

SUBLEASE

**29399**

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3 THIS SUBLEASE is made and entered as of December 1, 2005, for  
4 reference purposes only, pursuant to a minute order of the City Council of the City of Long  
5 Beach adopted at its meeting on November 22, 2005 by and between the CITY OF LONG  
6 BEACH, a municipal corporation ("Sublessor"), and ABILITYFIRST, a California nonprofit  
7 corporation ("Sublessee").

8 WHEREAS, Sublessor leases property from Wardlow Atlantic, LLC, a  
9 Delaware limited liability company ("Lessor"); and

10 WHEREAS, Sublessor entered a lease with the Lessor's predecessor-in-  
11 interest dated as of May 9, 1997, for premises more particularly described in said lease  
12 (City Contract No. 25165) and commonly known as 3447 Atlantic Avenue, Long Beach,  
13 California ("Premises"), a copy of said Lease and First, Second, Third, Fourth and Fifth  
14 Amendments thereto are identified as Exhibit "B" and attached hereto and incorporated  
15 herein by this reference (the "Master Lease"); and

16 WHEREAS, pursuant to Section 57 of the Master Lease, Sublessor has the  
17 right to sublease all or any portion of the Premises with the consent of the Lessor of the  
18 Master Lease and Sublessor has obtained such consent;

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

21 1. PREMISES. The Sublessor hereby subleases to the Sublessee and the  
22 Sublessee hereby hires from the Sublessor those certain premises with appurtenances  
23 situated in the City of Long Beach, County of Los Angeles, California, and more particularly  
24 described as follows: Approximately five hundred twenty-two (522) square feet of leased  
25 office space located on the 3rd floor of the building located at 3447 Atlantic Avenue, as  
26 shown on Exhibit "A" attached hereto and incorporated herein by this reference into this  
27 Sublease. Sublessor makes no warranties about the nature or condition of the Premises.  
28 Sublessee hereby waives any and all claims or causes of action for damages or

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1 performance against Sublessor for failure of the Premises to conform with Exhibit "A".  
2 Sublessee agrees that its only remedy against Sublessor for failure of the Premises to  
3 conform with Exhibit "A" is to quit the Premises.

4 2. TERM. The term of this Sublease shall commence on January 1, 2006,  
5 for a period of one (1) year and shall continue thereafter on a month-to-month basis.

6 3. RENT. A. Sublessee shall pay to Sublessor as rent, in advance, each  
7 month, without deduction, offset, notice, or demand, one thousand twenty and 51/100  
8 dollars (\$1,020.51) ("Rent") prorated for any partial month at the commencement of the  
9 term. This rent amount is calculated at \$1.70 per square foot based on actual office space  
10 plus fifteen percent (15%) of said space as Sublessee's share of the common areas for a  
11 total square footage of six hundred and three-tenths (600.3) square feet.

12 B. Sublessee shall pay Rent by cash or check payable to the City of Long  
13 Beach and delivered to: Career Transition Center, Attention: Workforce Development  
14 Officer, 3447 Atlantic Avenue, Long Beach, CA 90807.

15 4. USE. The Premises will be used solely to house Sublessee's Supported  
16 Employment and SAVES Programs which provide disabled adults with assistance in  
17 obtaining and retaining employment. No other use is permitted. In Sublessee's use of the  
18 Premises and Sublessee's operations on the Premises, Sublessee will not create, cause  
19 or allow any nuisance on the Premises. Sublessee's use of the Premises shall be in  
20 conformance with all applicable laws and regulations.

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

23 6. JANITORIAL SERVICES AND MAINTENANCE. Janitorial services will  
24 be provided in accordance with the Master Lease as part of the operating expenses paid  
25 by Sublessor. Sublessor will use its best efforts to obtain maintenance of the Premises  
26 from Lessor in accordance with the terms of the Master Lease. If Lessor fails to maintain  
27 the Premises as required in the Master Lease, Sublessee shall notify Sublessor of said  
28 failure. Sublessee hereby waives to the extent permitted by law any right to make repairs

1 at the expense of Sublessor or Lessor. Sublessor's duty to maintain the Premises, if any,  
2 is described in the Master Lease.

3 7. TELECOMMUNICATIONS AND TECHNOLOGY. Sublessee will utilize  
4 existing phone lines and reimburse Sublessor for the monthly cost of the lines and all  
5 charges made for long distance calls or any other costs billed to those phone lines,  
6 including a proportional share of any taxes or fees imposed on the account. Sublessee  
7 may utilize Sublessor's existing DSL line without charge. If requested by Sublessee,  
8 Sublessee will pay Sublessor for other telecommunications services and equipment to be  
9 provided by Sublessor as described on Exhibit "C". Sublessee will utilize Sublessor's  
10 photocopy equipment and paper for ninety-four dollars (\$94) per month, and Sublessee  
11 shall be responsible for any additional costs associated with moving existing, or installing  
12 additional, photocopy equipment.

13 8. PARKING . One (1) free underground parking space will be provided.  
14 Said parking space shall be designated by name to a particular employee of Sublessee as  
15 designated by Sublessee.

16 9. ACCESS CARDS. One (1) access card will be provided. Additional cards  
17 may be requested from the Career Transition Center Director, and will be issued at his or  
18 her sole discretion. The cost of additional cards, or the replacement of any lost card, shall  
19 be borne by Sublessee.

20 10. SECURITY. Security is present in the building 7 a.m. to 7 p.m. on  
21 workdays Monday through Friday; however, Sublessee acknowledges that Sublessor  
22 neither provides nor controls such operation.

23 11. IMPROVEMENTS. Sublessee will not make any improvements,  
24 alterations or additions to the Premises without the prior written consent of Sublessor and  
25 Lessor. Any improvements, alterations or additions and the removal of same will be  
26 performed pursuant to Section 7 of the Master Lease incorporated herein by this reference.  
27 Any and all costs associated with Sublessee's alterations or additions and the removal of  
28 same will be paid by Sublessee.

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

7           13. NONDISCRIMINATION. Subject to applicable laws, rules, and  
8 regulations, Sublessee shall not discriminate against any person or group on the basis of  
9 age, sex, sexual orientation, AIDS, AIDS related condition, HIV status, marital status, race,  
10 religion, creed, ancestry, national origin, disability, handicap, or Vietnam Era-veteran status  
11 in connection with the subleasing and maintenance of the Premises.

12           14. INDEPENDENT CONTRACTOR STATUS. It is distinctly understood that  
13 Sublessee is at all times a wholly-independent contractor. Sublessee expressly warrants  
14 that it has all permits and licenses required, if any, to conduct said its operations.  
15 Sublessee expressly warrants that it will not, at any time, hold itself out or in any manner  
16 represent that Sublessee or any of its agents, volunteers, subscribers, members, officers  
17 or employees are in any manner the officers, employees or agents of the Sublessor or the  
18 Greater Long Beach Workforce Development Board (GLBWDB), an unincorporated non-  
19 profit association. Sublessee shall not have any authority to bind the Sublessor or  
20 GLBWDB for any purpose at any time during the term hereof. Sublessee or any of  
21 Sublessee's officers, employees or agents shall not have the power or authority as agent  
22 or employees of the Sublessor or GLBWDB and shall not be entitled to any of the rights,  
23 privileges or benefits of a Sublessor or GLBWDB employee.

24           15. INDEMNITY. Sublessee will indemnify, defend, and hold harmless the  
25 Greater Long Beach Workforce Development Board (GLBWDB), the City of Long Beach,  
26 the City Council, each member thereof, present and future, their respective officers, agents  
27 and employees (collectively "City") from and against any and all liability, expenses,  
28 including the defense costs and legal fees, and claims for damages whatsoever, including

1 defense costs and legal fees, and claims for damages whatsoever, including but not limited  
2 to, those arising from breach of contract, bodily injury, death, personal injury, property  
3 damage, loss of use, or property loss, however the same may be caused, and regardless  
4 of the responsibility for negligence. The obligation to indemnify, defend and hold harmless  
5 includes, but is not limited to, any liability or expense, including defense costs and legal  
6 fees arising from the negligent acts or omissions or willful misconduct of City. It is further  
7 agreed, that Sublessee's obligations to indemnify, defense and hold harmless will apply  
8 even in the event of concurrent negligence on the city, except for liability resulting solely  
9 from the negligence or will misconduct of City. In the event of any dispute between  
10 Sublessee and Sublessor as to whether liability arises from the sole negligence of City,  
11 Sublessee will be obligated to pay for the city's defense until such time as a final judgment  
12 has been entered or adjudicated against the City as solely negligent. Sublessee will not  
13 be entitled in the event of such a determination to any reimbursement of defense costs  
14 including, but not limited to, attorney's fees, expert fees and costs of litigation.

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

22           (a) Commercial General Liability (equivalent in coverage scope to Insurance  
23 Services Offices, Inc. (ISO) form CG 00 01 11 85 or CG 00 01 11 88) in an amount  
24 not less than One Million Dollars (\$1,000,000) per occurrence and Two Million  
25 Dollars (\$2,000,000) general aggregate. This insurance shall be endorsed to  
26 include the Greater Long Beach Workforce Development Board (GLBWDB), City  
27 of Long Beach, and their respective officials, employees, and agents as additional  
28 insureds by an endorsement equivalent in coverage scope to ISO form CG 20 26

1 11 85 and shall contain no special limitations on the scope of protection given to  
2 Sublessor, its officials, employees and agents.

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

6 (c) Workers' Compensation as required by the State of California and  
7 employer's liability insurance in an amount not less than One Million Dollars  
8 (\$1,000,000) per accident. The policy shall be endorsed to waive the insurer's  
9 rights of subrogation against the Sublessor, its officials, employees, and agents.

10 Sublessee hereby waives all rights of subrogation, but only to the extent that  
11 collectible commercial insurance is available for said damage.

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

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

26 Upon the execution of this Sublease, Sublessee shall deliver to Sublessor  
27 certificates of insurance and the required endorsements evidencing the coverage required  
28 by this Sublease, including the certificates and endorsements of any of Sublessee's

1 contractors and subcontractors, for approval as to sufficiency and form. The certificates  
2 and endorsements for each insurance policy shall contain the original signatures of  
3 persons authorized by that insurer to bind coverage on its behalf. Sublessee shall provide  
4 Sublessor with copies of certificates of insurance and endorsements for renewal policies  
5 within thirty (30) days of policy expiration. Sublessor reserves the right to require complete  
6 certified copies of all said policies at any time.

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

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

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

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

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

26 19. RELOCATION. Sublessee agrees that nothing contained in this  
27 Sublease shall create any right in Sublessee for any relocation assistance or payment from  
28 Sublessor pursuant to the provisions of Title 1, Division 7, Chapter 16 of the California

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1 Government Code or any other law or regulation on the expiration or termination of this  
2 Sublease.

3 20. WAIVER OF CLAIMS. Sublessor shall not be liable for and Sublessee  
4 hereby waives to the extent permitted by law all claims against Sublessor, its officials,  
5 employees and agents for loss, theft, or damage to equipment, furniture, trade fixtures,  
6 records, plants, and other property on or about the Premises, for loss or damage to  
7 Sublessee's business, or injury to or death of persons on or about the Premises from any  
8 cause except to the extent caused by the negligence or willful misconduct of Sublessor,  
9 its official and employees.

10 Sublessee acknowledges that it is familiar with California Civil Code Section  
11 1542 which states: "A general release does not extend to claims which the creditor does  
12 not know or suspect to exist in his or her favor at the time of executing the release, which  
13 if known by him or her must have materially affected his or her settlement with the debtor."  
14 Sublessee hereby releases Lessor from any unknown claims and waives its rights under  
15 this Section 1542.

16 21. ABANDONED PERSONAL PROPERTY. If Sublessee abandons the  
17 Premises or is dispossessed by process or law or otherwise, then Sublessee shall be  
18 deemed to have abandoned any personal property belonging to Sublessee left on the  
19 Premises forty-five (45) days after the date of abandonment or dispossession, and title to  
20 that personal property shall be deemed to have been transferred to Sublessor. Sublessor  
21 shall have the right to remove and to dispose of the personal property without liability to  
22 Sublessee or to any person claiming under Sublessee, and shall not need to account for  
23 its disposal. Sublessee hereby designates Sublessor's City Manager as its attorney-in-fact  
24 to execute and deliver any documents that are required to dispose of that personal  
25 property and transfer title to it. Sublessee shall pay the cost of removal, storage, sale or  
26 destruction as additional rent. Sublessee hereby agrees to and shall defend, indemnify  
27 and hold Sublessor, its officials and employees harmless from all claims, demands,  
28 damage, loss, liability, causes of action, penalties, fines, costs and expenses, including



1 attorney's fees, arising from Sublessor's removal, storage, and disposal of personal  
2 property that is not owned by Sublessee.

3           22. RIGHT OF ENTRY. Sublessor, Lessor, and their representatives shall  
4 have the right to enter the Premises at all reasonable times to inspect the Premises to  
5 determine whether or not Sublessee is complying with the terms, covenants, and  
6 conditions of this Sublease and the Master Lease, to serve, post, or keep posted any  
7 notice, to take any reasonable or necessary action to protect the Premises, and as  
8 otherwise provided in this Sublease and the Master Lease. Sublessor and Lessor shall not  
9 be liable for inconvenience, loss of business, or other damage arising from such entry.  
10 Sublessee shall not be entitled to an abatement or reduction in rent if Sublessor or Lessor  
11 exercises its right of entry hereunder.

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

27           24. NO WAIVER OF RIGHTS. The failure or delay of Sublessor to re-enter  
28 the Premises, to insist on strict enforcement of any term, covenant, or condition, or to

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

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

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

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

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

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

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

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

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

16 32. NOTICE. Any notice required hereunder shall be in writing and  
17 personally delivered or deposited in the U. S. Postal Service, registered or certified, return  
18 receipt, postage prepaid to Sublessor at 333 West Ocean Boulevard, Long Beach,  
19 California 90802 Attn: City Manager, with a courtesy copy to: Director of Community  
20 Development, 333 West Ocean Boulevard, Long Beach, California 90802 and to  
21 Sublessee at 1300 E. Green Street, Pasadena, California 91106, Attn: Executive Director.  
22 Notice shall be deemed effective on the date shown on the return receipt or on the date  
23 personal delivery is made, whichever first occurs. Change of address shall be given as  
24 provided herein for notices.

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

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

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

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

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

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

26 38. QUIET ENJOYMENT. If Sublessee performs the terms, covenants, and  
27 conditions of this Sublease and the Master Lease, then Sublessee shall peaceably and  
28 quietly hold and enjoy the Premises.

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

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

15                   40. ENCUMBRANCES. Sublessee leases and accepts the Premises subject  
16 to all existing easements, rights of way, permits, encumbrances, and the like.

17                   41. AMERICANS WITH DISABILITIES ACT. In the event that a  
18 governmental agency requires compliance with any standards under the Americans with  
19 Disabilities Act of 1990 to modify the building, common areas, and Premises and any  
20 fixtures therein, Lessor shall at its sole cost and expense be responsible to comply, unless  
21 such governmental requirement is due specifically to Sublessee's use, beyond general  
22 office use, in which case Sublessee shall bear the costs and expenses for such  
23 compliance.

24                   42. MISCELLANEOUS.

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

27                   B. Each provision of this Sublease and the Master Lease shall be deemed  
28 both a covenant and a condition only as they apply to the Premises described in Section

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1 1 above.

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

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

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

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

16 44. TAX IDENTIFICATION NUMBER. Sublessee's Tax Identification  
17 Number is 95-1690983.

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

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333 West Ocean Boulevard  
Long Beach, California 90802-4664  
Telephone (562) 570-2200

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

ABILITYFIRST,  
a California nonprofit corporation

Dated: 11-30-, 2005

By: Becky Schugri

Title: Vice President Programs

Dated: 11-30, 2005

By: Ken Langston

Title: President

"Sublessee"

CITY OF LONG BEACH, a municipal corporation

Dated: 12/7/, 2005

By: [Signature]  
City Manager

"Sublessor"

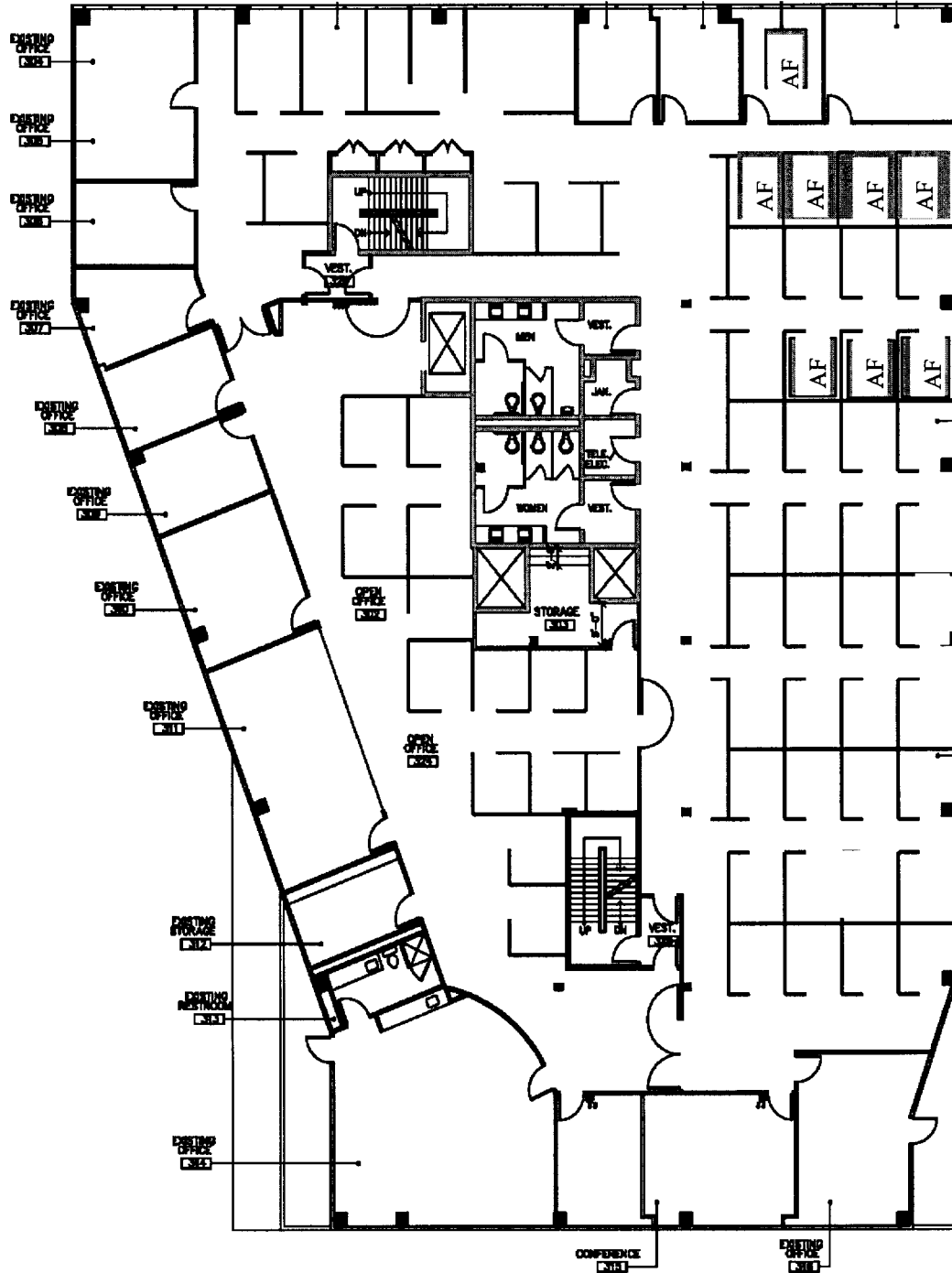
This Sublease is hereby approved as to form on December 5, 2005.

ROBERT E. SHANNON, City Attorney

By: [Signature]  
Deputy

EXHIBIT "A"  
Career Transition Center  
3447 Atlantic Avenue

■ **AF = ABILITY FIRST (AF) Lease Space**  
Additional common space not included





# STANDARD OFFICE LEASE—GROSS

AMERICAN INDUSTRIAL REAL ESTATE ASSOCIATION

25165

1. **Basic Lease Provisions** ("Basic Lease Provisions") May 9 97
- 1.1 **Parties:** This Lease, dated, for reference purposes only, \_\_\_\_\_, 19\_\_\_\_\_, is made by and between Fujita Investors of California (herein called "Lessor") and City of Long Beach doing business under the name of \_\_\_\_\_, (herein called "Lessee").
- 1.2 **Premises:** Suite Number(s) 100, 150, 160, 190, 195, 200, 220, and 300 on the 1st, 2nd & 3rd floors, consisting of approximately 26,942 feet, more or less, as defined in paragraph 2 and as shown on Exhibit "A" hereto (the "Premises"). (see Addendum 1, Paragraph 65 and 69)
- 1.3 **Building:** Commonly described as being located at 3447 Atlantic Avenue in the City of Long Beach County of Los Angeles State of California, as more particularly described in Exhibit A hereto, and as defined in paragraph 2.
- 1.4 **Use:** General Office and other legally permitted uses., subject to paragraph 6.
- 1.5 **Term:** five (5) years commencing September 1, 1997 ("Commencement Date") and ending August 31, 2002, as defined in paragraph 3.
- 1.6 **Base Rent:** \$36,371.70 per month, payable on the \_\_\_\_\_ day of each month, per paragraph 4.1 Following Month thirty (30) of the Lease Term, Base Rent shall be adjusted to \$39,065.90.
- 1.7 **Base Rent Increase:** On \_\_\_\_\_ the monthly Base Rent payable under paragraph 1.6 above shall be adjusted as provided in paragraph 4.3 below.
- 1.8 **Rent Paid Upon Execution:** \$36,371.70 payable within two weeks of full execution of Lease documents for the first month's rent
- 1.9 **Security Deposit:** \_\_\_\_\_
- 1.10 **Lessee's Share of Operating Expense Increase:** 74.01% as defined in paragraph 4.2. Building is a total of 36,403 rentable square feet

## 2. Premises, Parking and Common Areas.

2.1 **Premises:** The Premises are a portion of a building, herein sometimes referred to as the "Building" identified in paragraph 1.3 of the Basic Lease Provisions. "Building" shall include adjacent parking structures used in connection therewith. The Premises, the Building, the Common Areas, the land upon which the same are located, along with all other buildings and improvements thereon or thereunder, are herein collectively referred to as the "Office Building Project." Lessor hereby leases to Lessee and Lessee leases from Lessor for the term, at the rental, and upon all of the conditions set forth herein, the real property referred to in the Basic Lease Provisions, paragraph 1.2, as the "Premises," including rights to the Common Areas as hereinafter specified.

2.2 **Vehicle Parking:** So long as Lessee is not in default, and subject to the rules and regulations attached hereto, and as established by Lessor from time to time, Lessee shall be entitled to rent and use 95 parking spaces in the Office Building Project at the monthly rate applicable from time to time for monthly parking as set by Lessor and/or its licensee. As part of Lessee's parking allocation, Lessee shall be\*

2.2.1 If Lessee commits, permits or allows any of the prohibited activities described in the Lease or the rules then in effect, then Lessor shall have the right, without notice, in addition to such other rights and remedies that it may have, to remove or tow away the vehicle involved and charge the cost to Lessee, which cost shall be immediately payable upon demand by Lessor.

2.2.2 The monthly parking rate per parking space will be \$ 0.00 per month at the commencement of the term of this Lease, and is subject to change upon five (5) days prior written notice to Lessee. Monthly parking fees shall be payable one month in advance prior to the first day of each calendar month. All parking to be free of charge during the initial term.

2.3 **Common Areas—Definition.** The term "Common Areas" is defined as all areas and facilities outside the Premises and within the exterior boundary line of the Office Building Project that are provided and designated by the Lessor from time to time for the general non-exclusive use of Lessor, Lessee and of other lessees of the Office Building Project and their respective employees, suppliers, shippers, customers and invitees, including but not limited to common entrances, lobbies, corridors, stairways and stairwells, public restrooms, elevators, escalators, parking areas to the extent not otherwise prohibited by this Lease, loading and unloading areas, trash areas, roadways, sidewalks, walkways, parkways, ramps, driveways, landscaped areas and decorative walls.

2.4 **Common Areas—Rules and Regulations.** Lessee agrees to abide by and conform to the rules and regulations attached hereto as Exhibit B with respect to the Office Building Project and Common Areas, and to cause its employees, suppliers, shippers, customers, and invitees to so abide and conform. Lessor or such other person(s) as Lessor may appoint shall have the exclusive control and management of the Common Areas and shall have the right, from time to time, to modify, amend and enforce said rules and regulations. Lessor shall not be responsible to Lessee for the non-compliance with said rules and regulations by other lessees, their agents, employees and invitees of the Office Building Project.

2.5 **Common Areas—Changes.** Lessor shall have the right, in Lessor's sole discretion, from time to time:

(a) To make changes to the Building interior and exterior and Common Areas, including, without limitation, changes in the location, size, shape, number, and appearance thereof, including but not limited to the lobbies, windows, stairways, air shafts, elevators, escalators, restrooms, driveways, entrances, parking spaces, parking areas, loading and unloading areas, ingress, egress, direction of traffic, decorative walls, landscaped areas and walkways; provided, however, Lessor shall at all times provide the parking facilities required by applicable law.

(b) To close temporarily any of the Common Areas for maintenance purposes so long as reasonable access to the Premises remains available;

(c) To designate other land and improvements outside the boundaries of the Office Building Project to be a part of the Common Areas, provided that such other land and improvements have a reasonable and functional relationship to the Office Building Project;

(d) To add additional buildings and improvements to the Common Areas.

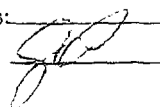
(e) To use the Common Areas while engaged in making additional improvements, repairs or alterations to the Office Building Project, or any portion thereof;

(f) To do and perform such other acts and make such other changes in, to or with respect to the Common Areas and Office Building Project as Lessor may, in the exercise of sound business judgment deem to be appropriate.

## 3. Term.

3.1 **Term.** The term and Commencement Date of this Lease shall be as specified in paragraph 1.5 of the Basic Lease Provisions.

3.2 **Delay in Possession.** Notwithstanding said Commencement Date, if for any reason Lessor cannot deliver possession of the Premises to Lessee on said date and subject to paragraph 3.2.2, Lessor shall not be subject to any liability therefor, nor shall such failure affect the validity of this Lease or the obligations of Lessee hereunder or extend the term hereof; but, in such case, Lessee shall not be obligated to pay rent or perform any other obligation of Lessee under the terms of this Lease, except as may be otherwise provided in this Lease, until possession of the Premises is tendered to Lessee, as hereinafter defined; provided, however, that if Lessor shall not have delivered possession of the Premises within sixty (60) days following said Commencement Date, as the same may be extended under the terms of a Work Letter executed by Lessor and Lessee, Lessee may, at Lessee's \*entitled to 21 stalls in covered/secured parking area. Additionally, Lessee shall be entitled to additional stalls in the covered/secured parking area when they become available. There are currently eleven (11) stalls being leased to other tenants.



option, by notice in writing to Lessor within ten (10) days thereafter, cancel this Lease, in which event the parties shall be discharged from all obligations hereunder; provided, however, that, as to Lessee's obligations, Lessee first reimburses Lessor for all costs incurred for Non-Standard Improvements and, as to Lessor's obligations, Lessor shall return any money previously deposited by Lessee (less any offsets due Lessor for Non-Standard Improvements), and provided further, that if such written notice by Lessee is not received by Lessor within said ten (10) day period, Lessee's right to cancel this Lease hereunder shall terminate and be of no further force or effect

**3 2 1 Possession Tendered—Defined.** Possession of the Premises shall be deemed tendered to Lessee ("Tender of Possession") when (1) the improvements to be provided by Lessor under this Lease are substantially completed, (2) the Building utilities are ready for use in the Premises, (3) Lessee has reasonable access to the Premises, and (4) ten (10) days shall have expired following advance written notice to Lessee of the occurrence of the matters described in (1), (2) and (3), above of this paragraph 3 2 1 (See Addendum 1 Paragraph 50)

**3 2 2 Delays Caused by Lessee.** There shall be no abatement of rent, and the sixty (60) day period following the Commencement Date before which Lessee's right to cancel this Lease accrues under paragraph 3 2, shall be deemed extended to the extent of any delays caused by acts or omissions of Lessee, Lessee's agents, employees and contractors

**3 3 Early Possession.** If Lessee occupies the Premises prior to said Commencement Date, such occupancy shall be subject to all provisions of this Lease, such occupancy shall not change the termination date, and Lessee shall pay rent for such occupancy

**3 4 Uncertain Commencement.** In the event commencement of the Lease term is defined as the completion of the improvements, Lessee and Lessor shall execute an amendment to this Lease establishing the date of Tender of Possession (as defined in paragraph 3 2 1) or the actual taking of possession by Lessee, whichever first occurs, as the Commencement Date

#### 4. Rent.

Except

**4.1 Base Rent—Subject to adjustment as hereinafter provided in paragraph 4.2, and except** as may be otherwise expressly provided in this Lease, Lessee shall pay to Lessor the Base Rent for the Premises set forth in paragraph 1.6 of the Basic Lease Provisions, without offset or deduction. Lessee shall pay Lessor upon execution hereof the advance Base Rent described in paragraph 1.8 of the Basic Lease Provisions. Rent for any period during the term hereof which is for less than one month shall be prorated based upon the actual number of days of the calendar month involved. Rent shall be payable in lawful money of the United States to Lessor at the address stated herein or to such other persons or at such other places as Lessor may designate in writing.

**4.2 Operating Expense Increase.** Lessee shall pay to Lessor during the term hereof, in addition to the Base Rent, Lessee's Share, as hereinafter defined, of the amount by which all Operating Expenses, as hereinafter defined, for each Comparison Year exceeds the amount of all Operating Expenses for the Base Year, such excess being hereinafter referred to as the "Operating Expense Increase," in accordance with the following provisions:

(a) "Lessee's Share" is defined, for purposes of this Lease, as the percentage set forth in paragraph 1.10 of the Basic Lease Provisions, which percentage has been determined by dividing the approximate square footage of the Premises by the total approximate square footage of the rentable space contained in the Office Building Project. It is understood and agreed that the square footage figures set forth in the Basic Lease Provisions are approximations which Lessor and Lessee agree are reasonable and shall not be subject to revision except in connection with an actual change in the size of the Premises or a change in the space available for lease in the Office Building Project

(b) "Base Year" is defined as the calendar year in which the Lease term commences.

(c) "Comparison Year" is defined as each calendar year during the term of this Lease subsequent to the Base Year; provided, however, Lessee shall have no obligation to pay a share of the Operating Expense Increase applicable to the first twelve (12) months of the Lease Term (other than such as are mandated by a governmental authority, as to which government mandated expenses Lessee shall pay Lessee's Share, notwithstanding they occur during the first twelve (12) months). Lessee's Share of the Operating Expense Increase for the first and last Comparison Years of the Lease Term shall be prorated according to that portion of such Comparison Year as to which Lessee is responsible for a share of such increase.

(d) "Operating Expenses" is defined, for purposes of this Lease, to include all costs, if any, incurred by Lessor in the exercise of its reasonable discretion, for: (See Addendum 1 Paragraph 51, 52 and Exhibit "C")

(i) The operation, repair, maintenance, and replacement, in neat, clean, safe, good order and condition, of the Office Building Project, including but not limited to, the following:

(aa) The Common Areas, including their surfaces, coverings, decorative items, carpets, drapes and window coverings, and including parking areas, loading and unloading areas, trash areas, roadways, sidewalks, walkways, stairways, parkways, driveways, landscaped areas, striping, bumpers, irrigation systems, Common Area lighting facilities, building exteriors and roofs, fences and gates;

(bb) All heating, air conditioning, plumbing, electrical systems, life safety equipment, telecommunication and other equipment used in common by, or for the benefit of, lessees or occupants of the Office Building Project, including elevators and escalators, tenant directories, fire detection systems including sprinkler system maintenance and repair.

(ii) Trash disposal, janitorial and security services;

(iii) Any other service to be provided by Lessor that is elsewhere in this Lease stated to be an "Operating Expense";

(iv) The cost of the premiums for the liability and property insurance policies to be maintained by Lessor under paragraph 8 hereof;

(v) The amount of the real property taxes to be paid by Lessor under paragraph 10.1 hereof;

(vi) The cost of water, sewer, gas, electricity, and other publicly mandated services to the Office Building Project;

(vii) Labor, salaries and applicable fringe benefits and costs, materials, supplies and tools, used in maintaining and/or cleaning the Office Building Project and accounting and a management fee attributable to the operation of the Office Building Project;

(viii) Replacing and/or adding improvements mandated by any governmental agency and any repairs or removals necessitated thereby amortized over its useful life according to Federal income tax regulations or guidelines for depreciation thereof (including interest on the unamortized balance as is then reasonable in the judgment of Lessor's accountants).

(ix) Replacements of equipment or improvements that have a useful life for depreciation purposes according to Federal income tax guidelines of five (5) years or less, as amortized over such life

(e) Operating Expenses shall not include the costs of replacements of equipment or improvements that have a useful life for Federal income tax purposes in excess of five (5) years unless it is of the type described in paragraph 4 2(d)(viii) in which case their cost shall be included as above provided.

(f) Operating Expenses shall not include any expenses paid by any lessee directly to third parties, or as to which Lessor is otherwise reimbursed by any third party, other tenant, or by insurance proceeds

(g) Lessee's Share of Operating Expense Increase shall be payable by Lessee within ten (10) days after a reasonably detailed statement of actual expenses is presented to Lessee by Lessor. At Lessor's option, however, an amount may be estimated by Lessor from time to time in advance of Lessee's Share of the Operating Expense Increase for any Comparison Year, and the same shall be payable monthly or quarterly, as Lessor shall designate, during each Comparison Year of the Lease term, on the same day as the Base Rent is due hereunder. In the event that Lessee pays Lessor's estimate of Lessee's Share of Operating Expense Increase as aforesaid, Lessor shall deliver to Lessee within sixty (60) days after the expiration of each Comparison Year a reasonably detailed statement showing Lessee's Share of the actual Operating Expense Increase incurred during such year. If Lessee's payments under this paragraph 4 2(g) during said Comparison Year exceed Lessee's Share as indicated on said statement, Lessee shall be entitled to credit the amount of such overpayment against Lessee's Share of Operating Expense Increase next falling due. If Lessee's payments under this paragraph during said Comparison Year were less than Lessee's Share as indicated on said statement, Lessee shall pay to Lessor the amount of the deficiency within ten (10) days after delivery by Lessor to Lessee of said statement. Lessor and Lessee shall forthwith adjust between them by cash payment any balance determined to exist with respect to that portion of the last Comparison Year for which Lessee is responsible as to Operating Expense Increases, notwithstanding that the Lease term may have terminated before the end of such Comparison Year.

#### 4.3 Rent Increase.

~~4 3 1 At the times set forth in paragraph 1.7 of the Basic Lease Provisions, the monthly Base Rent payable under paragraph 4.1 of this Lease shall be adjusted by the increase, if any, in the Consumer Price Index of the Bureau of Labor Statistics of the Department of Labor for All Urban Consumers, (1967=100), "All Items," for the city nearest the location of the Building, herein referred to as "CPI," since the date of this Lease~~

4 3 2 The monthly Base Rent payable pursuant to paragraph 4 3 1 shall be calculated as follows: the Base Rent payable for the first month of the term of this Lease, as set forth in paragraph 4 1 of this Lease, shall be multiplied by a fraction the numerator of which shall be the CPI of the calendar month during which the adjustment is to take effect, and the denominator of which shall be the CPI for the calendar month in which the original Lease term commences. The sum so calculated shall constitute the new monthly Base Rent hereunder, but, in no event, shall such new monthly Base Rent be less than the Base Rent payable for the month immediately preceding the date for the rent adjustment.

~~4 3 3 In the event the compilation and/or publication of the CPI shall be transferred to any other governmental department or bureau or~~

Initials: \_\_\_\_\_

~~agency or shall be discontinued, then the index most nearly the same as the C.P.I. shall be used to make such calculations. In the event that Lessor and Lessee cannot agree on such alternative index, then the matter shall be submitted for decision to the American Arbitration Association in the County in which the Premises are located, in accordance with the then rules of said association and the decision of the arbitrators shall be binding upon the parties, notwithstanding one party failing to appear after due notice of the proceeding. The cost of said Arbitrators shall be paid equally by Lessor and Lessee.~~

~~4.3.4 Lessee shall continue to pay the rent at the rate previously in effect until the increase, if any, is determined. Within five (5) days following the date on which the increase is determined, Lessee shall make such payment to Lessor as will bring the increased rental current, commencing with the effective date of such increase through the date of any rental installments then due. Thereafter the rental shall be paid at the increased rate.~~

~~4.3.5 At such time as the amount of any change in rental required by this Lease is known or determined, Lessor and Lessee shall execute an amendment to this Lease setting forth such change.~~

~~5. Security Deposit. Lessee shall deposit with Lessor upon execution hereof the security deposit set forth in paragraph 1.9 of the Basic Lease Provisions as security for Lessee's faithful performance of Lessee's obligations hereunder. If Lessee fails to pay rent or other charges due hereunder, or otherwise defaults with respect to any provision of this Lease, Lessor may use, apply or retain all or any portion of said deposit for the payment of any rent or other charge in default for the payment of any other sum to which Lessor may become obligated by reason of Lessee's default, or to compensate Lessor for any loss or damage which Lessor may suffer thereby. If Lessor so uses or applies all or any portion of said deposit, Lessee shall within ten (10) days after written demand therefor deposit cash with Lessor in an amount sufficient to restore said deposit to the full amount then required of Lessee. If the monthly Base Rent shall, from time to time, increase during the term of this Lease, Lessee shall, at the time of such increase, deposit with Lessor additional money as a security deposit so that the total amount of the security deposit held by Lessor shall at all times bear the same proportion to the then current Base Rent as the initial security deposit bears to the initial Base Rent set forth in paragraph 1.6 of the Basic Lease Provisions. Lessor shall not be required to keep said security deposit separate from its general accounts. If Lessee performs all of Lessee's obligations hereunder, said deposit, or so much thereof as has not heretofore been applied by Lessor, shall be returned, without payment of interest or other increment for its use, to Lessee (or, at Lessor's option, to the last assignee, if any, of Lessee's interest hereunder) at the expiration of the term hereof and after Lessee has vacated the Premises. No trust relationship is created herein between Lessor and Lessee with respect to said Security Deposit.~~

6. Use.  
6.1 Use. The Premises shall be used and occupied only for the purpose set forth in paragraph 1.4 of the Basic Lease Provisions or any other use which is reasonably comparable to that use and for no other purpose.

6.2 Compliance with Law. Lessor is not currently under notice that  
(a) Lessor warrants to Lessee that the Premises, in the state existing on the date that the Lease term commences, but without regard to alterations or improvements made by Lessee or the use for which Lessee will occupy the Premises, does not violate any covenants or restrictions of record, or any applicable building code, regulation or ordinance in effect on such Lease term Commencement Date. In the event it is determined that this warranty has been violated, then it shall be the obligation of the Lessor, after written notice from Lessee, to promptly, at Lessor's sole cost and expense, rectify any such violation. ~~an appropriate Government Agency~~

(b) Except as provided in paragraph 6.2(a) Lessee shall, at Lessee's expense, promptly comply with all applicable statutes, ordinances, rules, regulations, orders, covenants and restrictions of record, and requirements of any fire insurance underwriters or rating bureaus, now in effect or which may hereafter come into effect, whether or not they reflect a change in policy from that now existing, during the term or any part of the term hereof, relating in any manner to the Premises and the occupation and use by Lessee of the Premises. Lessee shall conduct its business in a lawful manner and shall not use or permit the use of the Premises or the Common Areas in any manner that will tend to create waste or a nuisance or shall tend to disturb other occupants of the Office Building Project.

6.3 Condition of Premises.  
(a) Lessor shall deliver the Premises to Lessee in a clean condition on the Lease Commencement Date (unless Lessee is already in possession) and Lessor warrants to Lessee that the plumbing, lighting, air conditioning, and heating system in the Premises shall be in good operating condition. In the event that it is determined that this warranty has been violated, then it shall be the obligation of Lessor, after receipt of written notice from Lessee setting forth with specificity the nature of the violation, to promptly, at Lessor's sole cost, rectify such violation.

(b) Except as otherwise provided in this Lease, Lessee hereby accepts the Premises and the Office Building Project in their condition existing as of the Lease Commencement Date or the date that Lessee takes possession of the Premises, whichever is earlier, subject to all applicable zoning, municipal, county and state laws, ordinances and regulations governing and regulating the use of the Premises, and any easements, covenants or restrictions of record, and accepts this Lease subject thereto and to all matters disclosed thereby and by any exhibits attached hereto. Lessee acknowledges that it has satisfied itself by its own independent investigation that the Premises are suitable for its intended use, and that neither Lessor nor Lessor's agent or agents has made any representation or warranty as to the present or future suitability of the Premises, Common Areas, or Office Building Project for the conduct of Lessee's business.

7. Maintenance, Repairs, Alterations and Common Area Services.  
7.1 Lessor's Obligations. Lessor shall keep the Office Building Project, including the Premises, interior and exterior walls, roof, and common areas, and the equipment whether used exclusively for the Premises or in common with other premises, in good condition and repair; provided, however, Lessor shall not be obligated to paint, repair or replace wall coverings, or to repair or replace any improvements that are not ordinarily a part of the Building or are above then Building standards. Except as provided in paragraph 9.5, there shall be no abatement of rent or liability of Lessee on account of any injury or interference with Lessee's business with respect to any improvements, alterations or repairs made by Lessor to the Office Building Project or any part thereof. Lessee expressly waives the benefits of any statute now or hereafter in effect which would otherwise afford Lessee the right to make repairs at Lessor's expense or to terminate this Lease because of Lessor's failure to keep the Premises in good order, condition and repair.

7.2 Lessee's Obligations.  
(a) Notwithstanding Lessor's obligation to keep the Premises in good condition and repair, Lessee shall be responsible for payment of the cost thereof to Lessor as additional rent for that portion of the cost of any maintenance and repair of the Premises, or any equipment (wherever located) that serves only Lessee or the Premises, to the extent such cost is attributable to causes beyond normal wear and tear. ~~Lessee shall be responsible for the cost of painting, repairing or replacing wall coverings, and to repair or replace any Premises improvements that are not ordinarily a part of the Building or that are above then Building standards.~~ Lessor may, at its option, upon reasonable notice, elect to have Lessee perform any particular such maintenance or repairs the cost of which is otherwise Lessee's responsibility hereunder.

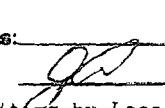
(b) On the last day of the term hereof, or on any sooner termination, Lessee shall surrender the Premises to Lessor in the same condition as received, ordinary wear and tear excepted, clean and free of debris. Any damage or deterioration of the Premises shall not be deemed ordinary wear and tear if the same could have been prevented by good maintenance practices by Lessee. Lessee shall repair any damage to the Premises occasioned by the installation or removal of Lessee's trade fixtures, alterations, furnishings and equipment. Except as otherwise stated in this Lease, Lessee shall leave the air lines, power panels, electrical distribution systems, lighting fixtures, air conditioning, window coverings, wall coverings, carpets, wall panelling, ceilings and plumbing on the Premises and in good operating condition.

7.3 Alterations and Additions.  
(a) Lessee shall not, without Lessor's prior written consent make any alterations, improvements, additions, Utility Installations or repairs in, on or about the Premises, or the Office Building Project. As used in this paragraph 7.3 the term "Utility Installation" shall mean carpeting, window and wall coverings, power panels, electrical distribution systems, lighting fixtures, air conditioning, plumbing, and telephone and telecommunication wiring and equipment. At the expiration of the term, Lessor may require the removal of any or all of said alterations, improvements, additions or Utility Installations, and the restoration of the Premises and the Office Building Project to their prior condition, at Lessee's expense. Should Lessor permit Lessee to make its own alterations, improvements, additions or Utility Installations, Lessee shall use only such contractor as has been expressly approved by Lessor, and Lessor may require Lessee to provide Lessor, at Lessee's sole cost and expense, a lien and completion bond in an amount equal to one and one-half times the estimated cost of such improvements, to insure Lessor against any liability for mechanic's and materialmen's liens and to insure completion of the work. Should Lessee make any alterations, improvements, additions or Utility Installations without the prior approval of Lessor, or use a contractor not expressly approved by Lessor, Lessor may, at any time during the term of this Lease, require that Lessee remove any part or all of the same.

(b) Any alterations, improvements, additions or Utility Installations in or about the Premises or the Office Building Project that Lessee shall desire to make shall be presented to Lessor in written form, with proposed detailed plans. If Lessor shall give its consent to Lessee's making such alteration, improvement, addition or Utility Installation, the consent shall be deemed conditioned upon Lessee acquiring a permit to do so from the applicable governmental agencies, furnishing a copy thereof to Lessor prior to the commencement of the work and compliance by Lessee with all conditions of said permit in a prompt and expeditious manner.

(c) Lessee shall pay, when due, all claims for labor or materials furnished or alleged to have been furnished to or for Lessee at or for use in the Premises, which claims are or may be secured by any mechanic's or materialmen's lien against the Premises, the Building or the Office Building Project, or any interest therein.

(d) Lessee shall give Lessor not less than ten (10) days' notice prior to the commencement of any work in the Premises by Lessee, and Lessor shall have the right to post notices of non-responsibility in or on the Premises or the Building as provided by law. If Lessee shall, in good faith, contest the validity of any such lien, claim or demand, then Lessee shall, at its sole expense defend itself and Lessor against the same and shall pay and satisfy

\*a violation exists  
\*\*During the term of the Lease, Lessee is in agreement to maintain its Premises except for normal wear and tear. initials:   
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\*\*\*Any contractor, subcontractor, or other person selected by Lessee must first be approved of in writing by Lessor and said contractor, subcontractor or other PAGE 3 OF 10 PAGES  
insurance as required by Lessor;

any such adverse judgment that may be rendered thereon before the enforcement thereof against the Lessor or the Premises, the Building or the Office Building Project, upon the condition that if Lessor shall require, Lessee shall furnish to Lessor a surety bond satisfactory to Lessor in an amount equal to such contested lien claim or demand indemnifying Lessor against liability for the same and holding the Premises, the Building and the Office Building Project free from the effect of such lien or claim. In addition, Lessor may require Lessee to pay Lessor's reasonable attorneys' fees and costs in participating in such action if Lessor shall decide it is to Lessor's best interest so to do

(e) All alterations, improvements, additions and Utility Installations (whether or not such Utility Installations constitute trade fixtures of Lessee), which may be made to the Premises by Lessee, including but not limited to, floor coverings, panelings, doors, drapes, built-ins, moldings, sound attenuation, and lighting ~~and telephone or communication systems~~, conduit, wiring and outlets, shall be made and done in a good and workmanlike manner and of good and sufficient quality and materials and shall be the property of Lessor and remain upon and be surrendered with the Premises at the expiration of the Lease term, unless Lessor requires their removal pursuant to paragraph 7.3(a). Provided Lessee is not in default, notwithstanding the provisions of this paragraph 7.3(e), Lessee's personal property and equipment, other than that which is affixed to the Premises so that it cannot be removed without material damage to the Premises or the Building, and other than Utility Installations, shall remain the property of Lessee and may be removed by Lessee subject to the provisions of paragraph 7.2

(f) Lessee shall provide Lessor with as-built plans and specifications for any alterations, improvements, additions or Utility Installations

7.4 **Utility Additions.** Lessor reserves the right to install new or additional utility facilities throughout the Office Building Project for the benefit of Lessor or Lessee, or any other lessee of the Office Building Project, including, but not by way of limitation, such utilities as plumbing, electrical systems, communication systems, and fire protection and detection systems, so long as such installations do not unreasonably interfere with Lessee's use of the Premises.

## 8. Insurance; Indemnity.

8.1 **Liability Insurance—Lessee.** Lessee shall, at Lessee's expense, obtain and keep in force during the term of this Lease a policy of Comprehensive General Liability insurance utilizing an Insurance Services Office standard form with Broad Form General Liability Endorsement (GL0404), or equivalent, in an amount of not less than \$1,000,000 per occurrence of bodily injury and property damage combined or in a greater amount as reasonably determined by Lessor and shall insure Lessee with Lessor as an additional insured against liability arising out of the use, occupancy or maintenance of the Premises. Compliance with the above requirement shall not, however, limit the liability of Lessee hereunder \*

8.2 **Liability Insurance—Lessor.** Lessor shall obtain and keep in force during the term of this Lease a policy of Combined Single Limit Bodily Injury and Broad Form Property Damage Insurance, plus coverage against such other risks Lessor deems advisable from time to time, insuring Lessor, but not Lessee, against liability arising out of the ownership, use, occupancy or maintenance of the Office Building Project in an amount not less than \$5,000,000.00 per occurrence.

8.3 **Property Insurance—Lessee.** Lessee shall, at Lessee's expense, obtain and keep in force during the term of this Lease for the benefit of Lessee, replacement cost fire and extended coverage insurance, with vandalism and malicious mischief, sprinkler leakage and earthquake sprinkler leakage endorsements, in an amount sufficient to cover not less than 100% of the full replacement cost, as the same may exist from time to time, of all of Lessee's personal property, fixtures, equipment and tenant improvements

8.4 **Property Insurance—Lessor.** Lessor shall obtain and keep in force during the term of this Lease a policy or policies of insurance covering loss or damage to the Office Building Project improvements, but not Lessee's personal property, fixtures, equipment or tenant improvements, in the amount of the full replacement cost thereof, as the same may exist from time to time, utilizing Insurance Services Office standard form, or equivalent, providing protection against all perils included within the classification of fire, extended coverage, vandalism, malicious mischief, plate glass, and such other perils as Lessor deems advisable or may be required by a lender having a lien on the Office Building Project. In addition, Lessor shall obtain and keep in force, during the term of this Lease, a policy of rental value insurance covering a period of one year, with loss payable to Lessor, which insurance shall also cover all Operating Expenses for said period. Lessee will not be named in any such policies carried by Lessor and shall have no right to any proceeds therefrom. The policies required by these paragraphs 8.2 and 8.4 shall contain such deductibles as Lessor or the aforesaid lender may determine. In the event that the Premises shall suffer an insured loss as defined in paragraph 9.1(f) hereof, the deductible amounts under the applicable insurance policies shall be deemed an Operating Expense. Lessee shall not do or permit to be done anything which shall invalidate the insurance policies carried by Lessor. Lessee shall pay the entirety of any increase in the property insurance premium for the Office Building Project over what it was immediately prior to the commencement of the term of this Lease if the increase is specified by Lessor's insurance carrier as being caused by the nature of Lessee's occupancy or any act or omission of Lessee

8.5 **Insurance Policies.** Lessee shall deliver to Lessor copies of liability insurance policies required under paragraph 8.1 or certificates evidencing the existence and amounts of such insurance within seven (7) days after the Commencement Date of this Lease. No such policy shall be cancellable or subject to reduction of coverage or other modification except after thirty (30) days prior written notice to Lessor, Lessee shall, at least thirty (30) days prior to the expiration of such policies, furnish Lessor with renewals thereof

8.6 **Waiver of Subrogation.** Lessee and Lessor each hereby release and relieve the other, and waive their entire right of recovery against the other, for direct or consequential loss or damage arising out of or incident to the perils covered by property insurance carried by such party, whether due to the negligence of Lessor or Lessee or their agents, employees, contractors and/or invitees. If necessary all property insurance policies required under this Lease shall be endorsed to so provide

8.7 **Indemnity.** Lessee shall indemnify and hold harmless Lessor and its agents, Lessor's master or ground lessor, partners and lenders, from and against any and all claims for damage to the person or property of anyone or any entity arising from Lessee's use of the Office Building Project, or from the conduct of Lessee's business or from any activity, work or things done, permitted or suffered by Lessee in or about the Premises or elsewhere and shall further indemnify and hold harmless Lessor from and against any and all claims, costs and expenses arising from any breach or default in the performance of any obligation on Lessee's part to be performed under the terms of this Lease, or arising from any act or omission of Lessee, or any of Lessee's agents, contractors, employees, or invitees, and from and against all costs, attorney's fees, expenses and liabilities incurred by Lessor as the result of any such use, conduct, activity, work, things done, permitted or suffered, breach, default or negligence, and in dealing reasonably therewith, including but not limited to the defense or pursuit of any claim or any action or proceeding involved therein, and in case any action or proceeding be brought against Lessor by reason of any such matter, Lessee upon notice from Lessor shall defend the same at Lessee's expense by counsel reasonably satisfactory to Lessor and Lessor shall cooperate with Lessee in such defense. Lessor need not have first paid any such claim in order to be so indemnified. Lessee, as a material part of the consideration to Lessor hereby assumes all risk of damage to property of Lessee or injury to persons, in, upon or about the Office Building Project arising from any cause and Lessee hereby waives all claims in respect thereof against Lessor. a judgement or settlement arising from

8.8 **Exemption of Lessor from Liability.** Lessee hereby agrees that Lessor shall not be liable for injury to Lessee's business or any loss of income therefrom or for loss of or damage to the goods, wares, merchandise or other property of Lessee, Lessee's employees, invitees, customers, or any other person in or about the Premises or the Office Building Project, nor shall Lessor be liable for injury to the person of Lessee, Lessee's employees, agents or contractors, whether such damage or injury is caused by or results from theft, fire, steam, electricity, gas, water or rain, or from the breakage, leakage, obstruction or other defects of pipes, sprinklers, wires, appliances, plumbing, air conditioning or lighting fixtures, or from any other cause, whether said damage or injury results from conditions arising upon the Premises or upon other portions of the Office Building Project, or from other sources or places, or from new construction or the repair, alteration or improvement of any part of the Office Building Project, or of the equipment, fixtures or appurtenances applicable thereto, and regardless of whether the cause of such damage or injury or the means of repairing the same is inaccessible, Lessor shall not be liable for any damages arising from any act or neglect of any other lessee, occupant or user of the Office Building Project, nor from the failure of Lessor to enforce the provisions of any other lease of any other lessee of the Office Building Project. \*\*

8.9 **No Representation of Adequate Coverage.** Lessor makes no representation that the limits or forms of coverage of insurance specified in this paragraph 8 are adequate to cover Lessee's property or obligations under this Lease

## 9. Damage or Destruction.

### 9.1 Definitions.

(a) "Premises Damage" shall mean if the Premises are damaged or destroyed to any extent

(b) "Premises Building Partial Damage" shall mean if the Building of which the Premises are a part is damaged or destroyed to the extent that the cost to repair is less than fifty percent (50%) of the then Replacement Cost of the building

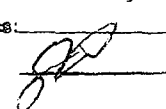
(c) "Premises Building Total Destruction" shall mean if the Building of which the Premises are a part is damaged or destroyed to the extent that the cost to repair is fifty percent (50%) or more of the then Replacement Cost of the Building

(d) "Office Building Project Buildings" shall mean all of the buildings on the Office Building Project site

(e) "Office Building Project Buildings Total Destruction" shall mean if the Office Building Project Buildings are damaged or destroyed to the extent that the cost to repair is fifty percent (50%) or more of the then Replacement Cost of the Office Building Project Buildings

(f) "Insured Loss" shall mean damage or destruction which was caused by an event required to be covered by the insurance described in paragraph 8. The fact that an Insured Loss has a deductible amount shall not make the loss an uninsured loss

(g) "Replacement Cost" shall mean the amount of money necessary to be spent in order to repair or rebuild the damaged area to the condition that existed immediately prior to the damage occurring, excluding all improvements made by lessees, other than those installed by Lessor at Lessee's expense.

\*it is agreed that Lessee's obligation to maintain liability insurance may be satisfied in full by submitting evidence of a formal program of liability self insurance providing the coverage and limits required hereunder. Initials: 

## 9.2 Premises Damage; Premises Building Partial Damage.

(a) **Insured Loss:** Subject to the provisions of paragraphs 9.4 and 9.5, if at any time during the term of this Lease there is damage which is an Insured Loss and which falls into the classification of either Premises Damage or Premises Building Partial Damage, then Lessor shall, as soon as reasonably possible and to the extent the required materials and labor are readily available through usual commercial channels, at Lessor's expense, repair such damage (but not Lessee's fixtures, equipment or tenant improvements originally paid for by Lessee) to its condition existing at the time of the damage, and this Lease shall continue in full force and effect.

(b) **Uninsured Loss:** Subject to the provisions of paragraphs 9.4 and 9.5, if at any time during the term of this Lease there is damage which is not an Insured Loss and which falls within the classification of Premises Damage or Premises Building Partial Damage, unless caused by a negligent or willful act of Lessee (in which event Lessee shall make the repairs at Lessee's expense), which damage prevents Lessee from making any substantial use of the Premises, Lessor may at Lessor's option either (i) repair such damage as soon as reasonably possible at Lessor's expense, in which event this Lease shall continue in full force and effect, or (ii) give written notice to Lessee within thirty (30) days after the date of the occurrence of such damage of Lessor's intention to cancel and terminate this Lease as of the date of the occurrence of such damage, in which event this Lease shall terminate as of the date of the occurrence of such damage.

**9.3 Premises Building Total Destruction; Office Building Project Total Destruction.** Subject to the provisions of paragraphs 9.4 and 9.5, if at any time during the term of this Lease there is damage, whether or not it is an Insured Loss, which falls into the classifications of either (i) Premises Building Total Destruction, or (ii) Office Building Project Total Destruction, then Lessor may at Lessor's option either (i) repair such damage or destruction as soon as reasonably possible at Lessor's expense (to the extent the required materials are readily available through usual commercial channels) to its condition existing at the time of the damage, but not Lessee's fixtures, equipment or tenant improvements, and this Lease shall continue in full force and effect, or (ii) give written notice to Lessee within thirty (30) days after the date of occurrence of such damage of Lessor's intention to cancel and terminate this Lease, in which case this Lease shall terminate as of the date of the occurrence of such damage.

## 9.4 Damage Near End of Term.

(a) Subject to paragraph 9.4(b), if at any time during the last twelve (12) months of the term of this Lease there is substantial damage to the Premises, Lessor may at Lessor's option cancel and terminate this Lease as of the date of occurrence of such damage by giving written notice to Lessee of Lessor's election to do so within 30 days after the date of occurrence of such damage.

(b) Notwithstanding paragraph 9.4(a), in the event that Lessee has an option to extend or renew this Lease, and the time within which said option may be exercised has not yet expired, Lessee shall exercise such option, if it is to be exercised at all, no later than twenty (20) days after the occurrence of an Insured Loss falling within the classification of Premises Damage during the last twelve (12) months of the term of this Lease. If Lessee duly exercises such option during said twenty (20) day period, Lessor shall, at Lessor's expense, repair such damage, but not Lessee's fixtures, equipment or tenant improvements, as soon as reasonably possible and this Lease shall continue in full force and effect. If Lessee fails to exercise such option during said twenty (20) day period, then Lessor may at Lessor's option terminate and cancel this Lease as of the expiration of said twenty (20) day period by giving written notice to Lessee of Lessor's election to do so within ten (10) days after the expiration of said twenty (20) day period, notwithstanding any term or provision in the grant of option to the contrary.

## 9.5 Abatement of Rent; Lessee's Remedies.

(a) In the event Lessor repairs or restores the Building or Premises pursuant to the provisions of this paragraph 9, and any part of the Premises are not usable (including loss of use due to loss of access or essential services), the rent payable hereunder (including Lessee's Share of Operating Expense Increase) for the period during which such damage, repair or restoration continues shall be abated, provided (1) the damage was not the result of the negligence of Lessee, and (2) such abatement shall only be to the extent the operation and profitability of Lessee's business as operated from the Premises is adversely affected. Except for said abatement of rent, if any, Lessee shall have no claim against Lessor for any damage suffered by reason of any such damage, destruction, repair or restoration.

(b) If Lessor shall be obligated to repair or restore the Premises or the Building under the provisions of this Paragraph 9 and shall not commence such repair or restoration within ninety (90) days after such occurrence, or if Lessor shall not complete the restoration and repair within six (6) months after such occurrence, Lessee may at Lessee's option cancel and terminate this Lease by giving Lessor written notice of Lessee's election to do so at any time prior to the commencement or completion, respectively, of such repair or restoration. In such event this Lease shall terminate as of the date of such notice.

(c) Lessee agrees to cooperate with Lessor in connection with any such restoration and repair, including but not limited to the approval and/or execution of plans and specifications required.

**9.6 Termination—Advance Payments.** Upon termination of this Lease pursuant to this paragraph 9, an equitable adjustment shall be made concerning advance rent and any advance payments made by Lessee to Lessor. Lessor shall, in addition, return to Lessee so much of Lessee's security deposit as has not theretofore been applied by Lessor.

**9.7 Waiver.** Lessor and Lessee waive the provisions of any statute which relate to termination of leases when leased property is destroyed and agree that such event shall be governed by the terms of this Lease.

## 10. Real Property Taxes.

**10.1 Payment of Taxes.** Lessor shall pay the real property tax, as defined in paragraph 10.3, applicable to the Office Building Project subject to reimbursement by Lessee of Lessee's Share of such taxes in accordance with the provisions of paragraph 4.2, except as otherwise provided in paragraph 10.2. (See Addendum 1 Paragraph 52)

**10.2 Additional Improvements.** Lessee shall not be responsible for paying any increase in real property tax specified in the tax assessor's records and work sheets as being caused by additional improvements placed upon the Office Building Project by other lessees or by Lessor for the exclusive enjoyment of any other lessee. Lessee shall, however, pay to Lessor at the time that Operating Expenses are payable under paragraph 4.2(c) the entirety of any increase in real property tax if assessed solely by reason of additional improvements placed upon the Premises by Lessee or at Lessee's request.

**10.3 Definition of "Real Property Tax."** As used herein, the term "real property tax" shall include any form of real estate tax or assessment, general, special, ordinary or extraordinary, and any license fee, commercial rental tax, improvement bond or bonds, levy or tax (other than inheritance, personal income or estate taxes) imposed on the Office Building Project or any portion thereof by any authority having the direct or indirect power to tax, including any city, county, state or federal government, or any school, agricultural, sanitary, fire, street, drainage or other improvement district thereof, as against any legal or equitable interest of Lessor in the Office Building Project or in any portion thereof, as against Lessor's right to rent or other income therefrom, and as against Lessor's business of leasing the Office Building Project. The term "real property tax" shall also include any tax, fee, levy, assessment or charge (i) in substitution of, partially or totally, any tax, fee, levy, assessment or charge hereinabove included within the definition of "real property tax," or (ii) the nature of which was hereinbefore included within the definition of "real property tax," or (iii) which is imposed for a service or right not charged prior to June 1, 1978, or, if previously charged, has been increased since June 1, 1978, or (iv) which is imposed as a result of a change in ownership, as defined by applicable local statutes for property tax purposes, of the Office Building Project or which is added to a tax or charge hereinbefore included within the definition of real property tax by reason of such change of ownership, or (v) which is imposed by reason of this transaction, any modifications or changes hereto, or any transfers hereof.

**10.4 Joint Assessment.** If the improvements or property, the taxes for which are to be paid separately by Lessee under paragraph 10.2 or 10.5 are not separately assessed, Lessee's portion of that tax shall be equitably determined by Lessor from the respective valuations assigned in the assessor's work sheets or such other information (which may include the cost of construction) as may be reasonably available. Lessor's reasonable determination thereof, in good faith, shall be conclusive.

## 10.5 Personal Property Taxes.

(a) Lessee shall pay prior to delinquency all taxes assessed against and levied upon trade fixtures, furnishings, equipment and all other personal property of Lessee contained in the Premises or elsewhere.

(b) If any of Lessee's said personal property shall be assessed with Lessor's real property, Lessee shall pay to Lessor the taxes attributable to Lessee within ten (10) days after receipt of a written statement setting forth the taxes applicable to Lessee's property.

## 11. Utilities.

**11.1 Services Provided by Lessor.** Lessor shall provide heating, ventilation, air conditioning, and janitorial service as reasonably required, reasonable amounts of electricity for normal lighting and office machines, water for reasonable and normal drinking and lavatory use, and replacement light bulbs and/or fluorescent tubes and ballasts for standard overhead fixtures.

**11.2 Services Exclusive to Lessee.** Lessee shall pay for all water, gas, heat, light, power, telephone and other utilities and services specially or exclusively supplied and/or metered exclusively to the Premises or to Lessee, together with any taxes thereon. If any such services are not separately metered to the Premises, Lessee shall pay at Lessor's option, either Lessee's Share or a reasonable proportion to be determined by Lessor of all charges jointly metered with other premises in the Building.

**11.3 Hours of Service.** Said services and utilities shall be provided during generally accepted business days and hours or such other days or hours as may hereafter be set forth. Utilities and services required at other times shall be subject to advance request and reimbursement by Lessee to Lessor of the cost thereof. (See Addendum 1 Paragraph 55)

Initials: \_\_\_\_\_

**11.4 Excess Usage by Lessee.** Lessee shall not make connection to the utilities except by or through existing outlets and shall not install or use machinery or equipment in or about the Premises that uses excess water, lighting or power, or suffer or permit any act that causes extra burden upon the utilities or services, including but not limited to security services, over standard office usage for the Office Building Project. Lessor shall require Lessee to reimburse Lessor for any excess expenses or costs that may arise out of a breach of this subparagraph by Lessee. Lessor may, in its sole discretion, install at Lessee's expense supplemental equipment and/or separate metering applicable to Lessee's excess usage or loading. \*\*\*

**11.5 Interruptions.** There shall be no abatement of rent and Lessor shall not be liable in any respect whatsoever for the inadequacy, stoppage, interruption or discontinuance of any utility or service due to riot, strike, labor dispute, breakdown, accident, repair or other cause beyond Lessor's reasonable control or in cooperation with governmental request or directions.

**12. Assignment and Subletting.** (SEE ADDENDUM 1 PARAGRAPH 57)

**12.1 Lessor's Consent Required.** Lessee shall not voluntarily or by operation of law assign, transfer, mortgage, sublet, or otherwise transfer or encumber all or any part of Lessee's interest in the Lease or in the Premises, without Lessor's prior written consent, which Lessor shall not unreasonably withhold. Lessor shall respond to Lessee's request for consent hereunder in a timely manner and any attempted assignment, transfer, mortgage, encumbrance or subletting without such consent shall be void, and shall constitute a material default and breach of this Lease without the need for notice to Lessee under paragraph 13.1 "Transfer" within the meaning of this paragraph 12 shall include the transfer or transfers aggregating (a) if Lessee is a corporation, more than twenty-five percent (25%) of the voting stock of such corporation, or (b) if Lessee is a partnership, more than twenty-five percent (25%) of the profit and loss participation in such partnership.

**12.2 Lessee Affiliate.** Notwithstanding the provisions of paragraph 12.1 hereof, Lessee may assign or sublet the Premises, or any portion thereof, without Lessor's consent, to any corporation which controls, is controlled by or is under common control with Lessee, or to any corporation resulting from the merger or consolidation with Lessee, or to any person or entity which acquires all the assets of Lessee as a going concern of the business that is being conducted on the Premises, all of which are referred to as "Lessee Affiliate", provided that before such assignment shall be effective, (a) said assignee shall assume, in full, the obligations of Lessee under this Lease and (b) Lessor shall be given written notice of such assignment and assumption. Any such assignment shall not, in any way, affect or limit the liability of Lessee under the terms of this Lease even if after such assignment or subletting the terms of this Lease are materially changed or altered without the consent of Lessee, the consent of whom shall not be necessary.

**12.3 Terms and Conditions Applicable to Assignment and Subletting.**

(a) Regardless of Lessor's consent, no assignment or subletting shall release Lessee of Lessee's obligations hereunder or alter the primary liability of Lessee to pay the rent and other sums due Lessor hereunder including Lessee's Share of Operating Expense Increase, and to perform all other obligations to be performed by Lessee hereunder.

(b) Lessor may accept rent from any person other than Lessee pending approval or disapproval of such assignment.

(c) Neither a delay in the approval or disapproval of such assignment or subletting, nor the acceptance of rent, shall constitute a waiver or estoppel of Lessor's right to exercise its remedies for the breach of any of the terms or conditions of this paragraph 12 or this Lease.

(d) If Lessee's obligations under this Lease have been guaranteed by third parties, then an assignment or sublease, and Lessor's consent thereto, shall not be effective unless said guarantors give their written consent to such sublease and the terms thereof.

(e) The consent by Lessor to any assignment or subletting shall not constitute a consent to any subsequent assignment or subletting by Lessee or to any subsequent or successive assignment or subletting by the sublessee. However, Lessor may consent to subsequent sublettings and assignments of the sublease or any amendments or modifications thereto without notifying Lessee or anyone else liable on the Lease or sublease and without obtaining their consent and such action shall not relieve such persons from liability under this Lease or said sublease, however, such persons shall not be responsible to the extent any such amendment or modification enlarges or increases the obligations of the Lessee or sublessee under this Lease or such sublease.

\*\*\* (f) In the event of any default under this Lease, Lessor may proceed directly against Lessee, any guarantors or any one else responsible for the performance of this Lease, including the sublessee, without first exhausting Lessor's remedies against any other person or entity responsible therefor to Lessor, or any security held by Lessor or Lessee.

(g) Lessor's written consent to any assignment or subletting of the Premises by Lessee shall not constitute an acknowledgement that no default then exists under this Lease or the obligations to be performed by Lessee nor shall such consent be deemed a waiver of any then existing default, except as may be otherwise stated by Lessor at the time.

(h) The discovery of the fact that any financial statement relied upon by Lessor in giving its consent to an assignment or subletting was materially false shall, at Lessor's election, render Lessor's said consent null and void.

**12.4 Additional Terms and Conditions Applicable to Subletting.** Regardless of Lessor's consent, the following terms and conditions shall apply to any subletting by Lessee of all or any part of the Premises and shall be deemed included in all subleases under this Lease whether or not expressly incorporated therein.

(a) Lessee hereby assigns and transfers to Lessor all of Lessee's interest in all rentals and income arising from any sublease heretofore or hereafter made by Lessee, and Lessor may collect such rent and income and apply same toward Lessee's obligations under this Lease; provided, however, that until a default shall occur in the performance of Lessee's obligations under this Lease, Lessee may receive, collect and enjoy the rents accruing under such sublease. Lessor shall not, by reason of this or any other assignment of such sublease to Lessor nor by reason of the collection of the rents from a sublessee, be deemed liable to the sublessee for any failure of Lessee to perform and comply with any of Lessee's obligations to such sublessee under such sublease. Lessee hereby irrevocably authorizes and directs any such sublessee, upon receipt of a written notice from Lessor stating that a default exists in the performance of Lessee's obligations under this Lease, to pay to Lessor the rents due and to become due under the sublease. Lessee agrees that such sublessee shall have the right to rely upon any such statement and request from Lessor, and that such sublessee shall pay such rents to Lessor without any obligation or right to inquire as to whether such default exists and notwithstanding any notice from or claim from Lessee to the contrary, Lessee shall have no right or claim against said sublessee or Lessor for any such rents so paid by said sublessee to Lessor.

(b) No sublease entered into by Lessee shall be effective unless and until it has been approved in writing by Lessor. In entering into any sublease, Lessee shall use only such form of sublease as is satisfactory to Lessor and once approved by Lessor, such sublease shall not be changed or modified without Lessor's prior written consent. Any sublease shall, by reason of entering into a sublease under this Lease, be deemed, for the benefit of Lessor, to have assumed and agreed to conform and comply with each and every obligation herein to be performed by Lessee other than such obligations as are contrary to or inconsistent with provisions contained in a sublease to which Lessor has expressly consented in writing.

(c) In the event Lessee shall default in the performance of its obligations under this Lease, Lessor at its option and without any obligation to do so, may require any sublessee to atorn to Lessor, in which event Lessor shall undertake the obligations of Lessee under such sublease from the time of the exercise of said option to the termination of such sublease; provided, however, Lessor shall not be liable for any prepaid rents or security deposit paid by such sublessee to Lessee or for any other prior defaults of Lessee under such sublease.

(d) No sublessee shall further assign or sublet all or any part of the Premises without Lessor's prior written consent.

(e) With respect to any subletting to which Lessor has consented, Lessor agrees to deliver a copy of any notice of default by Lessee to the sublessee. Such sublessee shall have the right to cure a default of Lessee within three (3) days after service of said notice of default upon such sublessee, and the sublessee shall have a right of reimbursement and offset from and against Lessee for any such defaults cured by the sublessee.

**12.5 Lessor's Expenses.** In the event Lessee shall assign or sublet the Premises or request the consent of Lessor to any assignment or subletting or if Lessee shall request the consent of Lessor for any act Lessee proposes to do then Lessee shall pay Lessor's reasonable costs and expenses incurred in connection therewith, including attorneys', architects', engineers' or other consultants' fees. \*\*\*

**12.6 Conditions to Consent.** Lessor reserves the right to condition any approval to assign or sublet upon Lessor's determination that (a) the proposed assignee or sublessee shall conduct a business on the Premises of a quality substantially equal to that of Lessee and consistent with the general character of the other occupants of the Office Building Project and not in violation of any exclusives or rights then held by other tenants, and (b) the proposed assignee or sublessee be at least as financially responsible as Lessee was expected to be at the time of the execution of this Lease or of such assignment or subletting, whichever is greater.

**13. Default; Remedies.**

**13.1 Default.** The occurrence of any one or more of the following events shall constitute a material default of this Lease by Lessee:

(a) The vacation or abandonment of the Premises by Lessee. Vacation of the Premises shall include the failure to occupy the Premises for a continuous period of sixty (60) days or more, whether or not the rent is paid.

(b) The breach by Lessee of any of the covenants, conditions or provisions of paragraphs 7.3(a), (b) or (d) (alterations), 12.1 (assignment or subletting), 13.1(a) (vacation or abandonment), 13.1(e) (insolvency), 13.1(f) (false statement), 16(a) (estoppel certificate), 30(b) (subordination), 33 (auctions), or 41.1 (easements), all of which are hereby deemed to be material, non-curable defaults without the necessity of any notice by Lessor to Lessee thereof.

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

\*as mutually agreed by Lessor and Lessee

\*\*as mutually agreed by both parties

\*\*\*Except for an assignment,

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FULL SERVICE-GROSS

\*\*not to exceed \$500.00 per event.

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Initials: 

(d) The failure by Lessee to observe or perform any of the covenants, conditions or provisions of this Lease to be observed or performed by Lessee other than those referenced in subparagraphs (b) and (c), above, where such failure shall continue for a period of thirty (30) days after written notice thereof from Lessor to Lessee; provided, however, that if the nature of Lessee's noncompliance is such that more than thirty (30) days are reasonably required for its cure, then Lessee shall not be deemed to be in default if Lessee commenced such cure within said thirty (30) day period and thereafter diligently pursues such cure to completion. To the extent permitted by law, such thirty (30) day notice shall constitute the sole and exclusive notice required to be given to Lessee under applicable Unlawful Detainer statutes

(e) (i) The making by Lessee of any general arrangement or general assignment for the benefit of creditors; (ii) Lessee becoming a "debtor" as defined in 11 U.S.C. §101 or any successor statute thereto (unless, in the case of a petition filed against Lessee, the same is dismissed within sixty (60) days; (iii) the appointment of a trustee or receiver to take possession of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where possession is not restored to Lessee within thirty (30) days; or (iv) the attachment, execution or other judicial seizure of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where such seizure is not discharged within thirty (30) days. In the event that any provision of this paragraph 13.1(e) is contrary to any applicable law, such provision shall be of no force or effect.

(f) The discovery by Lessor that any financial statement given to Lessor by Lessee, or its successor in interest or by any guarantor of Lessee's obligation hereunder, was materially false.

13.2 Remedies. In the event of any material default or breach of this Lease by Lessee, Lessor may at any time thereafter, with or without notice or demand and without limiting Lessor in the exercise of any right or remedy which Lessor may have by reason of such default:

(a) Terminate Lessee's right to possession of the Premises by any lawful means, in which case this Lease and the term hereof shall terminate and Lessee shall immediately surrender possession of the Premises to Lessor. In such event Lessor shall be entitled to recover from Lessee all damages incurred by Lessor by reason of Lessee's default including, but not limited to, the cost of recovering possession of the Premises; expenses of reletting, including necessary renovation and alteration of the Premises, reasonable attorneys' fees, and any real estate commission actually paid; the worth at the time of award by the court having jurisdiction thereof of the amount by which the unpaid rent for the balance of the term after the time of such award exceeds the amount of such rental loss for the same period that Lessee proves could be reasonably avoided; that portion of the leasing commission paid by Lessor pursuant to paragraph 15 applicable to the unexpired term of this Lease.

(b) Maintain Lessee's right to possession in which case this Lease shall continue in effect whether or not Lessee shall have vacated or abandoned the Premises. In such event Lessor shall be entitled to enforce all of Lessor's rights and remedies under this Lease, including the right to recover the rent as it becomes due hereunder.

(c) Pursue any other remedy now or hereafter available to Lessor under the laws or judicial decisions of the state wherein the Premises are located. Unpaid installments of rent and other unpaid monetary obligations of Lessee under the terms of this Lease shall bear interest from the date due at the maximum rate then allowable by law.

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

13.4 Late Charges. Lessee hereby acknowledges that late payment by Lessee to Lessor of Base Rent, Lessee's Share of Operating Expense Increase or other sums due hereunder will cause Lessor to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges, and late charges which may be imposed on Lessor by the terms of any mortgage or trust deed covering the Office Building Project. Accordingly, if any installment of Base Rent, Operating Expense Increase, or any other sum due from Lessee shall not be received by Lessor or Lessor's designee within ten (10) days after such amount shall be due, then, without any requirement for notice to Lessee, Lessee shall pay to Lessor a late charge equal to 6% of such overdue amount. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Lessor will incur by reason of late payment by Lessee. Acceptance of such late charge by Lessor shall in no event constitute a waiver of Lessee's default with respect to such overdue amount, nor prevent Lessor from exercising any of the other rights and remedies granted hereunder.

14. Condemnation. If the Premises or any portion thereof or the Office Building Project are taken under the power of eminent domain, or sold under the threat of the exercise of said power (all of which are herein called "condemnation"), this Lease shall terminate as to the part so taken as of the date the condemning authority takes title or possession, whichever first occurs; provided that if so much of the Premises or the Office Building Project are taken by such condemnation as would substantially and adversely affect the operation and profitability of Lessee's business conducted from the Premises, Lessee shall have the option, to be exercised only in writing within thirty (30) days after Lessor shall have given Lessee written notice of such taking (or in the absence of such notice, within thirty (30) days after the condemning authority shall have taken possession), to terminate this Lease as of the date the condemning authority takes such possession. If Lessee does not terminate this Lease in accordance with the foregoing, this Lease shall remain in full force and effect as to the portion of the Premises remaining, except that the rent and Lessee's Share of Operating Expense Increase shall be reduced in the proportion that the floor area of the Premises taken bears to the total floor area of the Premises. Common Areas taken shall be excluded from the Common Areas usable by Lessee and no reduction of rent shall occur with respect thereto or by reason thereof. Lessor shall have the option in its sole discretion to terminate this Lease as of the taking of possession by the condemning authority, by giving written notice to Lessee of such election within thirty (30) days after receipt of notice of a taking by condemnation of any part of the Premises or the Office Building Project. Any award for the taking of all or any part of the Premises or the Office Building Project under the power of eminent domain or any payment made under threat of the exercise of such power shall be the property of Lessor, whether such award shall be made as compensation for diminution in value of the leasehold or for the taking of the fee, or as severance damages, provided, however, that Lessee shall be entitled to any separate award for loss of or damage to Lessee's trade fixtures, removable personal property and unamortized tenant improvements that have been paid for by Lessee. For that purpose the cost of such improvements shall be amortized over the original term of this Lease excluding any options. In the event that this Lease is not terminated by reason of such condemnation Lessor shall to the extent of severance damages received by Lessor in connection with such condemnation, repair any damage to the Premises caused by such condemnation except to the extent that Lessee has been reimbursed therefor by the condemning authority. Lessee shall pay any amount in excess of such severance damages required to complete such repair.

15. Broker's Fee. <sup>broker</sup> is Matlow-Kennedy Commercial Real Estate Services as Lessee's broker, a licensed ~~broker~~ <sup>real estate broker.</sup>  
(a) The ~~brokers~~ <sup>broker</sup> involved in this transaction are as "listing broker" and as "cooperating broker," ~~licensed real estate broker(s). A "cooperating broker" is defined as any broker other than the listing broker entitled to a share of any commission arising under this Lease. Upon execution of this Lease by both parties, Lessor shall pay to said brokers jointly, or in such separate shares as they may mutually designate in writing, a fee as set forth in a separate agreement between Lessor and said broker(s), or in the event there is no separate agreement between Lessor and said broker(s), the sum of \$ \_\_\_\_\_ for brokerage services rendered by said broker(s) to Lessor in this transaction.~~ <sup>broker</sup>

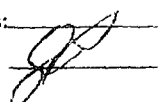
(b) Lessor further agrees that (i) if Lessee exercises any Option, as defined in paragraph 39.1 of this Lease, which is granted to Lessee under this Lease, or any subsequently granted option which is substantially similar to an Option granted to Lessee under this Lease, or (ii) if Lessee acquires any rights to the Premises or other premises described in this Lease which are substantially similar to what Lessee would have acquired had an Option herein granted to Lessee been exercised, or (iii) if Lessee remains in possession of the Premises after the expiration of the term of this Lease after having failed to exercise an Option, or (iv) if said broker(s) are the procuring cause of any other lease or sale entered into between the parties pertaining to the Premises and/or any adjacent property in which Lessor has an interest, or (v) if the Base Rent is increased, whether by agreement or operation of an escalation clause contained herein, then as to any of said transactions or rent increases, Lessor shall pay said broker(s) a fee in accordance with the schedule of said broker(s) in effect at the time of execution of this Lease. Said fee shall be paid at the time such increased rental is determined.

(c) Lessor agrees to pay said fee not only on behalf of Lessor but also on behalf of any person, corporation, association, or other entity having an ownership interest in said real property or any part thereof, when such fee is due hereunder. Any transferee of Lessor's interest in this Lease, whether such transfer is by agreement or by operation of law, shall be deemed to have assumed Lessor's obligation under this paragraph 15. Each listing and cooperating broker shall be a third party beneficiary of the provisions of this paragraph 15 to the extent of their interest in any commission arising under this Lease and may enforce that right directly against Lessor. provided, however, that all brokers having a right to any part of such total commission shall be a necessary party to any suit with respect thereto.

(d) Lessee and Lessor each represent and warrant to the other that neither has had any dealings with any person, firm, broker or finder (other than the person(s), if any, whose names are set forth in paragraph 15(a), above) in connection with the negotiation of this Lease and/or the consummation of the transaction contemplated hereby, and no other broker or other person, firm or entity is entitled to any commission or finder's fee in connection with said transaction and Lessee and Lessor do each hereby indemnify and hold the other harmless from and against any costs, expenses, attorneys' fees or liability for compensation or charges which may be claimed by any such unnamed broker, finder or other similar party by reason of any dealings or actions of the indemnifying party.

#### 16. Estoppel Certificate.

(a) Each party (as "responding party") shall at any time upon not less than ten (10) days' prior written notice from the other party ("requesting party") execute, acknowledge and deliver to the requesting party a statement in writing (i) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect) and the date

Initials: 

to which the rent and other charges are paid in advance, if any, and (ii) acknowledging that there are not, to the responding party's knowledge, any uncured defaults on the part of the requesting party, or specifying such defaults if any are claimed. Any such statement may be conclusively relied upon by any prospective purchaser or encumbrancer of the Office Building Project or of the business of Lessee.

(b) At the requesting party's option, the failure to deliver such statement within such time shall be a material default of this Lease by the party who is to respond, without any further notice to such party, or it shall be conclusive upon such party that (i) this Lease is in full force and effect, without modification except as may be represented by the requesting party, (ii) there are no uncured defaults in the requesting party's performance, and (iii) if Lessor is the requesting party, not more than one month's rent has been paid in advance.

(c) If Lessor desires to finance, refinance, or sell the Office Building Project, or any part thereof, Lessee hereby agrees to deliver to any lender or purchaser designated by Lessor such financial statements of Lessee as may be reasonably required by such lender or purchaser. Such statements shall include the past three (3) years' financial statements of Lessee. All such financial statements shall be received by Lessor and such lender or purchaser in confidence and shall be used only for the purposes herein set forth.

**17. Lessor's Liability.** The term "Lessor" as used herein shall mean only the owner or owners, at the time in question, of the fee title or a lessee's interest in a ground lease of the Office Building Project, and except as expressly provided in paragraph 15, in the event of any transfer of such title or interest, Lessor herein named (and in case of any subsequent transfers then the grantor) shall be relieved from and after the date of such transfer of all liability as respects Lessor's obligations thereafter to be performed, provided that any funds in the hands of Lessor or the then grantor at the time of such transfer, in which Lessee has an interest, shall be delivered to the grantee. The obligations contained in this Lease to be performed by Lessor shall, subject as aforesaid, be binding on Lessor's successors and assigns, only during their respective periods of ownership.

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

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

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

**21. Additional Rent.** All monetary obligations of Lessee to Lessor under the terms of this Lease, including but not limited to Lessee's Share of Operating Expense Increase and any other expenses payable by Lessee hereunder shall be deemed to be rent.

**22. Incorporation of Prior Agreements; Amendments.** This Lease contains all agreements of the parties with respect to any matter mentioned herein. No prior or contemporaneous agreement or understanding pertaining to any such matter shall be effective. This Lease may be modified in writing only, signed by the parties in interest at the time of the modification. Except as otherwise stated in this Lease, Lessee hereby acknowledges that neither the real estate broker listed in paragraph 15 hereof nor any cooperating broker on this transaction nor the Lessor or any employee or agents of any of said persons has made any oral or written warranties or representations to Lessee relative to the condition or use by Lessee of the Premises or the Office Building Project and Lessee acknowledges that Lessee assumes all responsibility regarding the Occupational Safety Health Act, the legal use and adaptability of the Premises and the compliance thereof with all applicable laws and regulations in effect during the term of this Lease.

**23. Notices.** Any notice required or permitted to be given hereunder shall be in writing and may be given by personal delivery or by certified or registered mail, and shall be deemed sufficiently given if delivered or addressed to Lessee or to Lessor at the address noted below or adjacent to the signature of the respective parties, as the case may be. Mailed notices shall be deemed given upon actual receipt at the address required, or forty-eight hours following deposit in the mail, postage prepaid, whichever first occurs. Either party may by notice to the other specify a different address for notice purposes except that upon Lessee's taking possession of the Premises, the Premises shall constitute Lessee's address for notice purposes. A copy of all notices required or permitted to be given to Lessor hereunder shall be concurrently transmitted to such party or parties at such addresses as Lessor may from time to time hereafter designate by notice to Lessee.

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

~~**25. Recording.** Either Lessor or Lessee shall, upon request of the other, execute, acknowledge and deliver to the other a "short form" memorandum of this Lease for recording purposes.~~

**26. Holding Over.** If Lessee, with Lessor's consent, remains in possession of the Premises or any part thereof after the expiration of the term hereof, such occupancy shall be a tenancy from month to month upon all the provisions of this Lease pertaining to the obligations of Lessee, except that the rent payable shall be ~~two hundred percent (200%)~~ <sup>one hundred twenty-five percent (125%)</sup> of the rent payable immediately preceding the termination date of this Lease, and all Options, if any, granted under the terms of this Lease shall be deemed terminated and be of no further effect during said month to month tenancy.

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

**28. Covenants and Conditions.** Each provision of this Lease performable by Lessee shall be deemed both a covenant and a condition.

**29. Binding Effect; Choice of Law.** Subject to any provisions hereof restricting assignment or subletting by Lessee and subject to the provisions of paragraph 17, this Lease shall bind the parties, their personal representatives, successors and assigns. This Lease shall be governed by the laws of the State where the Office Building Project is located and any litigation concerning this Lease between the parties hereto shall be initiated in the county in which the Office Building Project is located.

**30. Subordination.**

(a) This Lease, and any Option or right of first refusal granted hereby, at Lessor's option, shall be subordinate to any ground lease, mortgage, deed of trust, or any other hypothecation or security now or hereafter placed upon the Office Building Project and to any and all advances made on the security thereof and to all renewals, modifications, consolidations, replacements and extensions thereof. Notwithstanding such subordination, Lessee's right to quiet possession of the Premises shall not be disturbed if Lessee is not in default and so long as Lessee shall pay the rent and observe and perform all of the provisions of this Lease, unless this Lease is otherwise terminated pursuant to its terms. If any mortgagee, trustee or ground lessor shall elect to have this Lease and any Options granted hereby prior to the lien of its mortgage, deed of trust or ground lease, and shall give written notice thereof to Lessee, this Lease and such Options shall be deemed prior to such mortgage, deed of trust or ground lease, whether this Lease or such Options are dated prior or subsequent to the date of said mortgage, deed of trust or ground lease or the date of recording thereof.

(b) Lessee agrees to execute any documents required to effectuate an allotment, a subordination, or to make this Lease or any Option granted herein prior to the lien of any mortgage, deed of trust or ground lease, as the case may be. Lessee's failure to execute such documents within ten (10) days after written demand shall constitute a material default by Lessee hereunder without further notice to Lessee or, at Lessor's option, Lessor shall execute such documents on behalf of Lessee as Lessee's attorney-in-fact. Lessee does hereby make, constitute and irrevocably appoint Lessor as Lessee's attorney-in-fact and in Lessee's name, place and stead, to execute such documents in accordance with this paragraph 30(b).

**31. Attorneys' Fees.**

31.1 If either party or the broker(s) named herein bring an action to enforce the terms hereof or declare rights hereunder, the prevailing party in any such action, trial or appeal thereon, shall be entitled to his reasonable attorneys' fees to be paid by the losing party as fixed by the court in the same or a separate suit, and whether or not such action is pursued to decision or judgment. The provisions of this paragraph shall inure to the benefit of the broker named herein who seeks to enforce a right hereunder.

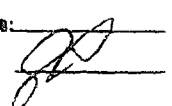
31.2 The attorneys' fee award shall not be computed in accordance with any court fee schedule, but shall be such as to fully reimburse all attorneys' fees reasonably incurred in good faith, as determined by the court.

31.3 Lessor shall be entitled to reasonable attorneys' fees and all other costs and expenses incurred in the preparation and service of notice of default and consultations in connection therewith, whether or not a legal transaction is subsequently commenced in connection with such default. Excluding attorney's fees and other costs for preparation and service of a 3-Day Notice and

**32. Lessor's Access.** excluding attorney's fees subsequent to serving a 3-Day Notice when Lessor has erred in serving it.

32.1 Lessor and Lessor's agents shall have the right to enter the Premises at reasonable times for the purpose of inspecting the same, performing any services required of Lessor, showing the same to prospective purchasers, lenders, or lessees, taking such safety measures, erecting such scaffolding or other necessary structures, making such alterations, repairs, improvements or additions to the Premises or to the Office Building Project as Lessor may reasonably deem necessary or desirable and the erecting, using and maintaining of utilities, services, pipes and conduits through the Premises and/or other premises as long as there is no material adverse effect to Lessee's use of the Premises. Lessor may at any time place on or about the Premises or the Building any ordinary "For Sale" signs and Lessor may at any time during the last 120 days of the term hereof place on or about the Premises any ordinary "For Lease" signs.

32.2 All activities of Lessor pursuant to this paragraph shall be without abatement of rent, nor shall Lessor have any liability to Lessee for the same.

Initials: 



**32.3** Lessor shall have the right to retain keys to the Premises and to unlock all doors in or upon the Premises other than to files, vaults and safes,\* and in the case of emergency to enter the Premises by any reasonably appropriate means, and any such entry shall not be deemed a forceable or unlawful entry or detainer of the Premises or an eviction. Lessee waives any charges for damages or injuries or interference with Lessee's property or business in connection therewith with Lessor's entry due to emergency.

**33. Auctions.** Lessee shall not conduct, nor permit to be conducted, either voluntarily or involuntarily, any auction upon the Premises or the Common Areas without first having obtained Lessor's prior written consent. Notwithstanding anything to the contrary in this Lease, Lessor shall not be obligated to exercise any standard of reasonableness in determining whether to grant such consent. The holding of any auction on the Premises or Common Areas in violation of this paragraph shall constitute a material default of this Lease

**34. Signs.** Lessee shall not place any sign upon the Premises or the Office Building Project without Lessor's prior written consent. Under no circumstances shall Lessee place a sign on any roof of the Office Building Project. (SEE ADDENDUM 1 PARAGRAPH 58)

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

~~**36. Consents.** Except for paragraphs 33 (auctions) and 34 (signs) hereof, wherever in this Lease the consent of one party is required to an act of the other party such consent shall not be unreasonably withheld or delayed~~

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

**38. Quiet Possession.** Upon Lessee paying the rent for the Premises and observing and performing all of the covenants, conditions and provisions on Lessee's part to be observed and performed hereunder, Lessee shall have quiet possession of the Premises for the entire term hereof subject to all of the provisions of this Lease. The individuals executing this Lease on behalf of Lessor represent and warrant to Lessee that they are fully authorized and legally capable of executing this Lease on behalf of Lessor and that such execution is binding upon all parties holding an ownership interest in the Office Building Project.

**39. Options.** (SEE ADDENDUM 1 PARAGRAPH 54 AND 60)

**39.1 Definition.** As used in this paragraph the word "Option" has the following meaning: (1) the right or option to extend the term of this Lease or to renew this Lease or to extend or renew any lease that Lessee has on other property of Lessor; (2) the option of right of first refusal to lease the Premises or the right of first offer to lease the Premises or the right of first refusal to lease other space within the Office Building Project or other property of Lessor or the right of first offer to lease other space within the Office Building Project or other property of Lessor; (3) the right or option to purchase the Premises or the Office Building Project, or the right of first refusal to purchase the Premises or the Office Building Project or the right of first offer to purchase the Premises or the Office Building Project, or the right or option to purchase other property of Lessor, or the right of first refusal to purchase other property of Lessor or the right of first offer to purchase other property of Lessor.

**39.2 Options Personal.** Each Option granted to Lessee in this Lease is personal to the original Lessee and may be exercised only by the original Lessee while occupying the Premises who does so without the intent of thereafter assigning this Lease or subletting the Premises or any portion thereof, and may not be exercised or be assigned, voluntarily or involuntarily, by or to any person or entity other than Lessee; provided, however, that an Option may be exercised by or assigned to any Lessee Affiliate as defined in paragraph 12.2 of this Lease. The Options, if any, herein granted to Lessee are not assignable separate and apart from this Lease, nor may any Option be separated from this Lease in any manner, either by reservation or otherwise.

**39.3 Multiple Options.** In the event that Lessee has any multiple options to extend or renew this Lease a later option cannot be exercised unless the prior option to extend or renew this Lease has been so exercised

**39.4 Effect of Default on Options.**

(a) Lessee shall have no right to exercise an Option, notwithstanding any provision in the grant of Option to the contrary, (i) during the time commencing from the date Lessor gives to Lessee a notice of default pursuant to paragraph 13.1(c) or 13.1(d) and continuing until the noncompliance alleged in said notice of default is cured, or (ii) during the period of time commencing on the day after a monetary obligation to Lessor is due from Lessee and unpaid (without any necessity for notice thereof to Lessee) and continuing until the obligation is paid, or (iii) in the event that Lessor has given to Lessee three or more notices of default under paragraph 13.1(c), or paragraph 13.1(d), whether or not the defaults are cured, during the 12 month period of time immediately prior to the time that Lessee attempts to exercise the subject Option, (iv) if Lessee has committed any non-curable breach, including without limitation those described in paragraph 13.1(b), or is otherwise in default of any of the terms, covenants or conditions of this Lease.

(b) The period of time within which an Option may be exercised shall not be extended or enlarged by reason of Lessee's inability to exercise an Option because of the provisions of paragraph 39.4(a).

(c) All rights of Lessee under the provisions of an Option shall terminate and be of no further force or effect, notwithstanding Lessee's due and timely exercise of the Option, if, after such exercise and during the term of this Lease, (i) Lessee fails to pay to Lessor a monetary obligation of Lessee for a period of thirty (30) days after such obligation becomes due (without any necessity of Lessor to give notice thereof to Lessee), or (ii) Lessee fails to commence to cure a default specified in paragraph 13.1(d) within thirty (30) days after the date that Lessor gives notice to Lessee of such default and/or Lessee fails thereafter to diligently prosecute said cure to completion, or (iii) Lessor gives to Lessee three or more notices of default under paragraph 13.1(c), or paragraph 13.1(d), whether or not the defaults are cured, or (iv) if Lessee has committed any non-curable breach, including without limitation those described in paragraph 13.1(b), or is otherwise in default of any of the terms, covenants and conditions of this Lease.

**40. Security Measures—Lessor's Reservations.**

**40.1** Lessee hereby acknowledges that Lessor shall have no obligation whatsoever to provide guard service or other security measures for the benefit of the Premises or the Office Building Project. Lessee assumes all responsibility for the protection of Lessee, its agents, and invitees and the property of Lessee and of Lessee's agents and invitees from acts of third parties. Nothing herein contained shall prevent Lessor, at Lessor's sole option, from providing security protection for the Office Building Project or any part thereof, in which event the cost thereof shall be included within the definition of Operating Expenses, as set forth in paragraph 4.2(b)

**40.2** Lessor shall have the following rights:

(a) To change the name, address or title of the Office Building Project or building in which the Premises are located upon not less than 90 days prior written notice;

(b) To, at Lessee's expense, provide and install Building standard graphics on the door of the Premises and such portions of the Common Areas as Lessor shall reasonably deem appropriate;

(c) To permit any lessee the exclusive right to conduct any business as long as such exclusive does not conflict with any rights expressly given herein;

(d) To place such signs, notices or displays as Lessor reasonably deems necessary or advisable upon the roof, exterior of the buildings or the Office Building Project or on pole signs in the Common Areas;

**40.3** Lessee shall not:

(a) Use a representation (photographic or otherwise) of the Building or the Office Building Project or their name(s) in connection with Lessee's business;

(b) Suffer or permit anyone, except in emergency, to go upon the roof of the Building.

**41. Easements.**

**41.1** Lessor reserves to itself the right, from time to time, to grant such easements, rights and dedications that Lessor deems necessary or desirable, and to cause the recordation of Parcel Maps and restrictions, so long as such easements, rights, dedications, Maps and restrictions do not unreasonably interfere with the use of the Premises by Lessee. Lessee shall sign any of the aforementioned documents upon request of Lessor and failure to do so shall constitute a material default of this Lease by Lessee without the need for further notice to Lessee

**41.2** The obstruction of Lessee's view, air, or light by any structure erected in the vicinity of the Building, whether by Lessor or third parties, shall in no way affect this Lease or impose any liability upon Lessor

**42. Performance Under Protest.** If at any time a dispute shall arise as to any amount or sum of money to be paid by one party to the other under the provisions hereof, the party against whom the obligation to pay the money is asserted shall have the right to make payment "under protest" and such payment shall not be regarded as a voluntary payment, and there shall survive the right on the part of said party to institute suit for recovery of such sum. If it shall be adjudged that there was no legal obligation on the part of said party to pay such sum or any part thereof, said party shall be entitled to recover such sum or so much thereof as it was not legally required to pay under the provisions of this Lease.

\*upon 24 hours notice to Lessee

Initials: \_\_\_\_\_

13. **Authority.** If Lessee is a corporation, trust, or general or limited partnership, Lessee, and each individual executing this Lease on behalf of such entity represent and warrant that such individual is duly authorized to execute and deliver this Lease on behalf of said entity. If Lessee is a corporation, trust or partnership, Lessee shall, within thirty (30) days after execution of this Lease, deliver to Lessor evidence of such authority satisfactory to Lessor.

14. **Conflict.** Any conflict between the printed provisions, Exhibits or Addenda of this Lease and the typewritten or handwritten provisions, if any, shall be controlled by the typewritten or handwritten provisions.

15. **No Offer.** Preparation of this Lease by Lessor or Lessor's agent and submission of same to Lessee shall not be deemed an offer to Lessee to lease. This Lease shall become binding upon Lessor and Lessee only when fully executed by both parties.

16. **Lender Modification.** Lessee agrees to make such reasonable modifications to this Lease as may be reasonably required by an institutional lender in connection with the obtaining of normal financing or refinancing of the Office Building Project.

17. **Multiple Parties.** If more than one person or entity is named as either Lessor or Lessee herein, except as otherwise expressly provided herein, the obligations of the Lessor or Lessee herein shall be the joint and several responsibility of all persons or entities named herein as such Lessor or Lessee, respectively.

18. **Work Letter.** This Lease is supplemented by that certain Work Letter of even date executed by Lessor and Lessee, attached hereto as Exhibit C, and incorporated herein by this reference. See Addendum 1 Paragraph 53 and Exhibit "A"

19. **Attachments.** Attached hereto are the following documents which constitute a part of this Lease:

- Exhibit "A" - Floor Plan
- Exhibit "B" - Rules & Regulations
- Exhibit "C" - Building Operating Costs Addendum
- Addendum #1
- Exhibit "D" - Cleaning Specifications
- Exhibit "E" - Security System Specifications

If any conflict or inconsistency exists or develops among or between the Lease and any attachment to the Lease, the following priority shall govern: 1) Addendum #1, 2) Exhibit "A", 3) Exhibit "C", 4) the Lease, and 5) Exhibit "B".

APPROVED AS TO FORM

6/23, 19 97

JOHN P. CAINGLIN, City Attorney

By *D. J. Ginn*  
DEPUTY CITY ATTORNEY

LESSOR AND LESSEE HAVE CAREFULLY READ AND REVIEWED THIS LEASE AND EACH TERM AND PROVISION CONTAINED HEREIN AND, BY EXECUTION OF THIS LEASE, SHOW THEIR INFORMED AND VOLUNTARY CONSENT THERETO. THE PARTIES HEREBY AGREE THAT, AT THE TIME THIS LEASE IS EXECUTED, THE TERMS OF THIS LEASE ARE COMMERCIALY REASONABLE AND EFFECTUATE THE INTENT AND PURPOSE OF LESSOR AND LESSEE WITH RESPECT TO THE PREMISES.

IF THIS LEASE HAS BEEN FILLED IN IT HAS BEEN PREPARED FOR SUBMISSION TO YOUR ATTORNEY FOR HIS APPROVAL. NO REPRESENTATION OR RECOMMENDATION IS MADE BY THE AMERICAN INDUSTRIAL REAL ESTATE ASSOCIATION OR BY THE REAL ESTATE BROKER OR ITS AGENTS OR EMPLOYEES AS TO THE LEGAL SUFFICIENCY, LEGAL EFFECT, OR TAX CONSEQUENCES OF THIS LEASE OR THE TRANSACTION RELATING THERETO; THE PARTIES SHALL RELY SOLELY UPON THE ADVICE OF THEIR OWN LEGAL COUNSEL AS TO THE LEGAL AND TAX CONSEQUENCES OF THIS LEASE.

LESSOR

LESSEE

FUJITA INVESTORS OF CALIFORNIA

CITY OF LONG BEACH

By FPM, A NEVADA CORPORATION

By *[Signature]*

Its AGENT

Its ASSISTANT CITY MANAGER

EXECUTED PURSUANT TO SECTION 301 OF THE CITY CHARTER.

By *[Signature]*

By \_\_\_\_\_

Its MANAGING DIRECTOR

Its \_\_\_\_\_

Executed at CORONA GROVE

Executed at \_\_\_\_\_

on 6/18/97

on \_\_\_\_\_

Address \_\_\_\_\_

Address \_\_\_\_\_

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

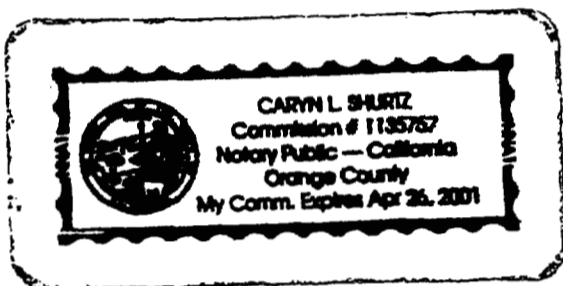
State of California

County of Orange

On June 17, 1997 before me, CAROL L. Shurtz, Notary Public  
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared John L. Pagliassotti  
Name(s) of Signer(s)

personally known to me – OR –  proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

*[Handwritten Signature]*

Signature of Notary Public

**OPTIONAL**

*Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.*

**Description of Attached Document**

Title or Type of Document: Lease

Document Date: MAY 9, 1997 Number of Pages: 29

Signer(s) Other Than Named Above: No other signers

**Capacity(ies) Claimed by Signer(s)**

Signer's Name: John L. Pagliassotti

- Individual
- Corporate Officer  
Title(s): MANAGING Director
- Partner —  Limited  General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: \_\_\_\_\_

**RIGHT THUMBPRINT OF SIGNER**  
Top of thumb here

Signer Is Representing:  
Fujita Property  
Management

Signer's Name: \_\_\_\_\_

- Individual
- Corporate Officer  
Title(s): \_\_\_\_\_
- Partner —  Limited  General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: \_\_\_\_\_

**RIGHT THUMBPRINT OF SIGNER**  
Top of thumb here

Signer Is Representing:  
\_\_\_\_\_  
\_\_\_\_\_

**STANDARD OFFICE LEASE  
FLOOR PLANS**



To be provided by JCM Facilities Planning & Management  
as Exhibit A after said plans are approved by Lessor  
and Lessee.

**EXHIBIT A**

# RULES AND REGULATIONS FOR STANDARD OFFICE LEASE



Dated: May 9, 1997

By and Between Fujita Investors of California ("Lessor") and City of Long Beach ("Lessee")

## GENERAL RULES

1. Lessee shall not suffer or permit the obstruction of any Common Areas, including driveways, walkways and stairways.
2. Lessor reserves the right to refuse access to any persons Lessor in good faith judges to be a threat to the safety, reputation, or property of the Office Building Project and its occupants.
3. Lessee shall not make or permit any noise or odors that annoy or interfere with other lessees or persons having business within the Office Building Project.
4. Lessee shall not keep animals or birds within the Office Building Project, and shall not bring bicycles, motorcycles or other vehicles into areas not designated as authorized for same.
5. Lessee shall not make, suffer or permit litter except in appropriate receptacles for that purpose.
6. Lessee shall not alter any lock or install new or additional locks or bolts.
7. Lessee shall be responsible for the inappropriate use of any toilet rooms, plumbing or other utilities. No foreign substances of any kind are to be inserted therein.
8. Lessee shall not deface the walls, partitions or other surfaces of the premises or Office Building Project.
9. Lessee shall not suffer or permit any thing in or around the Premises or Building that causes excessive vibration or floor loading in any part of the Office Building Project.
10. Furniture, significant freight and equipment shall be moved into or out of the building only with the Lessor's knowledge and consent, and subject to such reasonable limitations, techniques and timing, as may be designated by Lessor. Lessee shall be responsible for any damage to the Office Building Project arising from any such activity.
11. Lessee shall not employ any service or contractor for services or work to be performed in the Building, except as approved by Lessor.
12. Lessor reserves the right to close and lock the Building on Saturdays, Sundays and legal holidays, and on other days between the hours of 6:00 P.M. and 7:00 A.M. of the following day. If Lessee uses the Premises during such periods, Lessee shall be responsible for securely locking any doors it may have opened for entry.
13. Lessee shall return all keys at the termination of its tenancy and shall be responsible for the cost of replacing any keys that are lost.
14. No window coverings, shades or awnings shall be installed or used by Lessee.
15. No Lessee, employee or invitee shall go upon the roof of the Building.
16. Lessee shall not suffer or permit smoking or carrying of lighted cigars or cigarettes in areas reasonably designated by Lessor or by applicable governmental agencies as non-smoking areas.
17. Lessee shall not use any method of heating or air conditioning other than as provided by Lessor.
18. Lessee shall not install, maintain or operate any vending machines upon the Premises without Lessor's written consent.
19. The Premises shall not be used for lodging or manufacturing, cooking or food preparation.
20. Lessee shall comply with all safety, fire protection and evacuation regulations established by Lessor or any applicable governmental agency.
21. Lessor reserves the right to waive any one of these rules or regulations, and/or as to any particular Lessee, and any such waiver shall not constitute a waiver of any other rule or regulation or any subsequent application thereof to such Lessee.
22. Lessee assumes all risks from theft or vandalism and agrees to keep its Premises locked as may be required.
23. Lessor reserves the right to make such other reasonable rules and regulations as it may from time to time deem necessary for the appropriate operation and safety of the Office Building Project and its occupants. Lessee agrees to abide by these and such rules and regulations.

## PARKING RULES

1. Parking areas shall be used only for parking by vehicles no longer than full size, passenger automobiles herein called "Permitted Size Vehicles." Vehicles other than Permitted Size Vehicles are herein referred to as "Oversized Vehicles."
2. Lessee shall not permit or allow any vehicles that belong to or are controlled by Lessee or Lessee's employees, suppliers, shippers, customers, or invitees to be loaded, unloaded, or parked in areas other than those designated by Lessor for such activities.
3. Parking stickers or identification devices shall be the property of Lessor and be returned to Lessor by the holder thereof upon termination of the holder's parking privileges. Lessee will pay such replacement charge as is reasonably established by Lessor for the loss of such devices.
4. Lessor reserves the right to refuse the sale of monthly identification devices to any person or entity that willfully refuses to comply with the applicable rules, regulations, laws and/or agreements.
5. Lessor reserves the right to relocate all or a part of parking spaces from floor to floor, within one floor, and/or to reasonably adjacent offsite location(s), and to reasonably allocate them between compact and standard size spaces, as long as the same complies with applicable laws, ordinances and regulations.
6. Users of the parking area will obey all posted signs and park only in the areas designated for vehicle parking.
7. Unless otherwise instructed, every person using the parking area is required to park and lock his own vehicle. Lessor will not be responsible for any damage to vehicles, injury to persons or loss of property, all of which risks are assumed by the party using the parking area.
8. Validation, if established, will be permissible only by such method or methods as Lessor and/or its licensee may establish at rates generally applicable to visitor parking.
9. The maintenance, washing, waxing or cleaning of vehicles in the parking structure or Common Areas is prohibited.
10. Lessee shall be responsible for seeing that all of its employees, agents and invitees comply with the applicable parking rules, regulations, laws and agreements.
11. Lessor reserves the right to modify these rules and/or adopt such other reasonable and non-discriminatory rules and regulations as it may deem necessary for the proper operation of the parking area.
12. Such parking use as is herein provided is intended merely as a license only and no bailment is intended or shall be created hereby.

Initials: \_\_\_\_\_

**EXHIBIT "C"**

Any reference to "Landlord" shall also mean "Lessor" and any reference to "Tenant" shall also mean "Lessee" hereinafter.

**BUILDING OPERATING COSTS ADDENDUM**

**PURPOSE OF ADDENDUM**

1. Landlord and Tenant acknowledge that Building Operating Costs for the Building shall be calculated in accordance with the applicable section of the Lease. This Building Operating Costs Addendum ("BOC Addendum") is attached to the Lease for the purpose of identifying those items that are to be included in as well as excluded from Building Operating Costs, as well as Tenant's right to audit. To the extent that there is any inconsistency between any other provisions of the Lease and this BOC Addendum, then in such event, the provisions of this BOC Addendum shall prevail.

**BUILDING OPERATING COST INCLUSIONS**

2. The following are costs that may be included within the computation of Building Operating Costs:

(a) all costs of managing, operating, maintaining and repairing the Building and Common Areas, including all floor, wall and window coverings and personal property, Building systems such as heat, ventilation and air conditioning systems, fire sprinkler systems, elevators, escalators, and all other mechanical or electrical systems serving the Building and Common Areas and service agreements for all such systems and equipment, but only as any such cost is consistent with that of other comparable buildings in the same metropolitan area, in which the Building is located, and including the Building's and Common Areas' share of any such costs of facilities used in common by the Building and other buildings, but excluding all costs as identified in Section 4 herein;

(b) the cost of compensation (including employment taxes, similar governmental charges and fringe benefits) with respect to all persons who perform duties in connection with the management, landscaping, janitorial, painting, window cleaning and general cleaning services, security services and any other services related to the operation, maintenance or repair of the Building and Common Areas;

(c) costs in providing rubbish and waste pickup and disposal;

(d) costs of janitorial services and window cleaning (including materials, supplies, and the rental costs of equipment and tools related to any of the foregoing) or contracts with independent third parties to provide such services or supplies;

(e) costs in providing all forms of security, but only to the extent necessary for the normal ongoing operation of the Building and Common Area and only to the extent consistent with that utilized by similar buildings in the same metropolitan area in which the Building is located;

(f) insurance premiums for property, rental value, liability and any other types of insurance carried by Landlord as required in accordance with the provisions of the Lease relating to the insurance required to be provided by the Landlord with respect to the Building and Common Areas;

(g) costs and expenses of utilities furnished to the Building and Common Areas including all costs and expenses attributable to the supply of electrical service, water and sewage service, natural gas, and other steam, heat or cooling utility charges with respect to the Building and the Common Areas;

(h) the Building's portion of charges of any easement maintained for the benefit of the Building or the Building's portion of the Common Areas;

(i) license, permit and inspection fees associated with the ongoing operation and maintenance of the Building and the Common Areas;

(j) wages, salaries, employee benefits and taxes (or an allocation of the foregoing) for personnel working full or part time in connection with only the operation, maintenance and management of the Building and of the Common Areas;

(k) the Building's portion of accounting and legal services directly attributable to the Building, but excluding all such services in connection with negotiations and disputes with specific tenants unless the matter involved affects all tenants of the Building;

(l) the Building's portion of administrative and management fees for the Building limited to the amount typically charged by independent management companies at buildings in the same metropolitan area in which the Building is located that are not receiving as part of said fees commissions on the rental of space or renewal of leases;

(m) costs of indoor and outdoor landscaping of the Building and Common Area, including the planting, replacing, and replanting of flowers, grass and bushes, and the maintenance thereof;

(n) expenses and fees (including legal fees and costs) reasonably incurred contesting the validity or applicability of any governmental enactments which affect the operation, maintenance, or repair of the Building and Common Areas; and

(o) costs of any capital improvement made to the Building which improvement reduces Building Operating Expenses, such costs to be amortized over a reasonable period and limited to the amount of actual savings realized.

#### PRORATION

3. Building Operating Costs that cover a period of time not within the Term of the Lease shall be prorated.

#### BUILDING OPERATING COSTS EXCLUSIONS

4. Subject to the items expressly allowed by Section 2 of this BOC Addendum, none of the following items shall be included in Building Operating Costs:

(a) any expenses which under generally accepted accounting principles and practice would not be considered a normal maintenance or operating expense;

(b) all costs associated with the operation of the business of the ownership or entity which constitutes "Landlord", as distinguished from the costs of Building operations, including, but not limited to, costs of partnership accounting and legal matters, costs of defending any lawsuits with any mortgagee (except as the actions of Tenant may be in issue), costs of selling, syndicating, financing, mortgaging, or hypothecating any of the Landlord's interest in the Building and/or Common Areas, costs of any disputes between Landlord and its employees, costs of disputes of Landlord with Building management, or costs paid in connection with disputes with Tenant or any other tenants;

(c) all costs (including permit, license and inspection fees) incurred in renovating or otherwise improving or decorating, painting or redecorating space for tenants or other occupants or in renovating or redecorating vacant space, including the cost of alterations or improvements to Tenant's Premises or to the premises of any other tenant or occupant of the Building or its Common Areas;

(d) costs incurred by Landlord for alterations or additions which are considered capital improvements and replacements under generally accepted accounting principles;

(e) costs incurred by Landlord in connection with the construction of the Building and related facilities, the correction of defects in construction, or in the discharge of Landlord's obligations under the Workletter attached to the Lease;

(f) cost of replacement of capital equipment;

(g) any reserves for equipment or capital replacement;

(h) costs of a capital nature, including, but not limited to, capital improvements, capital repairs, capital equipment, and capital tools, all as determined in accordance with generally accepted accounting principles;

(i) any costs of any services sold or provided to tenants or other occupants for which Landlord or Managing Agent is entitled to be reimbursed by such tenants or other occupants as an additional charge or rental over and above the basic rent (and escalations thereof);

(j) expenses in connection with services or other benefits of a type which are not provided Tenant but which are provided to another tenant or occupant; (i) costs for all items and services for which Tenant reimburses Landlord or pays to third parties or which Landlord provides selectively to one or more tenants or occupants of the Building (other than Tenant) without reimbursement;



(k) depreciation and amortization;

(l) costs incurred due to violation by Landlord or Managing Agent or any tenant of the terms and conditions of any lease;

(m) payments in respect to overhead or profit to subsidiaries or affiliates of Landlord, or to any party as a result of a non-competitive selection process, for management or other services in or to the Building, or for supplies or other materials to the extent that the costs of such services, supplies, or materials exceed the costs that would have been paid had the services, supplies or materials been provided by parties unaffiliated with the Landlord on a competitive basis;

(n) interest on debt or amortization payments on any mortgages or deeds of trust;

(o) Landlord's or Landlord's Managing Agent's general corporate overhead and general administrative expenses;

(p) any compensation paid to clerks, attendants, concierges or other persons working in or managing commercial concessions operated by Landlord or Landlord's Managing Agent;

(q) rental payments and other related expenses incurred in leasing air conditioning systems, elevators or other equipment ordinarily considered to be of a capital nature, except equipment which is used in providing janitorial services and which is not affixed to the Building;

(r) advertising and promotional costs;

~~(s) costs incurred in owning, operating, maintaining and repairing any underground or above ground parking garage and/or any other parking facilities associated with the Building and Common Areas, including, but not limited to, any expenses for parking equipment, tickets, supplies, signage/signs, claims insurance, cleaning, resurfacing, restriping, business taxes, management fees and costs, structural maintenance, utilities, insurance of any form, real estate taxes, and the wages, salaries, employee benefits and taxes for personnel working in connection with any such parking facilities;~~

(t) repairs or other work occasioned by fire, windstorm or other casualty covered by any insurance provision in the Lease or by the exercise of the right of eminent domain;

(u) leasing commissions, attorney fees, costs and disbursements and other expenses incurred in connection with negotiations or disputes with tenants or other occupants or prospective tenants or other occupants, or associated with the enforcement of any leases or the defense of Landlord's title to or interest in the Building or any part thereof or Common Areas or any part thereof, or legal or other professional fees incurred in connection with any Real Estate Tax proceedings;

(v) all administrative and other costs related to the Building's leasing, marketing, and construction (tenant improvement or otherwise) programs, including, but not limited to, the reasonable allocation of the wages, salaries, employee benefits and taxes for all personnel involved in the management and operations of the Building and/or in the Building's leasing, marketing, and/or construction programs, and the reasonable allocation of the Building management office expenses such as office supplies, office equipment, telephone expenses, and all other miscellaneous administrative expenses;

(w) Landlord's gross receipts taxes, personal and corporate income taxes, inheritance and estate taxes, and other business taxes and assessments, franchise, gift and transfer taxes;

(x) any real estate taxes payable by Tenant or any other tenant in the Building under the applicable provisions in their respective leases;

(y) real estate taxes allocable to the tenant improvements of Tenant or other tenants or occupants in the Building or Common Areas which are over and above the Landlord's standard tenant improvement allowance;

(z) any special assessments or taxes from any city, county, state or federal government or agency, including, but not limited to, such items as parking income taxes, metro-rail assessments, etc.;

(aa) any increase of real estate taxes and assessments due to any changes in ownership (as defined in the California Revenue and Taxation Code) including, but not limited to, the sale or any other form of transfer of title of the Building and/or Common Areas or any part thereof, or due to the transfer of title of any leases in the Building, or due to any renovation or new construction in the Building or Common Areas or related facilities;

(bb) costs of repair or replacement for any item covered by a warranty;

(cc) costs of which Landlord is reimbursed by its insurance carrier or by any tenant's insurance carrier or by any other entity;

(dd) costs of any "tap fees" or any sewer or water connection fees of the Building or Common Areas;

(ee) costs of compliance with any fire, safety or other governmental rules, regulations, laws, statutes, ordinances or requirements imposed by any governmental authority or insurance company with respect to the Building or Common Areas during the Term of the Lease;

(ff) costs associated with the installation, maintenance and removal of any signage associated with the Building, its tenants, and all related facilities and Common Areas;

(gg) any fines, costs, penalties or interest resulting from the negligence or willful misconduct of the Landlord or its agents, contractors, or employees;

(hh) rental payments and any related costs pursuant to any ground lease of land underlying all or any portion of the Building and Common Areas;

(ii) any costs or fees that are unreasonable in view of the goods or services obtained for such costs or fees, but only to the extent that such costs exceed what is reasonable;

(jj) any costs, fees, dues, contributions or similar expenses for political, charitable, industry association or similar organizations;

(kk) any rental and any associated costs, either actual or not, for the Landlord's or Landlord's Managing Agent's management or leasing office;

(ll) any costs associated with the purchase or rental of furniture and office equipment for the Landlord's or the Managing Agent's management, security, engineering, or other offices associated with the Building and Common Areas;

(mm) any bad debt loss, rent loss, or reserves for bad debt or rent loss;

(nn) any costs incurred in connection with the ground floor or any other floor in the Building devoted to retail operations; and

(oo) all assessments and special assessments due to deed restrictions, declarations and/or owners associations which accrue against the Building and common Areas.

#### BUILDING OPERATING COSTS OCCUPANCY ADJUSTMENT

5. If the Building is not at least 95% occupied during all or a portion of any Lease Year including the Base Year, then Landlord shall make an appropriate adjustment in accordance with industry standards of the Building Operating Costs for each such Lease Year and Base Year to determine what the Building Operating Costs would have been for such year as if the Building had been 95% occupied, and the amount so determined shall be deemed to be the amount of Building Operating Costs for the year. Such adjustment shall be made by Landlord by increasing those costs included in the Building Operating Costs which according to industry practice vary based upon the level of occupancy of the Building.

#### AUDIT BY TENANT

6. Landlord shall provide to Tenant substantial detail of the calculations of the Building Operating Costs each year in accordance with the applicable provisions of the Lease. Landlord shall show by account the total operating costs for the Building and all adjustments corresponding to the requirements set forth in this BOC Addendum. Landlord shall also provide in reasonable detail the calculation of Tenant's prorata share of the Building Operating Expenses as said calculations are delineated in the Lease. Tenant shall have the right, at its own cost and expense, to audit or inspect Landlord's detailed records each year

with respect to Building Operating Costs, as well as all other additional rent payable by Tenant pursuant to the Lease for any Lease Year. Landlord shall utilize, and cause to be utilized, accounting records and procedures for each Lease Year conforming to generally accepted accounting principles with respect to all of the Building Operating Costs for such Lease Year, including without limitation, all payments for Building Operating Costs, to enable the audit or inspection by Tenant pursuant to this clause to be conducted. Pursuant to the foregoing, Landlord shall be obligated to keep such records for all Lease Years associated with this Lease until two (2) years following the termination of the Lease. Tenant shall give Landlord not less than ~~ten (10)~~ business days prior written notice of its intention to conduct any such audit. Landlord shall cooperate with Tenant during the course of such audit, which shall be conducted during normal business hours in Landlord's Building management office. ~~Landlord agrees to make such personnel available to Tenant as is reasonably necessary for Tenant, Tenant's employees and agents, to conduct such audit, but in no event shall such audit last more than five (5) business days in duration for each Lease Year audited.~~ Landlord shall make such records available to Tenant, Tenant's employees and agents, for inspection during normal business hours. Tenant, Tenant's employees and agents, shall be entitled to make xerographic copies of such records, provided Tenant bears the expense of such copying, and further provided that Tenant keeps such copies in a confidential manner and does not show or distribute such copies to any other third party. The results of such audit as reasonably determined shall be binding upon Landlord and Tenant. If such audit discloses that the amount paid by Tenant as Tenant's Share of Building Operating Costs, or of other additional rental payable pursuant to the Lease, has been overstated by more than three percent (3%), then, in addition to immediately repaying such overpayment to Tenant, Landlord shall also pay the reasonable costs incurred by Tenant in connection with such audit.

sixty  
(60)  
days

up to \$1,000.00

FPM GARDEN GROVE

TEL:1-714-891-7831

Aug 11 '94 17:57 No.007 P.02

**SPECIFICATIONS**

**FOR**

**ATLANTIC WEST**

NIGHTLY SERVICE: FIVE (5) DAYS PER WEEK

- Dust desks, chairs and office furniture with treated dust cloths. Papers left on desk tops are not to be removed.
- Vacuum all carpets giving special attention to public and executive areas.
- Empty all waste containers and place trash in pick-up areas.
- Spot clean carpets and hard floor surfaces.
- Clean all lunch tables and counters.
- Clean counter and floor area around coffee and vending machines.
- Return furniture to neat and orderly position.
- Sweep all hard-surfaced floors with chemically treated dust mops.
- Spot clean interior partition glass.
- Empty, damp-wipe clean and dry ash trays.
- Clean glass doors.
- Spot clean doors, door frames and counters.
- Clean and polish drinking fountains.
- Sweep or clean all stairs and stairwell landings as necessary.
- Clean elevator car floors, tracks, walls and polish metal work.

WEEKLY SERVICE

- Detail vacuum all carpeted areas.
- Dust baseboards, ledges and window sills.
- Perform low dusting on chair rungs, cabinets, etc.
- Dust all counters, shelves, bookcases and file cabinets.
- Spot clean painted walls and partitions.
- Spot clean all wall switches and door facings.
- Clean entry door metal and thresholds.
- Clean lunchroom furniture and appliances.
- Replace trash can liners.

MONTHLY SERVICE

- Perform dusting of high reach areas including partition tops, door tops and air conditioning vents.
- Dust picture frames.
- Brush down or vacuum wall or ceiling vents.
- Damp wipe door jambs.
- Clean and polish executive furniture.
- Scrub and refinish all hard floors.

QUARTERLY SERVICE

- Brush or vacuum upholstered furniture.
- Wipe down plastic and leather furniture.
- Dust walls and wood paneling.

RESTROOM SERVICE

DAILY SERVICE

- Empty and wipe out all wastepaper receptacles.
- Empty sanitary napkin containers and replace liner insert.
- Polish all metal and mirrors.
- Clean and disinfect all dispensers.
- Clean and disinfect wash basins, toilet bowls and urinals.
- Disinfect underside and tops of toilet seats.
- Spot-clean tile walls and toilet partitions.
- Spot-clean walls around basins.
- Mop all lavatory floors with germicidal solution.
- Refill all paper goods dispensers, including soap.

WEEKLY SERVICE

- Brush down vents.
- Wash down ceramic tile walls and toilet partitions.
- Perform high dusting.
- Pour clean water down floor drains to stop sewer gas.

MONTHLY SERVICE

- Machine scrub tile floors.



## EXHIBIT "E"

### SECURITY SYSTEM SPECIFICATIONS

#### ADT SITELINK SYSTEM OPERATION

The system is designed to restrict afterhours access to authorized card holders only. By presenting a card to the proximity reader at the lobby door, the user will gain access to the building. After entering, the doors will automatically re-lock upon closing. To exit, the tenant only needs to approach the doors. An egress motion detector will activate the doors for unlocking.

All data and programming is managed from our U.L. 24 hour monitoring center.

#### SYSTEM EQUIPMENT

- 1 - Hayes 1200 band dial-up modem
- 1 - 20 MA to RS232 converter
- 1 - American Magnetics 375 BBS w/ two-door controller
- 1 - Hughes proximity reader
- 1 - Detection systems DS-150 egress motion sensor
- 2 - Sentral hidden door contacts
- 2 - SDC 1512 magnetic locks
- 1 - Altronix power supply
- 1 - Audible device

#### SYSTEM OPERATING HOURS

|           |           |
|-----------|-----------|
| Monday    | 1800/0600 |
| Tuesday   | 1800/0600 |
| Wednesday | 1930/0600 |
| Thursday  | 1800/0600 |
| Friday    | 1800/0600 |
| Saturday  | 24 hours  |
| Sunday    | 24 hours  |

The system is also armed 24 hours on the following holidays:

New Years Day, Presidents Day, Memorial Day, Independence Day, Labor Day, Veterans Day, Thanksgiving Day, Christmas Day

ADDENDUM NUMBER 1 TO LEASE  
BY AND BETWEEN  
FUJITA INVESTORS OF CALIFORNIA AS LESSOR, AND  
CITY OF LONG BEACH AS LESSEE,  
3447 ATLANTIC AVENUE, SUITES 100, 150, 160, 190, 195, 200, 220, and 300  
LONG BEACH, CA

This Addendum Number 1 to Lease shall serve to supplement and to the degree inconsistent with shall supersede, the Lease dated May 9, 1997 by and between Fujita Investors of California as Lessor and City of Long Beach as Lessee.

50. **COMMENCEMENT**

**DATE:**

The Target Commencement Date (for all space except suite 220) shall be September 1, 1997. The lease term and rent shall commence ten (10) calendar days following the date that the Tenant Improvements are Completed and the Premises are Ready for Occupancy. The terms "Completed" and "Ready for Occupancy" shall mean the date on which all of the following have occurred: (1) Selected contractor has completed the Tenant Improvements and other work that it is obligated to perform pursuant to the Work Letter Agreement, notwithstanding "punch list" items which do not interfere with use of the premises, (2) Lessor assisted by Lessee's Architect, obtains a Certificate of Occupancy for the Premises, (3) all building fire alarms, smoke detectors, exit lights, life safety equipment and other building code requirements are installed and operational on the Premises, (4) the building elevators, HVAC, utilities, plumbing service and doors and hardware for the Premises are sufficiently completed so as to enable Lessee to move in and install its furniture, fixtures, machinery and equipment in the Premises and conduct normal business operations in the Premises.

The target commencement date for suite 220 shall be sixty (60) days (or sooner depending on construction of the Premises and upon occupancy by Lessee) after Lessor delivers possession of the suite to Lessee for construction.

51. **OPERATING  
EXPENSE:**

Lessee shall pay its pro-rata share of actual increases, if any, in operating expenses and property taxes over the calendar year 1997 ("Base Year"). Said Base Year expenses will be calculated on a grossed-up basis reflecting variable operating expenses as if the building was ninety-five percent (95%) occupied and as if all systems were off warranty. Real property taxes will be calculated as if the building and parking structure are fully assessed. Lessee shall not be subject to any operating expense pass throughs for the initial twelve (12) months of the Lease. In no event, however, shall the increase of the operating expenses and real estate taxes exceed five percent (5%) on an annual basis. See Exhibit "C" for Building Operating Costs Exclusions and Lessee Audit Rights.

52. **SALE OF  
BUILDING:**

Lessee shall be granted protection from any operating expense increases attributable to any increase in property taxes on the property, building or project that arise due to a sale or other transfer of ownership interest during the initial five (5) year term.

53. **TENANT**

**IMPROVEMENTS:** Lessee shall receive a Tenant Improvement Allowance of twelve dollars (\$12.00) per rentable square foot. Lessor, at Lessor's sole cost and expense, shall provide Lessee with initial space planning services with one (1) revision and a pricing plan. Lessee has selected Richard Dilday of JCM Facilities Planning & Management (JCM) for architectural services and construction management. JCM's charges for initial space planning services and a pricing plan are fifteen cents (\$.15) per sq.ft. Lessor shall contract directly with JCM for such services. Construction management services (JCM), construction drawings and any and all engineering and structural drawings for the construction of the premises shall be deducted from said Tenant Improvement Allowance. Lessor, at Lessor's sole cost, shall be responsible for improving the common areas and any core and shell improvements (which shall include Lessor's demo of the existing improvements). Lessor shall be responsible for the costs associated with replacing any loose or missing weather stripping/gasketing to the exterior windows of the Premises (if any) and for inspecting and repairing any leaks or condensation occurring from the roof and/or HVAC system which affects the Premises. Any unused balance (not to exceed \$4.00 per rentable square foot) of the Tenant Improvement Allowance shall be credited towards Lessee's Base Rent in the form of fifty percent (50%) of Base Rent. The agreed upon space plan shall be bid for by three (3) general contractors. Lessee shall have the exclusive right to select the bid of its choice from the three (3) previously approved list of contractors.

In addition, Lessor, at Lessor's cost, shall repair the floor of suite 300 per the following specification: Contractor shall remove all cracked and crumbling concrete slab floor, scrape and seal, fill all cracks, patch and skin coat with "Ardex" K500, 5300 psi product.

Should Lessee require additional Tenant Improvements that exceeds the allowance specified in this section, Lessor shall grant Lessee the option to amortize an additional five dollars (\$5.00) per rentable square foot leased over the term at a ten percent (10%) per annum interest rate which shall be added to the Base Rent.

54. **OPTION TO RENEW:**

Lessor hereby grants to Lessee an option (the "Option") to extend the Term of the Lease for one five (5) year period on the same terms and conditions (including an adjustment to the Base Year for operating expenses and real estate taxes to the calendar year such option commences) as set forth in this Lease, but at an adjusted rent as set forth below. The Option shall be exercised only by written notice delivered to Lessor at least one hundred eighty days (180) days before the expiration of the Term. If Lessee fails to deliver to Lessor written notice of the exercise of the Option within the prescribed time period, such Option shall lapse, and there shall be no further right to extend the Term. The Option shall be exercisable by Lessee on the express condition that at the time of the exercise, and at all times prior to the commencement of the Option, Lessee shall not be in default under any of the provisions of this Lease. The Base Rent

shall be adjusted on the first day of the first month of the Option Term (The "Rental Adjustment Date") to the "fair market value" of the Premises, determined in the following manner:

a. Not later than one hundred (100) days prior to the Rental Adjustment Date, Lessor and Lessee shall meet in an effort to negotiate, in good faith, the fair rental value of the Premises as of such Rental Adjustment Date. If Lessor and Lessee have not agreed upon the fair rental value of the Premises at lease ninety (90) days prior to the Rental Adjustment Date, then Lessor and Lessee shall attempt to agree in good faith upon a single appraiser not later than seventy-five (75) days prior to the Rental Adjustment Date. If Lessor and Lessee are unable to agree upon a single appraiser within such time period, then Lessor and Lessee shall each appoint one appraiser not later than sixty-five (65) days prior to the Rental Adjustment Date. Within ten (10) days thereafter, the two appointed appraisers shall appoint a third appraiser. If either Lessor or Lessee fails to appoint its appraiser within the prescribed time period, the single appraiser appointed shall determine the fair rental value of the Premises. If both parties fail to appoint appraisers within the prescribed time periods, then the first appraiser thereafter selected by a party shall determine the fair rental value of the Premises. Each party shall bear the cost of its own appraiser and the parties shall share equally the cost of the single or third appraiser, if applicable. Such appraiser(s) shall work as appraisers of commercial real property in the Long Beach area and shall be members of professional organizations such as MAI or equivalent.

b. For the purposes of such appraisal, the term "fair market value" shall mean the price that a ready and willing Lessee would pay, as of the Rental Adjustment Date, as monthly rent to a ready and willing Lessor of premises comparable to the Premises if such premises were exposed for lease on the open market for a reasonable period of time. If a single appraiser is chosen, then such appraiser shall determine the fair rental value of the Premises. In no event, however, shall the Base Rent be reduced below \$1.45 per month, per rentable square foot by reason of such computation. Lessor and Lessee shall instruct the appraiser(s) to complete their determination of the fair rental value not later than thirty (30) days prior to the Rental Adjustment Date. If the fair rental value is not determined prior to the Rental Adjustment Date, then Lessee shall continue to pay to Lessor the Base Rent applicable to the Premises immediately prior to such Option, until the fair rental value is determined. When the fair rental value of the Premises is determined, Lessor shall deliver notice thereof to Lessee, and Lessee shall pay to Lessor, within ten (10) days after receipt of such notice, the difference between the Base Rent actually paid by Lessee to Lessor and the new Base Rent as determined hereunder.

In the event Lessee exercises said option, Lessor shall contribute five dollars (\$5.00) per rentable square foot to Lessee as a remodeling allowance.

55. **HVAC OPERATION:** Lessor, at Lessor's expense, shall furnish heating, ventilation and air conditioning (HVAC) for normal office usage Monday through Friday from 8:00 a.m. to 6:00 p.m., except for Lessee recognized holidays (which are New Year's Day, Martin Luther King Day, President's Day, Memorial Day, 4th of July, Labor Day, Thanksgiving Day and following day, Christmas Day) and on Saturday from 9:00 a.m. to 1:00 p.m. Lessor shall have HVAC system to general operating conditions by the start of normal business hours. Lessor shall provide up to fifteen (15) hours per month of after hours HVAC use with no additional charge to Lessee. Lessee shall be responsible for use of the HVAC system over and above fifteen (15) hours per month at a rate not to exceed twenty-five dollars (\$25.00) per hour.
56. **NON-DISTURBANCE AGREEMENT:** With respect to any existing or future mortgages, deeds of trust or other liens entered into by and between Lessor and any such mortgagee (collectively referred to as "Lessor's Mortgagee"), Lessor shall secure and deliver to Lessee a Non-Disturbance, Subordination and Attornment Agreement from and executed by Lessor's Mortgagee for the benefit of Lessee.
57. **ASSIGNMENT OR SUBLEASE:** Lessee will have the right at any time to sublease or assign all or any portion of Lessee's Premises, and keep the profit, if any, to any related entity or affiliate of Lessee, with Lessor's written approval, which shall not be unreasonably withheld.
- In addition, Lessee will have the right to assign or sublease all or any portion of Lessee's Premises during the initial lease term and option term to any subtenant of type and quality compatible with the building, subject to Lessor's consent, which consent will not be unreasonable withheld or delayed. As a condition to Lessor's consent, Lessee shall provide financial statements and/or background to Lessor for Lessor's reasonable approval. Lessor reserves the right however, to re-capture all or any part of the premises. Any net profits derived from any assignment or sublease will be split 50/50 between Lessor and Lessee.
58. **IDENTITY:** Lessor to grant Lessee the right to install prominent exterior signage that shall display "Career Transition Center". The size and location of such signage shall be mutually agreed upon by both Lessee and Lessor and further subject to City of Long Beach regulations. All signage shall be at Lessee's sole cost but may be deducted from the Tenant Improvement Allowance.
59. **HAZARDOUS MATERIALS:** To the best of Lessor's knowledge and without investigation, the building is absent of the presence of hazardous materials. If required to do so by appropriate regulatory governmental agencies, Lessor, at Lessor's sole cost shall remediate any condition(s) in the building as it may relate to hazardous materials. Lessor and Lessor's successors will not hold Lessee or Lessee's assignees responsible for any environmental damage which is not attributable to Lessee or Lessee's invitees use, occupancy or presence at the leased premises.

60. **RIGHT OF FIRST REFUSAL:** Should Lessee require additional contiguous office space, Lessee shall notify Lessor of its need for additional space. After Lessee's notification to Lessor, Lessor agrees that in the event contiguous space is available, or becomes available for lease to a third party after the expiration of any lease to any existing lessee of such space, and as long as existing lessee elects to vacate such space, then Lessor shall notify Lessee of the availability of such space. Lessor shall further notify Lessee of the prevailing rental rate of said space. For a period of ten (10) business days following receipt of Lessor's written notice containing such information, Lessee shall have a one time right of First Offer To Lease such space. Rent shall commence on the earlier of Lessee's occupancy or 120 days following execution of such First Offer To Lease on the same terms and conditions as those contained in the Lease, except with respect to Base Rent and Lessee Improvement Allowance which shall be as set forth below. The applicable Base Rent shall be at the prevailing rental rate for similar space in the building as set forth in Lessor's notice. In no event shall the Base Rent for the expansion be less than the Rental Rate for space currently occupied by Lessee. The space shall be delivered to Lessee per a mutually acceptable space plan. Lessor will provide a Tenant Improvement Allowance based upon a straight line declining scale of twelve dollars (\$12.00) per rentable square foot and a sixty (60) month Lease Term. Tenant Improvement Allowance not shall be used as a rent credit. Shorter terms will adjust the Allowance accordingly.
61. **CONSENT:** In all cases where consent or approval shall be required of either Lessee or Lessor pursuant to the Lease, the giving of such consent shall not be unreasonably withheld or delayed by the party from whom such consent is required.
62. **CLEANING SERVICES:** Lessor, at Lessor's expense, shall provide during the entire term of the Lease and any option periods janitorial service to the Premises five (5) days per week befitting a similar office building. Such service shall be after normal business hours (after 7:00 p.m.) and in accordance with Exhibit "D" - Cleaning Schedule (Attached).
63. **BUILDING SECURITY:** Lessee, at Lessee's sole cost and expense, will be permitted to install its own security system for its premises subject to the approval of Lessor which shall not be unreasonably withheld. Lessor, at Lessor's sole cost, shall maintain the existing access controlled security system on the building lobby doors that shall be available for after building hours access. (see Exhibit "E" - Security System Specifications).
64. **ACCESS:** Lessee shall have access to Building and its respective parking garage seven (7) days a week, twenty four (24) hours a day.
65. **METHOD OF MEASUREMENT:** All space measurements will be computed in accordance with the American National Standard of measuring floor area in office buildings of the Building Owners and Managers Association International (ANZI Z65.1-1980 reaffirmed 1989).

66. AMERICANS WITH  
DISABILITIES ACT  
(ADA):

In the event that an appropriate governmental agency requires compliance with any A.D.A. standards to modify the building, common areas, Lessee's premises and any fixtures therein, Lessor shall at its sole cost and expense be responsible to comply, unless such request is due specifically to Lessee's use, beyond general office use, in which case Lessee will be responsible for such compliance at Lessee's sole cost and expense.

67. TELEPHONE/  
COMPUTER  
ACCESS:

Subject to provisions in Paragraph 7.3, Lessee can install and maintain its own computer equipment and telecommunications wiring and equipment in its Premises and with Lessor's consent, such consent not to be unreasonably withheld, gain access to common telephone closet(s).

68. DIRECTORY  
BOARD AND  
SUITE SIGNAGE:

Lessor, at Lessor's expense, shall furnish Lessee with one line per 1,000 rentable square feet of space leased on the building directory in the lobby of the building and suite signs. Lessee's architect shall provide a signage specification for lobby identity and directional identity from the parking area. Lessee shall have the right to install custom signage within its Premises.

69. PREMISES:

Approximately 26,942 rentable square feet (RSF) as follows:

|                  |                          |
|------------------|--------------------------|
| Suite 100:       | Approximately 2,150 RSF  |
| Suite 150 & 160: | Approximately 1,855 RSF  |
| Suite 190:       | Approximately 1,340 RSF  |
| Suite 195:       | Approximately 737 RSF    |
| Suite 200:       | Approximately 1,000 RSF  |
| Suite 220:       | Approximately 6,272 RSF  |
| Suite 300:       | Approximately 13,588 RSF |

BY:

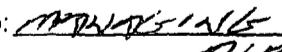
  
LESSEE: CITY OF LONG BEACH

ITS: ASSISTANT CITY MANAGER


EXECUTED PURSUANT  
TO SECTION 301 OF  
THE CITY CHARTER.

BY:

  
LESSOR: FUJITA INVESTORS OF CALIFORNIA  
BY: FPM, A NEVADA CORPORATION AS AGENT

ITS:   
DIRECTOR

APPROVED AS TO FORM

6/23, 1997  
JOHN R. CALHOUN, City Attorney  
By   
DEPUTY CITY ATTORNEY

**FIRST AMENDMENT TO STANDARD OFFICE LEASE - GROSS**  
**NO. 25165**

THIS FIRST AMENDMENT TO STANDARD OFFICE LEASE NO. 25165 ("First Amendment") is made and entered into as of the 3<sup>rd</sup> day of September 1997 by and between Fujita Investors of California, herein called "Lessor", and City of Long Beach, herein called "Lessee".

**RECITALS:**

A. Lessor and Lessee entered into that certain Standard Office Lease ("Lease"), dated May 9, 1997, pertaining to space described as Suites 100, 150, 160, 190, 195, 200, 220, and 300 in the office building located at 3447 Atlantic Avenue, Long Beach, California.

B. The Premises, Basic Rent, Lessee's Share of Operating Expense Increase, Vehicle Parking, and Tenant Improvement Allowance Provisions of the Lease are to be modified and will be effective on the Commencement Date of the Expansion Premises as defined below.

NOW, THEREFORE, the parties hereto agree as follows:

1. Premises: The existing Premises of approximately 26,942 rentable square feet ("Existing Premises") will increase to reflect an additional area which will total approximately 3,597 rentable square feet as Suite 210 (the "Expansion Premises"). The new Premises ("Premises") will be the total rentable square feet as follows:

|                     |   |   |
|---------------------|---|---|
| Existing Premises:  | - | approximately 26,942 rentable square feet       |
| Expansion Premises: | - | approximately <u>3,597</u> rentable square feet |
| Total:              | - | approximately 30,539 rentable square feet       |

2. Commencement Date/Term: The Commencement Date for the Expansion Premises shall be ten (10) calendar days following the date the Tenant Improvements are completed and the Premises are ready for occupancy as defined in Paragraph 50 of the Addendum Number 1 to the above referenced Lease. The Lease Term for the Expansion Premises shall be coterminous with the Lease.

3. Base Rent: Lessee's Base Rent for the Expansion Premises shall be as follows:

|                      |                |
|----------------------|----------------|
| Months 1-30:         | \$4,855.95/mo. |
| Months 31-Expansion: | \$5,215.65/mo. |

Prepaid Rent. \$4,855.95 payable within two (2) weeks after full execution of this First Amendment for first month's rent.

4. Lessee's Share of Operating Expense Increase: Effective on the Commencement Date of the Expansion Premises, Lessee's Share of Operating Expense Increase for the Premises as set forth in Paragraph 1.10 of the Lease will be 83.89%.



5. Vehicle Parking: Effective on the execution of this First Amendment, Lessee shall be entitled to use an additional 12 parking spaces as follows under the same terms and conditions of the Lease:

- 8 additional covered secured parking stalls
- 4 additional surface stalls

Therefore, Lessee's total number of stalls shall be 107 as follows:

- 29 covered secured parking stalls
- 78 surface stalls

6. Tenant Improvements: Lessee shall receive the same Tenant Improvement Allowance (\$12.00 per rentable square foot) and space planning fee (\$.15 per rentable square foot) as contained in the Lease.

In addition, Lessor, at Lessor's cost, shall repair the floor in Suite 210 per the following specification: Contractor shall remove all cracked and crumbling concrete slab floor, scrape and seal, fill all cracks, patch and skin coat with "Ardex" K500,5300 psi product.

7. Miscellaneous:

a) Except as modified herein, the Lease is ratified and confirmed and will remain in full force and effect as originally written. All capitalized, defined terms used in this First Amendment that are not otherwise defined herein will have the meanings most recently given to them in the Lease.

b) Each person signing this First Amendment on behalf of each party warrants and represents that he/she has full right and authority to enter into this First Amendment and is executing this First Amendment on behalf of said party and is authorized to do so and that such execution is binding on them.

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

LESSOR:

Fujita Investors of California

By: John L. Papamiroth  
Date: 9/2/97

LESSEE:

City of Long Beach

By: [Signature]  
Date: 9/16/97

APPROVED AS TO FORM AND SUBSTANCE  
9/11/97  
JOHN R. CALHOUN, City Attorney  
By [Signature]  
DEPUTY CITY ATTORNEY

EXECUTED PURSUANT TO SECTION 301 OF THE CITY CHARTER,

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

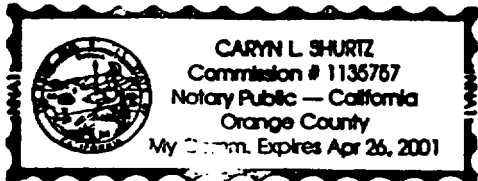
State of California

County of Orange

On 9/2/97 before me, CARYN L. Shurtz, Notary Public

personally appeared John L. Pagliasso Jr

personally known to me OR  proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

*[Handwritten Signature]*

Signature of Notary Public

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: First Amendment to Standard Office Lease

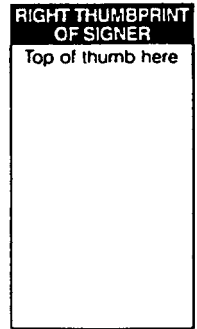
Document Date: 9/2/97 Number of Pages: 2

Signer(s) Other Than Named Above: NO other signers.

Capacity(ies) Claimed by Signer(s)

Signer's Name: John L. Pagliasso Jr

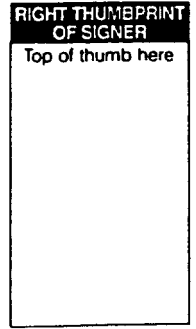
- Individual
 Corporate Officer
Title(s): Managing Director
 Partner —  Limited  General
 Attorney-in-Fact
 Trustee
 Guardian or Conservator
 Other: \_\_\_\_\_



Signer Is Representing:
Fujita Investors of
California.

Signer's Name: \_\_\_\_\_

- Individual
 Corporate Officer
Title(s): \_\_\_\_\_
 Partner —  Limited  General
 Attorney-in-Fact
 Trustee
 Guardian or Conservator
 Other: \_\_\_\_\_



Signer Is Representing: \_\_\_\_\_

THIS SECOND AMENDMENT TO STANDARD OFFICE LEASE NO. 25165 ("Second Amendment") is made and entered into as of the 4th Day of November 1997 by and between Fujita Investors of California, herein called "Lessor", and City of Long Beach, herein called "Lessee".

RECITALS:

A. Lessor and Lessee entered into that certain Standard Office Lease ("Lease"), dated May 9, 1997, and it's amendments pertaining to space described as suites 100, 150, 160, 190, 195, 200, 210, 220, and 300 in the office building located at 3447 Atlantic Avenue, Long Beach, California.

B. The Premises, Basic Rent, Lessee's Share of Operating Expense Increase, Vehicle Parking, and Tenant Improvement Allowance Provisions of the Lease are to be modified and will be effective on the Commencement Date of the Expansion Premises as defined below.

NOW, THEREFORE, the parties hereto agree as follows:

1. Premises: The existing Premises of approximately 30, 539 rentable square feet ("Existing Premises") will increase to reflect an additional area which will total approximately 479 rentable square feet as Suite 270 (the "expansion Premises"). The new Premises ("Premises") will be the total rentable square feet as follows:

|                     |   |
|---------------------|---|
| Existing Premises:  | Approximately 30,539 rentable square feet |
| Expansion Premises: | Approximately 479 rentable square feet    |
| Total:              | Approximately 31,018 rentable square feet |

2. Commencement Date/Term/Expiration: The Commencement Date for the Existing Premises and the Expansion Premises shall be October 27, 1997 for a five year term ending October 26, 2002.

3. Base Rent: lessee's Base Rent for the Expansion Premises shall be as follows:

|                 |          |
|-----------------|----------|
| Months 1 - 30:  | \$646.65 |
| Months 31 - 60: | \$694.55 |

Prepaid Rent. \$646.65 payable within two (2) weeks after full execution of this Second Amendment for first month's rent.

4. Lessee's Share of Operating Expense Increase: Effective on the Commencement Date of the Expansion Premises, Lessee's Share of Operating Expense Increase for the Premises as set forth in Paragraph 1.10 of the Lease will be 85.2%.

5. Vehicle Parking: Effective on the execution of this Second Amendment, Lessee shall be entitled to use and additional 2 parking spaces as follows under the same terms and conditions of the Lease:

2 additional surface stalls

Therefore, Lessee's total number of stalls shall be 109 as follows:

29 covered secured parking stalls  
80 surface stalls

APPROVED AS TO FORM

1/12 1998  
By: [Signature] DEPUTY CITY ATTORNEY

6. Tenant Improvements: Lessee shall receive the same Tenant Improvement Allowance (\$12.00 per rentable square foot) and space planning fee (\$.15 per rentable square foot) as contained in the Lease.

7. Miscellaneous:

a) Except as modified herein, the Lease and its First Amendment is ratified and confirmed and will remain in full force and effect as originally written. All capitalized, defined terms used in the Second Amendment that are not otherwise defined herein will have the meanings most recently given to them in the Lease.

b) Each person signing this Second Amendment on behalf of each party warrants and represents that he/she has full right and authority to enter into this Second Amendment and is executing this Second Amendment on behalf of said party and is authorized to do so and that such execution is binding on them.

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

LESSOR:

Fujita Investors of California  
by: FPM, managing agent

By: [Signature]

Its: MANAGING DIRECTOR

Date: 12/26/97

LESSEE:

City of Long Beach

By: [Signature]

Its: ASSISTANT CITY MANAGER

Date: January 26, 1998

EXECUTED PURSUANT TO SECTION 301 OF THE CITY CHARTER.

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

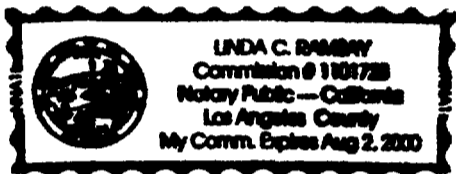
State of CALIFORNIA

County of Los Angeles

On January 26, 1998 before me, LINDA C. RAMSAY, Notary Public,  
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared HENRY TABOADA  
Name(s) of Signer(s)

personally known to me - ~~OR~~  proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) ~~is~~ are subscribed to the within instrument and acknowledged to me that ~~he~~ she/they executed the same in ~~his~~ her/their authorized capacity(ies), and that by ~~his~~ her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

Linda C. Ramsay  
Signature of Notary Public

**OPTIONAL**

*Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.*

**Description of Attached Document**

Title or Type of Document: Second amendment to Office Lease

Document Date: November 4, 1997 Number of Pages: 1

Signer(s) Other Than Named Above: \_\_\_\_\_

**Capacity(ies) Claimed by Signer(s)**

Signer's Name: \_\_\_\_\_

- Individual
- Corporate Officer  
Title(s): \_\_\_\_\_
- Partner —  Limited  General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: \_\_\_\_\_

**RIGHT THUMBPRINT OF SIGNER**  
Top of thumb here

Signer Is Representing:  
\_\_\_\_\_  
\_\_\_\_\_

Signer's Name: \_\_\_\_\_

- Individual
- Corporate Officer  
Title(s): \_\_\_\_\_
- Partner —  Limited  General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: \_\_\_\_\_

**RIGHT THUMBPRINT OF SIGNER**  
Top of thumb here

Signer Is Representing:  
\_\_\_\_\_  
\_\_\_\_\_

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

State of California

County of Orange

On 12-26-97 before me, Caryn L. Shurtz, Notary Public

personally appeared John L. Pagliassotti

personally known to me - OR -  proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



WITNESS my hand and official seal.

*C. L. Shurtz*

Signature of Notary Public

**OPTIONAL**

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

**Description of Attached Document**

Title or Type of Document: SECOND AMENDMENT TO OFFICE LEASE

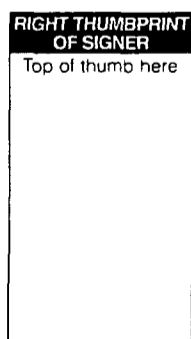
Document Date: 11-04-97 Number of Pages: 01

Signer(s) Other Than Named Above: NONE @ TIME OF NOTARIZATION

**Capacity(ies) Claimed by Signer(s)**

Signer's Name: John L. Pagliassotti

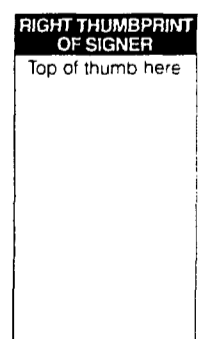
- Individual
- Corporate Officer  
Title(s): Managing Director
- Partner —  Limited  General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: \_\_\_\_\_



Signer Is Representing:  
Flyta Investors OF CALIFORNIA

Signer's Name: \_\_\_\_\_

- Individual
- Corporate Officer  
Title(s): \_\_\_\_\_
- Partner —  Limited  General
- Attorney-in-Fact
- Trustee
- Guardian or Conservator
- Other: \_\_\_\_\_



Signer Is Representing:  
\_\_\_\_\_  
\_\_\_\_\_

**THIRD AMENDMENT TO STANDARD OFFICE LEASE - GROSS**  
**NO. 25165**

THIS THIRD AMENDMENT TO STANDARD OFFICE LEASE NO. 25165 ("Third Amendment") is made and entered into as of the 10th day of November, 1998 by and between Fujita Investors of California, herein called "Lessor", and City of Long Beach, herein called "Lessee".

**RECITALS:**

A. Lessor and Lessee entered into that certain Standard Office Lease Gross ("Lease"), dated May 9, 1997, pertaining to space described as approximately 26,942 rentable square feet: Suites 100, 150, 160, 190, 195, 200, 220, and 300 in the office building located at 3447 Atlantic Avenue, Long Beach, California.

B. Lessor and Lessee entered into a First Amendment to the subject Lease on September 2, 1997 which served to expand the Premises by approximately 3,597 rentable square feet (Suite 210) ("Expansion Premises").

C. Lessor and Lessee entered into a Second Amendment to the subject Lease on November 4, 1997 which served to expand the Premises by approximately 479 rentable square feet (Suite 270). As a result of this Second Amendment, the Existing Premises totaled approximately 31,018 rentable square feet.

D. The Premises, Basic Rent, Lessee's Share of Operating Expense Increase, Vehicle Parking, and Tenant Improvement Allowance Provisions of the Lease are to be modified and will be effective on the Commencement Date of the Third Expansion Premises as defined below.

NOW, THEREFORE, the parties hereto agree as follows:

1. **Premises:** The existing Premises of approximately 31,018 rentable square feet ("Existing Premises" which includes both of the Expansion Premises) will increase to reflect an additional area totaling approximately 4,683 rentable square feet ("Third Expansion Premises") as follows: Suite 101 consisting of approximately 2,105 rentable square feet and Suite 260 consisting of approximately 2,578 rentable square feet. The suites are outlined in Exhibit A and Exhibit A-1. The new Premises ("Premises") will be the total rentable square feet as follows:

|  |   |
|--|---|
| Existing Premises (includes Expansion Premises): | approximately 31,018 rentable sq. ft.       |
| Third Expansion Premises:                        | approximately <u>4,683</u> rentable sq. ft. |
| Total:   | approximately 35,701 rentable sq. ft.       |

2. **Commencement Date/Term:** The Commencement Date for the Third Expansion Premises shall be ten (10) calendar days following the date the Tenant Improvements are completed and the Third Expansion Premises are ready for occupancy as defined in Paragraph 50 of the Addendum Number 1 to the above referenced Lease. The Lease Term for the Third Expansion Premises shall be coterminous with the Lease and expire October 26, 2002.

3. Base Rent: Lessee's Base Rent for the Third Expansion Premises shall be as follows:

|  |                |
|--|----------------|
| Months 1 through May 30, 2000:         | \$6,322.05/mo. |
| June 1, 2000 through October 26, 2002: | \$6,790.35/mo. |

Prepaid Rent. \$6,322.05 for first's month's rent payable within approximately two (2) weeks after full execution of this Third Amendment.

4. Lessee's Share of Operating Expense Increase: Effective on the Commencement Date of the Third Expansion Premises, Lessee's Share of Operating Expense Increase for the Premises as set forth in Paragraph 1.10 of the Lease will be 100%.

5. Vehicle Parking: Effective on the execution of this Third Amendment, Lessee shall be entitled to use an additional 13 parking spaces as follows under the same terms and conditions of the Lease:

4 additional covered secured parking stalls  
9 additional surface stalls

Therefore, Lessee's total number of stalls shall be all of the Office Building Project's available parking consisting of 122 stalls as follows:

33 covered secured parking stalls  
89 surface stalls

6. Tenant Improvements: Lessee shall receive a Tenant Improvement Allowance of \$44,956.80 and a space planning fee of \$702.00 for the Third Expansion Premises.

7. Paragraph number 58 of the Standard Office Lease No. 25165 regarding Identity is deleted in its entirety and shall now read as follows:

Lessor to grant Lessee the right to install prominent exterior signage that shall display "Career Transition Center." The size and location of such signage shall be mutually agreed upon by both the Lessor and the Lessee and further subject to City of Long Beach regulations. All signage shall be at Lessee's sole cost but may be deducted from the Tenant Improvement Allowance.

In addition, Lessee, or a Lessor approved Sublessee, may use the existing monument sign at the corner of the property located at 3447 Atlantic adjacent to the intersection of 35th Street with the approximate dimensions of 3 foot in height, 6 foot in length and 0.5 foot in width. The monument sign may be used for the purpose of identifying the name(s) and/or logo(s) of the entity or entities occupying the Premises, or a portion of the Premises, and not for general advertising. The monument sign colors, lettering and any changes to the sign's overall design are subject to reasonable approval by Lessor. The monument sign shall be maintained at a level satisfactory to Lessor. Any and all costs for the alteration, repair, replacement and maintenance of the monument sign shall be the responsibility of the Lessee. At Lessor's sole option, and at no cost to Lessor, the Lessee may be required to restore the monument sign to its previous condition, normal wear and tear excepted, or to leave it in place "as is" at the expiration or earlier termination of the Lease between the Lessor and the Lessee.

8. Extraordinary Plumbing Malfunction:

Notwithstanding Paragraph 7.1 and 8.1 of the Lease, in the event that as a result of an extraordinary plumbing malfunctioning, in which all of the restrooms in the Premises are rendered inoperable, and Lessee is unable to utilize the Premises for its business operations for a period of more than 24 hours after notification by Lessee to Lessor of such extraordinary plumbing malfunction, then Base Rent shall be abated on a daily basis for every business day that all of the restrooms remain inoperable. In no event shall the above be applicable if the extraordinary plumbing malfunctioning is the result of Lessee's misuse of the Premises.

9. Miscellaneous:

a) Except as modified herein, the Lease is ratified and confirmed and will remain in full force and effect as originally written. All capitalized, defined terms used in this Third Amendment that are not otherwise defined herein will have the meanings most recently given to them in the Lease.

b) Each person signing this Third Amendment on behalf of each party warrants and represents that he/she has full right and authority to enter into this Third Amendment and is executing this Third Amendment on behalf of said party and is authorized to do so and that such execution is binding on them.

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

LESSOR:

Fujita Investors of California  
FPM, Managing Agent

By:

John L. Paganotti

Date:

12/15/98

LESSEE:

City of Long Beach,  
a Municipal corporation

By:

[Signature]  
CITY MANAGER

Date:

Jan. 6, 1999

APPROVED AS TO FORM

12/30, 1998  
ROBERT E. SHANNON, City Attorney

By

[Signature]

DEPUTY CITY ATTORNEY

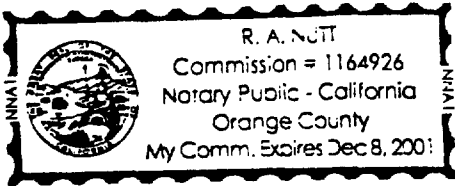


**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

State of California }  
 County of ORANGE } ss.

On 12/21/98, before me, R. A. LOTT, Notary Public  
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")  
 personally appeared JOHN L. FABCIASSOTTE  
Name(s) of Signer(s)

- personally known to me
- proved to me on the basis of satisfactory evidence



to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

R. A. LOTT  
 Signature of Notary Public

Place Notary Seal Above

**OPTIONAL**

*Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.*

**Description of Attached Document**

Title or Type of Document: TRUST AMENDMENT TO STANLEY DEEVE LOTT

Document Date: \_\_\_\_\_ Number of Pages: 2

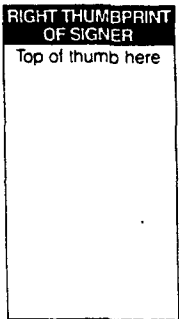
Signer(s) Other Than Named Above: \_\_\_\_\_

**Capacity(ies) Claimed by Signer**

Signer's Name: \_\_\_\_\_

- Individual
- Corporate Officer — Title(s): \_\_\_\_\_
- Partner —  Limited  General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: \_\_\_\_\_

Signer Is Representing: \_\_\_\_\_



# 25165

## FOURTH AMENDMENT TO OFFICE LEASE

THIS FOURTH AMENDMENT TO OFFICE LEASE NO. 25165 (the "Fourth Amendment") is made and entered into as of this 1st day of September, 2001 by and between LONG BEACH EXECUTIVE CENTER, LLC, a California limited liability company ("Lessor") and the CITY OF LONG BEACH, a municipal corporation ("Lessee").

### RECITALS

A. Lessor's predecessor-in-interest and Tenant entered into that certain Standard Office Lease – Gross dated May 9, 1997 (the "Original Lease") as amended by that certain First Amendment to Standard Office Lease – Gross No. 25165 dated September 2, 1997 ("First Amendment"); Second Amendment to Standard Office Lease – Gross No. 25165 dated November 4, 1997 ("Second Amendment"); and Third Amendment to Standard Office Lease - Gross No. 25165 dated November 10, 1998 ("Third Amendment").

B. Lessor and Lessee desire to amend the Original Lease by amending and restating the First Amendment, Second Amendment, and Third Amendment, after which the First Amendment, Second Amendment and Third Amendment shall be of no further force and effect. The Original Lease, as amended by this Amendment is hereinafter referred to as the "Lease". The Original Lease and the Lease pertain to that certain real property located in the County of Los Angeles, State of California referred to as Suites 100, 101, 150, 160, 190, 195, 200, 210, 220, 260, 270 and 300 in the office building located at 3447 Atlantic Avenue, Long Beach, California. All initial capitalized terms used in this Amendment shall have the meanings given to them in the Original Lease unless expressly provided to the contrary herein.

NOW, THEREFORE, in consideration of the foregoing, Lessor and Lessee hereby agree as follows:

1. Premises. The Premises shall consist of the entire building, commonly known as 3447 Atlantic Avenue, and more specifically shall include Suite Nos. 100, 101, 150, 160, 190, 195, 200, 210, 220, 260, 270 and 300. The Premises is approximately 35,701 rentable square feet, more or less.

2. Term. The Term of the original Lease is hereby extended to expire on January 31, 2008.

3. Base Rent. The Base Rent for the Premises shall be Sixty Thousand Six Hundred Ninety-One and 70/100 Dollars (\$60,691.70) per month, payable on the first day of each month. The Base Rent shall remain fixed throughout the Term of the Lease.

4. Operating Expenses. Lessee's share of the Operating Expense Increase for the Premises, as set forth in Section 1.10 of the Original Lease, shall be one hundred percent (100%). Commencing on November 1, 2002, the Base Year shall be adjusted to be the twelve (12) month period ending October 31, 2001. Notwithstanding the foregoing, to the extent Operating Expenses during the twelve (12) month period ending October 31, 2002, exceed the Operating Expenses during the twelve (12) month period ending October 31, 2001 ("2002 Increase"), Tenant shall be entitled to receive an abatement of Base Rent ("Base Year Abatement"), if any, as set forth within this Section 4. Base Rent Abatement shall be equal to any 2002 Increase divided by 12, multiplied by 61 (remaining months under the Original Lease, as amended hereby, as of January 1, 2003). Base Rent Abatement, if any, shall commence in favor of Lessee on June 1, 2003, until the date fully realized by Lessee (which date may fall on a day which shall require abatement of a partial month).

5. Improvements. Provided Lessee is not in default hereunder, Lessor hereby agrees to provide Tenant with the following:

- a) The sum of One Hundred Seventy-Eight Thousand Five Hundred Five and 00/100 Dollars (\$178,505.00) (\$5.00 per square foot) toward remodeling of the Premises and the Building ("Allowance"). Lessor and Lessee shall allocate a portion of the Allowance equal to Fifty-Three Thousand Five Hundred Fifty-One and 50/100 Dollars (\$53,551.50) toward improvements to the building entry, lobby and elevator areas as reasonably agreed to by Lessor and Lessee ("Lobby Work"). Lessor will be responsible for planning, permitting, bidding and hiring the general contractor for Lobby Work. For improvements paid through the Allowance, other than Lobby Work ("Interior Improvements"), Lessee will be responsible for planning, permitting, and bidding the Interior Improvements (to a list of at least two mutually acceptable General Contractors), but Lessor will hire the General Contractor selected by Lessee to perform the Interior Improvements, provided Lessor shall not be obligated to incur any cost associated with the Interior Improvements in excess of One Hundred Twenty-Four Thousand, Nine Hundred Fifty-Three and 50/100 Dollars (\$124,953.50). No less than twenty-one (21) days prior to commencing with any portion of the Interior Improvements, Lessee shall provide Lessor with all plans, contracts and other agreements pertaining to the Interior Improvements reasonably requested by Lessor in order to determine the specific scope and nature of the Interior Improvements.
- b) Upon completion of all or any portion of the Interior Improvements for which Lessor is requested to pay, Lessor shall have received all invoices, final contracts and any other agreements relating to such improvements Lessor is then expected to make payment for. Within twenty-one (21) days following delivery and approval of such information, together with unconditional lien releases for such work, Lessor shall make disbursement directly to the contractor or vendor entitled to receive such payment. In no event shall more than one (1) disbursement be requested during any thirty (30) day period, unless the second disbursement in such thirty (30) day period constitutes the final disbursement hereunder. All improvements referenced in this Section shall be completed on or before March 31, 2003.
- c) In addition to the Allowance, during year 2001 Lessor shall complete improvements to the exterior of the Building and the site as reasonably agreed to by Lessor and Lessee, incurring not less than \$53,551.50 in costs ("Exterior Improvements") in connection therewith. Notwithstanding the foregoing, regardless of when any portion of the Exterior Improvements commences, Lessor shall have no less than six (6) months following Lessee's execution of this Fourth Amendment to complete the Exterior Improvements. Lessor shall provide Lessee with reasonable evidence of such expenditures within sixty (60) days following completion of the Exterior Improvements; and
- d) As additional consideration for Lessee entering into this Fourth Amendment, Lessee shall receive the abatement of Base Rent, (modified pursuant to Section 3 of this Fourth Amendment), as follows: (i) Base Rent for the entire month of September 2001; (ii) a reduction in Base Rent equal to \$2,116.60 for the Base Rent applicable to the month of October 2001, so that Base Rent for such month shall equal \$58,575.10; and (iii) Base Rent for the entire month of May 2002.

6. Vehicle Parking. Lessee shall continue to have the right to all parking spaces available within the Office Building Project.

7. Identity. Lessor to grant Lessee the right to install prominent exterior signage that shall display "Career Transition Center". The size and location of such signage has been mutually agreed upon by both the Lessor and the Lessee. All signage shall be at Lessee's sole cost but may be deducted from the Tenant Improvement Allowance. In addition, Lessee, or a Lessor-approved sublessee, may use the existing monument sign at the corner of the property located at 3447 Atlantic adjacent to the intersection of 35<sup>th</sup> Street with the approximate dimensions of 3 feet in height, 6 feet in length and 0.5 foot in width. The monument sign may be used for the purpose of identifying the name(s) and/or logo(s) of the entity or entities occupying the Premises, or a portion of the Premises, and not for general advertising. Any changes to the sign's overall design are subject to reasonable approval by Lessor. The monument sign shall be maintained at a level satisfactory to Lessor. Any and all costs for the alteration, repair, replacement and maintenance of the monument sign shall be the responsibility of the Lessee. At Lessor's sole option, and at no cost to Lessor, the Lessee may be required to restore the monument sign to its previous condition, normal wear and tear excepted, or to leave it in place "as is" at the expiration or earlier termination of the Lease between the Lessor and the Lessee.

8. Extraordinary Plumbing Malfunction. Notwithstanding Paragraphs 7.1 and 8.1 of the Lease, in the event that as a result of an extraordinary plumbing malfunctioning, in which all of the restrooms in the Premises are rendered inoperable, and Lessee is unable to utilize the Premises for its business operations for a period of more than 24 hours after notification by Lessee to Lessor of such extraordinary plumbing malfunctioning, then Base Rent shall be abated on a daily basis for every business day that all of the restrooms remain inoperable. In no event shall the above be applicable if the extraordinary plumbing malfunctioning is the result of Lessee's misuse of the Premises.

9. Modification to Addendum Number 1. Sections contained within Addendum Number 1 to the Lease shall be modified as follows:

- a) 54 – Option to Renew, shall be modified deleting the last paragraph "In the event Lessee...allowance."

10. Miscellaneous.

- a) Except as modified herein, the Lease is ratified and confirmed and will remain in full force and effect as originally written. All capitalized, defined terms used in this Fourth Amendment that are not otherwise defined herein will have the meanings most recently given to them in the Lease.
- b) Each person signing this Fourth Amendment on behalf of each party warrants and represents that he/she has full right and authority to enter into this Fourth Amendment and is executing this Fourth Amendment on behalf of said party and is authorized to do so and that such execution is binding on them.


11. Effective Date of Amendment. This Fourth Amendment shall become effective on September 1, 2001.

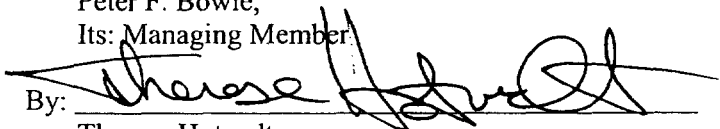
12. Execution in Counterparts. This Fourth Amendment may be executed in several counterparts, and all so executed shall constitute one agreement binding on all parties hereto, notwithstanding that all parties are not signatories to the original or the same counterpart.

IN WITNESS WHEREOF, the parties hereto have executed this Fourth Amendment as of the date and year first above written.

“LESSOR”


LONG BEACH EXECUTIVE CENTER, LLC,  
a California limited liability company

By:   
Peter F. Bowic,  
Its: Managing Member

By:   
Therese Hotvedt  
Its: Authorized Agent

“LESSEE”

CITY OF LONG BEACH,  
a municipal corporation

By:   
Gerald R. Miller

Printed Name  
Its: ASSISTANT CITY MANAGER

EXECUTED PURSUANT  
TO SECTION 301 OF  
THE CITY CHARTER.

By: \_\_\_\_\_

Printed Name  
Its: City Manager

APPROVED AS TO FORM

9-27, 2001  
ROBERT E. SHANNON, City Attorney

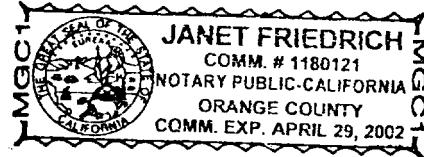
By   
DEPUTY CITY ATTORNEY

STATE OF CALIFORNIA            )  
  )SS.  
COUNTY OF ORANGE            )

On August 27, 2001, before me, Janet Friedrich, personally appeared Peter F. Bowie and Therese Hotvedt, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signatures(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature *Janet Friedrich*



(This area for official notarial seal)

FIFTH AMENDMENT TO OFFICE LEASE

THIS FIFTH AMENDMENT TO OFFICE LEASE NO. 25165 (the "Fifth Amendment") is made and entered into as of this 10<sup>th</sup> day of SEPTEMBER, 2002, by and between WARDLOW ATLANTIC, LLC, a Delaware limited liability company ("Lessor") and the CITY OF LONG BEACH, a municipal corporation ("Lessee").

A. Lessor's predecessor-in-interest and Tenant entered into that certain Standard Office Lease - Gross dated May 9, 1997 (the "Original Lease") as amended by that certain First Amendment to Standard Office Lease - Gross No. 25165 dated September 2, 1997 ("First Amendment"; Second amendment to Standard Office Lease - Gross No. 25165 dated November 4, 1997 ("Second Amendment"); Third Amendment to Standard Office Lease - Gross No. 25165 dated November 10, 1998 ("Third Amendment"); and Fourth Amendment to Office Lease No. 25165 dated September 1, 2001 ("Fourth Amendment").

B. Lessor and Lessee desire to amend the Original Lease as set forth below.

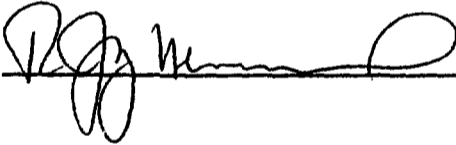
NOW, THEREFORE, in consideration of the foregoing, Lessor and Lessee hereby agree as follows:

1. Lessor and Lessee have agreed to retain the services of a day porter for the Property. Lessee agrees to reimburse Lessor directly each month for the day porter service. The monthly cost of the day porter service is currently \$1,856.00.
2. Lessor and Lessee have agreed that the monthly cost for the day porter service annual increase shall not exceed 5%.
3. Lessee may cancel the day porter service by providing Lessor with thirty (30) days prior written notice of its intention to do so.

IN WITNESS WHEREOF, the parties hereto have executed this Fifth Amendment as of the date and year first above written.

"LESSOR"

WARDLOW-ATLANTIC, LLC,  
a Delaware limited liability company

By: 

"LESSEE"

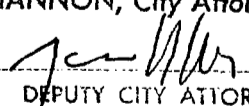
CITY OF LONG BEACH,  
a municipal corporation

ASSISTANT CITY MANAGER

By: 

EXECUTED PURSUANT  
TO SECTION 301 OF  
THE CITY CHARTER.

APPROVED AS TO FORM

Sept 19, 2002  
ROBERT E. SHANNON, City Attorney  
By:   
DEPUTY CITY ATTORNEY

## EXHIBIT "C"

### Telecommunications

#### 1) Display Phone Set Model 2616

- \$470.00 purchase price for each phone
- \$35/month instrument charge
- \$18/month dial tone charge
- \$5/month Voicemail (Optional)
- \$74 an hour labor costs to install, per staff person
- Local & Long Distance Charges not included
- Has ability for up to six party conference calling

#### 2) Multi line Phone Set Model 2008

- \$173 purchase price for each phone
- \$18/month instrument charge
- \$18/month dial tone charge
- \$5/month Voicemail (Optional)
- \$74 an hour labor costs to install, per staff person
- Local & Long Distances Charges not included
- Has ability for up to six party conference calling

#### 3) Single line Phone Set Model 2006

- \$131 purchase price for each phone
- \$8/month instrument charge
- \$18/month dial tone charge
- \$5/month Voicemail (Optional)
- \$74 an hour labor cost to install, per staff person
- Local & Long Distance Charges not included
- Has ability for up to six party conference calling

#### 3) Fax / Modem

- \$18/month dial tone charge
- \$74 per hour labor cost to install, per staff person
- Local & Long Distance Charges not included