

LEASE

by and between

36389

Long Beach Arts District, LLC

a California limited liability company

“Landlord”

-and-

City of Long Beach

a Municipal Corporation

“Tenant”

SUMMARY OF BASIC LEASE INFORMATION

TERMS OF LEASE

DESCRIPTION

1. Premises (Article 2)
 The Premises consists of the property located at 635 East South Street, in the City of Long Beach, California, commonly identified as APN 7124-032-916. The Premises are improved with a building containing approximately 3,200 square feet of interior space and a parking area.

2. Lease Term (Article 3)
 Length of Initial Term: Five (5) years, commencing on the Commencement Date with one (1) Five (5) year option to extend the Lease.
 Commencement Date: September 1, 2022
 Delivery of Possession Date (Exhibit "C" Landlord's Work): Upon completion of Landlord's Work. Tenant shall have early access to the Premises to complete Tenant's Work.
 Lease Contingencies: Landlord has a one-time right to terminate the Lease prior to Landlord commencing construction of Landlord's Work if Landlord fails to procure construction financing.

3. Guaranteed Minimum Monthly Rent (GMMR) (Article 4):

<u>Years of Lease Term</u>	<u>GMMR</u>
Year 1	\$ 9,536.00 per month
Year 2	\$9,822.08 per month
Year 3	\$10,116.74 per month
Year 4	\$10,420.24 per month
Year 5	\$10,732.85 per month
Years 2-5	Three percent (3%) annual increase for years 2-5 and for each year in any option periods on GMMR

TERMS OF LEASE

DESCRIPTION

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| 4. | Triple Net Property Expenses (Article 4.B, 4D, 5, 7, 11.A): | Tenant responsible for all expenses of the Premises, currently estimated at \$0.29 per square foot |
| 5. | Permitted Use (Article 1, 7): | Higher education center, workforce and business development programming, classroom, office space, flex space and related services |
| 6. | Tenant's Trade Name (Article 1): | City of Long Beach / North Long Beach Higher Education Center |
| 7. | Security Deposit (Article 30.S): | \$ 10,732.85 |
| 8. | Notice Information For Tenant (Article 30.R): | City of Long Beach, a municipal corporation
Attn: City Manager
411 West Ocean Boulevard, 10 th Floor
Long Beach, CA 90802

City of Long Beach, a municipal corporation
Attn: Economic Development – Real Estate
411 West Ocean Boulevard, 10 th Floor
Long Beach, CA 90802
Telephone: 562-570-6846
E-mail: Mary.torres@longbeach.gov |
| 9. | Notice Information For Landlord (Article 30.R): | Long Beach Arts District, LLC
709 Randolph Ave.
Costa Mesa, CA 92626
Attn: Shaheen Sadeghi
Phone: 714-966-6661
Fax: 714-966-1177
Emails: shaheen@thelab.com;
tracy@thelab.com |
| 10. | Broker(s)/Finder(s) (Article 30.Z) | Tenant: None |

Landlord: None

- 11. Tenant Improvement Allowance: None
- 12. Tenant's Right of First Offer (Exhibit "D") Tenant has a limited option to purchase

LEASE

THIS LEASE is made and entered into as of the date set forth on the signature page, by and between **Long Beach Arts District, LLC**, a California limited liability company ("Landlord"), and **City of Long Beach**, a municipal corporation ("Tenant").

WITNESSETH:

1. **USE.** Landlord hereby leases to Tenant and Tenant hereby hires from Landlord those certain premises with appurtenances described as hereinafter set forth in this lease ("Lease"), for the purpose of conducting thereon only the following use: **Higher education center, workforce and business development programming, class room, office space, flex space and related services.** Landlord reserves the right to approve Tenant's store concepts, products and display elements for the Premises, which consent shall not be unreasonably delayed or withheld.

2. **PREMISES.** The premises leased to Tenant, together with appurtenances, are hereinafter referred to as the "Premises", and are located at 635 E. South Street, in the City of Long Beach, County of Los Angeles, State of California, commonly identified as APN 7124-032-916, and more particularly described in Exhibit "A". The Premises are improved with a building (the "Building") containing approximately 3,200 square feet, and a parking area. The Premises consist of a separate legal parcel that is located within a mixed-use village known as The Beat (the "Center"). A depiction of the Premises, as located within the Center, is attached hereto as Exhibit "B".

3. **TERM AND COMMENCEMENT DATE .**

Initial Term. The term of this Lease ("Lease Term") shall commence on September 1, 2022 ("Commencement Date") and, unless terminated earlier pursuant to the terms of this Lease, shall continue for a period of Five (5) years, until August 31, 2027 (the "Termination Date").

Except as otherwise specifically stated in this Lease, references to the "Lease Term" shall include the original Lease Term and any extension, renewal or holdover thereof. A "Lease Year" is a period of twelve (12) consecutive calendar months commencing on Commencement Date. Notwithstanding the Commencement Date, Landlord reserves the right to continue "Landlord's Work," as set forth in Exhibit "C," during the period of Tenant's construction work; provided Landlord agrees to complete all of Landlord's Work by February 1, 2023.

Option to Extend. Tenant shall have one (1) option to extend the Lease Term, for a period of five (5) additional years, upon the terms and conditions set forth herein (the "Option"). In the event Tenant elects to exercise the Option, Tenant shall deliver to Landlord written notice of its intent to exercise the Option (the "Option Exercise Notice"), at least six (6) months prior to the expiration of the Lease Term. If any default of Tenant under this Lease is outstanding either at the time of Tenant's delivery of the Option Exercise Notice or at any time prior to the first day of the extension period (or if any event shall have occurred which with the giving of notice or the passage of time or both would constitute such a default), then Landlord may elect by delivering written notice to Tenant on or before the first day of the extension period to reject Tenant's exercise of its option to extend, whereupon the extension shall be null and void unless Tenant subsequently cures the default within the time period permitted under this Lease for cure of the default at issue. If Tenant elects to exercise the Option, the term "Lease Term" as used herein shall include the extension period and all terms and conditions of this Lease shall continue to apply.

4. **RENTAL.**

A. Guaranteed Minimum Monthly Rent. Tenant shall pay to Landlord, during the Lease Term from and after the Commencement Date as Guaranteed Minimum Monthly Rent ("GMMR") for the Premises the following sums:

<u>Lease Period</u>	<u>GMMR</u>
Lease Year 1 (Months 4-12)	\$ 9,536.00 per month

Lease Year 2	\$ 9,822.08 per month
Lease Year 3	\$ 10,116.74 per month
Lease Year 4	\$ 10,420.24 per month
Lease Year 5	\$ 10,732.85 per month

All rental to be paid by Tenant to Landlord shall be paid in advance on the first day of each calendar month in lawful money of the United States of America and shall be paid without deduction or offset, prior notice or demand at the address designated in section R of Article 30.

After completion of the second Lease Year, Tenant shall have the option to terminate this Lease with six (6) months written notice to Landlord. If Tenant exercises its option to terminate, all unamortized costs Landlord has incurred for Landlord's Work shall be reimbursed to Landlord as of the date of termination, and otherwise in accordance with Exhibit "E". The option to terminate shall be personal to the City of Long Beach and not an option for any successor tenants.

Notwithstanding the foregoing, GMMR for the first three months of the Lease Term shall be abated, so that Tenant's obligation to pay GMMR shall commence on December 1, 2022.

B. Net Lease. It is the intention of the Landlord and Tenant that the rent herein specified, including GMMR, shall be net to the Landlord. Any and all costs, expenses and obligations of every kind relating to the Premises or the use, operation, property management, supervision fee, security, maintenance, repair or occupancy of the Premises, whether or not now customary or within the contemplation of the parties hereto, which may arise or become due during the Lease Term, shall be paid by the Tenant. Such amounts are considered additional rental hereunder (sometimes referred to as "rental," "Rent," or "Additional Rent"), as necessary to effectuate the intent of the parties that this Lease be a triple net lease.

Upon the Commencement Date, or at any time thereafter, Landlord may submit to Tenant a statement of the anticipated expenses in connection with the expenses for the period between the Commencement Date and the following December 31 and Tenant shall pay such expenses in equal monthly payments. Tenant shall continue to make such payments until notified by Landlord of a change thereof. Landlord may, at any time, increase or decrease such estimated payments in the event that Landlord reasonably determines that such estimated payments are incorrect. By March 1 of each year, Landlord shall endeavor to give Tenant a statement showing the total actual expenses in connection with the building expenses for the prior calendar year, with Landlord entitled to collect as Additional Rent the actual expenses even if they differ from any previous estimates. In the event the total of the estimated payments which Tenant has made for the prior calendar year are less than Tenant's actual share thereof, Tenant shall pay the difference in a lump sum within thirty (30) days after receipt of such statement from Landlord and shall concurrently pay an additional amount to adjust any underpayment in the estimated payments for the current year. Any overpayment by Tenant shall be credited towards the payment next coming due. Even though the Lease Term has expired and Tenant has vacated the Premises, when the final determination is made of Tenant's share of said expenses for the final Lease Year, Tenant shall immediately pay any increase due over the estimated payments previously made by Tenant and, conversely, any overpayments shall be immediately paid by Landlord to Tenant. Alternatively, Landlord may elect to bill Tenant after the expenses have been incurred in which event Tenant's payment shall be based on actual expenses at such intervals as Landlord shall determine. After Landlord provides Tenant a statement showing the total expenses in connection with the expenses for any particular year, Tenant shall have forty-five (45) days to object to paying these expenses after providing specific objections to the particular statement. If no objection is made by Tenant within this forty-five (45) day period, Landlord's statement is deemed conclusive and Tenant shall be deemed to have waived any objections or challenges to the statement.

For purposes of this Lease, "expenses" shall mean all expenses of every kind (including, without limitation, Real Estate Taxes payable under Article 5) which are paid, incurred or accrued for, by or on behalf of Landlord during any calendar year any portion of which occurs during the Lease Term, in connection with the management, repair, maintenance, restoration and operation of the Premises, including without limitation, any amounts paid for: (a) utilities for the Premises, including but not limited to electricity, power, gas, steam, chilled water, oil or other fuel, water, sewer, lighting, heating, air conditioning and ventilating (including, without limitation, taxes on utility usage), (b) permits, licenses and certificates necessary to operate, manage and lease the Premises or for the operation of any transportation to or from the Premises, (c) insurance applicable to the Premises, but not limited to the amount of coverage Landlord is required to provide under this Lease and

reasonable insurance deductibles, (d) supplies, tools, equipment and materials used in the operation, repair and maintenance of the Premises including, without limitation, costs of the maintenance, operation, and repair of the HVAC systems serving the Premises, (e) accounting, legal, inspection, consulting, and other services, (f) any equipment rental of any kind (or installment equipment purchase or equipment financing agreements), (g) management fees of the Premises and amounts payable under management agreements, (k) operation, repair, and maintenance of all systems and equipment and components thereof (including replacement of components), janitorial service, alarm and security service, window cleaning, trash removal, cleaning of walks, maintenance and replacement of shrubs, trees, grass, sod and other landscaped items, irrigation systems, drainage facilities, fences, curbs, and walkways, roof repairs, and Holiday decorations;

C. Security Costs. In the event Landlord determines, in its sole and absolute discretion, to hire security personnel for the Center, Tenant shall be responsible to pay to Landlord a portion of the costs incurred by Landlord in connection with such security personnel, in an amount proportionate to the size of the Premises vis a vis the Center.

D. Additional Rent. For purposes of this Lease, all payments required to be made by Tenant to Landlord under this Lease, including but not limited to taxes, maintenance and repair, insurance, late fees, and all other monetary obligations of Tenant under this Lease (including a proportionate amount of security costs pursuant to Paragraph C above), shall be deemed to be additional rent.

5. **REAL ESTATE TAXES**. In addition to all rentals herein reserved, Tenant shall pay to Landlord annual real estate taxes and assessments actually levied upon the Premises; but only to the extent that such taxes and assessments have not already been included in "expenses" as defined above, it being the intention of the Landlord and Tenant that Tenant not double-pay any expenses as Additional Rent.

Any such tax for the year in which this Lease commences or ends shall be apportioned and adjusted, with respect to any assessment which may be levied against or upon the Premises and which, under the laws then in force, may be evidenced by improvement or other bonds, payable in annual installments, only the annual payments on said assessment shall be included in computing Tenant's obligation for taxes and assessments.

The term "real estate taxes" as used herein shall be deemed to mean all taxes imposed on the real property and permanent improvements constituting the Premises as well as taxes of every kind and nature levied and assessed in lieu of, in substitution for, or in addition to, existing real property taxes, whether or not now customary or within the contemplation of Landlord and Tenant, and all assessments levied against the Premises. The term "real estate taxes" also shall include the cost to Landlord of contesting the amount, validity or applicability of any taxes referred to in this article. "Real estate taxes" shall not include personal income taxes, inheritance taxes, or franchise taxes levied against the Landlord but not directly against such property even though taxes shall become a lien against said property, unless such taxes are in lieu of or in substitution for taxes levied directly against such property.

Tenant shall pay to Landlord any and all excise, privilege and other taxes levied or assessed by any federal, state or local authority upon or measured by the rent or other amounts received by Landlord hereunder relating to tenant's business, and Tenant shall bear any business tax imposed upon Landlord by any governmental authority which is based or measured in whole or in part by amounts charged or received by Landlord from Tenant under this Lease.

6. **PERSONAL PROPERTY TAXES**. During the Lease Term, Tenant shall pay prior to delinquency all taxes assessed against and levied upon fixtures, furnishings, equipment and all other personal property of Tenant contained in the Premises.

7. **USES PROHIBITED**. Tenant shall not use, or permit the Premises, or any part thereof, to be used for any purpose or purposes other than the express purpose or purposes described in Article 1 of this Lease or carry on its business other than under the trade name designated in Article 1. No use shall be made or permitted to be made of the Premises, nor acts done, which will increase the existing rate of insurance upon the building. Tenant shall not sell or permit to be kept, used, displayed or sold in or about the Premises (a) pornographic or sexually explicit books, magazines, literature, films or other printed material, sexual paraphernalia, or other material which would be considered lewd, obscene or licentious, (b) any article which may be prohibited by standard forms of fire insurance policies, (c) used, deeply discounted or thrift goods, it being

acknowledged and understood that only new first-class goods shall be sold in the Premises, or (d) any alcoholic beverages unless expressly permitted by Article 1 hereof. Tenant shall not use, or permit to be used, the Premises or any part thereof for the installation or on-premises use of any vending machine, gaming machine or video or arcade game unless expressly permitted by this Lease. No use shall be made or permitted which conflicts with any recorded document, provided that the provisions of this sentence shall not be construed so as to prohibit Tenant's operation of the general type of business described in Article 1 above. Tenant shall, at its sole cost, comply with any and all requirements, pertaining to the use of the Premises, of any insurance organization or company necessary for the maintenance of reasonable fire and public liability insurance, covering the building of which the Premises are a part and appurtenances. In the event Tenant's use of the Premises results in a rate increase for the building, Tenant shall pay annually on the anniversary date of this Lease, as additional rent, a sum equal to that of the additional premium occasioned by said rate increase. Tenant shall not commit, or suffer to be committed, any waste upon the Premises, or any nuisance or other act or thing which may disturb the quiet enjoyment of any other neighboring tenant. Tenant shall not without Landlord's prior written consent display or sell merchandise outside the defined exterior walls and permanent doorways of the Premises. Tenant shall not conduct or permit to be conducted any sale by auction in, upon or from the Premises, whether said auction be voluntary, involuntary, pursuant to any assignment for the payment of creditors, or pursuant to any bankruptcy or other solvency proceeding nor display any "going out of business" or similar sign. Tenant shall not advertise, solicit business or give out literature or materials without Landlord's prior written consent.

8. **ALTERATIONS AND FIXTURES.** Tenant shall not make, or suffer to be made, any alterations to the Premises, or any part thereof, or the building containing the Premises or change the appearance of the building containing the Premises without the prior written consent of Landlord, and any alterations to the Premises, except movable furniture and movable fixtures (not attached), shall become at once a part of the realty and shall at the expiration or earlier termination of this Lease belong to Landlord. Tenant shall not in any event make any changes to the exterior of the Premises. Any such alterations shall be in conformance with the requirements of all municipal, state, federal, and other governmental authorities, including requirements pertaining to the health, welfare or safety of employees or the public and in conformance with reasonable rules and regulations of Landlord. Landlord may require that any such alterations be removed prior to the expiration of the Lease Term. Any removal of alterations or furniture and trade fixtures shall be at Tenant's expense and accomplished in a good and workmanlike manner. Any damage occasioned by such removal shall be repaired at Tenant's expense so that the Premises can be surrendered in a good, clean and sanitary condition as required by Article 9 hereof.

9. **MAINTENANCE AND REPAIR.** Tenant shall, subject to Landlord's obligations hereinafter provided, at all times during the Lease Term, and at Tenant's sole cost and expense, keep, maintain and repair the Premises, the building containing the Premises and other improvements within the Premises in good and sanitary order, condition, and repair (except as hereinafter provided) including, without limitation, the maintenance, repair and replacement of any store front, doors, window casements, glazing, heating and air conditioning system including the maintenance of a service contract with a heating and air conditioning contractor, plumbing, pipes, electrical wiring and conduits. After notice to Tenant, Landlord shall have the right to contract directly for heating and air conditioning maintenance and in such event Tenant shall pay the cost of same. By entering into the Premises, Tenant shall be deemed to have accepted the Premises as being in good and sanitary order, condition and repair, and Tenant agrees on the last day of the Lease Term or sooner termination of this Lease to surrender the Premises with appurtenances, in the same condition as when received and in a good, clean and sanitary condition, reasonable use and wear thereof and damage by fire, act of God or by the elements excepted.

Landlord shall, at its own expense, maintain or cause to maintain in good repair the exterior walls, structural elements, and roof of the Premises. Tenant agrees that it will not, nor will it authorize any person to go onto the roof of the building of which the Premises are a part without the prior written consent of Landlord. Said consent will be given only upon Landlord's satisfaction that any repairs necessitated as a result of Tenant's action will be made by Tenant at Tenant's expense and will be made in such a manner so as not to invalidate any guarantee relating to said roof by outside consultants.

10. **COMPLIANCE WITH LAWS.** Tenant shall, at its sole cost and expense, comply with all of the requirements of all municipal, state and federal authorities now in force or which may hereafter be in force, including, without limitation, the requirements of the Americans with Disabilities Act, Unruh Act and all regulations issued thereunder, pertaining to the Premises, and shall faithfully observe all said municipal ordinances, state

and federal statutes, or other governmental regulations now in force or which shall hereinafter be in force. Tenant's violation of law shall constitute a default under this Lease. The judgment of any court of competent jurisdiction, or the admission of Tenant in any action or proceeding against Tenant, whether Landlord is a party thereto or not, that Tenant has violated any such order or statute in said use, shall be conclusive of that fact as between the Landlord and Tenant. Tenant shall indemnify, defend, and hold harmless Landlord from any costs and expenses of any nature (including, without limitation, attorney's fees) proximately resulting for a breach of this obligations under this Article 10.

11. INSURANCE.

A. Landlord to Provide Real Property Insurance. Landlord shall maintain special perils ("all risk") real property insurance throughout the Lease Term in an amount equal to the replacement value of the building containing the Premises, together with such other reasonable insurance, coverage and endorsements as may be required by Landlord or its lenders or by any governmental agency, excluding, earthquake and flood insurance. Tenant hereby waives any right of recovery from Landlord, and its respective officers and employees, and Landlord hereby waives any right of loss or damage (including consequential loss) resulting from any of the perils insured against as a result of said insurance. Tenant agrees to pay to Landlord all costs incurred by Landlord in connection with the foregoing insurance.

B. Tenant to Provide Personal Property Insurance. Tenant, at its expense, shall maintain special perils ("all risk") personal property insurance on its trade fixtures, equipment, personal property and inventory within the Premises from loss or damage to the extent of their full replacement value. A certificate evidencing such insurance shall be delivered to Landlord.

C. Tenant to Provide Workers Compensation and Employers Liability Insurance. Tenant, at its expense, shall maintain Workers Compensation insurance as required by California law, and Employers Liability insurance with limits not less than One Million Dollars (\$1,000,000) for each accident, One Million Dollars (\$1,000,000) disease policy limit, and One Million Dollars (\$1,000,000) disease each employee. Such insurance may be self-insured at Tenant's sole option.

D. Tenant to Provide Applicable Commercial Auto Liability Insurance. Tenant, at its expense, shall maintain Commercial Auto Liability insurance (if applicable) covering automobiles owned, non-owned, hired or used by Tenant in carrying on its business with limits not less than One Million Dollars (\$1,000,000) combined single limit for each accident. Such insurance may be self-insured at Tenant's sole option.

E. Tenant to Provide Business Interruption and Extra Expense Insurance. Tenant, at its expense, shall maintain Business Interruption and Extra Expenses insurance in an amount typically in an amount equal to double the GMMR. Such insurance shall name Tenant loss payee as its interests may appear.

F. Tenant to Provide Builder's Risk or Construction Insurance For Any Alteration to the Premises or Tenant Work. Tenant, at its expense, shall maintain Builder's Risk (or Building Construction) insurance during the course of construction of any Alteration exceeding \$200,000 in hard costs, including during the performance of Tenant's Work and until completion thereof. Such insurance shall be on a form covering Landlord, Landlord's architects, Landlord's contractor or subcontractors, Tenant and Tenant's contractors, as their interest may appear, against loss or damage by fire, vandalism, and malicious mischief and other such risks as are customarily covered by the so-called "broad form extended coverage endorsement" upon all Alterations or Tenant's Work in place and all materials stored at the Premises, and all materials, equipment, supplies and temporary structures of all kinds incident to Alterations or Tenant's Work and builder's machinery, tools and equipment, all while forming a part of, or on the Premises, or when adjacent thereto, while on drives, sidewalks, streets or alleys, at replacement cost. Said Builder's Risk Insurance shall contain an express waiver of any right of subrogation by the Insurer against Landlord, its agents, employees and contractors.

G. Tenant to Provide General Liability Insurance. During the entire Lease Term, the Tenant shall, at the Tenant's sole cost and expense, but for the mutual benefit of Landlord and Tenant, maintain general liability insurance against claims for bodily injury, death or property damage occurring in, upon or about the Premises and on any sidewalks directly adjacent to the Premises with insurance companies licensed to do business in the state where the Premises are located rated AVIII or better by AM Best Company or by self-insurance. Such insurance or self-insurance shall have per occurrence and aggregate limits of Three MILLION DOLLARS (\$3,000,000.00) for bodily injury, death, and property damage. All such policies of insurance required under this Article 11 shall provide by its terms that coverage is to be primary and noncontributing with any similar insurance carried by Landlord. Such policy shall provide that not less than thirty (30) days written notice shall be given to Landlord prior to the cancellation of any such policy. . Prior to the Commencement Date (or such earlier date as Tenant takes possession of the Premises for any purpose) and at least thirty (30) days prior to the expiration of any insurance policy, Tenant shall provide Landlord with a certificate of insurance or other evidence that the insurance required by this Article will be in effect, or will remain in effect, during the next year.

H. Waiver of Subrogation. Landlord and Tenant hereby waive any rights each may have against the other on account of any loss or damage occasioned by property damage to the Premises. Each of the parties, on behalf of their respective insurance companies insuring such property of either Landlord or Tenant against such loss waives any right of subrogation that it may have against the other..

12. **INDEMNIFICATION OF LANDLORD.** Tenant, as a material part of the consideration to be rendered to Landlord under this Lease, hereby waives all claims against Landlord for damage to equipment or other personal property, trade fixtures, Leasehold improvements, goods, wares, inventory and merchandise, in, upon or about the Premises and or injuries to persons in or about the Premises, from any cause arising at any time (including but not limited to the police or security system for the Building); and Tenant shall indemnify, defend and hold Landlord harmless from any damage or injury to any person, or the equipment and other personal property, Leasehold improvements, goods, wares, inventory and merchandise of any person, arising from the use of the Premises by Tenant or its employees and customers, or from the failure of Tenant to comply with any of its obligations under the Lease, including, without limitation, the obligation to keep the Premises in good condition and repair, as herein provided, except to the extent those damages or injuries are pre-existing or result from the gross negligence or willful misconduct of Landlord's or its agents.

13. **FREE FROM LIENS.** Tenant shall keep the Premises, the building containing the Premises, and the property on which the Premises are situated free from any liens arising out of any work performed, material furnished, or obligation incurred by Tenant or alleged to have been incurred by Tenant. Landlord shall have the right at any time and from time to time to post and maintain on the Premises such notices as may be necessary to protect the Premises and Landlord from mechanics' liens, materialmen's liens or liens of a similar nature. If Tenant has not caused any lien to be removed from the Premises (either by satisfying the lien or posting a bond in the statutory amount required to release the lien) , within ten (10) days after written notice from Landlord, Landlord may post a bond, satisfy such lien or take any other reasonable action to remove the lien and any and all costs and expenses, including attorneys' fees and costs incurred by Landlord shall immediately become due and payable by Tenant and shall constitute additional rent hereunder.

14. **ABANDONMENT.** Tenant shall not vacate or abandon the Premises at any time during the Lease Term; and if Tenant shall abandon, vacate or surrender the Premises or be dispossessed by process of law, or otherwise, any personal property belonging to Tenant and left on the Premises shall be deemed to be abandoned, and at Landlord's election, such personal property shall become the property of Landlord and retained, or disposed of as Landlord so determines. Tenant hereby waives any statutory rights inconsistent with this Article 14, including, without limitation, Sections 1980 et seq., of the California Civil Code, or similar or successor statutes.

15. **SIGNS.** Tenant shall not place or permit to be placed any sign upon the exterior or in the windows of the Premises without Landlord's prior written consent. Landlord will provide to Tenant an approved sign criterion, and Tenant shall within fourteen (14) days thereafter at its sole cost and expense prepare detailed sign construction drawings in accordance with said criteria, which shall be submitted to Landlord for Landlord's written approval. Tenant agrees to install signs in accordance with the approved sign construction drawings prior to Tenant's opening for business in the Premises. Any sign not constructed in accordance therewith shall be immediately removed by Tenant and, if said sign is not removed by Tenant within ten (10) days of written notice

from Landlord to Tenant, then Landlord may remove and destroy said sign without Tenant's approval and without any liability to Tenant.

16. **UTILITIES.** Tenant shall pay before delinquency all charges for water, gas, heat, electricity, power, sewer, telephone service, trash removal and all other services and utilities used in, upon, or about the Premises by Tenant or any of its subtenants, licensees, or concessionaires during the term of this Lease. Landlord shall not be liable for any failure or interruption of any utility service.

17. **ENTRY AND INSPECTION.** Tenant shall permit Landlord and its respective agents to enter into and upon the Premises at all reasonable times for the purpose of inspecting the same or for the purpose of maintaining the building which the Premises are situated, or for the purpose of making repairs, alterations or additions to any other portion of said building, including the erection and maintenance of such scaffolding, canopy, fences and props as may be required, or for the purpose of posting notices of non-liability for alterations, additions or repairs, or for the purpose of placing upon the property in which the Premises are located any usual or ordinary "For Sale" signs. Tenant shall permit Landlord, at any time within nine (9) months prior to the expiration of the Lease Term, to place upon the Premises any usual or ordinary "For Lease" signs, and during such nine (9) month period Landlord or his agents may, during normal business hours, enter upon said Premises and exhibit same to prospective tenants.

18. **DAMAGE AND DESTRUCTION OF PREMISES.** In the event of (a) partial or total destruction of the Premises or the building containing same during the term of this Lease which requires repairs to either the Premises or said building, or (b) the Premises or said building being declared unsafe or unfit for occupancy by any authorized public authority for any reason other than Tenant's act, use or occupation, which declaration requires repairs to either the Premises or said building, Landlord shall forthwith make said repairs provided Tenant gives to Landlord thirty (30) days written notice of the necessity therefor. No such partial destruction (including any destruction necessary in order to make repairs required by any declaration made by any public authority) shall in any way annul or void this Lease except that Tenant shall be entitled to a proportionate reduction of GMMR while such repairs are being made, such proportionate reduction to be based upon the extent to which the making of such repairs shall interfere with the business carried on by Tenant in the Premises. If however, during the last two (2) years of the term of this Lease the Premises and/or said building are damaged as a result of fire or any other insured casualty to an extent in excess of twenty-five percent (25%) of the then replacement cost, (excluding foundations), Landlord may within thirty (30) days following the date such damage occurs terminate this Lease by written notice to Tenant. If Landlord, however, elects to make said repairs, and provided Landlord uses due diligence in making said repairs, this Lease shall continue in full force and effect, and the GMMR shall be proportionately reduced while such repairs are being made as hereinabove provided.

The foregoing to the contrary notwithstanding, if the Premises or said building is damaged or destroyed at any time during the term hereof to an extent of more than ten percent (10%) of the then replacement cost (excluding foundations) as a result of a casualty not insured against, Landlord may within thirty (30) days following the date of such destruction terminate this Lease upon written notice to Tenant. If Landlord does not elect to terminate because of said uninsured casualty, Landlord shall promptly rebuild and repair the Premises and/or the building and the GMMR shall be proportionately reduced while such repairs are being made as hereinabove provided.

If Landlord elects to terminate this Lease, all rentals shall be prorated between Landlord and Tenant as of the date of such destruction.

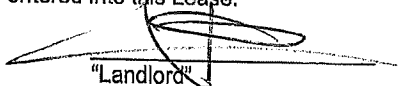
In respect to any partial or total destruction (including any destruction necessary in order to make repairs required by any such declaration of any authorized public authority) which Landlord is obligated to repair or may elect to repair under the terms of this Article 18, Tenant waives any statutory right it may have to cancel this Lease as a result of such destruction.

19. **ASSIGNMENT AND SUBLETTING.** Tenant shall not sublet the Premises or any part thereof, or any right or privilege appurtenant thereto, without first obtaining the prior written consent of Landlord, which Landlord may withhold in its sole and absolute discretion. Notwithstanding the foregoing, Landlord agrees Tenant may execute a management agreement for the Premises with a third-party property management provider without the prior consent of Landlord. Tenant shall not assign this Lease, or any interest therein, without the prior written consent of Landlord, which consent may be withheld in its sole and absolute discretion. Landlord may withhold its consent to an assignment to a proposed assignee, and Tenant agrees that Landlord shall be justified

in doing so, unless all the following criteria are met: (a) The proposed assignee's general financial condition, including liquidity and net worth, verified by audited financial statements prepared by a Certified Public Accountant in conformity with Generally Accepted Accounting Principles is equal to or greater than that of Tenant; (b) the proposed assignee is morally and financially responsible; and (d) the proposed assignee will be using the Premises for the same use allowable under this Lease. Any such assignment shall be subject to all of the terms and conditions of this Lease, including, but not limited to, any restriction on use and trade name pursuant to the provisions of Articles 1 and 8 hereof, and the proposed assignee shall assume the obligations of Tenant under this Lease in writing in form satisfactory to Landlord. The proposed assignee shall simultaneously provide to Landlord an estoppel certificate in the form described in Article 27 hereafter. Consent by Landlord to one assignment, subletting, occupation or use by another person shall not be deemed to be a consent to any subsequent assignment, subletting, occupation or use by another person. Consent to an assignment shall not release the original named tenant or any guarantors from liability for the continued performance of the terms, covenants and provisions on the part of Tenant to be kept and performed, and the assignment and assumption documents shall so provide. Thereafter, Landlord and the assignee may modify, amend, change or supplement this Lease without notice to or consent of original named tenant and without releasing the original named tenant from its liabilities and obligations under this Lease, which liabilities and obligations shall remain in full force and effect and the original named tenant shall thereafter be liable to perform the obligations of the "Tenant" under the Lease as modified, amended, changed, or supplemented. Any assignment or subletting without the prior written consent of Landlord shall be void, shall constitute a material breach of this Lease, and shall, at the option of Landlord, terminate this Lease. Neither this Lease nor any interest therein shall be assignable as to the interest of Tenant by operation of law.

Landlord shall be under no obligation to consider a request for Landlord's consent to an assignment until Tenant shall have submitted in writing to Landlord a request for Landlord's consent to such assignment.

By affixing their initials below, the parties acknowledge that the provisions of this Article 19 have been freely negotiated, bargained for and agreed to by Landlord and Tenant. Landlord and Tenant acknowledge that the terms, limitations and restrictions on assignment and subletting are a material consideration for Landlord and Tenant entering into this Lease and that, but for such terms, limitations and restrictions, they would not have entered into this Lease.


"Landlord"


"Tenant"

20. DEFAULT AND REMEDIES. In addition to the defaults described in Article 19 hereinabove and in Article 23 hereafter, the occurrence of any one or more of the following events shall constitute a default and breach of this Lease by Tenant: (a) the failure to pay any rental or other payment required hereunder to or on behalf of Landlord at the time or within the times herein specified for such payment where such default shall continue for a period of three (3) days after written notice thereof from Landlord to Tenant; (b) the failure to perform any of Tenant's agreements or obligations hereunder (exclusive of a default in the payment of money) where such default shall continue for a period of ten (10) days after written notice thereof from Landlord to Tenant; (c) the vacation or abandonment of the Premises by Tenant; (d) the making by Tenant of a general assignment for the benefit of creditors; (e) the filing by Tenant of a voluntary petition in bankruptcy or the adjudication of Tenant as a bankrupt; (f) the appointment of a receiver to take possession of all or substantially all the assets of Tenant located at the Premises or of Tenant's Leasehold interest in the Premises; (g) the filing by any creditor of Tenant of an involuntary petition in bankruptcy which is not dismissed within sixty (60) days after filing; (h) the attachment, execution or other judicial seizure of all or substantially all of the assets of Tenant or Tenant's Leasehold where such an attachment, execution or seizure is not discharged within sixty (60) days; or (i) the failure to pay any Franchise Tax Board taxes relating to Tenant or its principal, with Tenant to provide proof of such payments to Landlord on an annual basis by no later than December 31 of each calendar year. Any repetitive failure by Tenant to perform its agreements and obligations hereunder, though intermittently cured, shall be deemed an incurable default. Two breaches of the same covenant within a sixty (60) day period, a notice having been given pursuant to (a) or (b) above for the first breach, or three such breaches at any time during the term of this Lease for which notices pursuant to (a) or (b) above were given for the first two (2) breaches shall conclusively be deemed to be an incurable repetitive failure by Tenant to perform its obligations hereunder. A written notice of default given to Tenant pursuant to this Article 20 shall be deemed to be the statutory notice so long as such written notice complies with statutory requirements.

In the event that tenant is served a three (3) day notice more than twice in a twelve (12) month period, landlord will have the right to terminate or renegotiate the lease at its own discretion, regardless if notice was cured.

In the event of any such default or breach by Tenant, Landlord may at any time thereafter, without further notice or demand, rectify or cure such default, and any sums expended by Landlord for such purposes shall be paid by Tenant to Landlord upon demand and as additional rental hereunder. In the event of any such default or breach by Tenant, Landlord shall have the right, in addition to any other remedy now or hereafter available to Landlord at law or in equity, to pursue the remedy described in California Civil Code Section 1951.4 and continue the Lease in full force and effect and enforce all of its rights and remedies under this Lease, including the right to recover the rental as it becomes due under this Lease. Landlord shall also have the right at any time thereafter to elect to terminate said Lease and Tenant's right to possession thereunder. In such event, all unamortized costs Landlord has incurred for Landlord's Work shall be reimbursed to Landlord as of the date of termination, and otherwise in accordance with Exhibit D.

Such efforts as Landlord may make to mitigate the damages caused by Tenant's breach of this Lease shall not constitute a waiver of Landlord's right to recover damages against Tenant hereunder, nor shall anything herein contained affect Landlord's right to indemnification against Tenant for any liability arising prior to the termination of this Lease for personal injuries or property damage, and Tenant hereby agrees to indemnify and hold Landlord harmless from any such injuries and damages, including all attorneys' fees and costs incurred by Landlord in defending any action brought against Landlord for any recovery thereof, and in enforcing the terms and provisions of this indemnification against Tenant.

Notwithstanding any of the foregoing, the breach of this Lease by Tenant, or an abandonment of the Premises by Tenant, shall not constitute a termination of this Lease, or of Tenant's right of possession hereunder, unless and until Landlord elects to do so, and until such time Landlord shall have the right to enforce all of its rights and remedies under this Lease, including the right to recover rent, and all other payments to be made by Tenant hereunder, as they become due. Failure of Landlord to terminate this Lease shall not prevent Landlord from later terminating this Lease or constitute a waiver of Landlord's right to do so.

The parties hereto agree that acts of maintenance or preservation or efforts to release the Premises, or the appointment of a receiver upon the initiative of the Landlord to protect its interests under this Lease shall not constitute a termination of Tenant's right of possession for the purposes of this Article unless accompanied by a written notice from Landlord to Tenant of Landlord's election to so terminate.

Acceptance of rental hereunder shall not be deemed a waiver of any default or a waiver of any of Landlord's remedies.

Tenant hereby waives all rights under California Code of Civil Procedure Sections 1174 and 1179 and California Civil Code Section 3275 providing for relief from forfeiture and any other right now or hereafter existing to redeem the Premises or reinstate this Lease after termination pursuant to any provisions of this Lease or by order or judgment of any court or by any legal process.

21. **SURRENDER OF LEASE.** 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, terminate all or any existing subleases or sub tenancies, or may, at the option of Landlord, operate as an assignment to it of any or all of such subleases or sub tenancies.

22. **LANDLORD LIABILITY.** Landlord shall be liable only for Landlord's gross negligence or willful misconduct. Landlord shall not be liable for injury or damage to the person or goods, wares, merchandise or other property of Tenant, Tenant's employees, contractors, invitees, customers, or any other person in or about the premises, whether such damage or injury is caused by the result of fire, steam, electricity, gas, water or rain, indoor air quality, the presence of mold or from the breakage, leakage, obstruction or other defects of pipes, fire sprinklers, wires, appliances, plumbing, HVAC or lighting fixtures or from any other cause, whether the said injury or damage results from conditions arising upon the premises or upon other portions of the building, or from other sources or places. Landlord shall not be liable for any damages arising from any act or neglect of any other tenant of Landlord nor from the failure of Landlord to enforce the provisions of any other lease in the project. Notwithstanding Landlord's gross negligence, willful misconduct or breach of this lease, Landlord shall under no circumstances be liable for injury to Tenant's business or any loss of income or profit therefrom. Anything in this

Lease to the contrary notwithstanding, Tenant agrees that it shall look solely to the interest of Landlord in the Premises and, subject to prior rights of any mortgagee of the Premises, for the collection, satisfaction or enforcement of any judgment (or other judicial or administrative process) requiring the payment of money, or the performance or non-performance of certain acts by Landlord, in the event of any default or breach by Landlord with respect to any of the terms, covenants and conditions of this Lease to be observed and/or performed by Landlord, and no other assets of the Landlord will be subject to levy, execution or other procedures for the satisfaction of any remedy, judgment or order of Tenant. In the event of any sale or assignment of the Premises by Landlord, Landlord shall be and is hereby entirely freed and relieved of all liability under any and all of its covenants and obligations contained in or derived from this Lease arising out of any act, occurrence or omission occurring after the consummation of such sale or assignment; and the purchaser or assignee, at such sale or assignment or any subsequent sale or assignment of the Premises, shall be deemed without any further agreement between the parties or their successors in interest or between the parties and any such purchaser or assignee, to have assumed and agreed to carry out any and all of the covenants and obligations of the Landlord under this Lease arising after the date of such sale or assignment.

23. TENANT'S PERFORMANCE. In the event Tenant shall fail within any time limits which may be provided herein to complete any work or perform any other requirements provided to be performed by Tenant prior to the Commencement Date, or in the event Tenant shall cause a delay in the completion of Landlord's Work (limited to Tenant in its capacity as the "Tenant" hereunder, and not in its capacity as regulatory agency), or any work to be performed by Tenant, Landlord may send Tenant written notice of said default and if said default is not corrected or affirmative steps taken to correct default, within ten (10) days thereafter, Landlord may terminate this Lease by written notice to Tenant given prior to the curing of said default. Landlord shall be entitled to receive as liquidated damages the greater of (a) any deposits made hereunder, (b) twice the amount of the GMMR and the cost to remove such improvements as Tenant may have annexed to the realty that cannot be removed without damage thereto, and (c) all sums expended by Landlord in construction the Landlord's Work as of the date of termination, and the cost to remove such improvements as Tenant may have annexed to the realty that cannot be removed without damage thereto. Landlord shall be entitled to retain any deposit paid hereunder by Tenant as an offset against such liquidated damages. The provisions of this Article 23 shall apply to the defaults described in this Article and other provisions of Article 20 shall be inapplicable thereto.

24. FORCE MAJEURE. If either party hereto shall be delayed or prevented from the performance of any act required hereunder for construction, repair or maintenance work by war (whether declared or not), armed conflict or the serious threat of the same (including but not limited to hostile attack, blockade, military embargo), hostilities, invasion, act of a foreign enemy, extensive military mobilization; civil war, riot, rebellion, revolution, military or usurped power, insurrection, civil commotion or disorder, mob violence, act of civil disobedience; act of terrorism, sabotage or piracy; plague, pandemic or any other public health crisis; act of authority other than Tenant whether lawful or unlawful, compliance with any law or governmental order, rule, regulation or direction, curfew restriction, expropriation, compulsory acquisition, seizure of works, requisition, nationalization, lockdown directive; act of God or natural disaster such as but not limited to cyclone, typhoon, hurricane, tornado, blizzard, earthquake, volcanic activity, landslide, tidal wave, tsunami, flood, damage or destruction by drought; prolonged break-down of transport, telecommunication or electric current; general labor disturbance such as but not limited to boycott, strike and lock-out, go-slow, occupation of factories and premises; shortage or inability to obtain critical material or supplies to the extent not subject to the reasonable control of the subject party ("**Force Majeure Event**"), performance of such work or obligation shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay, provided the subject party notifies the other party of the Force Majeure Event, in writing, within thirty (30) of the commencement of such Force Majeure Event; provided, however, nothing in this Article 24 contained shall excuse Tenant from the prompt payment of any rental or other charges required under the Lease based on any Force Majeure Event, with Tenant obligated to any rental or those other charges under the Lease with no suspension, no deferral, or no abatement from Landlord, unless expressly agreed to in a writing signed by both Landlord and Tenant. Tenant is obligated to pay Rent or other charges under the Lease, notwithstanding the operation of such doctrines as impossibility or frustration of business purposes..

25. SUBORDINATION, ATTORNMENT. This Lease, at Landlord's option, shall be subordinate to the lien of any first deed of trust or first mortgage subsequently placed upon the real property of which the Premises are a part, and to any and all advances made on the security thereof, and to all renewals, modifications, consolidations, replacements and extensions thereof and Tenant agrees to execute a subordination agreement in recordable form satisfactory to mortgagee or beneficiary to accomplish same. 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 covering the Premises, Tenant shall attorn to the purchaser upon any such foreclosure or sale and recognize such purchaser as the Landlord under this Lease. If any mortgagee or beneficiary shall elect to have this Lease prior to the lien of its mortgage or deed of trust and shall give written notice thereof to Tenant, this Lease shall be deemed prior to such mortgage or deed of trust whether this Lease is dated prior or subsequent to the date of said mortgage or deed of trust or the date of recording thereof.

26. **LENDER APPROVAL.** Landlord and Tenant hereby agree that this Lease and all of Landlord's obligations under this Lease are expressly conditioned upon review and approval of this Lease by Landlord's construction and permanent lender(s). This condition is expressly for the sole benefit of Landlord and may be waived by Landlord by written notice from Landlord to Tenant.

27. **ESTOPPEL CERTIFICATE.** If, as a result of a proposed sale, assignment, or hypothecation of the Premises or the land thereunder by Landlord, or at any other time, an estoppel certificate shall be requested of Tenant, Tenant agrees, within twenty (20) days thereafter, to deliver such estoppel certificate (in recordable form if requested) addressed to any existing or proposed mortgagee or proposed purchaser, and to the Landlord, certifying the requested information, including among other things the dates of commencement and termination of this Lease, the amounts of security deposit, the rental currently payable hereunder and the date to which rental has been paid, and that this Lease is in full force and effect (if such be the case) and that there are no offsets or material defaults of an incurable nature. Tenant shall not include any extraneous information in the Estoppel Certificate returned to Landlord. Tenant shall be liable for any loss or liability resulting from any incorrect information certified, and such assignee, mortgagee and purchaser shall have the right to rely on such estoppel certificate. Tenant shall in the same manner acknowledge and execute any assignment of rights to receive rents as required by any mortgagee of Landlord.

28. **CONDEMNATION.** In the event a condemnation or a transfer in lieu thereof results in a taking of any portion of the Premises, Landlord may, or in the event a condemnation or a transfer in lieu thereof results in a taking of twenty percent (20%) or more of the Premises, Tenant may, upon written notice given within thirty (30) days after such taking or transfer in lieu thereof, terminate this Lease effective as of the date Tenant is required to vacate a portion of the Premises. Tenant shall not be entitled to share in any portion of the award and Tenant hereby expressly waives any right or claim to any part thereof. Tenant shall, however, have the right to claim and recover, only from the condemning authority (but not from Landlord), any amounts necessary to reimburse Tenant for the cost of removing stock and fixtures. If this Lease is not terminated as above provided, Landlord shall use a portion of the condemnation award to restore the Premises.

29. **INDUCEMENT RECAPTURE.** Any agreement for free or abated rent or other charges, or for the giving or paying by Landlord of any cash or other bonus, inducement, or consideration for Tenant's entering into the lease, all of which concessions are hereinafter referred to as "**Inducement Provisions**" shall be deemed conditioned upon Tenant's full and faithful performance of all of the terms, conditions, and provisions of the lease. Upon breach of this lease by Tenant, any such Inducement Provision shall be automatically deleted from this Lease and of no further force and effect, and any rent, other charge, bonus, inducement or consideration theretofore abated or given or paid by Landlord under such Inducement Provision shall be immediately due and payable to Landlord, notwithstanding any subsequent cure by Tenant. The acceptance by Landlord of rent or the cure of the breach which initiated the operation of this paragraph by Landlord shall not be deemed a waiver of this paragraph unless specifically so stated in writing by Landlord.

30. **MISCELLANEOUS.**

A. **Jurisdiction and Venue.** The parties hereto agree that the State of California shall be the exclusive jurisdiction for litigation of any matters relating to this Lease, and service mailed to the address of tenants set forth herein shall be adequate service for such litigation. The parties further agree that Los Angeles County, California shall be the exclusive place for venue as to any such litigation.

B. **Partial Invalidity.** If any term, covenant, condition or provision of this Lease is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereof.

C. Marginal Captions. The various headings and numbers herein and the grouping of the provisions of this Lease into separate articles and paragraphs are for the purpose of convenience only and shall not be considered a part hereof.

D. Consents, Approvals, and Agreements of Landlord. All consents and approvals to be given by Landlord, unless specifically stated herein to the contrary, shall be at Landlord's sole and absolute discretion and no covenants are to be implied in relation thereto, either in fact or in law. The agreements and obligations of Landlord are specifically stated in this Lease, and no further agreements, covenants, promises, or obligations are to be implied, and Tenant expressly waives any such implied agreements, covenants, promises or obligations. In connection with any consent request by Tenant, Tenant shall pay to Landlord, Landlord's actual reasonable costs and expenses, including but not limited to Architects, Attorney's, Engineer's, and other consultants, in the consideration of and response to any request by Tenant for consent pertaining to the premises, including consents to assignment or subletting, alteration or modification of the premises, within ten (10) days of presentation of any invoice. In addition to any security deposit required by the terms of the lease, Landlord may as a condition to considering such request by Tenant, require Tenant to deposit with Landlord, a deposit reasonably calculated by Landlord to represent the cost Landlord will incur in considering and responding to Tenant's request.

E. Late Payments. Tenant hereby acknowledges that late payment by Tenant to Landlord of rental or other sums due hereunder will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which is extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges and late charges which may be imposed upon Landlord by the terms of any mortgage or deed of trust covering the Premises. Accordingly, any payment of any sum to be paid by Tenant not paid when within five (5) days of its due date shall be subject to a seven percent (7%) late charge. Landlord and Tenant agree that this late charge represents a reasonable estimate of such costs and expenses and is fair compensation to Landlord for its loss suffered by such late payment by Tenant. Late fees are additional rent.

F. Interest. Any sum to be paid pursuant to the terms of this Lease not paid when due shall bear interest from and after the due date until paid at a rate equal to three percent (3%) over the prime rate being charged by Bank of America, N.A. from time to time during such period so long as the rate does not exceed the maximum rate permitted by law in which case interest shall be at the maximum rate allowed by law at the time the sum became due.

G. Holding Over. Any holding over after the expiration of the term of this Lease, with the consent of Landlord, express or implied, shall be construed to be a tenancy from month to month, cancelable upon thirty (30) days written notice, and at a rental equal to one hundred fifty percent (150%) of the last applicable GMMR and upon terms and conditions as existed during the last year of the Lease Term.

H. Successors in Interest. The covenants herein contained shall, subject to the provisions as to assignment, apply to and bind the heirs, successors, executors, administrators and assigns of all the parties hereto.

I. No Oral Agreements. This Lease covers in full each and every agreement of every kind or nature whatsoever between the parties hereto concerning this Lease, and all preliminary negotiations and agreements of whatsoever kind or nature are merged herein, and there are no oral agreements. Tenant acknowledges that no representations or warranties of any kind or nature not specifically set forth herein have been made by Landlord or its agents or representatives.

J. Authority. In the event that Tenant is a corporation or a partnership, each individual executing this Lease on behalf of said corporation or said partnership, as the case may be, represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of said corporation or partnership, in accordance with a duly adopted resolution of the Board of Directors, if a corporation, or in accordance with the Partnership Agreement, if a partnership, and that this Lease is binding upon said corporation or partnership in accordance with its terms. Tenant agrees to deliver forthwith to Landlord a certified copy of such resolution of the Corporation, if Tenant be a corporation, or a copy of the Partnership Agreement and a copy of the Certificate of Limited Partnership or Statement of Partnership, if the Tenant be a partnership.

K. Time. Time is of the essence of this Lease.

L. Consistency. Each provision herein shall be interpreted so as to be consistent with every other provision.

M. Relationship of Parties. The relationship of the parties hereto is that of Landlord and Tenant, and it is expressly understood and agreed that Landlord does not in any way or for any purpose become a partner of Tenant in the conduct of Tenant's business or otherwise, or a joint venturer with Tenant, and that the provisions of this Lease and the agreements relating to rent payable hereunder are included solely for the purpose of providing a method whereby rental payments are to be measured and ascertained.

N. Landlord's Default. Landlord shall not be in default unless Landlord fails to perform obligations required of Landlord within a reasonable time, but in no event later than thirty (30) days after written notice by Tenant to Landlord and to the holder of any first mortgage or deed of trust covering the Premises whose name and address shall have heretofore been furnished to Tenant in writing, specifying wherein Landlord has failed to perform such obligation; provided, however, that if the nature of Landlord's obligation is such that more than thirty (30) days are required for performance then Landlord shall not be deemed in default if Landlord commences performance within a thirty (30) day period and thereafter diligently prosecutes the same to completion.

O. Hazardous Waste and Materials. Tenant shall not engage in any activity on or about the Premises that violates any Environmental Law, and shall promptly, at Tenant's sole cost and expense, take all investigatory and/or remedial action required or ordered by any governmental agency or Environmental Law for clean-up and removal of any contamination involving any Hazardous Material created or caused directly or indirectly by Tenant. The term "Environmental Law" shall mean any federal, state or local law, statute, ordinance or regulation pertaining to health, industrial hygiene or the environmental conditions on, under or about the Premises, including without limitation, (i) the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), 42 U.S.C. Sections 9601 et seq.; (ii) the Resource Conservation and Recovery Act of 1976 ("RCRA"), 42 U.S.C. Sections 6901 et seq.; (iii) California Health and Safety Code Sections 25100 et seq.; (iv) the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health and Safety Code Section 25249.5 et seq.; (v) the Federal Water Pollution Control Act, 33 U.S.C. Sections 1317 et seq.; (vi) California Water Code Section 1300 et seq.; and (vii) California Civil Code Section 3479 et seq., as such laws are amended and the regulations and administrative codes applicable thereto. The term "Hazardous Material" includes, without limitation, any material or substance which is (i) defined or listed as a "hazardous waste", "extremely hazardous waste", "restrictive hazardous waste" or "hazardous substance" or considered a waste, condition of pollution or nuisance under the Environmental Laws; (ii) petroleum or a petroleum product or fraction thereof; (iii) asbestos; and/or (iv) substances known by the State of California to cause cancer and/or reproductive toxicity. It is the intent of the parties hereto to construe the term "Hazardous Materials" and "Environmental Laws" in its broadest sense. Tenant shall provide all notices required pursuant to the Safe Drinking Water and Toxic Enforcement Act of 1986, California Health and Safety Code Section 25249.5 et seq. Tenant shall provide prompt written notice to Landlord of the existence of Hazardous Substances on the Premises and all notices of violation of the Environmental Laws received by Tenant. Tenant's obligations pursuant to this Section O shall be referred to in this Lease as "Environmental Compliance". Tenant shall not be responsible for contamination existing on Premises at time of this Lease nor for contamination caused by third parties.

P. Joint and Several Obligations. If there be more than one party acting as the Tenant hereunder, the obligations hereunder shall be the joint and several obligations of such parties.

Q. Nondiscrimination. Tenant herein covenants by and for itself, its heirs, executors, administrators and assigns and all persons claiming under or through it, and this Lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons on account of race, sex, marital status, color, creed, national origin, ancestry, religion, age, sexual orientation, gender identity, domestic partner status, height, weight, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status), in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the Premises herein Leased, nor shall the Tenant itself, or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants or vendees in the Premises.

Tenant shall refrain from restricting any transfer of the Premises, or any portion thereof on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined

in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and section 12955.2 of the Government Code.

Any and all contracts, agreements, leases, sublease or assignments entered into between Tenant and other person shall contain or be subject to substantially the following nondiscrimination and non-segregation clauses:

(i) In leases: "The lessee herein covenants by and for himself or herself, his or her heirs, executors administrators and assigns and all persons claiming under of through him or her, and this lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in sections 12926, 12926.1 subdivision (m) and paragraph (l) of subdivision (p) of Sections 12955, and Section 12955.2 of the Government Code, in the lease, subleasing, transferring, use, occupancy, tenure, or enjoyment of the premises herein leased nor shall the lessee himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants lessees, sublessees, subtenants, or vendees in the premises herein leased."

Notwithstanding the foregoing paragraph, with respect to familial status, the foregoing paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in the foregoing paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivisions (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to the foregoing paragraph.

(ii) In contracts: "There shall be no discrimination against or segregation of any persons or group of person, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m), and paragraph (l) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in connection with the performance if this contract nor shall the contracting party himself or herself, or any person claiming under or through him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy of tenants lessees, sublessees, subtenants, or vendees in the premises herein leased."

Notwithstanding the foregoing paragraph, with respect to familial status, the foregoing paragraph shall not be construed to apply to housing for older persons, as defined in Section 12955.9 of the Government Code. With respect to familial status, nothing in the foregoing paragraph shall be construed to affect Sections 51.2, 51.3, 51.4, 51.10, 51.11, and 799.5 of the Civil Code, relating to housing for senior citizens. Subdivisions (d) of Section 51 and Section 1360 of the Civil Code and subdivisions (n), (o), and (p) of Section 12955 of the Government Code shall apply to the foregoing paragraph.

R. Notices. Wherever in this Lease it shall be required or permitted that notice and demand be given or served by either party to this Lease to or on the other, such notice or demand shall be given or served in writing and shall not be deemed to have been duly given or served unless in writing, and (i) personally served, (ii) forwarded by certified mail, postage prepaid, (iii) sent by Federal Express or other reputable overnight delivery service, (iv) sent by facsimile, provided a hard copy of such notice is also delivered by one of the aforementioned methods, addressed as follows; or (v) sent by an email transmission addressed to the email addresses below:

TO LANDLORD:

Long Beach Arts District, LLC
709 Randolph Avenue
Costa Mesa, CA 92626
Attn: Shaheen Sadeghi
TELEPHONE: (714) 966-6661
FACSIMILE: (714) 966-1177
Email: shaheen@the.lab.com

TO TENANT:

City of Long Beach, a municipal corporation
Attn: City Manager
411 West Ocean Blvd, 10th Floor
Long Beach, CA 90802

City of Long Beach, a municipal corporation
Attn: Economic Development – Real Estate
411 West Ocean Blvd., 10th Floor
Long Beach, CA 90802
Telephone: 562-570-6846
E-mail: Mary.torres@longbeach.gov

Either party may change such address by written notice by certified mail to the other. Any notice or demand given by (i) personal service or facsimile shall be effective upon delivery, (ii) certified mail shall be effective two (2) days subsequent to mailing, and (iii) overnight delivery shall be effective the next business day after timely deposit with the delivery service.

S. Security Deposit. Tenant contemporaneously with the execution of this Lease, has deposited with Landlord the sum of **\$10,732.85** ("Security Deposit"), receipt of which is hereby acknowledged by Landlord, said deposit being given to secure the faithful performance by the Tenant of all terms, covenants, and conditions of this Lease by the Tenant to be kept and performed during the Lease Term as well as repairing or cleaning the Premises after the Lease is terminated or Tenant vacates the Premises. Tenant agrees that if the Tenant shall fail to pay the rent herein reserved or any other sum required hereby promptly when due, said deposit may, at the option of the Landlord (but Landlord shall not be required to) be applied to any rent or other sum due and unpaid, and if the Tenant violates any of the other terms, covenants, and conditions of this Lease, said deposit may, at Landlord's option, be applied to any damages suffered by Landlord as a result of Tenant's default to the extent of the amount of the damages suffered.

The use or application of the Security Deposit or any portion thereof shall not prevent Landlord from exercising any other right or remedy provided hereunder or under any Law and shall not be construed as liquidated damages. In the event the Security Deposit is reduced by such use or application, Tenant shall deposit with Landlord within five (5) days after written notice, an amount sufficient to restore the full amount of the Security Deposit. Landlord shall not be required to keep the Security Deposit separate from Landlord's general funds or pay interest on the Security Deposit. In no event shall the Security Deposit be considered an advance payment of Rent, and in no event shall Tenant be entitled to use the Security Deposit for the payment of Rent. Any remaining portion of the Security Deposit shall be returned to Tenant within thirty (30) days after Tenant has vacated the Premises if there is any amount remaining after any deduction of rent defaults, expenses to repair the Premises caused by Tenant, or to clean the Premises upon termination of the Premises, with Tenant not requiring any written notice of these deductions. If the Premises shall be expanded at any time, or if the Term shall be extended at an increased rate of Rent, the Security Deposit shall thereupon be proportionately increased. Landlord shall have the right to transfer the Security Deposit to any purchaser of the Property. Upon such transfer, Tenant shall look solely to such purchaser for return of the Security Deposit; and Landlord shall be relieved of any liability with respect to the Security Deposit. Tenant and Landlord acknowledge and agree that their rights and remedies with respect to the Security Deposit shall be as provided in this Lease and each of Landlord and Tenant hereby waive Section 1950.7 of the California Civil Code and any and all other similar laws now existing or hereafter enacted.

T. Representation. Each of the parties hereto warrants and represents to the other (i) that each of the provisions hereof has been negotiated between the parties, (ii) that each provision hereof is consideration for every other provision, (iii) that it has read the entire Lease and (iv) that it agrees to each and every provision hereof.

U. Attorneys' Fees. In the event that either Landlord or Tenant shall institute any action or proceeding against the other relating to the provisions of this Lease, or any default hereunder, the unsuccessful party in such action or proceeding shall reimburse the successful party for reasonable attorneys' fees and other costs and expenses incurred therein by the successful party, including expert witness fees and other fees and costs incurred in any appellate proceeding. **In addition, Landlord shall be entitled to collect from tenant attorney's fees and costs in connection with a default in the terms of the lease or breach of the lease. This shall include the fees and costs incurred in connection with the preparation and service of notices of default, notices to quit, notices to pay or quit, or notices to remedy non-monetary defaults, and consultations in connection therewith, whether or not legal action is subsequently commenced in connection with such default or breach of the lease.**

V. California CASp Inspection. The Premises described in this Lease have not undergone inspection by a Certified Access Specialist (CASp), and the Premises have not been determined to meet all applicable construction-related accessibility standards pursuant to California Civil Code Section 55.53.

A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner

or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises.

W. . Landlord's Lien. In addition to any statutory landlord's lien, Tenant grants to Landlord, to secure performance of Tenant's obligations hereunder, a security interest in all goods, inventory, equipment, fixtures, furniture, improvements, chattel paper, accounts, and general intangibles, and other personal property of Tenant now or hereafter situated on or relating to Tenant's use of the Premises, and all proceeds therefrom (the "Collateral"), and the Collateral shall not be removed from the Premises without the consent of Landlord until all obligations of Tenant have been fully performed. Upon the occurrence of a Default, Landlord may, in addition to all other remedies, without notice or demand except as provided below, exercise the rights afforded a secured party under the Uniform Commercial Code of the State in which the Building is located. Tenant hereby agrees that Landlord may file any financing statement or other instrument necessary to perfect the security interest in the Collateral granted to Landlord herein.

X. Non-Liability of Officials, Employees, and Managers of Landlord. No member, official, employee, agent, or manager of Landlord shall be personally liable to Tenant, or any successor in interest or assigns, in the event of any default or breach by Landlord or for any amount which may become due to Tenant, its successors and assigns, or for any obligation of Landlord under this Lease or otherwise.

Y. Recording. Tenant agrees it shall not record this Lease or memorandum thereof in any land or real property official records or with any Secretary of State.

Z. Finder or Broker Representation. Tenant warrants that it has had no dealings with any real estate broker, agent, or finder in connection with the negotiation of this Lease, and Tenant agrees to indemnify and hold Landlord harmless from any cost, expense or liability (including, but not limited to, reasonable attorneys' fees) for any compensations, commissions or charges claimed by any other real estate broker or agent employed or claiming to represent or to have been employed by Tenant in connection with the negotiation of this Lease. The foregoing agreement shall survive the termination of this Lease.

IN WITNESS WHEREOF, the parties have duly executed this Lease together with the herein referred to Exhibits which are attached hereto, as of this 5 day of Oct., 2022.

"LANDLORD"

Long Beach Arts District, LLC

By: [Signature]
Shaheen Sadeghi

It's: Member

Date: 10-11-22

"TENANT"

CITY OF LONG BEACH

By: [Signature]

Its: City Manager

Date: 10-5-2022

APPROVED AS TO FORM

EXECUTED PURSUANT TO SECTION 301 OF THE CITY CHARTER. 10-5, 2022

[Signature] CHARLES PARKIN, City Attorney

RICHARD ANTHONY
DEPUTY CITY ATTORNEY

EXHIBIT "A"

LEGAL DESCRIPTION OF PREMISES

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF LONG BEACH, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

LOT 30, IN BLOCK 16 OF TRACT 6521, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 69, PAGES 31 AND 32 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN(s): 7124-032-030

EXHIBIT "B"

SITE PLAN

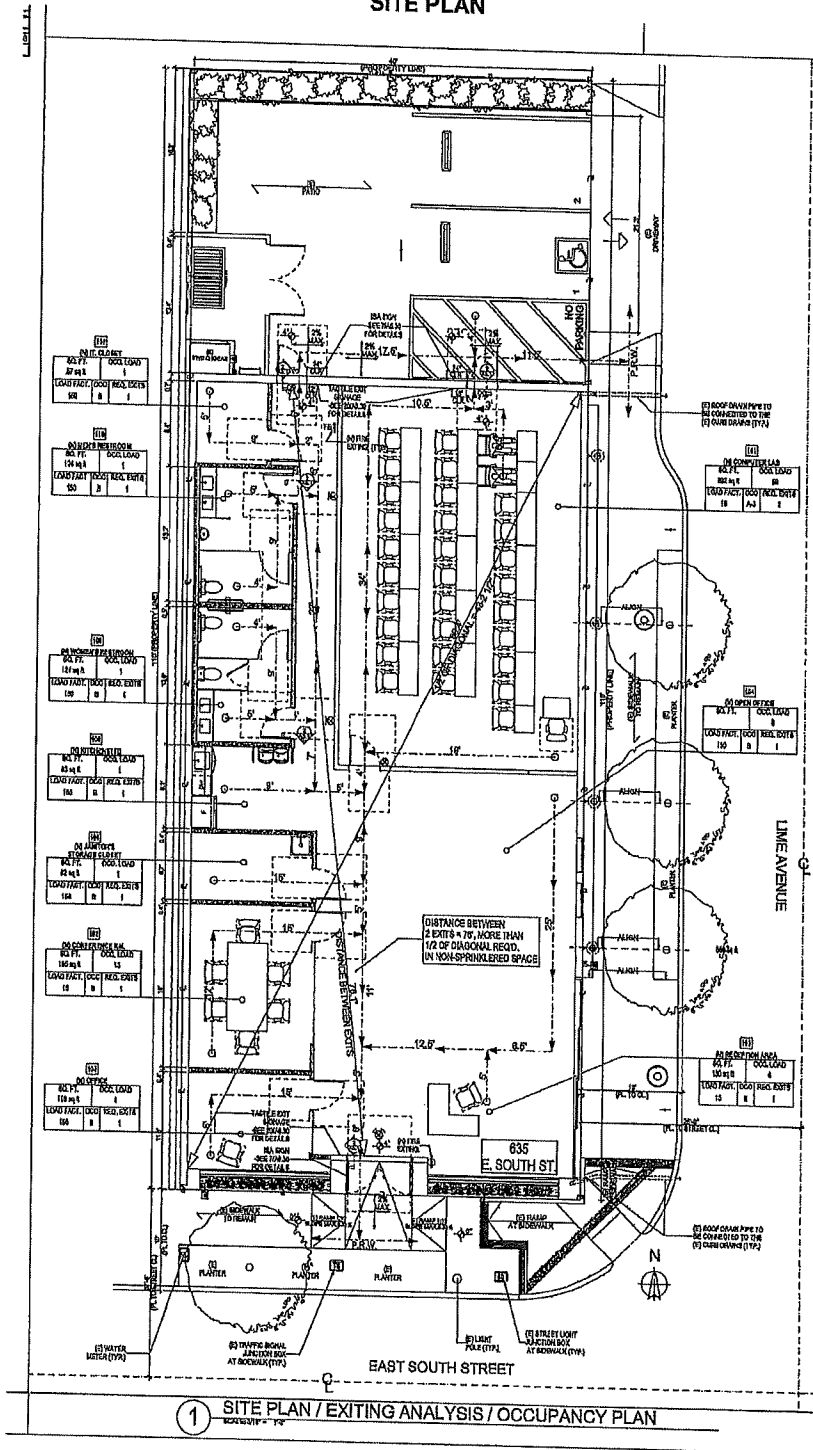


EXHIBIT "C"

LANDLORD'S WORK

A. Landlord shall deliver the premises in a Turnkey Condition based on the following Scope of Work with a Ready for Occupancy timeframe targeted on or about February 1, 2023.

- Improving an Painting Building Exterior
- New Storefronts (fixed on South)
- New roof with rigid insulation to allow exposed wood ceiling
- Sandblast ceiling
- Flooring – Polish Concrete, Carpet or Vinyl
- High Bay Warehouse Lighting
- New Restrooms
- All Interior Drywall and painging
- Demising walls for back conference room – Floor to Ceiling
- Outlets spread throughout walls of space – no in ground outlets or ceiling outlets. Conduit and pathway for data ports placed. Tenant to pull data cabling.
- Electrical – 200 amp panel
- Water and sewer
- Trash Enclosure and ADA parking space in back lot
- Exterior Lighting
- Landscape Improvements

TENANT'S WORK

A. All items of work other than those included in Landlord's Work as above-provided, if any, necessary to conduct Tenant's business on the Premises shall be provided by Tenant at Tenant's expense and is herein referred to as "Tenant's Work" including but not limited to any work related to the interior build out. Except as to "Landlord's Work," if any, Tenant has inspected and accepts the Premises in an "as is" condition.

B. In the event Tenant desires to make any modifications or changes to the Premises, Tenant shall submit to Landlord three (3) sets of fully detailed working drawings, one (1) set of sepias, and a colors/materials sample board, covering such Tenant's Work prepared by a licensed architect at Tenant's expense. Within fourteen (14) days after receipt thereof, Landlord shall notify Tenant in writing of any changes required in said detailed working drawings and Tenant shall make such required changes. Upon final approval of such drawings, Landlord shall return to Tenant one (1) signed set of drawings acknowledging Landlord's approval.

C. Tenant shall promptly apply for and process applications for all governmental approvals and permits necessary for Tenant's Work. All governmental fees and charges in connection with all of Tenant's Work, including but not limited to plan check fees, building permit fees, and utility hook-up fees and sewer connection charges, shall be paid by Tenant. Tenant's Work shall conform to governmental approvals and permits, all applicable laws, ordinances, rules and regulations and applicable standards of the National Board of Fire Underwriters, the National Electrical Code and the American Gas Association.

D. Tenant's Work shall be performed in a first-class, workmanlike manner in conformity with the approved working drawings. The quality of Tenant's Work shall be subject to the approval of Landlord and any determination as to whether Tenant's Work conforms to the approved drawings shall be made by Landlord and Project Architect.

E. Tenant shall be required to use a licensed contractor from Landlord's approved list of general contractors for the construction of Tenant's Work or Tenant shall submit to Landlord an A.I.A. Contractor's Qualification Statement for the proposed contractor, along with evidence of contractor's Workers' Compensation Insurance and general liability, bodily injury, and property damage insurance for Landlord's approval. Upon approval of contractor, and prior to commencement of construction, Tenant shall submit a listing of all contractors, subcontractors and material suppliers to be used in completing Tenant's Work.

F. Tenant agrees to save and hold Landlord harmless from all liability in connection with Tenant's Work as provided in Articles 12 and 13 of this Lease. All of Tenant's contractors and subcontractors shall carry Workers' Compensation Insurance covering all of their respective employees and shall also carry public liability insurance, including property damage, with limits and in form and in companies approved by Landlord. Landlord and Tenant shall be additional named insureds under any such policies of insurance. Tenant shall provide at its expense insurance against damage to Tenant's Work during construction. Such insurance shall be in amounts and with such extended coverage endorsements as may be required and approved by Landlord. Certificates for the insurance required by this paragraph F and by Article 11 of this Lease shall be delivered to Landlord before the construction of Tenant's Work is started or contractor's equipment is moved onto the site. In the event that during the course of Tenant's Work any damage shall occur to Tenant's Work, Tenant shall repair the same at Tenant's expense. In the event that during the course of construction Tenant, its contractor(s), or its subcontractor(s) shall cause any damage to Landlord's Work or any portion of the Premises, Tenant shall promptly repair same at Tenant's expense.

G. Landlord shall give Tenant written notice of the date Landlord estimates Landlord's Work will be completed. Upon completion of Landlord's Work, Tenant shall immediately commence construction of Tenant's Work and diligently prosecute same to completion. In performing such Tenant's Work, Tenant and its contractor(s) and subcontractor(s) shall cause as little inconvenience as possible to Landlord. If, but only if, Landlord consents in writing, Tenant may proceed with Tenant's Work prior to the completion of Landlord's Work. In such event, Tenant shall proceed with Tenant's Work only to the extent that completion of Landlord's Work is not affected. In such event, Tenant, its contractor(s) and its subcontractor(s) shall perform such work in such a way as to not interfere or delay in any way with the construction of Landlord's Work.

H. Each contractor and subcontractor participating in Tenant's Work shall guarantee that the portion thereof for which he is responsible shall be free from any defects in workmanship and materials for a period of not less than one (1) year from the date of completion of Tenant's Work and shall repair, without additional charge, all work done or furnished in accordance with its contract which shall become defective within such one (1) year period. The correction of such work shall include, without additional charge, all additional expenses and damages in connection with such removal or replacement of all or any part of Tenant's Work, Landlord's Work, or any portion of the Premises which may be damaged or disturbed thereby. All such warranties or guarantees as to materials or workmanship of or with respect to Tenant's Work shall be contained in the contract or subcontract which contract or subcontract shall provide that such guarantee or warranties shall inure to the benefit of both Landlord and Tenant, as their respective interests may appear, and can be directly enforced by either. Tenant covenants to give to Landlord any assignment or other assurances necessary to affect such right of direct enforcement.

I. There shall be no penetrations of the roof or installation of radio or television antennas without the prior written approval of both Landlord and any Project Architect. Any and all roof penetrations required by Tenant and so approved by Landlord and any Project Architect shall be at Tenant's expense and shall be engineered and installed in a manner approved by Landlord and any Project Architect. All flashing, counter-flashing and roofing repairs shall conform to the reasonable requirements of Landlord and any Project Architect and such work shall be paid for by Tenant and performed by a roofing contractor approved by Landlord.

J. Within twenty (20) days following completion of Tenant's Work, Tenant shall comply with the following:

1. Tenant's obtaining and recording a Notice of Completion for the Premises and forwarding a copy of recorded notice to Landlord.
2. Submission to Landlord copies of unconditional lien releases from all contractors, subcontractors, and material suppliers.
3. Submission to Landlord copies of as-built drawings.

EXHIBIT "D"

RIGHT OF FIRST OFFER; OPTION TO PURCHASE

Tenant shall have an option to purchase the Premises (the "City Option") in the form of a first offer to purchase. If, at any time during the Lease Term, Landlord decides, in its sole and absolute discretion, that it is interested in selling the Premises, Landlord shall notify Tenant in writing of such interest prior to placing the Premises on the market or discussing with any other potential buyers. If Tenant wishes to exercise the City Option with respect to the Premises, Tenant must notify the Landlord in writing (a "City Offer to Purchase") within fifteen (15) days after Landlord notifies Tenant of its interest in selling and, if no exercise of the City Option is made in that time period, the City Option is irrevocably waived.

If Tenant delivers a City Offer to Purchase notice in a timely fashion to Landlord, then Landlord shall review said City Offer to Purchase and decide whether it wishes to sell the Premises on the terms contained therein. If Landlord determines the terms of the City Offer to Purchase are acceptable then the parties shall proceed with the sale in accordance with the following:

- a. Tenant shall deliver to Landlord a signed purchase and sale agreement with terms consistent with the City Offer to Purchase and other terms agreeable to Landlord in Landlord's sole and absolute discretion; provided, however, that if the parties are unable to agree to mutually acceptable terms within sixty (60) days, then the City Option shall be automatically extinguished.
- b. The purchase and sale agreement shall require Tenant to deliver to escrow holder a Deposit of \$150,000
- c. The sale shall be "as is, with no faults" and shall have no due diligence or any other contingencies
- d. Parties will execute any additional instructions to escrow holder
- e. Escrow shall close within 45-days of opening
- f. The balance of the purchase price shall be all cash at closing.

EXHIBIT "E"

TI AMORTIZATION

Pursuant to Article 4, Tenant's Option to Terminate after Year Two repayment schedule of unamortized Tenant Improvement Costs will be based on the following schedule:

Total Hard Costs:	\$1,310,222.00
Annual Amortization:	\$ 262,044.40