Lease may be executed in multiple counterparts, all of which shall constitute one and the same Lease.

i. Execution of Lease; No Option. The submission of this Lease to Tenant is for examination purposes only, and does not and shall not constitute a reservation of or option for Tenant to lease, or otherwise create any interest of Tenant in, the Premises or any other premises within the Building or Project. Execution of this Lease by Tenant and its return to Landlord shall not be binding on Landlord notwithstanding any time interval, until Landlord has in fact signed and delivered this Lease to Tenant.

j. Further Assurances. The parties agree to promptly sign all documents reasonably requested to give effect to the provisions of this Lease.

k. Mortgagee Protection. Tenant agrees to send by certified or registered mail to any mortgagee or deed of trust beneficiary of the Project whose address has been furnished to Tenant, a copy of any notice of default served by Tenant on Landlord. If Landlord fails to cure such default within the time provided for in this Lease, such mortgagee or beneficiary shall have an additional thirty (30) days to cure such default; provided that if such default cannot reasonably be cured within that thirty (30) day period, then such mortgagee or beneficiary shall have such additional time to cure the default as is reasonably necessary under the circumstances.

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

m. Attorneys' Fees. If there is any legal proceeding between the parties to enforce or interpret this Lease or to protect or establish any rights or remedies hereunder, the prevailing party shall be entitled to its costs and expenses, including reasonable attorneys' fees.

n. Recording. Tenant shall not record this Lease or any memorandum thereof without the prior written consent of Landlord.

o. Severability. A final determination by a court of competent jurisdiction that any provision of this Lease is invalid shall not affect the validity of any other provision, and any provision so determined to be invalid shall, to the extent possible, be construed to accomplish its intended effect.

p. Successors and Assigns. This Lease shall apply to and bind the heirs, personal representatives, and permitted successors and assigns of the parties.

[SIGNATURES ON FOLLOWING PAGE]

The parties hereto have executed this Lease on the date set forth in the Basic Lease Information.

TENANT:

THE CITY OF LONG BEACH, a municipal corporation

7-20, 2010

By:  **Assistant City Manager**

EXECUTED PURSUANT
TO SECTION 301 OF
THE CITY CHARTER.

~~The foregoing Lease is hereby approved as to form
this _____ day of _____, 2010~~

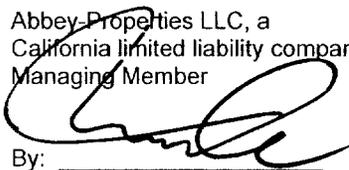
~~By: _____~~

LANDLORD:

**AP-ATLANTIC LLC, a
California limited liability company**

By: DGA-Properties LLC, a
California limited liability company
Its: Managing Member

By: Abbey-Properties LLC, a
California limited liability company
Its: Managing Member



By: _____
Thomas D. Clarke
Its: Vice President & COO

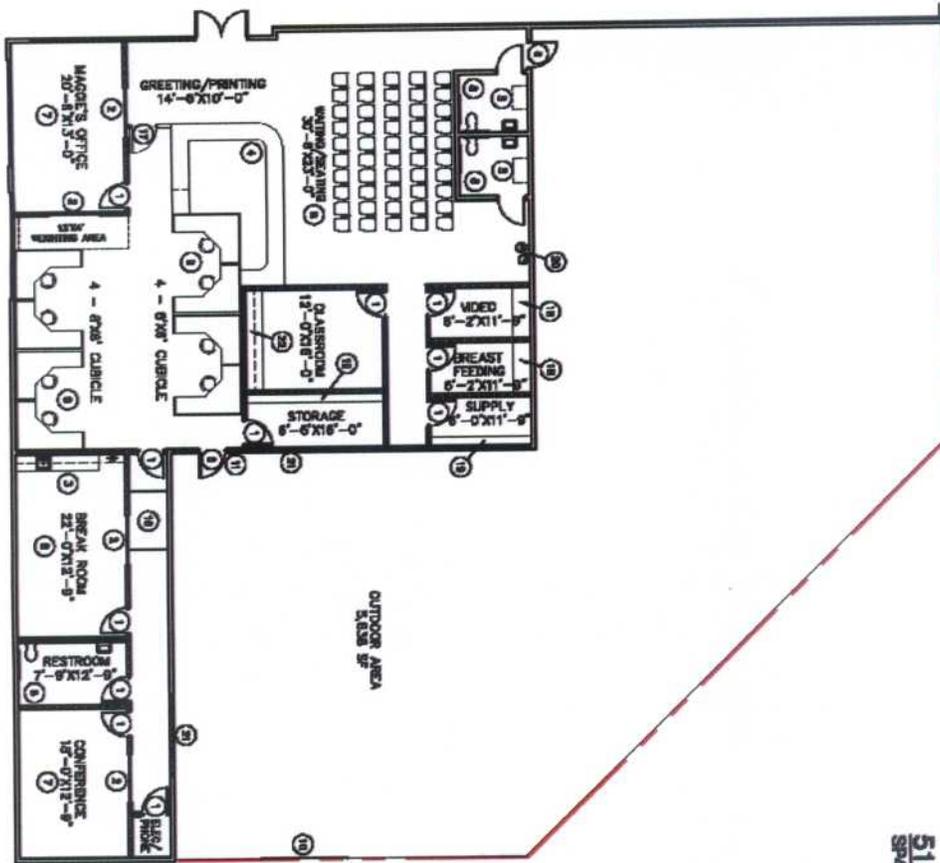
APPROVED AS TO FORM

7/12/2010
ROBERT E. SHANNON, City Attorney

By:  _____
LINDA TRANG
DEPUTY CITY ATTORNEY

EXHIBIT "A"

FLOOR PLAN SHOWING THE PREMISES



5166 ATLANTIC AVE, LONG BEACH
 SPA FOR WIC - 4,079 SF
 DATE: 04/30/10

- NEW GLASS HIGH PARTITION
- EXISTING PARTITION TO REMAIN
- EXISTING PARTITION TO BE REBUILT

- 1 NEW BUILDING STANDAARD HEAVY DUTY DOOR/FRAME WITH LOCK
- 2 NEW 6'x6' WINDOW
- 3 LOWER & UPPER LAMINATE CABINET WITH SINK & 10 GAL WATER HEATER
- 4 BUILT IN RECEPTION AND PRINTING DESK
- 5 NEW ADA RESTROOM W/BANDY CHANGING TABLE
- 6 NEW METAL DOOR WITH PANIC HARDWARE
- 7 NEW CARPET THROUGHOUT U.A.O.
- 8 NEW VCT TILE
- 9 CABLES ARE SHOWN FOR FIT AND FEASIBILITY ONLY. ALL FURNITURE & APPLIANCE ARE PROVIDED BY TENANT
- 10 PROVIDE ELECTRIC GATE DOOR WITH OPENER
- 11 PROVIDE ELECTRIC KEY PAD FOR ACCESS
- 12 PROVIDE CIRCUIT FOR SECURITY SYSTEM
- 13 PROVIDE ELECTRICITY FOR EXTERIOR SIGNAGE
- 14 TRIM ALL EXTERIOR WINDOWS
- 15 PROVIDE NEW T-BAR WITH SECOND LOOK CEILING TILE THROUGHOUT
- 16 NEW RAMP
- 17 NEW HALF HEIGHT DOOR
- 18 LOWER LAMINATED CABINET W/DOOR & WITH COUNTER TOP BUILT IN SHELVES
- 19 NEW WATER FOUNTAIN
- 20 REMOVE EXISTING ROLLUP DOOR & CLOSE IN OPENING
- 21 LOWER & UPPER LAMINATE CABINET
- 22 NOTE: PROVIDE VERTICAL BLINDS TO COVER ALL WINDOWS INCLUDING THE OFFICE SPACE
- 32 * ADD CASUALINE FOR BREAK ROOM

EXHIBIT "A"

SITE PLAN OF THE PROJECT

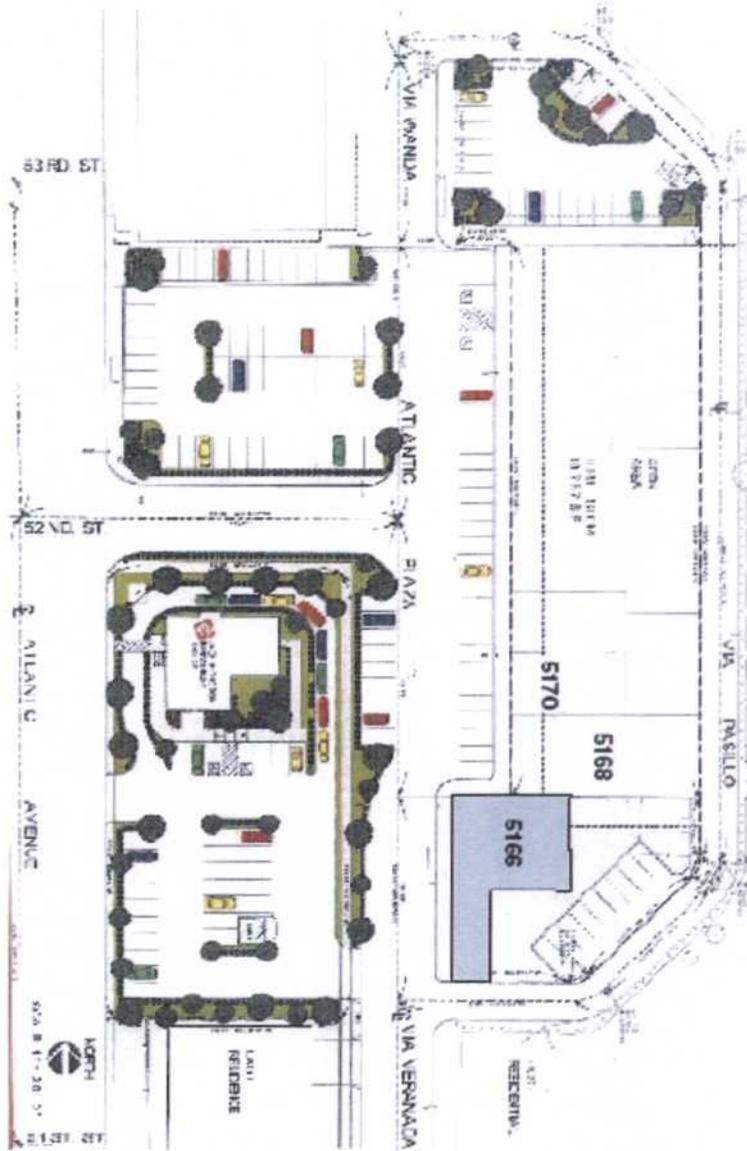


EXHIBIT "B"

SCHEDULE OF BASE RENT

| <u>EFFECTIVE PERIOD</u> | <u>BASE RENT</u> |
|--------------------------------|----------------------|
| First Month | \$0.00 |
| Year 1 (excluding first month) | \$5,343.49 per month |
| Year 2 | \$5,465.86 per month |
| Year 3 | \$5,591.90 per month |
| Year 4 | \$5,721.72 per month |
| Year 5 | \$5,855.44 per month |
| Year 6 | \$5,993.17 per month |
| Year 7 | \$6,135.03 per month |
| Year 8 | \$6,281.15 per month |
| Year 9 | \$6,431.65 per month |
| Year 10 | \$6,586.66 per month |

EXHIBIT "C"

SAMPLE FORM OF NOTICE OF LEASE TERM DATES

Date: _____, 2010.

Re: That certain Lease dated as of _____, 2010 (the "Lease") between AP-ATLANTIC LLC, a California limited liability company ("Landlord"), and THE CITY OF LONG BEACH, a municipal corporation ("Tenant"), whereby Tenant leases from Landlord 4,079 rentable square feet of space of located at 5166 Atlantic Avenue, Long Beach, California (the "Premises").

In accordance with the above Lease, the parties desire to mutually advise and/or confirm as follows:

1. That the Premises have been accepted by Tenant with all leasehold improvement work to be performed by Landlord substantially complete and the Premises ready for occupancy in accordance with the Lease, and that there are no construction deficiencies, except: _____.

2. That Tenant is in possession of the Premises and acknowledges that under the provisions of the Lease, the Commencement Date of the Lease is hereby established to be _____, and the Expiration Date of the Lease is _____.

3. That in accordance with the Lease, Tenant's obligation to pay Rent commences on _____, and shall be payable in accordance with the following schedule:

| <u>EFFECTIVE DATES</u> | <u>BASE RENT</u> |
|----------------------------|-------------------|
| _____, ____ to _____, ____ | \$_____ per month |
| _____, ____ to _____, ____ | \$_____ per month |
| _____, ____ to _____, ____ | \$_____ per month |
| _____, ____ to _____, ____ | \$_____ per month |
| _____, ____ to _____, ____ | \$_____ per month |
| _____, ____ to _____, ____ | \$_____ per month |
| _____, ____ to _____, ____ | \$_____ per month |
| _____, ____ to _____, ____ | \$_____ per month |
| _____, ____ to _____, ____ | \$_____ per month |
| _____, ____ to _____, ____ | \$_____ per month |

The parties hereto have executed this document on the date first set forth above:

LANDLORD:

TENANT:

AP-ATLANTIC LLC, a
California limited liability company

THE CITY OF LONG BEACH, a
municipal corporation

By: DGA-Properties LLC, a
Delaware limited liability company
Its: Managing Member

By: _____

By: Abbey-Properties LLC, a
California limited liability company
Its: Managing Member

Name: _____

Its: _____

By: _____
Thomas D. Clarke
Its: Vice President & COO

EXHIBIT "D"

WORK LETTER

1. General.

(a) The purpose of this Work Letter is to set forth how certain improvements (the "Initial Leasehold Improvements") in the Premises are to be constructed, who will do the construction of the Initial Leasehold Improvements, who will pay for the construction of the Initial Leasehold Improvements, and the estimated time schedule for completion of the construction of the Initial Leasehold Improvements.

(b) Except as defined in this Work Letter to the contrary, all terms utilized in this Work Letter shall have the same meaning as the defined terms in the Lease.

(c) The terms, conditions and requirements of the Lease, except where clearly inconsistent or inapplicable to this Work Letter, are incorporated into this Work Letter.

(d) Following the mutual execution and delivery of this Work Letter and the Lease, Landlord and Tenant shall work with Landlord's architect to develop space plans for the work to be completed in the Premises. Once approved by Landlord and Tenant, such space plans shall be attached hereto as Exhibit "C-1" and referred to herein as the "Plans". Landlord will construct the Initial Leasehold Improvements utilizing standard quantities of Building standard materials. All construction drawings and specifications relating to the Initial Leasehold Improvements shall be deemed part of the Plans.

2. Construction Schedule and Procedures. As soon as reasonably possible following the execution and delivery of the Lease and the approval of the Plans, Landlord shall instruct the general contractor hired by Landlord (the "Contractor") to build the Initial Leasehold Improvements indicated on the Plans as soon thereafter as reasonably possible, consistent with industry custom and procedure, at Landlord's sole and entire cost except as otherwise provided herein. Landlord agrees that it shall require its contractors to pay its workers involved with the construction of the Initial Leasehold Improvements, the published "prevailing wage" for the applicable categories of labor utilized in connection with the completion of the Initial Leasehold Improvements.

Commencing upon the execution and delivery of the Lease and approval of the Plans, the Contractor and Landlord's agent(s) shall hold periodic meetings with Tenant's Construction Agents (as defined below) regarding the progress of the construction of the Initial Leasehold Improvements. Such meetings shall be held at a reasonable time and with frequency determined by Landlord or Tenant, at a location designated by the Contractor. If the Contractor determines that the Initial Leasehold Improvements cannot be constructed in accordance with the Plans, then Landlord shall promptly contact and notify Tenant in order to discuss alternatives.

3. Change Orders. If Tenant requests any changes to the Plans, Landlord shall not unreasonably withhold its consent to any such changes, provided the changes do not adversely affect the Building's structure, Building systems, equipment, appearance or value, but, if such changes increase the cost of constructing the Initial Leasehold Improvements shown on the Plans, Tenant shall bear such costs and shall pay such increased costs to Landlord upon the date of Substantial Completion and Ready for Occupancy of the Premises. The costs charged by Landlord to Tenant caused by Tenant's requesting changes to the Initial Leasehold Improvements or the Plans shall be equal to the sum of (a) the amount of money Landlord has to pay to cause the Initial Leasehold Improvements, as reflected by revised Plans, to be constructed above the costs that Landlord would have had to pay to cause the Initial Leasehold Improvements to be constructed if no changes had been made to the Plans ("Differential"), and (b) any cancellation fees, reshipping charges or any other similar costs incurred by Landlord in connection therewith. If such changes delay Landlord's completion of the work shown on the Plans, then such delay shall constitute a Tenant Delay. Any other actions of Tenant, or inaction by Tenant, which delays Landlord in completing the Initial Leasehold Improvements shown on such Plans shall also constitute Tenant Delay. Whenever possible and practical, Landlord will utilize, for the construction of the Initial Leasehold Improvements, the items and materials designated in the Plans; provided, however, that whenever Landlord reasonably determines in its judgment that it is not practical or efficient to use such materials, Landlord shall have the right to substitute comparable items and materials (or of better quality if no such comparable item exists or is readily obtainable; at no time shall Tenant be required to accept an inferior substitute because of the unavailability of the item specified). If Tenant refuses to grant such consent, and Landlord is reasonably delayed in causing the Premises, or any part thereof, to be Substantially Complete and Ready for Occupancy because of Tenant's failure to permit the substitution of comparable items and materials (or of better quality if no such comparable item exists or is readily available), such delay shall constitute a Tenant Delay (as defined in Section 5 below).

4. **Entry by Tenant and Its Agents; Designation of Tenant's Construction Agents.**

(a) Except as hereinafter provided, Tenant shall not enter the Premises during the performance of the Initial Leasehold Improvements. Tenant hereby designates the Director of the Department of Community Development and the Director of the Department of Health & Human Services, or their respective designees, as its authorized agents ("**Tenant's Construction Agents**") for the purpose of submitting to Landlord and authorizing any Change Orders and for the purpose of consulting with Landlord as to any and all aspects of the Initial Leasehold Improvements. Tenant's Construction Agents shall have the right to inspect the Premises during the course of the Initial Leasehold Improvements provided Tenant's Construction Agents shall make a prior appointment with Landlord and/or its contractor at a mutually convenient time.

(b) If Tenant enters upon the Premises or any other part of the Building prior to the completion of the Initial Leasehold Improvements, Tenant shall indemnify and save Landlord harmless from and against any and all Losses arising from or claimed to arise as a result of (i) any act, neglect, or failure to act of Tenant, or its agents, employees, representatives, or invitees, or (ii) any other reason whatsoever arising out of Tenant's entry upon the Premises or Building.

5. **Substantial Completion; Ready for Occupancy; Tenant Delays.**

(a) Definitions.

(1) The term "Substantial Completion" means that Landlord has, as certified by Landlord's architect, completed all of the Initial Leasehold Improvements, notwithstanding the fact that minor details of construction, mechanical adjustments or decoration which do not materially interfere with Tenant's use of the Premises remain to be performed (items normally referred to as "punch-list" items). The Premises shall be deemed Substantially Complete, even though Tenant's furniture, furniture systems, telephones, telexes, telecopiers, photocopy machines, computers and other business machines or equipment have not been installed, the purchase and installation of which shall be Tenant's sole responsibility.

(2) The term "Ready for Occupancy" means that (i) Landlord has obtained a sign-off final inspection card for the Premises, (ii) Landlord has obtained a certificate of occupancy for the Building, (iii) all Building fire alarms, smoke detectors, exit lights, life safety equipment and other building code requirements are installed and operational in the Premises, and (iv) the Building HVAC, utilities, plumbing service and doors and hardware for the Premises are sufficiently completed so as to enable Tenant to move into the Building and install its furniture, fixtures, machinery and equipment in the Premises and conduct normal business operations in the Premises.

Subject to the correction by Landlord of the punch-list items, Tenant shall be obligated to accept the Premises at such time as the Premises are delivered to Tenant Substantially Complete and Ready for Occupancy.

(b) Punch-List Items. Concurrently with Landlord's delivery of the Premises to Tenant, Tenant and Landlord shall conduct an inspection of the Premises, and Tenant shall provide Landlord with a written list of all defects, discrepancies and incomplete items of construction. Landlord shall cause such items to be corrected within thirty (30) days or as soon thereafter as reasonably possible.

(c) Contractor's Warranties and Guaranties. Landlord hereby assigns to Tenant all warranties and guaranties by the Contractor relating to the Initial Leasehold Improvements, and Tenant hereby waives all claims against Landlord relating to, or arising out of the construction of, the Initial Leasehold Improvements.

(d) If the date of Substantial Completion and Ready for Occupancy is delayed because (1) Tenant modifies the Plans subsequent to their approval, or (2) Landlord is otherwise delayed in the construction of the Initial Leasehold Improvements due to any act or omission of Tenant or anyone performing services on behalf of Tenant, and Landlord or the Contractor has delivered written notice of such delay to Tenant or Tenant's Construction Agents (items (1) and (2) each a being a "Tenant Delay"), the Premises shall be deemed Substantially Completed and Ready for Occupancy for the purposes of determining the Commencement Date as of the date that the Premises would have been Substantially Completed and Ready for Occupancy but for any such Tenant Delay, as mutually determined by Landlord and Tenant. In addition, Tenant shall pay to Landlord a sum equal to any additional cost to Landlord in completing the Initial Leasehold Improvements resulting from any Tenant Delay.

6. Miscellaneous. Tenant agrees that, in connection with the Initial Leasehold Improvements and its use of the Premises prior to the Commencement Date, Tenant shall have those duties and obligations with respect thereto that it has pursuant to the Lease during the Term, except the obligation for payment of Rent, and further agrees that, except where caused by Landlord's negligence or willful misconduct, Landlord shall not be liable in any way for injury, loss, or damage which may occur to any of the Initial Leasehold Improvements or other installations made in the Premises, or to any personal property placed therein, the same being at Tenant's sole risk.

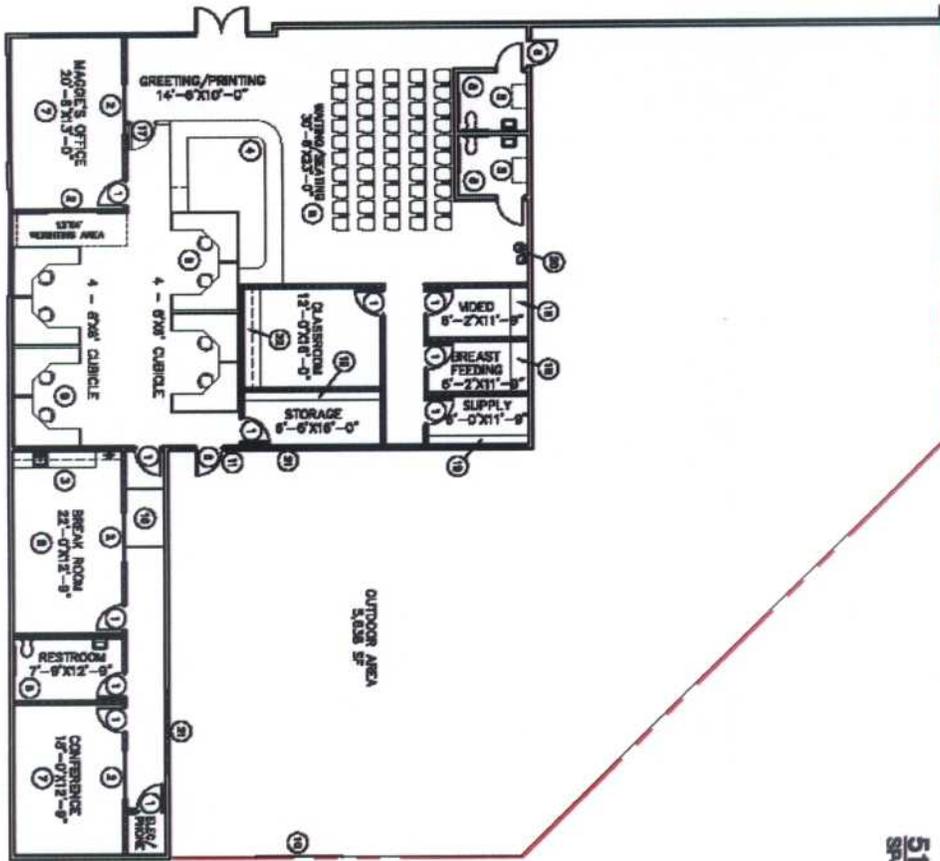
(a) Except as expressly set forth herein, Landlord has no other agreement with Tenant and Landlord has no other obligation to do any other work or pay any amounts with respect to the Premises. Any other work in the Premises which may be permitted by Landlord pursuant to the terms and conditions of the Lease shall be done at Tenant's sole cost and expense and in accordance with the terms and conditions of the Lease.

(b) This Work Letter shall not be deemed applicable to any additional space added to the original Premises at any time or from time to time, whether by any options under the Lease or otherwise, or to any portion of the original Premises or any additions thereto in the event of a renewal or extension of the initial term of the Lease, whether by any options under the Lease or otherwise, unless expressly so provided in the Lease or any amendment or supplement thereto.

(c) The failure by Tenant to pay any monies due Landlord pursuant to this Work Letter within the time period herein stated shall be deemed a default under the terms of the Lease for which Landlord shall be entitled to exercise all remedies available to Landlord for nonpayment of rent and Landlord, may, if it so elects, discontinue construction of the Initial Leasehold Improvements until all such sums are paid and Tenant has otherwise cured such default. All late payments shall bear interest at the Interest Rate.

EXHIBIT "D-1"

The Plans



5166 ATLANTIC AVE. LONG BEACH
 SP4 FOR WIC - 4,079 SF DATE: 04/20/10

— NEW GROUND HIGH PARTITION
 — EXISTING PARTITION TO REMAIN
 - - - EXISTING PARTITION TO BE REMOVED

- 1 NEW BUILDING STWARDWARD HEAVY DUTY DOOR/FRAME WITH LOCK
 - 2 NEW 6\"/>
 - 3 LOWER & UPPER LAMINATE CABINET WITH SINK & 10 GAL WATER HEATER
 - 4 BUILD IN RECEPTION AND PRINTING DESK
 - 5 NEW ADA RESTROOM W/BABY CHANGING TABLE
 - 6 NEW METAL DOOR WITH PANIC HARDWARE
 - 7 NEW CARPET THROUGHOUT U.N.O.
 - 8 NEW VCT TILE
 - 9 CUBICLES ARE SHOWN FOR FIT AND FEASIBILITY ONLY. ALL FURNITURE & APPLIANCE ARE PROVIDED BY TENANT
 - 10 PROVIDE ELECTRIC GATE DOOR WITH OPENER
 - 11 PROVIDE ELECTRIC KEY PAD FOR ACCESS
 - 12 PROVIDE CONDUIT FOR SECURITY SYSTEM
 - 13 PROVIDE ELECTRICAL FOR EXTERIOR SIGNAGE
 - 14 THAT ALL EXTERIOR WINDOWS
 - 15 PROVIDE NEW T-BAR WITH SECOND LOOK CEILING TILE THROUGHOUT
 - 16 NEW RAMP
 - 17 NEW HALF HEIGHT DOOR
 - 18 LOWER LAMINATED CABINET W/LOOK & WITH COUNTER TOP BUILD IN SHELVES
 - 19 NEW WATER FOUNTAIN
 - 20 REMOVE EXISTING ROLLUP DOOR & CLOSE IN GROUND
 - 21 LOWER & UPPER LAMINATE CABINET
 - 22 NOTE: PROVIDE VERTICAL BLINDS TO COVER ALL WINDOWS INCLUDING THE OFFICE SPACE
- * ADD GASLINE FOR BREAK ROOM

EXHIBIT "E"

RULES AND REGULATIONS

A. General Rules and Regulations. The following rules and regulations govern the use of the Building and the Common Areas. Tenant will be bound by such rules and regulations and agrees to cause Tenant's Authorized Users, its employees, subtenants, assignees, contractors, suppliers, customers and invitees to observe the same.

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

2. If Landlord objects in writing to any curtains, blinds, shades, screens or hanging plants or other similar objects attached to or used in connection with any window or door of the Premises, or placed on any windowsill, which is visible from the exterior of the Premises. Tenant will immediately discontinue such use. Tenant agrees not to place anything against or near glass partitions or doors or windows which may appear unsightly from outside the Premises, including, without limitation, stickers, tinting materials, foil shades, blinds or screens.

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

4. Landlord expressly reserves the right to absolutely prohibit solicitation, canvassing, distribution of handbills or any other written material or goods, peddling, sales and displays of products, goods and wares in all portions of the Project except for such activities as may be expressly permitted under the Lease. Landlord reserves the right to restrict and regulate the use of the Common Areas of the Project by invitees of tenants providing services to tenants on a periodic or daily basis including food and beverage vendors. Such restrictions may include limitations on time, place, manner and duration of access to a tenant's premises for such purposes.

5. Landlord reserves the right to prevent access to the Project in case of invasion, mob, riot, public excitement or other commotion by closing the doors or by other appropriate action.

6. Landlord reserves the right to approve companies providing cleaning and janitorial services for the Premises. Tenant will not cause any unnecessary labor by carelessness or indifference to the good order and cleanliness of the Premises.

7. Landlord will furnish Tenant, free of charge, with two keys to each exterior entry door lock to the Premises. Landlord may make a reasonable charge for any additional keys. Tenant shall not make or have made additional keys, and Tenant shall not alter any lock or install any new additional lock or bolt on any door of the Premises. Tenant, upon the termination of its tenancy, will deliver to Landlord the keys to all doors which have been furnished to Tenant.

8. If Tenant requires telegraphic, telephonic, burglar alarm, satellite dishes, antennae or similar services, it will first obtain Landlord's approval, and comply with, Landlord's reasonable rules and requirements applicable to such services, which may include separate licensing by, and fees paid to, Landlord, as well as all federal, state, and local regulations. Tenant will not transmit or receive any electromagnetic, microwave or other radiation which may be harmful or hazardous to any person or property in or about the Premises or elsewhere within the Project.

9. No deliveries will be made which impede or interfere with other tenants or the operation of the Building.

10. Tenant will not use or keep in the Premises any kerosene, gasoline or inflammable or combustible fluid or material other than those limited quantities necessary for the operation or maintenance of office equipment. Tenant will not sleep or wash clothes in the Premises or use or permit to be used in the Premises any foul or noxious gas or substance, or permit or allow the Premises to be occupied or used in a manner offensive or objectionable to Landlord or other occupants of the Building by reason of noise, odors or vibrations, intense glare, light or heat, nor will Tenant bring into or keep in or about the Premises any birds or animals.

11. Landlord reserves the right, exercisable without notice and without liability to Tenant, to change the name and street address of the Building. Without the written consent of Landlord, Tenant will not use the name of the Building or the Project in connection with or in promoting or advertising the business of Tenant except as Tenant's address.

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

13. Tenant will not sell, or permit the sale at retail of newspapers, magazines, periodicals, theater tickets or any other goods or merchandise to the general public in or on the Premises. Tenant will not make any building to building solicitation of business from other tenants in the Project. Tenant will not use the Premises for any business or activity other than that specifically provided for in this Lease. Tenant will not conduct, nor permit to be conducted, either voluntarily or involuntarily, any auction upon the Premises without first having obtained Landlord's prior written consent, which consent Landlord may withhold in its sole and absolute discretion.

14. Except for the ordinary hanging of pictures and wall decorations, Tenant will not mark or drive nails into any partitions, woodwork or plaster or in any way deface the Premises or any part thereof, except in accordance with the provisions of the Lease pertaining to alterations. Landlord reserves the right to direct electricians as to where and how telephone and telegraph wires are to be introduced to the Premises. Tenant will not cut or bore holes for wires. Tenant will not affix any floor covering to the floor of the Premises in any manner except as approved by Landlord. Tenant shall repair any damage resulting from noncompliance with this rule.

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

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

17. The Premises will not be used for lodging nor shall the Premises be used for any improper, immoral or objectionable purpose.

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

19. Tenant assumes any and all responsibility for protecting its Premises from theft, robbery and pilferage, which includes keeping doors locked and other means of entry to the Premises closed. Tenant will not leave or store any equipment materials or items of any kind outside the walls of the Premises.

20. Tenant shall use at Tenant's cost such pest extermination and control contractor(s) as Landlord may direct and at such intervals as Landlord may reasonably require.

21. To the extent Landlord reasonably deems it necessary to exercise exclusive control over any portions of the Common Areas for the mutual benefit of the tenants in the Project, Landlord may do so subject to reasonable, non discriminatory additional rules and regulations.

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

23. These Rules and Regulations are in addition to, and will not be construed to in any way modify or amend, in whole or in part, the terms, covenants, agreements and conditions of the Lease. Landlord may waive any one or more of these Rules and Regulations for the benefit of Tenant or any other tenant, but no such waiver by Landlord will be construed as a waiver of such Rules and Regulations in favor of Tenant or any other tenant, nor prevent Landlord from thereafter enforcing any such Rules and Regulations against any or all of the tenants of the Project.

24. Landlord reserves the right to make such other and reasonable and non discriminatory Rules and Regulations as, in its judgment, may from time to time be needed for safety and security, for care and cleanliness of the Project and for the preservation of good order therein. Tenant agrees to abide by all such Rules and Regulations herein above stated and any additional reasonable and non discriminatory rules and regulations which are adopted. Tenant is responsible for the observance of all of the foregoing rules by Tenant's employees, agents, clients, customers, invitees and guests.

B. Parking Rules and Regulations. The following rules and regulations govern the use of the parking facilities which serve the Building. Tenant will be bound by such rules and regulations and agrees to cause its employees, subtenants assignees, contractors, suppliers, customers and invitees to observe the same:

1. Tenant will not permit or allow any vehicles that belong to or are controlled by Tenant or Tenant's employees, subtenants, customers or invitees to be loaded, unloaded or parked in areas other than those designated by Landlord

for such activities. No vehicles are to be left in the parking areas overnight and no vehicles are to be parked in the parking areas other than normally sized passenger automobiles, motorcycles and pick up trucks. No extended term storage of vehicles is permitted.

2. Vehicles must be parked entirely within painted stall lines of a single parking stall.
3. All directional signs and arrows must be observed.
4. The speed limit within all parking areas shall be five (5) miles per hour.
5. Parking is prohibited: (a) in areas not striped for parking; (b) in aisles or on ramps; (c) where "no parking" signs are posted; (d) in cross hatched areas; and (e) in such other areas as may be designated from time to time by Landlord or Landlord's parking operator.
6. Landlord reserves the right, without cost or liability to Landlord, to tow any vehicle if such vehicle's audio theft alarm system remains engaged for an unreasonable period of time.
7. Washing, waxing, cleaning or servicing of any vehicle in any area not specifically reserved for such purpose is prohibited.
8. Landlord may refuse to permit any person to park in the parking facilities who violates these rules with unreasonable frequency, and any violation of these rules shall subject the violator's car to removal, at such car owner's expense. Tenant agrees to use its best efforts to acquaint its employees, subtenants, assignees, contractors, suppliers, customers and invitees with these parking provisions, rules and regulations.
9. Landlord reserves the right, without cost or liability to Landlord, to tow any vehicles which are used or parked in violation of these rules and regulations.
10. Landlord reserves the right from time to time to modify and/or adopt such other reasonable and non discriminatory rules and regulations for the parking facilities as it deems reasonably necessary for the operation of the parking facilities.

EXHIBIT "F"

TENANT'S INSURANCE REQUIREMENTS

This outlines the insurance requirements of your Lease. To assure compliance with these terms, we suggest you send a copy of this Exhibit to your insurer or agent. Initial Certificates must be provided to Landlord prior to occupancy of the Premises. All certificates must be amended to provide at least 30 days notice prior to cancellation and/or expiration, with 10 days for non-payment of premium. All certificates must be revised so that the following language is stricken out in the notice of cancellation provision of the certificate of insurance:

- "Endeavor to" and "but failure to do so shall impose no obligation or liability of any kind to the company, its agents or representatives".

Insurance Carriers/Coverage terms:

All carriers used by the tenant must be licensed in the state in which the property is located. Insurance carriers must have a financial rating of "A-" or better as defined by the most recent AM Best's rating. The financial size of the carrier must be "VIII" or better as defined by the most recent AM Best's rating.

Tenant may use admitted or non-admitted insurance carrier(s) as long as the insurance carrier(s) is a licensed carrier(s) in the state in which the property is located and that the insurance carrier(s) meet the financial security as defined above. In addition:

- Tenant's coverage should be primary and non-contributing to insurance provided by the landlord.
- Tenant's policy must contain a waiver subrogation clause in favor of the landlord.
- Tenant's policy must provide severability of interest and may not contain "insured versus insured" exclusions.

1. Commercial General Liability Insurance (Minimum Limits):

- \$1,000,000 Combined Single Limit, each occurrence
- \$1000,000 General Aggregate (minimum) this location
- \$1,000,000 Products/Completed Operations Aggregate
- \$1,000,000 Personal Injury & Advertising Injury
- \$ 300,000 Fire Legal Liability Limit
- \$ 5,000-\$10,000 Medical Payments

Occurrence based on ISO Form (1986 edition or newer). Claims made and/or modified occurrence forms are not acceptable.

2. Umbrella/Excess Liability Insurance: \$2,000,000 per occurrence and in annual aggregate). Coverage must be as broad as the primary and meet the same requirements as noted in Section 1.

3. Tenant's Property Insurance: "All Risks" coverage or utilizing the ISO Special Cause of Loss form. Coverage should include earthquake sprinkler damage. Coverage to be written on a replacement costs basis sufficient to cover 100% of the replacement cost. Co-insurance must be waived. Policy must contain a waiver subrogation clause in favor of the landlord.

4. Tenant's Business Interruption Insurance: All Risks coverage of operations at leased premises; covering 12 months due to insured peril. Policy must contain a waiver subrogation clause in favor of the landlord.

5. Tenant's Workers' Compensation and Employer's Liability Insurance: Statutory Limits and terms required by law with subject statutory limits. Employer Liability should be provided at limits not less than (1) \$500,000 each accident or injury, \$500,000 each employee/disease and \$500,000 disease/policy limit, or (2) current limit carried, whichever is greater. Coverage should include a waiver of subrogation in favor of the landlord.

6. Tenant has the right to provide self insurance in lieu of insurance with respect to this Lease.

7. Additional Insured Endorsement (required on endorsement form CG 2026 1185 or its equivalent): "AP-Atlantic LLC, DGA-Properties LLC, Abbey-Properties LLC, The Abbey Management Company LLC, and their respective employees and agents, members, managers, officers and owners (and their beneficiaries, if any) are additional insured, jointly and/or severally, regarding any coverage afforded by this policy with respect to services and/or materials performed, furnished or supplied on, for or to such properties." Such endorsement shall be applicable to the coverage provided in 1. above.

SEND CERTIFICATE TO: AP-ATLANTIC LLC c/o The Abbey Management Company LLC
Attn.: Property Manager
310 Golden Shore, Ste 300, Long Beach, CA 90802
Tel.: 562-435-2100

EXHIBIT "G"
SIGNAGE PROGRAM

City of Long Beach **(10)**

SIGN TYPE 2 (Building Signage)

B- Eyebrow Signs

Qty. 8 (Proposed)

Eyebrow signs will be made from 5" deep non-illuminated channel lettering mounted directly to building fascia in locations shown on following pages. Letters/logos will have automotive grade painted returns (edges) in ALL cases. All Eyebrow Signs will be limited to the specifications listed below *with the exception of address 5190 (See page 11 for details).*

Sign locations will vary depending on address (please see page 15-22 for individual elevations & sign area locations). In no case shall any Eyebrow Sign exceed 30" in height. The maximum square footage for this type of sign shall be 1 Sq.Ft. of signage per linear foot of suite frontage.

Logos will be allowed on a case by case basis at the sole discretion of building ownership/management. Logo canisters should closely follow the contour of the artwork they display (No "Block" Canisters or "Light Boxes"). All eyebrow signs shall conform with the style & architecture of the shopping center development. There will be no typestyle or color restrictions for this type of sign, however final approval shall be determined exclusively by building ownership/management. In no case shall letters/logos exceed 30" in height.

Sign eligibility & location shall be determined exclusively by building ownership/management as described in lease agreements/CC&R's. Sign plans will be submitted to building ownership/management prior to submission to the city and will include dimensions, materials, locations on elevations and colors used. Two (2) sets of plans shall be submitted for approval to building ownership/management in all cases. Upon approval, one set of plans will be returned to the tenant for submission to the city of Long Beach.

Permit submission shall be the sole responsibility of the tenant. Tenant is responsible for any/all costs incurred. All signs shall comply with the guidelines set forth in this sign program and the regulations set forth by the city of Long Beach.

Upon termination of lease agreement, tenant shall be responsible for removal of signs and restoration of sign area to near new condition. Should tenant fail to remove signs within 30 days of vacating the property, building ownership/management will remove signs and tenant will be billed for the full cost incurred.

Description to right is for addresses 5166, 5168, 5170, 5174, 5178, 5184 & 5186

NOTE: Address 5166 will have an option For two (2) signs. Eligibility & location Shall be determined exclusively by Building ownership/management as Described in lease agreements/CC&R's

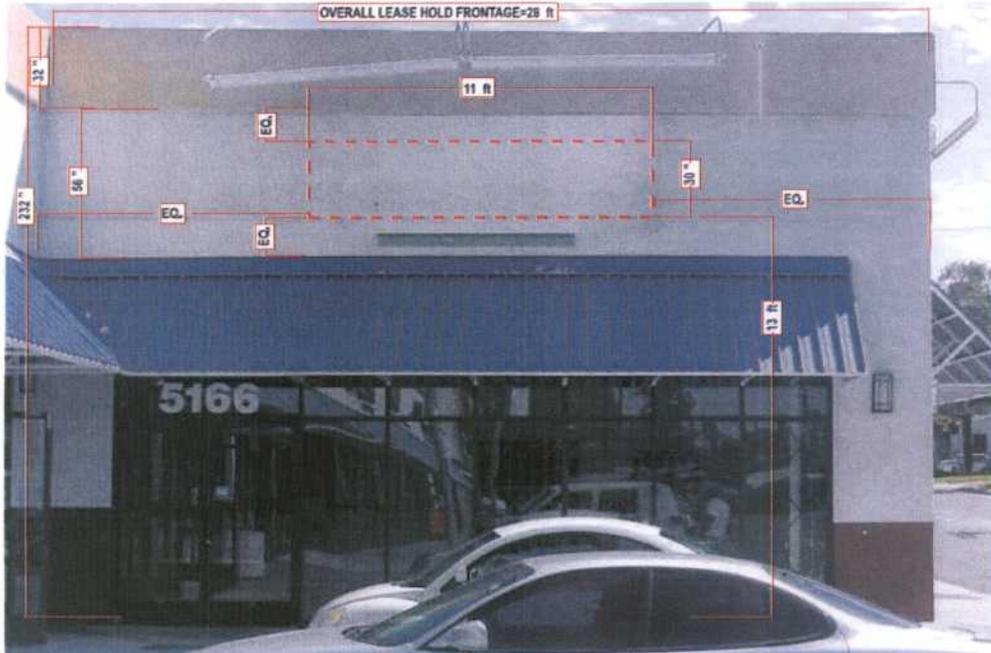
This description is **NOT** for addresses 5190 (See page 13 for details on address 5190)



SIGN TYPE 2 (Building Signage) Elevations

◆ - Eyebrow Signs

Elevation for address 5166-Option #1



B

SIGN TYPE 2 (Building Signage) Elevations

● - Eyebrow Signs

Elevation for address 5166-Option #2



B