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May 23, 2022

Board of Directors
Triunfo Water & Sanitation District
Ventura County, California

LEASE AGREEMENT NO. T22-004 WITH SHEFFIELD PROPERTIES OF ILLINOIS FOR 370 N. WESTLAKE BLVD.

Summary

At the Triunfo Water & Sanitation District (District) Special Board Meeting on May 4, 2022, the Board directed staff to continue lease negotiations with Sheffield Properties of Illinois, Inc. for the District Office suites and Board Room at 370 N. Westlake Boulevard. Staff, working with Legal Counsel and the District's Real Estate Broker, have successfully completed the negotiations and are presenting the TWSD Lease Agreement No. T22-004 (Lease) to the Board for approval. The terms of the Lease are consistent with those previously discussed with the Board and include other provisions to clearly define the District's rights and options under the 10-year Lease. Staff recommends the Board receive the presentation and authorize the Chair to sign and execute the Lease.


Fiscal Impact


The \$38,354 cost for the deposit and first month's rent for the Lease Agreement contract was not included in the FY2021-2022 Adopted Budget and will require a budget increase. The cost of the Lease will increase annually based on programmed escalators and prior notification of improvements/repairs by the Landlord to be incorporated into the fiscal budget.

Recommendation

It is recommended that the Board:

- A. Authorize the Chair to sign TWSD Lease Agreement No. T22-004 with Sheffield Properties of Illinois, Inc. to provide the new offices for an initial amount of \$38,354, and with a term through August 31, 2032; and
- B. Approve the Director of Finance to increase the FY2021-2022 Adopted Budget to fund the Lease Agreement; or
- C. Provide staff with alternative direction.

REVIEWED FOR FISCAL IMPACT: 
Vickie Dragan – Director of Finance

REVIEWED AND APPROVED 
Mark Norris - General Manager

Attachment: TWSD Lease Agreement No. T22-004



STANDARD MULTI-TENANT OFFICE LEASE - GROSS

1. Basic Provisions ("Basic Provisions").
- 1.1 Parties. This Lease ("Lease"), dated for reference purposes only May 18, 2022 , is made by and between Sheffield Properties of Illinois, Inc., an Illinois corporation ("Lessor") and Triunfo Water & Sanitation District, a public agency in the state of California ("Lessee"), (collectively the "Parties", or individually a "Party").
- 1.2(a) Premises: That certain Portion of the Project (as defined below), commonly known as (street address, suite, city, state): Triunfo Water & Sanitation District, a public agency in the State of California ("Premises"). The Premises are located in the County of Ventura , and consist of **an area that is deemed to be approximately 6,564** rentable square feet and **is also deemed to be approximately 5,783** useable square feet. In addition to Lessee's rights to use and occupy the Premises as hereinafter specified, Lessee shall have non-exclusive rights to the Common Areas (as defined in Paragraph 2.7 below) as hereinafter specified, but shall not have any rights to the roof, the exterior walls, the area above the dropped ceilings, or the utility raceways of the building containing the Premises ("Building") or to any other buildings in the Project. The Premises, the Building, the Common Areas, the land upon which they are located, along with all other buildings and improvements thereon, are herein collectively referred to as the "Project." The Project consists of approximately 133,690 rentable square feet. (See also Paragraph 2)
- 1.2(b) Parking: twenty-five (25) unreserved and zero (0) reserved vehicle parking spaces at a monthly cost of N/A per unreserved space and N/A per reserved space. (See Paragraph 2.6)
- 1.3 Term: ten (10) years and zero (0) months ("Original Term") commencing September 1, 2022 ("Commencement Date") and ending August 31, 2032 ("Expiration Date"). (See also Paragraph 3)
- 1.4 Early Possession: If the Premises are available Lessee may have non-exclusive possession of the Premises commencing See Addendum, Paragraph 51 ("Early Possession Date"). (See also Paragraphs 3.2 and 3.3)
- 1.5 Base Rent: \$15,754.00 per month ("Base Rent"), payable on the first day of each month commencing January 1, 2023 . (See also Paragraph 4)
- ☒ If this box is checked, there are provisions in this Lease for the Base Rent to be adjusted. See Paragraph 50 .
- 1.6 Lessee's Share of Operating Expense Increase: four & 91/100ths percent (4.91 %) ("Lessee's Share"). In the event that that size of the Premises and/or the Project are modified during the term of this Lease, Lessor shall recalculate Lessee's Share to reflect such modification.
- 1.7 Base Rent and Other Monies Paid Upon Execution:
- (a) Base Rent: \$15,754.00 for the period January 1-31, 2023 . **Paid by a separate check.**
- (b) Security Deposit: \$22,600.00 ("Security Deposit"). (See also Paragraph 5) **Paid by a separate check.**
- (c) Parking: N/A for the period N/A .
- (d) Other: N/A for N/A .
- (e) Total Due Upon Execution of this Lease: \$38,354.00 . **Paid by two (2) separate checks.**
- 1.8 Agreed Use: General Administrative Office and Boardroom use only . (See also Paragraph 6)
- 1.9 Base Year; Insuring Party. The Base Year is 2022 . Lessor is the "Insuring Party". (See also Paragraphs 4.2 and 8)
- 1.10 Real Estate Brokers. (See also Paragraph 15 and 25)
- (a) Representation: The following real estate brokers (the "Brokers") and brokerage relationships exist in this transaction (check applicable boxes):
- ☒ CBRE represents Lessor exclusively ("Lessor's Broker");
- ☒ CBRE represents Lessee exclusively ("Lessee's Broker"); or
- ☐ _____ represents both Lessor and Lessee ("Dual Agency").
- (b) Payment to Brokers. Upon execution and delivery of this Lease by both Parties, Lessor shall pay to the Brokers the brokerage fee agreed to in a separate written agreement (or if there is no such agreement, the sum of N/A or N/A % of the total Base Rent) for the brokerage services rendered by the Brokers.
- 1.11 Guarantor. The obligations of the Lessee under this Lease are to be guaranteed by None ("Guarantor"). (See also Paragraph 37)
- 1.12 Business Hours for the Building: 8:00 a.m. to 6:00 p.m., Mondays through Fridays (except Building Holidays) and 9:00 a.m. to 1:00 p.m. on Saturdays (except Building Holidays). "Building Holidays" shall mean the dates of observation of New Year's Day, President's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day, and N/A .
- 1.13 Lessor Supplied Services. Notwithstanding the provisions of Paragraph 11.1, Lessor is NOT obligated to provide the following within the Premises:
- ☐ Janitorial services
- ☐ Electricity
- ☐ Other (specify): N/A
- 1.14 Attachments. Attached hereto are the following, all of which constitute a part of this Lease:
- ☒ an Addendum consisting of Paragraphs 50 through 63 ;
- ☒ a plot plan depicting the Premises; **Exhibit "A"**
- ☒ a current set of the Rules and Regulations; **Exhibit "B"**
- ☐ a Work Letter;
- ☐ a janitorial schedule;
- ☒ other (specify): Exhibit "C", Eyebrow Signage Location .
2. Premises.
- 2.1 Letting. Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, the Premises, for the term, at the rental, and upon all of the terms, covenants and conditions set forth in this Lease. While the approximate square footage of the Premises may have been used in the marketing of the Premises for purposes of comparison, the Base Rent stated herein is NOT tied to square footage and is not subject to adjustment should the actual size be determined to be different. **NOTE: Lessee is advised to verify the actual size prior to executing this Lease.**
- 2.2 Condition. Lessor shall deliver the Premises to Lessee in a clean, **fully functioning** condition on the Commencement Date or the Early Possession Date, whichever first occurs ("Start Date"), and **hereby** warrants that the existing electrical, plumbing, fire sprinkler, lighting, heating, ventilating and air conditioning systems ("HVAC"), **referred to collectively as the "Building Systems"** and all other items which the Lessor is obligated to construct pursuant to the Work Letter attached hereto, if any, other than those constructed by Lessee, shall be in good operating condition on said date, that the structural elements of the roof, bearing walls and foundation of the ~~Unit~~ **Building** shall be free of material defects, and that the Premises do not contain hazardous levels of any mold or fungi defined as toxic under applicable state or federal law. Lessor also warrants, that unless otherwise specified in writing, Lessor is unaware of (i) any recorded Notices of Default affecting the Premise; (ii) any delinquent amounts due under any loan secured by the Premises; and (iii) any bankruptcy proceeding affecting the Premises.
- 2.3 Compliance. Lessor warrants that to the best of its **actual** knowledge the improvements on the Premises and the Common Areas comply with the building codes, applicable laws, covenants or restrictions of record, regulations, and ordinances ("Applicable Requirements") that were in effect at the time that each improvement, or portion thereof, was constructed. Said warranty does not apply to the use to which Lessee will put the Premises, modifications which may be required by the Americans with Disabilities Act or any similar laws as a result of Lessee's use (see **Addendum, Paragraph 58 49**), or to any Alterations or Utility

Installations (as defined in Paragraph 7.3(a)) made or to be made by Lessee. **NOTE: Lessee is responsible for determining whether or not the zoning and other Applicable Requirements are appropriate for Lessee's intended use, and acknowledges that past uses of the Premises may no longer be allowed.** If the Premises do not comply with said warranty, Lessor shall, except as otherwise provided, promptly after receipt of written notice from Lessee setting forth with specificity the nature and extent of such non-compliance, rectify the same. If the Applicable Requirements are hereafter changed so as to require during the term of this Lease the construction of an addition to or an alteration of the Premises, the remediation of any Hazardous Substance, or the reinforcement or other physical modification of the Premises ("Capital Expenditure"), Lessor and Lessee shall allocate the cost of such work as follows:

(a) Subject to Paragraph 2.3(c) below, if such Capital Expenditures are required as a result of the specific and unique use of the Premises by Lessee as compared with uses by tenants in general, Lessee shall be fully responsible for the **reasonable** cost thereof, provided, however, that if such Capital Expenditure is required during the last 2 years of this Lease and the cost thereof exceeds 6 months' Base Rent, Lessee may instead terminate this Lease unless Lessor notifies Lessee, in writing, within 10 days after receipt of Lessee's termination notice that Lessor has elected to pay the difference between the actual cost thereof and the amount equal to 6 months' Base Rent. If Lessee elects termination, Lessee shall immediately cease the use of the Premises which requires such Capital Expenditure and deliver to Lessor written notice specifying a termination date at least 90 days thereafter. Such termination date shall, however, in no event be earlier than the last day that Lessee could legally utilize the Premises without commencing such Capital Expenditure.

(b) If such Capital Expenditure is not the result of the specific and unique use of the Premises by Lessee (such as, governmentally mandated seismic modifications), then Lessor shall pay for such Capital Expenditure and Lessee shall only be obligated to pay, each month during the remainder of the term of this Lease or any extension thereof, on the date that on which the Base Rent is due, an amount equal to 1/144th of the portion of such costs reasonably attributable to the Premises. Lessee shall pay Interest **(as defined below)** on the **unamortized balance of Lessee's Share at the rate of 10% per annum** but may prepay its obligation at any time. ~~If, however, such Capital Expenditure is required during the last 2 years of this Lease or if Lessor reasonably determines that it is not economically feasible to pay its share thereof, Lessor shall have the option to terminate this Lease upon 90 days prior written notice to Lessee unless Lessee notifies Lessor, in writing, within 10 days after receipt of Lessor's termination notice that Lessee will pay for such Capital Expenditure. If Lessor does not elect to terminate, and fails to tender its share of any such Capital Expenditure, Lessee may advance such funds and deduct same, with interest, from Rent until Lessor's share of such costs have been fully paid. If Lessee is unable to finance Lessor's share, or if the balance of the Rent due and payable for the remainder of this Lease is not sufficient to fully reimburse Lessee on an offset basis, Lessee shall have the right to terminate this Lease upon 30 days written notice to Lessor.~~

(c) Notwithstanding **anything to the contrary set forth** ~~the~~ above, the provisions concerning Capital Expenditures are intended to apply only to non-voluntary, unexpected, and new Applicable Requirements. If the Capital Expenditures are instead triggered by Lessee as a result of an actual or proposed change in use, change in intensity of use, or modification to the Premises then, and in that event, Lessee shall either: (i) immediately cease such changed use or intensity of use and/or take such other steps as may be necessary to eliminate the requirement for such Capital Expenditure, or (ii) complete such Capital Expenditure at its own expense. Lessee shall not have any right to terminate this Lease.

2.4 Acknowledgements. Lessee acknowledges that: (a) it has been given an opportunity to inspect and measure the Premises, (b) Lessee has been advised by Lessor and/or Brokers to satisfy itself with respect to the size and condition of the Premises (including but not limited to the electrical, HVAC and fire sprinkler systems, security, environmental aspects, and compliance with Applicable Requirements), and their suitability for Lessee's intended use, (c) Lessee has made such investigation as it deems necessary with reference to such matters and assumes all responsibility therefor as the same relate to its occupancy of the Premises, (d) it is not relying on any representation as to the size of the Premises made by Brokers or Lessor, (e) the square footage of the Premises was not material to Lessee's decision to lease the Premises and pay the Rent stated herein, and (f) neither Lessor, Lessor's agents, nor Brokers have made any oral or written representations or warranties with respect to said matters other than as set forth in this Lease. In addition, Lessor acknowledges that: (i) Brokers have made no representations, promises or warranties concerning Lessee's ability to honor the Lease or suitability to occupy the Premises, and (ii) it is Lessor's sole responsibility to investigate the financial capability and/or suitability of all proposed tenants.

2.5 Lessee as Prior Owner/Occupant. The warranties made by Lessor in Paragraph 2 shall be of no force or effect if immediately prior to the Start Date, Lessee was the owner or occupant of the Premises. In such event, Lessee shall be responsible for any necessary corrective work.

2.6 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 the number of parking spaces specified in Paragraph 1.2(b) **at no cost throughout the initial Term and any extensions thereof.** ~~at the rental rate applicable from time to time for monthly parking as set by Lessor and/or its licensee.~~

(a) If Lessee commits, permits or allows any of the prohibited activities described in the Lease or the rules then in effect **for parking (see Exhibit "B")**, 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.

~~(b) The monthly rent per parking space specified in Paragraph 1.2(b) is subject to change upon 30 days prior written notice to Lessee. The rent for the parking is payable one month in advance prior to the first day of each calendar month.~~

2.7 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 Project and interior utility raceways and installations within the Premises that are provided and designated by the Lessor from time to time for the general nonexclusive use of Lessor, Lessee and other tenants of the Project and their respective employees, suppliers, shippers, customers, contractors and invitees, including, but not limited to, common entrances, lobbies, corridors, stairwells, public restrooms, elevators, parking areas, loading and unloading areas, trash areas, roadways, walkways, driveways and landscaped areas.

2.8 Common Areas - Lessee's Rights. Lessor grants to Lessee, for the benefit of Lessee and its employees, suppliers, shippers, contractors, customers and invitees, during the term of this Lease, the non-exclusive right to use, in common with others entitled to such use, the Common Areas as they exist from time to time, subject to any rights, powers, and privileges reserved by Lessor under the terms hereof or under the terms of any rules and regulations or restrictions governing the use of the Project. Under no circumstances shall the right herein granted to use the Common Areas be deemed to include the right to store any property, temporarily or permanently, in the Common Areas. Any such storage shall be permitted only by the prior written consent of Lessor or Lessor's designated agent, which consent may be revoked at any time. In the event that any unauthorized storage shall occur, then Lessor shall have the right, without notice, in addition to such other rights and remedies that it may have, to remove the property and charge the cost to Lessee, which cost shall be immediately payable upon demand by Lessor.

2.9 Common Areas - Rules and Regulations. 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 adopt, modify, amend and enforce reasonable rules and regulations ("**Rules and Regulations**") for the management, safety, care, and cleanliness of the grounds, the parking and unloading of vehicles and the preservation of good order, as well as for the convenience of other occupants or tenants of the Building and the Project and their invitees. The Lessee agrees to abide by and conform to all such Rules and Regulations, and shall use its best, **commercially reasonable** efforts to cause its employees, suppliers, shippers, customers, contractors and invitees to so abide and conform. Lessor shall not be responsible to Lessee for the noncompliance with said Rules and Regulations by other tenants of the Project **but will use its best, commercially reasonable efforts to require all tenants in the Project to comply with said Rules and Regulations.**

2.10 Common Areas - Changes. Lessor shall have the right, in Lessor's sole discretion **with reasonable notice and at Lessor's sole cost and expense**, from time to time:

(a) To make changes to the Common Areas, including, without limitation, changes in the location, size, shape and number of the lobbies, windows, stairways, air shafts, elevators, escalators, restrooms, driveways, entrances, parking spaces, parking areas, loading and unloading areas, ingress, egress, direction of traffic, landscaped areas, walkways and utility raceways;

(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 outside the boundaries of the Project to be a part of the Common Areas;

(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 Project, or any portion thereof; and

(f) To do and perform such other acts and make such other changes in, to or with respect to the Common Areas and Project as Lessor may, in the exercise of sound business judgment, deem to be appropriate **provided that the changes do not materially affect or interfere with Lessee's access to or use of the Premises.**

3. Term.

3.1 Term. The Commencement Date, Expiration Date and Original Term of this Lease are as specified in Paragraph 1.3.

3.2 Early Possession. Any provision herein granting Lessee Early Possession of the Premises is subject to and conditioned upon the Premises being available for such possession prior to the Commencement Date. Any grant of Early Possession only conveys a non-exclusive right to occupy the Premises. If Lessee totally or partially occupies the Premises prior to the Commencement Date, the obligation to pay Base Rent shall be abated for the period of such Early Possession. All other terms of this Lease ~~(including but not limited to the obligations to pay Lessee's Share of the Operating Expense Increase)~~ shall be in effect during such period. Any such Early Possession shall not affect the Expiration Date.

3.3 Delay In Possession. Lessor agrees to use its best commercially reasonable efforts to deliver possession of the Premises to Lessee by the Commencement Date. If, despite said efforts, Lessor is unable to deliver possession by such date, Lessor shall not be subject to any liability therefor, nor shall such failure affect the validity of this Lease or change the Expiration Date. Lessee shall not, however, be obligated to pay Rent or perform its other obligations until Lessor delivers possession of the Premises and any period of rent abatement that Lessee would otherwise have enjoyed shall run from the date of delivery of possession and continue for a period equal to what Lessee would otherwise have enjoyed under the terms hereof, but minus any days of delay caused by the acts or omissions of

~~Lessee. If possession is not delivered within 60 days after the Commencement Date, as the same may be extended under the terms of any Work Letter executed by Parties, Lessee may, at its option, by notice in writing within 10 days after the end of such 60 day period, cancel this Lease, in which event the Parties shall be discharged from all obligations hereunder. If such written notice is not received by Lessor within said 10 day period, Lessee's right to cancel shall terminate. If possession of the Premises is not delivered within 120 days after the Commencement Date, this Lease shall terminate unless other agreements are reached between Lessor and Lessee, in writing.~~

3.4 **Lessee Compliance.** Lessor shall not be required to deliver possession of the Premises to Lessee until Lessee complies with its obligation to provide evidence of insurance (Paragraph 8.5). Pending delivery of such evidence, Lessee shall be required to perform all of its obligations under this Lease from and after the Start Date, including the payment of Rent, notwithstanding Lessor's election to withhold possession pending receipt of such evidence of insurance. Further, if Lessee is required to perform any other conditions prior to or concurrent with the Start Date, the Start Date shall occur but Lessor may elect to withhold possession until such conditions are satisfied.

4. Rent.

4.1 **Rent Defined.** All monetary obligations of Lessee to Lessor under the terms of this Lease (except for the Security Deposit) are deemed to be rent ("**Rent**"). (See Addendum, Paragraph 50)

4.2 **Operating Expense Increase.** Lessee shall pay to Lessor during the term hereof, in addition to the Base Rent, Lessee's Share of the amount by which all Operating Expenses 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) "**Base Year**" is as specified in Paragraph 1.9.
(b) "**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 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.

(c) The following costs relating to the ownership and operation of the Project, calculated as if the Project was at least 95% occupied, are defined as "**Operating Expenses**":
(i) **The direct and reasonable** Costs relating to the operation, repair, and maintenance in neat, clean, safe, good order and condition, but not the replacement (see subparagraph (g)), of 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, communication systems and other equipment used in common by, or for the benefit of, tenants or occupants of the Project, including elevators and escalators, tenant directories, fire detection systems including sprinkler system maintenance and repair.

(cc) All other areas and improvements that are within the exterior boundaries of the Project but outside of the Premises and/or any other space occupied by a tenant.

(ii) The cost of trash disposal, janitorial and security services, pest control services, and the costs of any environmental inspections;
(iii) The cost of 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 insurance policies maintained by Lessor pursuant to paragraph 8 and any **commercially reasonable** deductible portion of an insured loss concerning the Building or the Common Areas;

(v) The amount of the Real Property Taxes payable by Lessor pursuant to paragraph 10;
(vi) The cost of water, sewer, gas, electricity, and other publicly mandated services not separately metered;

(vii) **Reasonable** Labor, salaries, and applicable fringe benefits and costs, materials, supplies and tools, used in maintaining and/or cleaning the Project and accounting and **commercially reasonable** management fees attributable to the operation of the Project;

(viii) The cost of any capital improvement to the Building or the Project not covered under the provisions of Paragraph 2.3 provided; however, that Lessor shall allocate the cost of any such capital improvement over a 12 year period and Lessee shall not be required to pay more than Lessee's Share of 1/144th of the cost of such Capital Expenditure in any given month;

(ix) The cost to replace equipment or improvements that have a useful life for accounting purposes of 5 years or less.
(x) Reserves set aside for maintenance, repair and/or replacement of Common Area improvements and equipment.

(d) Any item of Operating Expense that is specifically attributable to the Premises, the Building or to any other building in the Project or to the operation, repair and maintenance thereof, shall be allocated entirely to such Premises, Building, or other building. However, any such item that is not specifically attributable to the Building or to any other building or to the operation, repair and maintenance thereof, shall be equitably allocated by Lessor to all buildings in the Project.

(e) The inclusion of the improvements, facilities and services set forth in Subparagraph 4.2(c) shall not be deemed to impose an obligation upon Lessor to either have said improvements or facilities or to provide those services unless the Project already has the same, Lessor already provides the services, or Lessor has agreed elsewhere in this Lease to provide the same or some of them.

(f) Lessee's Share of ~~the~~ Operating Expense Increase is payable monthly on the same day as the Base Rent is due hereunder. The amount of such payments shall be based on Lessor's estimate of the Operating Expense ~~Increases. Expenses.~~ Within ~~60~~ 120 days after ~~written request (but not more than once each year)~~ the end of each calendar year, Lessor shall ~~use its best, commercially reasonable efforts to~~ deliver to Lessee a reasonably detailed statement showing Lessee's Share of the actual Common Area Operating Expenses for the preceding year. If Lessee's payments during such Year exceed Lessee's Share, Lessee shall credit the amount of such over-payment against Lessee's future payments. If Lessee's payments during such Year were less than Lessee's Share, Lessee shall pay to Lessor the amount of the deficiency within 10 days after delivery by Lessor to Lessee of said statement. ~~In no event will the failure of Lessor to deliver said statement to Lessee within the proscribed time frame eliminate or reduce Lessee's obligation hereunder or eliminate Lessor's obligation to credit Lessee for any overpayment(s).~~ 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.

(g) Operating Expenses shall not include the costs of replacement for equipment or capital components such as the roof, **HVAC unit(s)**, foundations, exterior walls or a Common Area capital improvement, such as the parking lot paving, elevators, fences that have a useful life for accounting purposes of 5 years or more.

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

4.3 **Payment.** Lessee shall cause payment of Rent to be received by Lessor in lawful money of the United States on or before the day on which it is due, without offset or deduction (except as specifically permitted in this Lease). All monetary amounts shall be rounded to the nearest whole dollar. In the event that any invoice prepared by Lessor is inaccurate such inaccuracy shall not constitute a waiver and Lessee shall be obligated to pay the amount set forth in this Lease. Rent for any period during the term hereof which is for less than one full calendar month shall be prorated based upon the actual number of days of said month. Payment of Rent shall be made to Lessor at its address stated herein or to such other persons or place as Lessor may from time to time designate in writing. Acceptance of a payment which is less than the amount then due shall not be a waiver of Lessor's rights to the balance of such Rent, regardless of Lessor's endorsement of any check so stating. In the event that any check, draft, or other instrument of payment given by Lessee to Lessor is dishonored for any reason, Lessee agrees to pay to Lessor the sum of \$25 in addition to any Late Charge and Lessor, at its option, may require all future Rent be paid by cashier's check. Payments will be applied first to accrued late charges and attorney's fees, second to accrued interest, then to Base Rent and Common Area Operating Expenses, and any remaining amount to any other outstanding charges or costs.

5. **Security Deposit.** Lessee shall deposit with Lessor upon execution hereof the Security Deposit as security for Lessee's faithful performance of its obligations under this Lease. If Lessee fails to pay Rent, or otherwise Defaults under this Lease, Lessor may use, apply or retain all or any portion of said Security Deposit for the payment of any amount already due Lessor, for Rents which will be due in the future, and/ or to reimburse or compensate Lessor for any liability, expense, loss or damage which Lessor may suffer or incur by reason thereof. If Lessor uses or applies all or any portion of the Security Deposit, Lessee shall within 10 days after written request therefor deposit monies with Lessor sufficient to restore said Security Deposit to the full amount required by this Lease. ~~If the Base Rent increases during the term of this Lease, Lessee shall, upon written request from Lessor, deposit additional monies with Lessor so that the total amount of the Security Deposit shall at all times bear the same proportion to the increased Base Rent as the initial Security Deposit bore to the initial Base Rent.~~ Should the Agreed Use be amended to accommodate a material change in the business of Lessee or to accommodate a sublessee or assignee, Lessor shall have the right to increase the Security Deposit to the extent necessary, in Lessor's reasonable judgment, to account for any increased wear and tear that the Premises may suffer as a result thereof. If a change in control of Lessee occurs during this Lease and following such change the financial condition of Lessee is, in Lessor's reasonable judgment, significantly reduced, Lessee shall deposit such additional monies with Lessor as shall be sufficient to cause the Security Deposit to be at a commercially reasonable level based on such change in

financial condition. Lessor shall not be required to keep the Security Deposit separate from its general accounts. Within 90 days after the expiration or termination of this Lease, Lessor shall return that portion of the Security Deposit not used or applied by Lessor. Lessor shall upon written request provide Lessee with an accounting showing how that portion of the Security Deposit that was not returned was applied. No part of the Security Deposit shall be considered to be held in trust, to bear interest or to be prepayment for any monies to be paid by Lessee under this Lease. THE SECURITY DEPOSIT SHALL NOT BE USED BY LESSEE IN LIEU OF PAYMENT OF THE LAST MONTH'S RENT.

6. Use.

6.1 Use. Lessee shall use and occupy the Premises only for the Agreed Use, or any other legal use which is reasonably comparable thereto, and for no other purpose. Lessee shall not use or permit the use of the Premises in a manner that is unlawful, creates damage, waste or a nuisance, or that disturbs occupants of or causes damage to neighboring premises or properties. Other than guide, signal and seeing eye dogs, Lessee shall not keep or allow in the Premises any pets, animals, birds, fish, or reptiles. Lessor shall not unreasonably withhold or delay its consent to any written request for a modification of the Agreed Use, so long as the same will not impair the structural integrity of the improvements of the Building, will not adversely affect the mechanical, electrical, HVAC, and other systems of the Building, and/or will not affect the exterior appearance of the Building. If Lessor elects to withhold consent, Lessor shall within 7 days after such request give written notification of same, which notice shall include an explanation of Lessor's objections to the change in the Agreed Use.

6.2 Hazardous Substances.

(a) Reportable Uses Require Consent. The term "Hazardous Substance" as used in this Lease shall mean any product, substance, or waste whose presence, use, manufacture, disposal, transportation, or release, either by itself or in combination with other materials expected to be on the Premises, is either: (i) potentially injurious to the public health, safety or welfare, the environment or the Premises, (ii) regulated or monitored by any governmental authority, or (iii) a basis for potential liability of Lessor to any governmental agency or third party under any applicable statute or common law theory. Hazardous Substances shall include, but not be limited to, hydrocarbons, petroleum, gasoline, and/or crude oil or any products, byproducts or fractions thereof. Lessee shall not engage in any activity in or on the Premises which constitutes a Reportable Use of Hazardous Substances without the express prior written consent of Lessor and timely compliance (at Lessee's expense) with all Applicable Requirements. "Reportable Use" shall mean (i) the installation or use of any above or below ground storage tank, (ii) the generation, possession, storage, use, transportation, or disposal of a Hazardous Substance that requires a permit from, or with respect to which a report, notice, registration or business plan is required to be filed with, any governmental authority, and/or (iii) the presence at the Premises of a Hazardous Substance with respect to which any Applicable Requirements requires that a notice be given to persons entering or occupying the Premises or neighboring properties. Notwithstanding the foregoing, Lessee may use any ordinary and customary materials reasonably required to be used in the normal course of the Agreed Use such as ordinary office supplies (copier toner, liquid paper, glue, etc.) and common household cleaning materials, so long as such use is in compliance with all Applicable Requirements, is not a Reportable Use, and does not expose the Premises or neighboring property to any meaningful risk of contamination or damage or expose Lessor to any liability therefor. In addition, Lessor may condition its consent to any Reportable Use upon receiving such additional assurances as Lessor reasonably deems necessary to protect itself, the public, the Premises and/or the environment against damage, contamination, injury and/or liability, including, but not limited to, the installation (and removal on or before Lease expiration or termination) of protective modifications (such as concrete encasements) and/or increasing the Security Deposit.

(b) Duty to Inform Lessor. If Lessee knows, or has reasonable cause to believe, that a Hazardous Substance has come to be located in, on, under or about the Premises, other than as previously consented to by Lessor, Lessee shall immediately give written notice of such fact to Lessor, and provide Lessor with a copy of any report, notice, claim or other documentation which it has concerning the presence of such Hazardous Substance.

(c) Lessee Remediation. Lessee shall not cause or permit any Hazardous Substance to be spilled or released in, on, under, or about the Premises (including through the plumbing or sanitary sewer system) and shall promptly, at Lessee's expense, comply with all Applicable Requirements and take all investigatory and/or remedial action reasonably recommended, whether or not formally ordered or required, for the cleanup of any contamination of, and for the maintenance, security and/or monitoring of the Premises or neighboring properties, that was caused or materially contributed to by Lessee, or pertaining to or involving any Hazardous Substance brought onto the Premises during the term of this Lease, by or for Lessee, or any third party under the reasonable control of Lessee.

(d) Lessee Indemnification. Lessee shall indemnify, defend and hold Lessor, its agents, employees, lenders and ground lessor, if any, harmless from and against any and all loss of rents and/or damages, liabilities, judgments, claims, expenses, penalties, and reasonable attorneys' and consultants' fees arising out of or involving any Hazardous Substance brought onto the Premises by or for Lessee, or any third party under the reasonable control of Lessee (provided, however, that Lessee shall have no liability under this Lease with respect to underground migration of any Hazardous Substance under the Premises from areas outside of the Project not caused or contributed to by Lessee). Lessee's obligations shall include, but not be limited to, the effects of any contamination or injury to person, property or the environment created or suffered by Lessee, and the reasonable cost of investigation, removal, remediation, restoration and/or abatement, and shall survive the expiration or termination of this Lease. No termination, cancellation or release agreement entered into by Lessor and Lessee shall release Lessee from its obligations under this Lease with respect to Hazardous Substances, unless specifically so agreed by Lessor in writing at the time of such agreement.

(e) Lessor Indemnification. Except as otherwise provided in paragraph 8.7, Lessor and its successors and assigns shall indemnify, defend, reimburse and hold Lessee, its employees and lenders, harmless from and against any and all environmental damages, including the cost of remediation, which result from Hazardous Substances which existed on the Premises prior to Lessee's occupancy, new incidents that are not caused by Lessee or any third party under the reasonable control of Lessee or which are caused by the gross negligence or willful misconduct of Lessor, its agents or employees. Lessor's obligations, as and when required by the Applicable Requirements, shall include, but not be limited to, the cost of investigation, removal, remediation, restoration and/or abatement, and shall survive the expiration or termination of this Lease.

(f) Investigations and Remediations. Lessor shall retain the responsibility and pay for any investigations or remediation measures required by governmental entities having jurisdiction with respect to the existence of Hazardous Substances on the Premises prior to Lessee's occupancy, unless such remediation measure is required as a result of Lessee's use (including "Alterations", as defined in paragraph 7.3(a) below) of the Premises, in which event Lessee shall be responsible for such payment. Lessee shall cooperate fully in any such activities at the request of Lessor, including allowing Lessor and Lessor's agents to have reasonable access to the Premises at reasonable times with reasonable notice in order to carry out Lessor's investigative and remedial responsibilities.

(g) Lessor Termination Option. If a Hazardous Substance Condition (see Paragraph 9.1(e)) occurs during the term of this Lease, unless Lessee is legally responsible therefor (in which case Lessee shall make the investigation and remediation thereof required by the Applicable Requirements and this Lease shall continue in full force and effect, but subject to Lessor's rights under Paragraph 6.2(d) and Paragraph 13), Lessor may, at Lessor's option, either (i) investigate and remediate such Hazardous Substance Condition, if required, as soon as reasonably possible at Lessor's expense, in which event this Lease shall continue in full force and effect, or (ii) if the estimated cost to remediate such condition exceeds 12 times the then monthly Base Rent or \$100,000, whichever is greater, give written notice to Lessee, within 30 days after receipt by Lessor of knowledge of the occurrence of such Hazardous Substance Condition, of Lessor's desire to terminate this Lease as of the date 60 days following the date of such notice. In the event Lessor elects to give a termination notice, Lessee may, within 10 days thereafter, give written notice to Lessor of Lessee's commitment to pay the amount by which the cost of the remediation of such Hazardous Substance Condition exceeds an amount equal to 12 times the then monthly Base Rent or \$100,000, whichever is greater. Lessee shall provide Lessor with said funds or satisfactory assurance thereof within 30 days following such commitment. In such event, this Lease shall continue in full force and effect, and Lessor shall proceed to make such remediation as soon as reasonably possible after the required funds are available. If Lessee does not give such notice and provide the required funds or assurance thereof within the time provided, this Lease shall terminate as of the date specified in Lessor's notice of termination.

6.3 Lessee's Compliance with Applicable Requirements. Except as otherwise provided in this Lease, Lessee's use of the Premises shall, at Lessee's sole expense, fully, diligently and in a timely manner, materially comply with all Applicable Requirements, the requirements of any applicable fire insurance underwriter or rating bureau, and the reasonable recommendations of Lessor's engineers and/or consultants which relate in any manner to the Premises, without regard to whether said Applicable Requirements are now in effect or become effective after the Start Date. Lessee shall, within 10 days after receipt of Lessor's written request, provide Lessor with copies of all permits and other documents, and other information evidencing Lessee's compliance with any Applicable Requirements specified by Lessor, and shall immediately upon receipt, notify Lessor in writing (with copies of any documents involved) of any threatened or actual claim, notice, citation, warning, complaint or report pertaining to or involving the failure of Lessee or the Premises to comply with any Applicable Requirements. Likewise, Lessee shall immediately give written notice to Lessor of: (i) any water damage to the Premises and any suspected seepage, pooling, dampness or other condition conducive to the production of mold; or (ii) any mustiness or other odors that might indicate the presence of mold in the Premises.

6.4 Inspection; Compliance. Lessor and Lessor's "Lender" (as defined in Paragraph 30) and consultants authorized by Lessor shall have the right to enter into Premises at any time, in the case of an emergency, and otherwise at reasonable times, after reasonable notice (Lessor will endeavor to give Lessee 24 hour advance notice when possible), for the purpose of inspecting and/or testing the condition of the Premises and/or for verifying compliance by Lessee with this Lease. The cost of any such inspections shall be paid by Lessor, unless a violation of Applicable Requirements, or a Hazardous Substance Condition (see Paragraph 9.1e) is found to exist or be imminent, or the inspection is requested or ordered by a governmental authority. In such case, Lessee shall upon request reimburse Lessor for the cost of such inspection, so long as such inspection is reasonably related to the violation or contamination. In addition, Lessee shall provide copies of all relevant material safety data sheets (MSDS) to Lessor within 10 days of the receipt of written request therefor. Lessee acknowledges that any failure on its part to allow such inspections or testing will expose Lessor to risks and potentially cause Lessor to incur costs not contemplated by this Lease, the extent of which will be extremely difficult to ascertain. Accordingly, should the Lessee fail to allow such inspections and/or testing in a timely fashion the Base Rent shall be automatically increased, without any requirement for notice to Lessee, by an amount equal to 10% of the then existing Base Rent or \$100, whichever is greater for the remainder to the Lease. The Parties agree that such increase in Base Rent represents fair and reasonable compensation for the additional risk/costs that Lessor will incur by reason of Lessee's failure to allow such inspection and/or testing. Such increase in Base Rent shall in no event constitute a waiver of Lessee's Default or Breach with respect to such

failure nor prevent the exercise of any of the other rights and remedies granted hereunder. **Notwithstanding the foregoing, Lessee shall not be responsible for the cost of such inspection or the cost of any correction unless such violation or contamination was caused by an action or omission on the part of Lessee.**

7. Maintenance; Repairs; Utility Installations; Trade Fixtures and Alterations.

7.1 Lessee's Obligations. Notwithstanding Lessor's obligation to keep the **structural portions of 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 abuse or misuse. **Upon the full execution of this Lease and Lessor's completion of the required Improvements as defined in the Addendum to the Lease, in addition,** Lessee rather than the Lessor shall be responsible for the cost of **any additional improvements to the Premises completed at the request of Lessee such as carpet cleaning,** painting, repairing or replacing wall coverings, and to repair or replace any similar improvements within the Premises. 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."

7.2 Lessor's Obligations. Subject to the provisions of Paragraphs 2.2 (Condition), 2.3 (Compliance), 4.2 (Operating Expenses), 6 (Use), 7.1 (Lessee's Obligations), 9 (Damage or Destruction) and 14 (Condemnation), Lessor, subject to reimbursement pursuant to Paragraph 4.2, shall keep in good order, condition and repair the **Building, Building Systems,** foundations, exterior walls, structural condition of interior bearing walls, exterior roof, fire sprinkler system, fire alarm and/or smoke detection systems, fire hydrants, and the Common Areas.

7.3 Utility Installations; Trade Fixtures; Alterations.

(a) **Definitions.** The term "**Utility Installations**" refers to all floor and window coverings, air lines, vacuum lines, power panels, electrical distribution, security and fire protection systems, communication cabling, lighting fixtures, HVAC equipment, and plumbing in or on the Premises. The term "**Trade Fixtures**" shall mean Lessee's machinery and equipment that can be removed without doing material damage to the Premises. The term "**Alterations**" shall mean any modification of the improvements, other than Utility Installations or Trade Fixtures, whether by addition or deletion. "**Lessee Owned Alterations and/or Utility Installations**" are defined as Alterations and/or Utility Installations made by Lessee that are not yet owned by Lessor pursuant to Paragraph 7.4(a).

(b) **Consent.** Lessee shall not make any Alterations or Utility Installations to the Premises without Lessor's prior written consent **which shall not be unreasonably withheld, conditioned or delayed.** Lessee may, however, make non-structural Alterations or Utility Installations to the interior of the Premises (excluding the roof) without such consent but upon notice to Lessor, as long as they are not visible from the outside, do not involve puncturing, relocating or removing the roof, ceilings, floors or any existing walls, will not affect the electrical, plumbing, HVAC, and/or life safety systems, do not trigger the requirement for additional modifications and/or improvements to the Premises resulting from Applicable Requirements, such as compliance with Title 24, and the cumulative cost thereof during this Lease as extended does not exceed \$2000. Notwithstanding the foregoing, Lessee shall not make or permit any roof penetrations and/or install anything on the roof without the prior written approval of Lessor. Lessor may, as a precondition to granting such approval, require Lessee to utilize a contractor chosen and/or approved by Lessor. Any Alterations or Utility Installations that Lessee shall desire to make and which require the consent of the Lessor shall be presented to Lessor in written form with detailed plans. Consent shall be deemed conditioned upon Lessee's: (i) acquiring all applicable governmental permits, (ii) furnishing Lessor with copies of both the permits and the plans and specifications prior to commencement of the work, and (iii) compliance with all conditions of said permits and other Applicable Requirements in a prompt and expeditious manner. Any Alterations or Utility Installations shall be performed in a workmanlike manner with good and sufficient materials. Lessee shall promptly upon completion furnish Lessor with as-built plans and specifications. For work which costs an amount in excess of one month's Base Rent, Lessor may condition its consent upon Lessee providing a lien and completion bond in an amount equal to 150% of the estimated cost of such Alteration or Utility Installation and/or upon Lessee's posting an additional Security Deposit with Lessor.

(c) **Liens; Bonds.** 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 on the Premises, which claims are or may be secured by any mechanic's or materialmen's lien against the Premises or any interest therein. Lessee shall give Lessor not less than 10 days notice prior to the commencement of any work in, on or about the Premises, and Lessor shall have the right to post notices of non-responsibility. If Lessee shall contest the validity of any such lien, claim or demand, then Lessee shall, at its sole expense defend and protect itself, Lessor and the Premises against the same and shall pay and satisfy any such adverse judgment that may be rendered thereon before the enforcement thereof. If Lessor shall require, Lessee shall furnish a surety bond in an amount equal to 150% of the amount of such contested lien, claim or demand, indemnifying Lessor against liability for the same. If Lessor elects to participate in any such action, Lessee shall pay Lessor's **reasonable** attorneys' fees and costs.

7.4 Ownership; Removal; Surrender; and Restoration.

(a) **Ownership.** Subject to Lessor's right to require removal or elect ownership as hereinafter provided, all Alterations and Utility Installations made by Lessee shall be the property of Lessee, but considered a part of the Premises. Lessor may, at any time, elect in writing to be the owner of all or any specified part of the Lessee Owned Alterations and Utility Installations. Unless otherwise instructed per paragraph 7.4(b) hereof, all Lessee Owned Alterations and Utility Installations shall, at the expiration or termination of this Lease, become the property of Lessor and be surrendered by Lessee with the Premises.

(b) **Removal.** **Excluding all of the initial Improvements to be completed by Lessor prior to the Commencement Date as defined in Paragraph 52 and Exhibits "A" through "A-6" of the Lease,** By delivery to Lessee of written notice from Lessor not earlier than 90 and not later than 30 days prior to the end of the term of this Lease, Lessor may require that any or all Lessee Owned Alterations or Utility Installations be removed by the expiration or **earlier** termination of this Lease. Lessor may require the removal at any time of all or any part of any Lessee Owned Alterations or Utility Installations made without the required consent.

(c) **Surrender; Restoration.** Lessee shall surrender the Premises by the Expiration Date or any earlier termination date, with all of the improvements, parts and surfaces thereof clean and free of debris, and in good operating order, condition and state of repair, ordinary wear and tear **and damage due to casualty loss** excepted. "Ordinary wear and tear" shall not include any damage or deterioration that would have been prevented by good maintenance practice. Notwithstanding the foregoing, if the Lessee occupies the Premises for 12 months or less, then Lessee shall surrender the Premises in the same condition as delivered to Lessee on the Start Date with NO allowance for ordinary wear and tear. Lessee shall repair any damage occasioned by the installation, maintenance or removal of Trade Fixtures, Lessee owned Alterations and/or Utility Installations, furnishings, and equipment as well as the removal of any storage tank installed by or for Lessee. Lessee shall also remove from the Premises any and all Hazardous Substances brought onto the Premises by or for Lessee, or any third party **under the reasonable control of Lessee** (except Hazardous Substances which were deposited via underground migration from areas outside of the Premises) to the level specified in Applicable Requirements. Trade Fixtures shall remain the property of Lessee and shall be removed by Lessee. Any personal property of Lessee not removed on or before the Expiration Date or any earlier termination date shall be deemed to have been abandoned by Lessee and may be disposed of or retained by Lessor as Lessor may desire. The failure by Lessee to timely vacate the Premises pursuant to this Paragraph 7.4(c) without the express written consent of Lessor shall constitute a holdover under the provisions of Paragraph 26 below. **Notwithstanding the foregoing, Lessee shall not be required to remove at Lease Expiration Date or early termination, any of the initial tenant improvements constructed by or for Lessee prior to the Commencement Date.**

8. Insurance; Indemnity.

8.1 Insurance Premiums. The cost of the premiums for the insurance policies maintained by Lessor pursuant to paragraph 8 are included as Operating Expenses (see paragraph 4.2 (c)(iv)). Said costs shall include increases in the premiums resulting from additional coverage related to requirements of the holder of a mortgage or deed of trust covering the Premises, Building and/or Project, increased valuation of the Premises, Building and/or Project, and/or a general premium rate increase. Said costs shall not, however, include any premium increases resulting from the nature of the occupancy of any other tenant of the Building. If the Project was not insured for the entirety of the Base Year, then the base premium shall be the lowest annual premium reasonably obtainable for the required insurance as of the Start Date, assuming the most nominal use possible of the Building and/or Project. In no event, however, shall Lessee be responsible for any portion of the premium cost attributable to liability insurance coverage in excess of \$2,000,000 procured under Paragraph 8.2(b).

8.2 Liability Insurance.

(a) **Carried by Lessee.** Lessee shall obtain and keep in force a Commercial General Liability policy of insurance protecting Lessee and Lessor as an additional insured against claims for bodily injury, personal injury and property damage based upon or arising out of the ownership, use, occupancy or maintenance of the Premises and all areas appurtenant thereto. Such insurance shall be on an occurrence basis providing single limit coverage in an amount not less than \$1,000,000 per occurrence with an annual aggregate of not less than \$2,000,000. Lessee shall add Lessor **and it's management company, Dolphin Partners, Inc.,** as an additional insured by means of an endorsement at least as broad as the Insurance Service Organization's "Additional Insured-Managers or Lessors of Premises" Endorsement and coverage shall also be extended to include damage caused by heat, smoke or fumes from a hostile fire. The policy shall not contain any intra-insured exclusions as between insured persons or organizations, but shall include coverage for liability assumed under this Lease as an "insured contract" for the performance of Lessee's indemnity obligations under this Lease. The limits of said insurance shall not, however, limit the liability of Lessee nor relieve Lessee of any obligation hereunder. Lessee shall provide an endorsement on its liability policy(ies) which provides that its insurance shall be primary to and not contributory with any similar insurance carried by Lessor, whose insurance shall be considered excess insurance only.

(b) **Carried by Lessor.** Lessor shall maintain liability insurance as described in Paragraph 8.2(a), in addition to, and not in lieu of, the insurance required to be maintained by Lessee. Lessee shall not be named as an additional insured therein.

8.3 Property Insurance - Building, Improvements and Rental Value.

(a) **Building and Improvements.** Lessor shall obtain and keep in force a policy or policies of insurance in the name of Lessor, with loss payable to Lessor, any ground-lessor, and to any Lender insuring loss or damage to the Building and/or Project. The amount of such insurance shall be equal to the full insurable replacement cost of the Building and/or Project, as the same shall exist from time to time, or the amount required by any Lender, but in no event more than the commercially reasonable and available insurable value thereof. Lessee Owned Alterations and Utility Installations, Trade Fixtures, and Lessee's personal property shall

be insured by Lessee not by Lessor. If the coverage is available ~~at commercially reasonable rates, and commercially appropriate,~~ such policy or policies shall insure against all risks of direct physical loss or damage (except the perils of flood and/or earthquake unless required by a Lender), including coverage for debris removal and the enforcement of any Applicable Requirements requiring the upgrading, demolition, reconstruction or replacement of any portion of the Premises as the result of a covered loss. Said policy or policies shall also contain an agreed valuation provision in lieu of any coinsurance clause, waiver of subrogation, and inflation guard protection causing an increase in the annual property insurance coverage amount by a factor of not less than the adjusted U.S. Department of Labor Consumer Price Index for All Urban Consumers for the city nearest to where the Premises are located. If such insurance coverage has a deductible clause, the deductible amount shall not exceed \$5,000 per occurrence.

(b) **Rental Value.** Lessor shall also obtain and keep in force a policy or policies in the name of Lessor with loss payable to Lessor and any Lender, insuring the loss of the full Rent for one year with an extended period of indemnity for an additional 180 days ("Rental Value insurance"). Said insurance shall contain an agreed valuation provision in lieu of any coinsurance clause, and the amount of coverage shall be adjusted annually to reflect the projected Rent otherwise payable by Lessee, for the next 12 month period.

(c) **Adjacent Premises.** Lessee shall pay for any increase in the premiums for the property insurance of the Building and for the Common Areas or other buildings in the Project if said increase is caused by Lessee's acts, omissions, use or occupancy of the Premises.

(d) **Lessee's Improvements.** Since Lessor is the Insuring Party, Lessor shall not be required to insure Lessee Owned Alterations and Utility Installations unless the item in question has become the property of Lessor under the terms of this Lease.

8.4 Lessee's Property; Business Interruption Insurance; Worker's Compensation Insurance.

(a) **Property Damage.** Lessee shall obtain and maintain insurance coverage on all of Lessee's personal property, Trade Fixtures, and Lessee Owned Alterations and Utility Installations. Such insurance shall be full replacement cost coverage with a deductible of not to exceed \$1,000 per occurrence. The proceeds from any such insurance shall be used by Lessee for the replacement of personal property, Trade Fixtures and Lessee Owned Alterations and Utility Installations.

(b) **Worker's Compensation Insurance.** Lessee shall obtain and maintain Worker's Compensation Insurance in such amount as may be required by Applicable Requirements. Such policy shall include a 'Waiver of Subrogation' endorsement. Lessee shall provide Lessor with a copy of such endorsement along with the certificate of insurance or copy of the policy required by paragraph 8.5.

(c) **Business Interruption.** Lessee shall obtain and maintain loss of income and extra expense insurance in amounts as will reimburse Lessee for direct or indirect loss of earnings attributable to all perils commonly insured against by prudent lessees in the business of Lessee or attributable to prevention of access to the Premises as a result of such perils.

(d) **No Representation of Adequate Coverage.** Lessor makes no representation that the limits or forms of coverage of insurance specified herein are adequate to cover Lessee's property, business operations or obligations under this Lease.

8.5 Insurance Policies. Insurance required herein shall be by companies maintaining during the policy term a "General Policyholders Rating" of at least A-, VII, as set forth in the most current issue of "Best's Insurance Guide", or such other rating as may be ~~reasonably acceptable to Lessor. required by a Lender.~~ Lessee shall not do or permit to be done anything which invalidates the required insurance policies. Lessee shall, prior to the Start Date, deliver to Lessor ~~certified copies of policies of such insurance or~~ certificates with copies of the required endorsements evidencing the existence and amounts of the required insurance. No such policy shall be cancelable or subject to modification except after 10 days prior written notice to Lessor. Lessee shall, at least 30 days prior to the expiration of such policies, furnish Lessor with evidence of renewals or "insurance binders" evidencing renewal thereof, or Lessor may increase his liability insurance coverage and charge the cost thereof to Lessee, which amount shall be payable by Lessee to Lessor upon demand. Such policies shall be for a term of at least one year, or the length of the remaining term of this Lease, whichever is less. If either Party shall fail to procure and maintain the insurance required to be carried by it, the other Party may, but shall not be required to, procure and maintain the same.

8.6 Waiver of Subrogation. Without affecting any other rights or remedies, Lessee and Lessor each hereby release and relieve the other, and waive their entire right to recover damages against the other, for loss of or damage to its property arising out of or incident to the perils required to be insured against herein. The effect of such releases and waivers is not limited by the amount of insurance carried or required, or by any deductibles applicable hereto. The Parties agree to have their respective property damage insurance carriers waive any right to subrogation that such companies may have against Lessor or Lessee, as the case may be, so long as the insurance is not invalidated thereby.

8.7 Indemnity. Except for Lessor's gross negligence or willful misconduct, Lessee shall indemnify, protect, defend and hold harmless the Premises, Lessor and its agents, Lessor's master or ground lessor, partners and Lenders, from and against any and all claims, loss of rents and/or damages, liens, judgments, penalties, attorneys' and consultants' fees, expenses and/or liabilities arising out of, involving, or in connection with, the use and/or occupancy of the Premises by Lessee. If any action or proceeding is brought against Lessor by reason of any of the foregoing matters, Lessee shall upon notice 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 defended or indemnified.

8.8 Exemption of Lessor and its Agents from Liability. Notwithstanding the negligence or breach of this Lease by Lessor or its agents, neither Lessor nor its agents shall be liable under any circumstances for: (i) injury or damage to the person or goods, wares, merchandise or other property of Lessee, Lessee's employees, contractors, invitees, customers, or any other person in or about the Premises, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, indoor air quality, the presence of mold or from the breakage, leakage, obstruction or other defects of pipes, fire sprinklers, wires, appliances, plumbing, HVAC or lighting fixtures, or from any other cause, whether the said injury or damage results from conditions arising upon the Premises or upon other portions of the Building, or from other sources or places, (ii) any damages arising from any act or neglect of any other tenant of Lessor or from the failure of Lessor or its agents to enforce the provisions of any other lease in the Project, or (iii) injury to Lessee's business or for any loss of income or profit therefrom. Instead, it is intended that Lessee's sole recourse in the event of such damages or injury be to file a claim on the insurance policy(ies) that Lessee is required to maintain pursuant to the provisions of paragraph 8.

8.9 Failure to Provide Insurance. Lessee acknowledges that any failure on its part to obtain or maintain the insurance required herein will expose Lessor to risks and potentially cause Lessor to incur costs not contemplated by this Lease, the extent of which will be extremely difficult to ascertain. Accordingly, for any month or portion thereof that Lessee does not maintain the required insurance and/or does not provide Lessor with the required binders or certificates evidencing the existence of the required insurance, the Base Rent shall be automatically increased, without any requirement for notice to Lessee, by an amount equal to 10% of the then existing Base Rent or \$100, whichever is greater. The parties agree that such increase in Base Rent represents fair and reasonable compensation for the additional risk/costs that Lessor will incur by reason of Lessee's failure to maintain the required insurance. Such increase in Base Rent shall in no event constitute a waiver of Lessee's Default or Breach with respect to the failure to maintain such insurance, prevent the exercise of any of the other rights and remedies granted hereunder, nor relieve Lessee of its obligation to maintain the insurance specified in this Lease.

9. Damage or Destruction.

9.1 Definitions.

(a) **"Premises Partial Damage"** shall mean damage or destruction to the improvements on the Premises, other than Lessee Owned Alterations and Utility Installations, which can reasonably be repaired in 3 months or less from the date of the damage or destruction, and the cost thereof does not exceed a sum equal to 6 month's Base Rent. Lessor shall notify Lessee in writing within 30 days from the date of the damage or destruction as to whether or not the damage is Partial or Total.

(b) **"Premises Total Destruction"** shall mean damage or destruction to the improvements on the Premises, other than Lessee Owned Alterations and Utility Installations and Trade Fixtures, which cannot reasonably be repaired in 3 months or less from the date of the damage or destruction and/or the cost thereof exceeds a sum equal to ~~6~~ **12** month's Base Rent. Lessor shall notify Lessee in writing within 30 days from the date of the damage or destruction as to whether or not the damage is Partial or Total.

(c) **"Insured Loss"** shall mean damage or destruction to improvements on the Premises, other than Lessee Owned Alterations and Utility Installations and Trade Fixtures, which was caused by an event required to be covered by the insurance described in Paragraph 8.3(a), irrespective of any deductible amounts or coverage limits involved.

(d) **"Replacement Cost"** shall mean the cost to repair or rebuild the improvements owned by Lessor at the time of the occurrence to their condition existing immediately prior thereto, including demolition, debris removal and upgrading required by the operation of Applicable Requirements, and without deduction for depreciation.

(e) **"Hazardous Substance Condition"** shall mean the occurrence or discovery of a condition involving the presence of, or a contamination by, a Hazardous Substance, in, on, or under the Premises which requires restoration.

9.2 Partial Damage - Insured Loss. If a Premises Partial Damage that is an Insured Loss occurs, then Lessor shall, at Lessor's expense, repair such damage (but not Lessee's Trade Fixtures or Lessee Owned Alterations and Utility Installations) as soon as reasonably possible and this Lease shall continue in full force and effect; provided, however, that Lessee shall, at Lessor's election, make the repair of any damage or destruction the total cost to repair of which is \$5,000 or less, and, in such event, Lessor shall make any applicable insurance proceeds available to Lessee on a reasonable basis for that purpose. Notwithstanding the foregoing, if the required insurance was not in force or the insurance proceeds are not sufficient to effect such repair, the Insuring Party shall promptly contribute the shortage in proceeds as and when required to complete said repairs. In the event, however, such shortage was due to the fact that, by reason of the unique nature of the improvements, full replacement cost insurance coverage was not commercially reasonable and available, Lessor shall have no obligation to pay for the shortage in insurance proceeds or to fully restore the unique aspects of the Premises unless Lessee provides Lessor with the funds to cover same, or adequate assurance thereof, within 10 days following receipt of written notice of such shortage and request therefor. If Lessor receives said funds or adequate assurance thereof within said 10 day period, the

party responsible for making the repairs shall complete them as soon as reasonably possible and this Lease shall remain in full force and effect. If such funds or assurance are not received, Lessor may nevertheless elect by written notice to Lessee within 10 days thereafter to: (i) make such restoration and repair as is commercially reasonable with Lessor paying any shortage in proceeds, in which case this Lease shall remain in full force and effect, or (ii) have this Lease terminate 30 days thereafter. Lessee shall not be entitled to reimbursement of any funds contributed by Lessee to repair any such damage or destruction. Premises Partial Damage due to flood or earthquake shall be subject to Paragraph 9.3, notwithstanding that there may be some insurance coverage, but the net proceeds of any such insurance shall be made available for the repairs if made by either Party.

9.3 Partial Damage - Uninsured Loss. If a Premises Partial Damage that is not an Insured Loss occurs, unless caused by a negligent or willful act of Lessee (in which event Lessee shall make the repairs at Lessee's expense), Lessor may either: (i) repair such damage as soon as reasonably possible at Lessor's expense (subject to reimbursement pursuant to Paragraph 4.2), in which event this Lease shall continue in full force and effect, or (ii) terminate this Lease by giving written notice to Lessee within 30 days after receipt by Lessor of knowledge of the occurrence of such damage. Such termination shall be effective 60 days following the date of such notice. In the event Lessor elects to terminate this Lease, Lessee shall have the right within 10 days after receipt of the termination notice to give written notice to Lessor of Lessee's commitment to pay for the repair of such damage without reimbursement from Lessor. Lessee shall provide Lessor with said funds or satisfactory assurance thereof within 30 days after making such commitment. In such event this Lease shall continue in full force and effect, and Lessor shall proceed to make such repairs as soon as reasonably possible after the required funds are available. If Lessee does not make the required commitment, this Lease shall terminate as of the date specified in the termination notice.

9.4 Total Destruction. Notwithstanding any other provision hereof, if a Premises Total Destruction occurs, this Lease shall terminate 60 days following such Destruction. If the damage or destruction was caused by the gross negligence or willful misconduct of Lessee, Lessor shall have the right to recover Lessor's damages from Lessee, except as provided in Paragraph 8.6.

9.5 Damage Near End of Term. If at any time during the last 6 months of this Lease there is damage for which the cost to repair exceeds one month's Base Rent, whether or not an Insured Loss, Lessor may terminate this Lease effective 60 days following the date of occurrence of such damage by giving a written termination notice to Lessee within 30 days after the date of occurrence of such damage. Notwithstanding the foregoing, if Lessee at that time has an exercisable option to extend this Lease or to purchase the Premises, then Lessee may preserve this Lease by, (a) exercising such option and (b) providing Lessor with any shortage in insurance proceeds (or adequate assurance thereof) needed to make the repairs on or before the earlier of (i) the date which is 10 days after Lessee's receipt of Lessor's written notice purporting to terminate this Lease, or (ii) the day prior to the date upon which such option expires. If Lessee duly exercises such option during such period and provides Lessor with funds (or adequate assurance thereof) to cover any shortage in insurance proceeds, Lessor shall, at Lessor's commercially reasonable expense, repair such damage as soon as reasonably possible and this Lease shall continue in full force and effect. If Lessee fails to exercise such option and provide such funds or assurance during such period, then this Lease shall terminate on the date specified in the termination notice and Lessee's option shall be extinguished.

9.6 Abatement of Rent; Lessee's Remedies.

(a) **Abatement.** In the event of Premises Partial Damage or Premises Total Destruction or a Hazardous Substance Condition for which Lessee is not responsible under this Lease, the Rent payable by Lessee for the period required for the repair, remediation or restoration of such damage shall be abated in proportion to the degree to which Lessee's use of the Premises is impaired, but not to exceed the proceeds received from the Rental Value insurance. All other obligations of Lessee hereunder shall be performed by Lessee, and Lessor shall have no liability for any such damage, destruction, remediation, repair or restoration except as provided herein.

(b) **Remedies.** If Lessor is obligated to repair or restore the Premises and does not commence, in a substantial and meaningful way, such repair or restoration within 90 days after such obligation shall accrue, Lessee may, at any time prior to the commencement of such repair or restoration, give written notice to Lessor and to any Lenders of which Lessee has actual notice, of Lessee's election to terminate this Lease on a date not less than 60 days following the giving of such notice. If Lessee gives such notice and such repair or restoration is not commenced within 30 days thereafter, this Lease shall terminate as of the date specified in said notice. If the repair or restoration is commenced within such 30 days, this Lease shall continue in full force and effect. "Commence" shall mean either the unconditional authorization of the preparation of the required plans, or the beginning of the actual work on the Premises, whichever first occurs.

9.7 Termination; Advance Payments. Upon termination of this Lease pursuant to Paragraph 6.2(g) or Paragraph 9, an equitable adjustment shall be made concerning advance Base Rent and any other advance payments made by Lessee to Lessor. Lessor shall, in addition, return to Lessee so much of Lessee's Security Deposit as has not been, or is not then required to be, used by Lessor.

10. Real Property Taxes.

10.1 Definitions. As used herein, the term "**Real Property Taxes**" shall include any form of assessment; real estate, general, special, ordinary or extraordinary, or rental levy or tax (other than inheritance, personal income or estate taxes); improvement bond; and/or license fee imposed upon or levied against any legal or equitable interest of Lessor in the Project, Lessor's right to other income therefrom, and/or Lessor's business of leasing, by any authority having the direct or indirect power to tax and where the funds are generated with reference to the Project address. "**Real Property Taxes**" shall also include any tax, fee, levy, assessment or charge, or any increase therein: (i) imposed by reason of events occurring during the term of this Lease, including but not limited to, a change in the ownership of the Project, (ii) a change in the improvements thereon, and/or (iii) levied or assessed on machinery or equipment provided by Lessor to Lessee pursuant to this Lease.

10.2 Payment of Taxes. Except as otherwise provided in Paragraph 10.3, Lessor shall pay the Real Property Taxes applicable to the Project, and said payments shall be included in the calculation of Operating Expenses in accordance with the provisions of Paragraph 4.2.

10.3 Additional Improvements. Operating Expenses shall not include Real Property Taxes specified in the tax assessor's records and work sheets as being caused by additional improvements placed upon the Project by other lessees or by Lessor for the exclusive enjoyment of such other lessees. Notwithstanding Paragraph 10.2 hereof, Lessee shall, however, pay to Lessor at the time Operating Expenses are payable under Paragraph 4.2, the entirety of any increase in Real Property Taxes if assessed solely by reason of Alterations, Trade Fixtures or Utility Installations placed upon the Premises by Lessee or at Lessee's request or by reason of any alterations or improvements to the Premises made by Lessor (**in accordance with Lessee's request**) subsequent to the execution of this Lease by the Parties.

10.4 Joint Assessment. If the Building is not separately assessed, Real Property Taxes allocated to the Building shall be an equitable proportion of the Real Property Taxes for all of the land and improvements included within the tax parcel assessed, such proportion to be determined by Lessor from the respective valuations assigned in the assessor's work sheets or such other information as may be reasonably available. Lessor's reasonable determination thereof, in good faith, shall be conclusive.

10.5 Personal Property Taxes. Lessee shall pay prior to delinquency all taxes assessed against and levied upon Lessee Owned Alterations and Utility Installations, Trade Fixtures, furnishings, equipment and all personal property of Lessee contained in the Premises. When possible, Lessee shall cause its Lessee Owned Alterations and Utility Installations, Trade Fixtures, furnishings, equipment and all other personal property to be assessed and billed separately from the real property of Lessor. If any of Lessee's said property shall be assessed with Lessor's real property, Lessee shall pay Lessor the taxes attributable to Lessee's property within 10 days after receipt of a written statement setting forth the taxes applicable to Lessee's property.

11. Utilities and Services.

11.1 Services Provided by Lessor. Lessor shall provide heating, ventilation, air conditioning, reasonable amounts of electricity for normal lighting and office machines, water for reasonable and normal drinking and lavatory use in connection with an office **or in the common areas**, and replacement light bulbs and/or fluorescent tubes and ballasts for standard overhead fixtures. Lessor shall also provide janitorial services to the Premises and Common Areas 5 times per week, excluding Building Holidays, or pursuant to the attached janitorial schedule, if any. Lessor shall not, however, be required to provide janitorial services to kitchens or storage areas included within the Premises. **Janitorial services in the kitchen will not include washing dishes but will include dusting counter tops, window sills, other flat services, trash removal, vacuuming as needed and hard floor cleaning/waxing once per month. At all times, Lessor shall operate and maintain, the Building and Project in a first class manner consistent with other similar Buildings or Projects in the local area.**

11.2 Services Exclusive to Lessee. Notwithstanding the provisions of paragraph 11.1, Lessee shall pay for all water, gas, 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. Notwithstanding the provisions of Paragraph 4.2(vi), if a service is deleted by Paragraph 1.13 and such service is 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 for such jointly metered service. **Lessee shall be responsible to pay for any Internet or phone services that it requires for its use and operations within the Premises. All other services including, but not limited to, water, gas, heat, light and power shall be paid for by Lessor and included as a part of the Building Operating Expenses.**

11.3 Hours of Service. Said services and utilities shall be provided during times set forth in Paragraph 1.12. Utilities and services required at other times shall be subject to advance request and reimbursement by Lessee to Lessor of the cost thereof.

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 and trash services, over standard office usage for the Project. **Lessee shall be allowed to make additional utility alterations, subject to Lessor's reasonable consent, whose consent should not be unreasonably withheld, conditioned or delayed.** 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.

12.1 Lessor's Consent Required.

- (a) Lessee shall not voluntarily or by operation of law assign, transfer, mortgage or encumber (collectively, "assign or assignment") or sublet all or any part of Lessee's interest in this Lease or in the Premises without Lessor's prior written consent **which consent shall not be unreasonably withheld, conditioned or delayed.**
- (b) Unless Lessee is a corporation and its stock is publicly traded on a national stock exchange, a change in the control of Lessee shall constitute an assignment requiring consent. The transfer, on a cumulative basis, of 25% or more of the voting control of Lessee shall constitute a change in control for this purpose.
- (c) The involvement of Lessee or its assets in any transaction, or series of transactions (by way of merger, sale, acquisition, financing, transfer, leveraged buyout or otherwise), whether or not a formal assignment or hypothecation of this Lease or Lessee's assets occurs, which results or will result in a reduction of the Net Worth of Lessee by an amount greater than 25% of such Net Worth as it was represented at the time of the execution of this Lease or at the time of the most recent assignment to which Lessor has consented, or as it exists immediately prior to said transaction or transactions constituting such reduction, whichever was or is greater, shall be considered an assignment of this Lease to which Lessor may withhold its consent. "**Net Worth of Lessee**" shall mean the net worth of Lessee (excluding any guarantors) established under generally accepted accounting principles.
- (d) An assignment or subletting without consent shall, at Lessor's option, be a Default curable after notice per Paragraph 13.1(d), or a noncurable Breach without the necessity of any notice and grace period. If Lessor elects to treat such unapproved assignment or subletting as a noncurable Breach, Lessor may either: (i) terminate this Lease, or (ii) upon 30 days written notice, increase the monthly Base Rent to 110% of the Base Rent then in effect. Further, in the event of such Breach and rental adjustment, (i) the purchase price of any option to purchase the Premises held by Lessee shall be subject to similar adjustment to 110% of the price previously in effect, and (ii) all fixed and non-fixed rental adjustments scheduled during the remainder of the Lease term shall be increased to 110% of the scheduled adjusted rent.
- (e) Lessee's remedy for any breach of Paragraph 12.1 by Lessor shall be limited to compensatory damages and/or injunctive relief.
- (f) Lessor may reasonably withhold consent to a proposed assignment or subletting if Lessee is in Default **or Breach of the Lease beyond any applicable notice and cure period** at the time consent is requested.
- (g) Notwithstanding the foregoing, allowing a de minimis portion of the Premises, ie. 20 square feet or less, to be used by a third party vendor in connection with the installation of a vending machine or payphone shall not constitute a subletting **or assignment.**

12.2 Terms and Conditions Applicable to Assignment and Subletting.

- (a) Regardless of Lessor's consent, no assignment or subletting shall : (i) be effective without the express written assumption by such assignee or sublessee of the obligations of Lessee under this Lease, (ii) release Lessee of any obligations hereunder, or (iii) alter the primary liability of Lessee for the payment of Rent or for the performance of any other obligations to be performed by Lessee.
- (b) Lessor may accept Rent or performance of Lessee's obligations from any person other than Lessee pending approval or disapproval of an assignment. Neither a delay in the approval or disapproval of such assignment nor the acceptance of Rent or performance shall constitute a waiver or estoppel of Lessor's right to exercise its remedies for Lessee's Default or Breach.
- (c) Lessor's consent to any assignment or subletting shall not constitute a consent to any subsequent assignment or subletting.
- (d) In the event of any Default or Breach by Lessee, Lessor may proceed directly against Lessee, any Guarantors or anyone else responsible for the performance of Lessee's obligations under this Lease, including any assignee or sublessee, without first exhausting Lessor's remedies against any other person or entity responsible therefor to Lessor, or any security held by Lessor.
- (e) Each request for consent to an assignment or subletting shall be in writing, accompanied by information relevant to Lessor's determination as to the financial and operational responsibility and appropriateness of the proposed assignee or sublessee, including but not limited to the intended use and/or required modification of the Premises, if any, together with a fee of **\$300 500** as consideration for Lessor's considering and processing said request. Lessee agrees to provide Lessor with such other or additional information and/or documentation as may be reasonably requested. (See also Paragraph 36) **At all times throughout the initial Term and any extension Terms, Lessee shall be solely responsible for the insurance requirements outlined in Paragraph 8 of the Lease and shall indemnify, defend and hold Lessor harmless from any and all claims, acts, injuries, damage or negligence caused by or in connection with a subtenant or sublessee under contract with Lessee.**
- (f) Any assignee of, or sublessee under, this Lease shall, by reason of accepting such assignment, entering into such sublease, or entering into possession of the Premises or any portion thereof, be deemed to have assumed and agreed to conform and comply with each and every term, covenant, condition and obligation herein to be observed or performed by Lessee during the term of said assignment or sublease, other than such obligations as are contrary to or inconsistent with provisions of an assignment or sublease to which Lessor has specifically consented to in writing.
- (g) Lessor's consent to any assignment or subletting shall not transfer to the assignee or sublessee any Option granted to the original Lessee by this Lease unless such transfer is specifically consented to by Lessor in writing. (See Paragraph 39.2)

12.3 Additional Terms and Conditions Applicable to Subletting. 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 Rent payable on any sublease, and Lessor may collect such Rent and apply same toward Lessee's obligations under this Lease; provided, however, that until a Breach shall occur in the performance of Lessee's obligations, Lessee may collect said Rent. In the event that the amount collected by Lessor exceeds Lessee's then outstanding obligations any such excess shall be refunded to Lessee. Lessor shall not, by reason of the foregoing or any assignment of such sublease, nor by reason of the collection of Rent, be deemed liable to the sublessee for any failure of Lessee to perform and comply with any of Lessee's obligations to such sublessee. Lessee hereby irrevocably authorizes and directs any such sublessee, upon receipt of a written notice from Lessor stating that a Breach exists in the performance of Lessee's obligations under this Lease, to pay to Lessor all Rent due and to become due under the sublease. Sublessee shall rely upon any such notice from Lessor and shall pay all Rents to Lessor without any obligation or right to inquire as to whether such Breach exists, notwithstanding any claim from Lessee to the contrary. **In the event Lessee subleases all or a portion of the Premises and the total Base Rent payable by the sublessee exceeds the Base Rent payable under the Lease ("Bonus Value"), Lessee may first deduct its reasonable, direct, out of pocket expenses for lease commissions, tenant improvements, legal fees and any other applicable and reasonable costs associated with such sublease or assignment from the Bonus Value. Thereafter, Lessee shall be required to pay Lessor 50% of the remaining portion of the Bonus Value as it is paid by the sublessee. At Lessor's request, Lessee shall assign and transfer to Lessor all of Lessee's interest in the payment of Rent (including any Bonus Value) directly to Lessor. As said payments are received by Lessor and provided that there is no outstanding balance due to Lessor, Lessor shall pay Lessee 50% of the net remaining Bonus Value, if any.**
- (b) In the event of a Breach by Lessee, Lessor may, at its option, require sublessee to attorn to Lessor, in which event Lessor shall undertake the obligations of the sublessor under such sublease from the time of the exercise of said option to the expiration of such sublease; provided, however, Lessor shall not be liable for any prepaid rents or security deposit paid by such sublessee to such sublessor or for any prior Defaults or Breaches of such sublessor.
- (c) Any matter requiring the consent of the sublessor under a sublease shall also require the consent of Lessor.
- (d) No sublessee shall further assign or sublet all or any part of the Premises without Lessor's prior written consent.
- (e) Lessor shall deliver a copy of any notice of Default or Breach by Lessee to the sublessee, who shall have the right to cure the Default of Lessee within the grace period, if any, specified in such notice. The sublessee shall have a right of reimbursement and offset from and against Lessee for any such Defaults cured by the sublessee.

13. Default; Breach; Remedies.

- 13.1 Default; Breach. A "Default" is defined as a failure by the Lessee to comply with or perform any of the terms, covenants, conditions, ~~or~~ Rules and Regulations **or Lessee is in monetary default** under this Lease. A "Breach" is defined as the occurrence of one or more of the following Defaults, and the failure of Lessee to cure such Default within any applicable grace period:
- (a) The abandonment of the Premises **coupled with the non-payment of Rent**; or the vacating of the Premises without providing a commercially reasonable level of security, or where the coverage of the property insurance described in Paragraph 8.3 is jeopardized as a result thereof, or without providing reasonable assurances to minimize potential vandalism.
- (b) The failure of Lessee to make any payment of Rent or any Security Deposit required to be made by Lessee hereunder, whether to Lessor or to a third party, when due, to provide reasonable evidence of insurance or surety bond, or to fulfill any obligation under this Lease which endangers or threatens life or property, where such failure continues for a period of 3 business days following written notice to Lessee. THE ACCEPTANCE BY LESSOR OF A PARTIAL PAYMENT OF RENT OR SECURITY DEPOSIT SHALL NOT CONSTITUTE A WAIVER OF ANY OF LESSOR'S RIGHTS, INCLUDING LESSOR'S RIGHT TO RECOVER POSSESSION OF THE PREMISES.
- (c) The failure of Lessee to allow Lessor and/or its agents **reasonable** access to the Premises or the commission of waste, act or acts constituting public or private nuisance, and/or an illegal activity on the Premises by Lessee, where such actions continue for a period of 3 business days following written notice to Lessee. In the event that Lessee commits waste, a nuisance or an illegal activity a second time then, the Lessor may elect to treat such conduct as a non-curable Breach rather than a Default.
- (d) The failure by Lessee to provide (i) reasonable written evidence of compliance with Applicable Requirements, (ii) ~~the service contracts,~~ (iii) the

rescission of an unauthorized assignment or subletting, (iv) an Estoppel Certificate or financial statements, (v) a requested subordination **agreement**, (vi) evidence concerning any guaranty and/or Guarantor, (vii) any document requested under Paragraph 41, (viii) material safety data sheets (MSDS), or (ix) any other documentation or information which Lessor may reasonably require of Lessee under the terms of this Lease, where any such failure continues for a period of 10 days following written notice to Lessee.

(e) A Default by Lessee as to the terms, covenants, conditions or provisions of this Lease, or of the rules adopted under Paragraph 2.9 hereof, other than those described in subparagraphs 13.1(a), (b) or (c), above, where such Default continues for a period of 30 days after written notice; provided, however, that if the nature of Lessee's Default is such that more than 30 days are reasonably required for its cure, then it shall not be deemed to be a Breach if Lessee commences such cure within said 30 day period and thereafter diligently prosecutes such cure to completion.

(f) The occurrence of any of the following events: (i) the making of any general arrangement or assignment for the benefit of creditors; (ii) 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 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 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 30 days; provided, however, in the event that any provision of this subparagraph is contrary to any applicable law, such provision shall be of no force or effect, and not affect the validity of the remaining provisions.

(g) The discovery that any financial statement of Lessee or of any Guarantor given to Lessor was materially false.

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

13.2 Remedies. If Lessee fails to perform any of its affirmative duties or obligations, within 10 days after written notice (or in case of an emergency, without notice), Lessor may, at its option, perform such duty or obligation on Lessee's behalf, including but not limited to the obtaining of reasonably required bonds, insurance policies, or governmental licenses, permits or approvals. Lessee shall pay to Lessor an amount equal to 115% of the costs and expenses incurred by Lessor in such performance upon receipt of an invoice therefor. In the event of a Breach, Lessor may, with or without further notice or demand, and without limiting Lessor in the exercise of any right or remedy which Lessor may have by reason of such Breach:

(a) Terminate Lessee's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Lessee shall immediately surrender possession to Lessor. In such event Lessor shall be entitled to recover from Lessee: (i) the unpaid Rent which had been earned at the time of termination; (ii) the worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that the Lessee proves could have been reasonably avoided; (iii) the worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss that the Lessee proves could be reasonably avoided; and (iv) any other amount necessary to compensate Lessor for all the detriment proximately caused by the Lessee's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, including but not limited to the **reasonable legal fees and associated costs** of recovering possession of the Premises, expenses of reletting, including necessary renovation and alteration of the Premises, reasonable attorneys' fees, and that portion of any leasing commission paid by Lessor in connection with this Lease applicable to the unexpired term of this Lease. The worth at the time of award of the amount referred to in provision (iii) of the immediately preceding sentence shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of the District within which the Premises are located at the time of award plus one percent. Efforts by Lessor to mitigate damages caused by Lessee's Breach of this Lease shall not waive Lessor's right to recover any damages to which Lessor is otherwise entitled. If termination of this Lease is obtained through the provisional remedy of unlawful detainer, Lessor shall have the right to recover in such proceeding any unpaid Rent and damages as are recoverable therein, or Lessor may reserve the right to recover all or any part thereof in a separate suit. If a notice and grace period required under Paragraph 13.1 was not previously given, a notice to pay rent or quit, or to perform or quit given to Lessee under the **applicable** unlawful detainer statute shall also constitute the notice required by Paragraph 13.1. In such case, the applicable grace period required by Paragraph 13.1 and the unlawful detainer statute shall run concurrently, and the failure of Lessee to cure the Default within the greater of the two such grace periods shall constitute both an unlawful detainer and a Breach of this Lease entitling Lessor to the remedies provided for in this Lease and/or by said statute.

(b) Continue the Lease and Lessee's right to possession and recover the Rent as it becomes due, in which event Lessee may sublet or assign, subject only to reasonable limitations. Acts of maintenance, efforts to relet, and/or the appointment of a receiver to protect the Lessor's interests, shall not constitute a termination of the Lessee's right to possession.

(c) Pursue any other remedy now or hereafter available under the laws or judicial decisions of the state wherein the Premises are located. The expiration or termination of this Lease and/or the termination of Lessee's right to possession shall not relieve Lessee from liability under any indemnity provisions of this Lease as to matters occurring or accruing during ~~the~~ **each** term hereof or by reason of Lessee's occupancy of the Premises.

13.3 Inducement Recapture. Any agreement for free or abated rent or other charges, the cost of tenant improvements for Lessee paid for or performed by Lessor, or for the giving or paying by Lessor to or for Lessee of any cash or other bonus, inducement or consideration for Lessee's entering into this Lease, all of which concessions are hereinafter referred to as "**Inducement Provisions**," shall be deemed conditioned upon Lessee's full and faithful performance of all of the terms, covenants and conditions of this Lease. Upon Breach of this Lease by Lessee **after any applicable notice and cure period**, any such Inducement Provision shall automatically be deemed deleted from this Lease and of no further force or effect, and **the unamortized portion (straight line, no interest)** of any rent, other charge, bonus, inducement or consideration theretofore abated, given or paid by Lessor under such an Inducement Provision shall be immediately due and payable by Lessee to Lessor, notwithstanding any subsequent cure of said Breach by Lessee. The acceptance by Lessor of rent or the cure of the Breach which initiated the operation of this paragraph shall not be deemed a waiver by Lessor of the provisions of this paragraph unless specifically so stated in writing by Lessor at the time of such acceptance.

13.4 Late Charges. Lessee hereby acknowledges that late payment by Lessee of Rent 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 upon Lessor by any Lender. Accordingly, if any Rent shall not be received by Lessor within **5 10** days after such amount shall be due, then, without any requirement for notice to Lessee, Lessee shall immediately pay to Lessor a one-time late charge equal to 10% of each such overdue amount or \$100, whichever is greater. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Lessor will incur by reason of such late payment. Acceptance of such late charge by Lessor shall in no event constitute a waiver of Lessee's Default or Breach with respect to such overdue amount, nor prevent the exercise of any of the other rights and remedies granted hereunder. In the event that a late charge is payable hereunder, whether or not collected, for 3 consecutive installments of Base Rent, then notwithstanding any provision of this Lease to the contrary, Base Rent shall, at Lessor's option, become due and payable quarterly in advance.

13.5 Interest. Any monetary payment due Lessor hereunder, other than late charges, not received by Lessor, when due shall bear interest from the 31st day after it was due. The interest ("**Interest**") charged shall be computed at the rate of 10% per annum but shall not exceed the maximum rate allowed by law. Interest is payable in addition to the potential late charge provided for in Paragraph 13.4.

13.6 Breach by Lessor.

(a) **Notice of Breach.** Lessor shall not be deemed in breach of this Lease unless Lessor fails within a reasonable time to perform an obligation required to be performed by Lessor. For purposes of this Paragraph, a reasonable time shall in no event be less than 30 days after receipt by Lessor, and any Lender whose name and address shall have been furnished to Lessee in writing for such purpose, of written notice specifying wherein such obligation of Lessor has not been performed; provided, however, that if the nature of Lessor's obligation is such that more than 30 days are reasonably required for its performance, then Lessor shall not be in breach if performance is commenced within such 30 day period and thereafter diligently pursued to completion.

(b) **Performance by Lessee on Behalf of Lessor.** In the event that neither Lessor nor Lender cures said breach within 30 days after receipt of said notice, or if having commenced said cure they do not diligently pursue it to completion, then Lessee may elect to cure said breach at Lessee's expense and offset from Rent the actual and reasonable cost to perform such cure, provided, however, that such offset shall not exceed an amount equal to the greater of one month's Base Rent or the Security Deposit, reserving Lessee's right to seek reimbursement from Lessor for any such expense in excess of such offset. Lessee shall document the cost of said cure and supply said documentation to Lessor.

14. Condemnation. If the Premises or any portion thereof are taken under the power of eminent domain or sold under the threat of the exercise of said power (collectively "Condemnation"), this Lease shall terminate as to the part taken as of the date the condemning authority takes title or possession, whichever first occurs. If more than 10% of the rentable floor area of the Premises, or more than 25% of Lessee's Reserved Parking Spaces, if any, are taken by Condemnation, Lessee may, at Lessee's option, to be exercised in writing within 10 days after Lessor shall have given Lessee written notice of such taking (or in the absence of such notice, within 10 days after the condemning authority shall have taken possession) 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 Base Rent shall be reduced in proportion to the reduction in utility of the Premises caused by such Condemnation. Condemnation awards and/or payments shall be the property of Lessor, whether such award shall be made as compensation for diminution in value of the leasehold, the value of the part taken, or for severance damages; provided, however, that Lessee shall be entitled to any compensation paid by the condemnor for Lessee's relocation expenses, loss of business goodwill and/or Trade Fixtures, without regard to whether or not this Lease is terminated pursuant to the provisions of this Paragraph. All Alterations and Utility Installations

made to the Premises by Lessee, for purposes of Condemnation only, shall be considered the property of the Lessee and Lessee shall be entitled to any and all compensation which is payable therefor. In the event that this Lease is not terminated by reason of the Condemnation, Lessor shall repair any damage to the Premises caused by such Condemnation.

15. Brokerage Fees.

~~15.1 Additional Commission. In addition to the payments owed pursuant to Paragraph 1.10 above, Lessor agrees that: (a) if Lessee exercises any Option, (b) if Lessee or anyone affiliated with Lessee acquires from Lessor any rights to the Premises or other premises owned by Lessor and located within the Project, (c) if Lessee remains in possession of the Premises, with the consent of Lessor, after the expiration of this Lease, or (d) if Base Rent is increased, whether by agreement or operation of an escalation clause herein, then, Lessor shall pay Brokers a fee in accordance with the fee schedule of the Brokers in effect at the time the Lease was executed.~~

~~15.2 Assumption of Obligations. Any buyer or transferee of Lessor's interest in this Lease shall be deemed to have assumed Lessor's obligation hereunder. Brokers shall be third party beneficiaries of the provisions of Paragraphs 1.10, 15, 22 and 31. If Lessor fails to pay to Brokers any amounts due as and for brokerage fees pertaining to this Lease when due, then such amounts shall accrue interest. In addition, if Lessor fails to pay any amounts to Lessee's Broker when due, Lessee's Broker may send written notice to Lessor and Lessee of such failure and if Lessor fails to pay such amounts within 10 days after said notice, Lessee shall pay said monies to its Broker and offset such amounts against Rent. In addition, Lessee's Broker shall be deemed to be a third party beneficiary of any commission agreement entered into by and/or between Lessor and Lessor's Broker for the limited purpose of collecting any brokerage fee owed.~~

15.3 Representations and Indemnities of Broker Relationships. Lessee and Lessor each represent and warrant to the other that it has had no dealings with any person, firm, broker or finder (other than the Brokers, if any) in connection with this Lease, and that no one other than said named Brokers is entitled to any commission or finder's fee in connection herewith. Lessee and Lessor do each hereby agree to indemnify, protect, defend and hold the other harmless from and against 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, including any costs, expenses, attorneys' fees reasonably incurred with respect thereto.

16. Estoppel Certificates.

(a) Each Party (as "Responding Party") shall within 10 days after receipt of written notice from the other Party (the "Requesting Party") execute, acknowledge and deliver to the Requesting Party a statement in writing in form similar to the then most current "Estoppel Certificate" form published BY AIR CRE, plus such additional information, confirmation and/or statements as may be reasonably requested by the Requesting Party.

(b) If the Responding Party shall fail to execute or deliver the Estoppel Certificate within such 10 day period, the Requesting Party may execute an Estoppel Certificate stating that: (i) the 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. Prospective purchasers and encumbrancers may rely upon the Requesting Party's Estoppel Certificate, and the Responding Party shall be estopped from denying the truth of the facts contained in said Certificate. In addition, Lessee acknowledges that any failure on its part to provide such an Estoppel Certificate will expose Lessor to risks and potentially cause Lessor to incur costs not contemplated by this Lease, the extent of which will be extremely difficult to ascertain. Accordingly, should the Lessee fail to execute and/or deliver a requested Estoppel Certificate in a timely fashion the monthly Base Rent shall be automatically increased, without any requirement for notice to Lessee, by an amount equal to 10% of the then existing Base Rent or \$100, whichever is greater for remainder of the Lease. The Parties agree that such increase in Base Rent represents fair and reasonable compensation for the additional risk/costs that Lessor will incur by reason of Lessee's failure to provide the Estoppel Certificate. Such increase in Base Rent shall in no event constitute a waiver of Lessee's Default or Breach with respect to the failure to provide the Estoppel Certificate nor prevent the exercise of any of the other rights and remedies granted hereunder.

(c) If Lessor desires to finance, refinance, or sell the Premises, or any part thereof, Lessee and all Guarantors shall within 10 days after written notice from Lessor deliver to any potential lender or purchaser designated by Lessor such financial statements as may be reasonably required by such lender or purchaser, including but not limited to Lessee's financial statements for the past 3 years within ten(10) days of Lessor's oral or written request but not more than once per calendar year. 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. Definition of Lessor. The term "Lessor" as used herein shall mean the owner or owners at the time in question of the fee title to the Premises, or, if this is a sublease, of the Lessee's interest in the prior lease. In the event of a transfer of Lessor's title or interest in the Premises or this Lease, Lessor shall deliver to the transferee or assignee (in cash or by credit) any unused Security Deposit held by Lessor. Upon such transfer or assignment and delivery of the Security Deposit, as aforesaid, the prior Lessor shall be relieved of all liability with respect to the obligations and/or covenants under this Lease thereafter to be performed by the Lessor. Subject to the foregoing, the obligations and/or covenants in this Lease to be performed by the Lessor shall be binding only upon the Lessor as hereinabove defined.

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. Days. Unless otherwise specifically indicated to the contrary, the word "days" as used in this Lease shall mean and refer to calendar days.

20. Limitation on Liability. The obligations of Lessor under this Lease shall not constitute personal obligations of Lessor, or its partners, members, directors, officers or shareholders, and Lessee shall look to the Project, and to no other assets of Lessor, for the satisfaction of any liability of Lessor with respect to this Lease, and shall not seek recourse against Lessor's partners, members, directors, officers or shareholders, or any of their personal assets for such satisfaction.

21. Time of Essence. Time is of the essence with respect to the performance of all obligations to be performed or observed by the Parties under this Lease.

22. No Prior or Other Agreements; Broker Disclaimer. This Lease and the Addendum to the Lease contains all of the agreements between the Parties with respect to any matter mentioned herein, and no other prior or contemporaneous agreement or understanding shall be effective. Lessor and Lessee each represents and warrants to the Brokers that it has made, and is relying solely upon, its own investigation as to the nature, quality, character and financial responsibility of the other Party to this Lease and as to the use, nature, quality and character of the Premises. Brokers have no responsibility with respect thereto or with respect to any default or breach hereof by either Party.

23. Notices.

23.1 Notice Requirements. All notices required or permitted by this Lease or applicable law shall be in writing and may be delivered in person (by hand or by overnight courier) or may be sent by regular, certified or registered mail or U.S. Postal Service Express Mail, with postage prepaid, or by facsimile transmission, or by email, and shall be deemed sufficiently given if served in a manner specified in this Paragraph 23. The addresses noted adjacent to a Party's signature on this Lease shall be that Party's address for delivery or mailing of notices. Either Party may by written notice to the other specify a different address for notice, except that upon Lessee's taking possession of the Premises, the Premises shall constitute Lessee's address for notice. A copy of all notices to Lessor shall be concurrently transmitted to such party or parties at such addresses as Lessor may from time to time hereafter designate in writing.

23.2 Date of Notice. Any notice sent by registered or certified mail, return receipt requested, shall be deemed given on the date of delivery shown on the receipt card, or if no delivery date is shown, the postmark thereon. If sent by regular mail the notice shall be deemed given 72 hours after the same is addressed as required herein and mailed with postage prepaid. Notices delivered by United States Express Mail or overnight courier that guarantees next day delivery shall be deemed given 24 hours after delivery of the same to the Postal Service or courier. Notices delivered by hand, or transmitted by facsimile transmission or by email shall be deemed delivered upon actual receipt. If notice is received on a Saturday, Sunday or legal holiday, it shall be deemed received on the next business day.

24. Waivers.

(a) No waiver by Lessor of the Default or Breach of any term, covenant or condition hereof by Lessee, shall be deemed a waiver of any other term, covenant or condition hereof, or of any subsequent Default or Breach by Lessee of the same or of any other term, covenant or condition hereof. 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 or similar act by Lessee, or be construed as the basis of an estoppel to enforce the provision or provisions of this Lease requiring such consent.

(b) The acceptance of Rent by Lessor shall not be a waiver of any Default or Breach by Lessee. Any payment by Lessee may be accepted by Lessor on account of monies or damages due Lessor, notwithstanding any qualifying statements or conditions made by Lessee in connection therewith, which such statements and/or conditions shall be of no force or effect whatsoever unless specifically agreed to in writing by Lessor at or before the time of deposit of such payment.

(c) THE PARTIES AGREE THAT THE TERMS OF THIS LEASE SHALL GOVERN WITH REGARD TO ALL MATTERS RELATED THERETO AND HEREBY WAIVE THE PROVISIONS OF ANY PRESENT OR FUTURE STATUTE TO THE EXTENT THAT SUCH STATUTE IS INCONSISTENT WITH THIS LEASE.

25. Disclosures Regarding The Nature of a Real Estate Agency Relationship.

(a) When entering into a discussion with a real estate agent regarding a real estate transaction, a Lessor or Lessee should from the outset understand what type of agency relationship or representation it has with the agent or agents in the transaction. Lessor and Lessee acknowledge being advised by the Brokers in this transaction, as follows:

(i) Lessor's Agent. A Lessor's agent under a listing agreement with the Lessor acts as the agent for the Lessor only. A Lessor's agent or subagent

has the following affirmative obligations: To the Lessor: A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Lessor. To the Lessee and the Lessor: (a) Diligent exercise of reasonable skills and care in performance of the agent's duties. (b) A duty of honest and fair dealing and good faith. (c) A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the Parties. An agent is not obligated to reveal to either Party any confidential information obtained from the other Party which does not involve the affirmative duties set forth above.

(ii) Lessee's Agent: An agent can agree to act as agent for the Lessee only. In these situations, the agent is not the Lessor's agent, even if by agreement the agent may receive compensation for services rendered, either in full or in part from the Lessor. An agent acting only for a Lessee has the following affirmative obligations. To the Lessee: A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Lessee. To the Lessee and the Lessor: (a) Diligent exercise of reasonable skills and care in performance of the agent's duties. (b) A duty of honest and fair dealing and good faith. (c) A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the Parties. An agent is not obligated to reveal to either Party any confidential information obtained from the other Party which does not involve the affirmative duties set forth above.

(iii) Agent Representing Both Lessor and Lessee. A real estate agent, either acting directly or through one or more associate licenses, can legally be the agent of both the Lessor and the Lessee in a transaction, but only with the knowledge and consent of both the Lessor and the Lessee. In a dual agency situation, the agent has the following affirmative obligations to both the Lessor and the Lessee: (a) A fiduciary duty of utmost care, integrity, honesty and loyalty in the dealings with either Lessor or the Lessee. (b) Other duties to the Lessor and the Lessee as stated above in subparagraphs (i) or (ii). In representing both Lessor and Lessee, the agent may not without the express permission of the respective Party, disclose to the other Party that the Lessor will accept rent in an amount less than that indicated in the listing or that the Lessee is willing to pay a higher rent than that offered. The above duties of the agent in a real estate transaction do not relieve a Lessor or Lessee from the responsibility to protect their own interests. Lessor and Lessee should carefully read all agreements to assure that they adequately express their understanding of the transaction. A real estate agent is a person qualified to advise about real estate. If legal or tax advice is desired, consult a competent professional.

(b) Brokers have no responsibility with respect to any default or breach hereof by either Party. The Parties agree that no lawsuit or other legal proceeding involving any breach of duty, error or omission relating to this Lease may be brought against Broker more than one year after the Start Date and that the liability (including court costs and attorneys' fees), of any Broker with respect to any such lawsuit and/or legal proceeding shall not exceed the fee received by such Broker pursuant to this Lease; provided, however, that the foregoing limitation on each Broker's liability shall not be applicable to any gross negligence or willful misconduct of such Broker.

(c) Lessor and Lessee agree to identify to Brokers as "Confidential" any communication or information given Brokers that is considered by such Party to be confidential.

26. No Right To Holdover. Lessee has no right to retain possession of the Premises or any part thereof beyond the expiration or termination of this Lease. In the event that Lessee holds over, then the Base Rent shall be increased to ~~150~~ **125%** of the Base Rent applicable immediately preceding the expiration or termination **of the Lease for the first two (2) months, 150% thereafter on a month to month basis.** Holdover Base Rent shall be calculated on a monthly basis. Nothing contained herein shall be construed as consent by Lessor to any holding over by Lessee.

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; Construction of Agreement. All provisions of this Lease to be observed or performed by Lessee are both covenants and conditions. In construing this Lease, all headings and titles are for the convenience of the Parties only and shall not be considered a part of this Lease. Whenever required by the context, the singular shall include the plural and vice versa. This Lease shall not be construed as if prepared by one of the Parties, but rather according to its fair meaning as a whole, as if both Parties had prepared it.

29. Binding Effect; Choice of Law. This Lease shall be binding upon the parties, their personal representatives, successors and assigns and be governed by the laws of the State in which the Premises are located. Any litigation between the Parties hereto concerning this Lease shall be initiated in the county in which the Premises are located.

30. Subordination; Attornment; Non-Disturbance.

30.1 Subordination. This Lease and any Option granted hereby shall be subject and subordinate to any ground lease, mortgage, deed of trust, or other hypothecation or security device (collectively, "**Security Device**"), now or hereafter placed upon the Premises, to any and all advances made on the security thereof, and to all renewals, modifications, and extensions thereof. Lessee agrees that the holders of any such Security Devices (in this Lease together referred to as "**Lender**") shall have no liability or obligation to perform any of the obligations of Lessor under this Lease. Any Lender may elect to have this Lease and/or any Option granted hereby superior to the lien of its Security Device by giving written notice thereof to Lessee, whereupon this Lease and such Options shall be deemed prior to such Security Device, notwithstanding the relative dates of the documentation or recordation thereof.

30.2 Attornment. In the event that Lessor transfers title to the Premises, or the Premises are acquired by another upon the foreclosure or termination of a Security Device to which this Lease is subordinated (i) Lessee shall, subject to the non-disturbance provisions of Paragraph 30.3, attorn to such new owner, and upon request, enter into a new lease, containing all of the terms and provisions of this Lease, with such new owner for the remainder of the term hereof, or, at the election of the new owner, this Lease will automatically become a new lease between Lessee and such new owner, and (ii) Lessor shall thereafter be relieved of any further obligations hereunder and such new owner shall assume all of Lessor's obligations, except that such new owner shall not: (a) be liable for any act or omission of any prior lessor or with respect to events occurring prior to acquisition of ownership; (b) be subject to any offsets or defenses which Lessee might have against any prior lessor, (c) be bound by prepayment of more than one month's rent, or (d) be liable for the return of any security deposit paid to any prior lessor which was not paid or credited to such new owner.

30.3 Non-Disturbance. With respect to Security Devices entered into by Lessor after the execution of this Lease, Lessee's subordination of this Lease shall be subject to receiving a commercially reasonable non-disturbance agreement (a "**Non-Disturbance Agreement**") from the Lender which Non-Disturbance Agreement provides that Lessee's possession of the Premises, and this Lease, including any options to extend the term hereof, will not be disturbed so long as Lessee is not in Breach hereof and attorns to the record owner of the Premises. Further, ~~within 60 days~~ after the execution of this Lease, Lessor shall, if requested by Lessee, use its **best**, commercially reasonable efforts to obtain a Non-Disturbance Agreement from the holder of any pre-existing Security Device which is secured by the Premises. In the event that Lessor is unable to provide the Non-Disturbance Agreement within ~~said 60~~ **120** days **after Lessee's request**, then Lessee may, at Lessee's option, directly contact Lender and attempt to negotiate for the execution and delivery of a Non-Disturbance Agreement.

30.4 Self-Executing. The agreements contained in this Paragraph 30 shall be effective without the execution of any further documents; provided, however, that, upon written request from Lessor or a Lender in connection with a sale, financing or refinancing of the Premises, Lessee and Lessor shall execute such further writings as may be reasonably required to separately document any subordination, attornment and/or Non-Disturbance Agreement provided for herein.

31. Attorneys' Fees. If any Party ~~or Broker~~ brings an action or proceeding involving the Premises whether founded in tort, contract or equity, or to declare rights hereunder, the Prevailing Party (as hereafter defined) in any such proceeding, action, or appeal thereon, shall be entitled to reasonable attorneys' fees. Such fees may be awarded in the same suit or recovered in a separate suit, whether or not such action or proceeding is pursued to decision or judgment. The term, "**Prevailing Party**" shall include, without limitation, a Party ~~or Broker~~ who substantially obtains or defeats the relief sought, as the case may be, whether by compromise, settlement, judgment, or the abandonment by the other Party ~~or Broker~~ of its claim or defense. The attorneys' fees 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 addition, Lessor shall be entitled to attorneys' fees, costs and expenses incurred in the preparation and service of notices of Default and consultations in connection therewith, whether or not a legal action is subsequently commenced in connection with such Default or resulting Breach (\$200 is a reasonable minimum per occurrence for such services and consultation).

32. Lessor's Access; Showing Premises; Repairs. Lessor and Lessor's agents shall have the right to enter the Premises at any time, in the case of an emergency, and otherwise at reasonable times after reasonable prior notice for the purpose of showing the same to prospective purchasers, lenders, or tenants, and making such alterations, repairs, improvements or additions to the Premises as Lessor may 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 on Lessee's use of the Premises. All such activities shall be without abatement of rent or liability to Lessee. **Lessor shall have the right to show the Premises to prospective tenants with reasonable advance notice to Lessee at anytime during the last six (6) months of each Term. Lessee hereby acknowledges and agrees that it shall not require advance notice for the building standard janitorial services that are completed within the Premises Sunday through Thursday each week.**

33. Auctions. Lessee shall not conduct, nor permit to be conducted, any auction upon the Premises without Lessor's prior written consent. Lessor shall not be obligated to exercise any standard of reasonableness in determining whether to permit an auction.

34. Signs. Lessor may place on the Premises ordinary "For Sale" signs at any time and ordinary "For Lease" signs during the last 6 months of the term hereof. Lessor may not place any sign on the exterior of the Building that covers any of the windows of the Premises. Except for ordinary "For Sublease" signs which may be placed

only on the Premises, Lessee shall not place any sign upon the Project without Lessor's prior written consent. All signs must comply with all Applicable Requirements.

35. Termination; Merger. Unless specifically stated otherwise in writing by Lessor, the voluntary or other surrender of this Lease by Lessee, the mutual termination or cancellation hereof, or a termination hereof by Lessor for Breach by Lessee, shall automatically terminate any sublease or lesser estate in the Premises; provided, however, that Lessor may elect to continue any one or all existing subtenancies. Lessor's failure within 10 days following any such event to elect to the contrary by written notice to the holder of any such lesser interest, shall constitute Lessor's election to have such event constitute the termination of such interest.

36. Consents. All requests for consent shall be in writing. Except as otherwise provided herein, wherever in this Lease the consent of a Party is required to an act by or for the other Party, such consent shall not be unreasonably withheld or delayed. Lessor's actual reasonable, **out of pocket** costs and expenses (including but not limited to architects', attorneys', engineers' and other consultants' fees) incurred in the consideration of, or response to, a request by Lessee for any Lessor consent, including but not limited to consents to an assignment, a subletting or the presence or use of a Hazardous Substance, shall be paid by Lessee upon receipt of an invoice and supporting documentation therefor. Lessor's consent to any act, assignment or subletting shall not constitute an acknowledgment that no Default or Breach by Lessee of this Lease exists, nor shall such consent be deemed a waiver of any then existing Default or Breach, except as may be otherwise specifically stated in writing by Lessor at the time of such consent. The failure to specify herein any particular condition to Lessor's consent shall not preclude the imposition by Lessor at the time of consent of such further or other conditions as are then reasonable with reference to the particular matter for which consent is being given. In the event that either Party disagrees with any determination made by the other hereunder and reasonably requests the reasons for such determination, the determining party shall furnish its reasons in writing and in reasonable detail within 10 business days following such request.

37. Guarantor.

37.1 **Execution.** The Guarantors, if any, shall each execute a guaranty in the form most recently published BY AIR CRE.

37.2 **Default.** It shall constitute a Default of the Lessee if any Guarantor fails or refuses, upon request to provide: (a) evidence of the execution of the guaranty, including the authority of the party signing on Guarantor's behalf to obligate Guarantor, and in the case of a corporate Guarantor, a certified copy of a resolution of its board of directors authorizing the making of such guaranty, (b) current financial statements, (c) an Estoppel Certificate, or (d) written confirmation that the guaranty is still in effect.

38. Quiet Possession. Subject to payment by Lessee of the Rent and performance of all of the covenants, conditions and provisions on Lessee's part to be observed and performed under this Lease, Lessee shall have quiet possession and quiet enjoyment of the Premises during the term hereof.

39. Options. If Lessee is granted any option, as defined below, then the following provisions shall apply.

39.1 **Definition.** "**Option**" shall mean: (a) the right to extend or reduce the term of or renew this Lease or to extend or reduce the term of or renew any lease that Lessee has on other property of Lessor; (b) the right of first refusal or first offer to lease either the Premises or other property of Lessor; (c) the right to purchase, the right of first offer to purchase or the right of first refusal to purchase the Premises or other property of Lessor.

39.2 **Options Personal To Original Lessee.** Any Option granted to Lessee in this Lease is personal to the original Lessee, and cannot be assigned or exercised by anyone other than said original Lessee and only while the original Lessee is in full possession of the Premises and, if requested by Lessor, with Lessee certifying that Lessee has no intention of thereafter assigning or subletting.

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 Options have been validly exercised.

39.4 **Effect of Default on Options.**

(a) Lessee shall have no right to exercise an Option: (i) during the period commencing with the giving of any notice of Default and continuing until said Default is cured, (ii) during the period of time any Rent is unpaid (without regard to whether notice thereof is given Lessee), (iii) during the time Lessee is in Breach of this Lease, or (iv) in the event that Lessee has been given 3 or more notices of separate Default, whether or not the Defaults are cured, during the 12 month period immediately preceding the exercise of the Option.

(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) 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 prior to the commencement of the extended term or completion of the purchase, (i) Lessee fails to pay Rent for a period of 30 days after such Rent becomes due (without any necessity of Lessor to give notice thereof), or (ii) if Lessee commits a Breach of this Lease.

40. Security Measures. Lessee hereby acknowledges that the Rent payable to Lessor hereunder does not include the cost of guard service or other security measures, and that Lessor shall have no obligation whatsoever to provide same. Lessee assumes all responsibility for the protection of the Premises, Lessee, its agents and invitees and their property from the acts of third parties. In the event, however, that Lessor should elect to provide security services, then the cost thereof shall be an Operating Expense.

41. Reservations.

(a) Lessor reserves the right: (i) to grant, without the consent or joinder of Lessee, such easements, rights and dedications that Lessor deems necessary, (ii) to cause the recordation of parcel maps and restrictions, (iii) to create and/or install new utility raceways, so long as such easements, rights, dedications, maps, restrictions, and utility raceways do not unreasonably interfere with the use of the Premises by Lessee. Lessor may also: change the name, address or title of the Building or Project upon at least 90 days prior written notice; provide and install, at Lessee's expense, Building standard graphics on the door of the Premises and such portions of the Common Areas as Lessor shall reasonably deem appropriate; grant to any lessee the exclusive right to conduct any business as long as such exclusive right does not conflict with any rights expressly given herein; and to place such signs, notices or displays as Lessor reasonably deems necessary or advisable upon the roof, exterior of the Building or the Project or on signs in the Common Areas. Lessee agrees to sign any documents reasonably requested by Lessor to effectuate such rights. 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.

~~(b) Lessor also reserves the right to move Lessee to other space of comparable size in the Building or Project. Lessor must provide at least 45 days prior written notice of such move, and the new space must contain improvements of comparable quality to those contained within the Premises. Lessor shall pay the reasonable out of pocket costs that Lessee incurs with regard to such relocation, including the expenses of moving and necessary stationary revision costs. In no event, however, shall Lessor be required to pay an amount in excess of two months Base Rent. Lessee may not be relocated more than once during the term of this Lease.~~

(c) Lessee shall not: (i) use a representation (photographic or otherwise) of the Building or Project or their name(s) in connection with Lessee's business **without the express written consent of Lessor**; or (ii) suffer or permit anyone, except in emergency, to go upon the roof of the Building.

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. A Party who does not initiate suit for the recovery of sums paid "under protest" within 6 months shall be deemed to have waived its right to protest such payment.

43. Authority; Multiple Parties; Execution.

(a) If either Party hereto is a corporation, trust, limited liability company, partnership, or similar entity, each individual executing this Lease on behalf of such entity represents and warrants that he or she is duly authorized to execute and deliver this Lease on its behalf. Each Party shall, within 30 days after request, deliver to the other Party satisfactory evidence of such authority.

(b) If this Lease is executed by more than one person or entity as "Lessee", each such person or entity shall be jointly and severally liable hereunder. It is agreed that any one of the named Lessees shall be empowered to execute any amendment to this Lease, or other document ancillary thereto and bind all of the named Lessees, and Lessor may rely on the same as if all of the named Lessees had executed such document.

(c) This Lease may be executed by the Parties in counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

44. Conflict. Any conflict between the printed provisions of this Lease and the typewritten or handwritten provisions shall be controlled by the typewritten or handwritten provisions.

45. Offer. Preparation of this Lease by either party or their agent and submission of same to the other Party shall not be deemed an offer to lease to the other Party. This Lease is not intended to be binding until executed and delivered by all Parties hereto.

46. Amendments. This Lease may be modified only in writing, signed by the Parties in interest at the time of the modification. As long as they do not materially

change Lessee's obligations hereunder, Lessee agrees to make such reasonable non-monetary modifications to this Lease as may be reasonably required by a Lender in connection with the obtaining of normal financing or refinancing of the Premises.

~~47. Waiver of Jury Trial. THE PARTIES HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING INVOLVING THE PROPERTY OR ARISING OUT OF THIS AGREEMENT.~~

48. Arbitration of Disputes. An Addendum requiring the Arbitration of all disputes between the Parties and/or Brokers arising out of this Lease ☐ is ☒ is not attached to this Lease.

49. Accessibility; Americans with Disabilities Act.

(a) The Premises:

☒ have not undergone an inspection by a Certified Access Specialist (CASp). Note: A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises.

☐ have undergone an inspection by a Certified Access Specialist (CASp) and it was determined that the Premises met all applicable construction-related accessibility standards pursuant to California Civil Code §55.51 et seq. Lessee acknowledges that it received a copy of the inspection report at least 48 hours prior to executing this Lease and agrees to keep such report confidential.

☐ have undergone an inspection by a Certified Access Specialist (CASp) and it was determined that the Premises did not meet all applicable construction-related accessibility standards pursuant to California Civil Code §55.51 et seq. Lessee acknowledges that it received a copy of the inspection report at least 48 hours prior to executing this Lease and agrees to keep such report confidential except as necessary to complete repairs and corrections of violations of construction related accessibility standards.

In the event that the Premises have been issued an inspection report by a CASp the Lessor shall provide a copy of the disability access inspection certificate to Lessee within 7 days of the execution of this Lease.

(b) Since compliance with the Americans with Disabilities Act (ADA) and other state and local accessibility statutes are dependent upon Lessee's specific use of the Premises, Lessor makes no warranty or representation as to whether or not the Premises comply with ADA or any similar legislation. In the event that Lessee's use of the Premises requires modifications or additions to the Premises in order to be in compliance with ADA or other accessibility statutes, Lessee agrees to make any such necessary modifications and/or additions at Lessee's expense.

LESSOR AND LESSEE HAVE CAREFULLY READ AND REVIEWED THIS LEASE AND EACH TERM AND PROVISION CONTAINED HEREIN, AND BY THE 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.

ATTENTION: NO REPRESENTATION OR RECOMMENDATION IS MADE BY AIR CRE OR BY ANY BROKER AS TO THE LEGAL SUFFICIENCY, LEGAL EFFECT, OR TAX CONSEQUENCES OF THIS LEASE OR THE TRANSACTION TO WHICH IT RELATES. THE PARTIES ARE URGED TO:

- 1. SEEK ADVICE OF COUNSEL AS TO THE LEGAL AND TAX CONSEQUENCES OF THIS LEASE.
- 2. RETAIN APPROPRIATE CONSULTANTS TO REVIEW AND INVESTIGATE THE CONDITION OF THE PREMISES. SAID INVESTIGATION SHOULD INCLUDE BUT NOT BE

LIMITED TO: THE POSSIBLE PRESENCE OF HAZARDOUS SUBSTANCES, THE ZONING AND SIZE OF THE PREMISES, THE STRUCTURAL INTEGRITY, THE CONDITION OF THE ROOF AND OPERATING SYSTEMS, COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT AND THE SUITABILITY OF THE PREMISES FOR LESSEE'S INTENDED USE.

WARNING: IF THE PREMISES ARE LOCATED IN A STATE OTHER THAN CALIFORNIA, CERTAIN PROVISIONS OF THE LEASE MAY NEED TO BE REVISED TO COMPLY WITH THE LAWS OF THE STATE IN WHICH THE PREMISES ARE LOCATED.

The parties hereto have executed this Lease at the place and on the dates specified above their respective signatures.

Executed at: Irvine, CA 92612

On: May 31, 2022

By LESSOR:

Sheffield Properties of Illinois, Inc., an Illinois corporation
By: Dolphin Partners, Inc., a California corporation
Its: Management Agent

Executed at: Westlake Village, CA 91362

On: May 31, 2022

By LESSEE:

Triunfo Water & Sanitation District, a public agency in the state
of California

By: _____

Name Printed: _____

Title: _____

Phone: 949-852-9230

Fax: 949-852-8924

Email: _____

By: _____

Name Printed: Kevin S. Pitts

Title: CEO

Phone: _____

Fax: _____

Email: _____

Address: _____

Federal ID No.: _____

BROKER

Attn: _____

Title: _____

Address: _____

INITIALS

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By: _____

Name Printed: Leon Shapiro

Title: Chair

Phone: _____

Fax: _____

Email: _____

By: _____

Name Printed: Jane Nye

Title: Vice-Chair

Phone: _____

Fax: _____

Email: _____

Address: _____

Federal ID No.: _____

BROKER

Attn: _____

Title: _____

Address: _____

INITIALS

OFG-21.00, Revised 01-03-2017

Phone: _____
Fax: _____
Email: _____
Federal ID No.: _____
Broker/Agent BRE License #: _____

Phone: _____
Fax: _____
Email: _____
Federal ID No.: _____
Broker/Agent BRE License #: _____

AIR CRE. 500 North Brand Blvd, Suite 900, Glendale, CA 91203, Tel 213-687-8777, Email contracts@aircre.com
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**ADDENDUM TO STANDARD MULTI-TENANT
OFFICE LEASE-GROSS**

This Addendum is attached and made a part of that certain Standard Office Lease --- Gross (the “Lease”) dated for reference purposes only as of this 18th day of May, 2022, by and between Sheffield Properties of Illinois, Inc., an Illinois corporation (“Lessor”), and Triunfo Water & Sanitation District, a public agency in the State of California (“Lessee”).

Lessor and Lessee hereby agree that notwithstanding anything contained in the Lease to the contrary, the provisions set forth below will be deemed to be a part of the Lease and shall supersede, to the extent appropriate, any contrary provision in the Lease. All references in the Lease and in this Addendum to Lease shall be construed to mean the Lease and the Exhibits to the Lease, as amended and supplemented by this Addendum. All capitalized terms used in this Addendum, unless specifically defined in this Addendum, shall have the same meaning as those terms set forth in the Lease.

50. **Base Rental Increases:** The monthly Base Rent payable under Paragraph 1.5 of the Lease shall be adjusted in accordance with the following schedule:

September 1, 2022 – December 31, 2022:	\$ 0.00 per month
January 1, 2023 – August 31, 2023:	\$15,754.00 per month
September 1, 2023 – January 31, 2024:	\$16,226.00 per month
February 1-29, 2024:	\$ 0.00
March 1, 2024 – August 31, 2024:	\$16,226.00 per month
September 1, 2024 – August 31, 2025:	\$16,713.00 per month
September 1-30, 2025:	\$ 0.00
October 1, 2025 – August 31, 2026:	\$17,214.00 per month
September 1, 2026 – July 31, 2027:	\$17,731.00 per month
August 1-31, 2027:	\$ 0.00
September 1, 2027 – August 31, 2028:	\$18,263.00 per month
September 1, 2028 – August 31, 2029:	\$18,811.00 per month
September 1, 2029 – August 31, 2030:	\$19,375.00 per month
September 1, 2030 – August 31, 2031:	\$19,956.00 per month
September 1, 2031 – August 31, 2032:	\$20,555.00 per month

51. **Early Access/Possession:**

- 51.1 The Term of the Lease for the Premises shall be for a period of ten (10) years commencing September 1, 2022, and expiring on August 31, 2032 subject to possible adjustment as hereinafter defined in Paragraph 51.4.
- 51.2 Lessor and Lessee shall diligently work together to review the Lease and make any mutually agreeable changes thereto by Friday, May 27, 2022. Lessee shall use its best, commercially reasonable efforts to return three (3) executed copies of the Lease and the required initial payments to Lessor by no later than Tuesday, May 31, 2022.
- 51.3 Within ten (10) days of notice received from Lessor’s Construction Manager, Lessee shall have its preferred contractor enter the Premises and install all of Lessee’s required telephone and network “pre-wire”. Said work shall be coordinated through Lessor’s construction manager only and Lessee’s vendor must meet Lessor’s minimum insurance requirements. Lessee shall be granted access (not occupancy and/or conducting business operations) to the Premises up to thirty (30) days prior to the Commencement Date for the purpose of installing all furniture, fixtures and equipment. Lessee shall cooperate with Lessor’s contractor so as not to impede the progress of the tenant improvements during the early access period.
- 51.4 In the event Lessor is unable to deliver possession of the Premises to Lessee with substantial completion of the Improvements on or before September 1, 2022, and said delay is not the result of a Lessee delay (defined as changes in the scope of the Improvements as hereinafter defined or Lessee’s failure to select finishes in a timely manner), the possession date (“Possession Date”) shall occur upon the substantial completion of the Improvements and Lessor’s turnover of the Premises to Lessee. The Commencement Date

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shall then occur on the day following the Possession Date. If the Commencement Date of the Premises is not at the beginning of a full calendar month, Base Rent shall commence on the first day following the Possession Date and shall be pro-rated based on the number of days in the calendar month that possession is tendered. The full ten (10) year Term and Rent schedule outlined in Paragraph 50 herein shall automatically be adjusted to commence on the first day of the first calendar month following the Possession Date. In the event said delay is as a result of a Lessee delay, the Lease will commence on the scheduled Commencement Date.

- 51.5 If possession of the Premises is not delivered within 90 days after the scheduled Commencement Date (December 1, 2022) as the same may be extended under the terms of the Lease or the Addendum, Lessee may, at its option, by notice in writing within 10 days after the end of such 90 day period, provide written notice to Lessor of its intent to cancel this Lease. If such written notice is not received by Lessor within said 10 day period (December 10, 2022), Lessee's right to cancel this Lease shall automatically terminate. If possession of the Premises is not delivered to Lessee within 150 days (February 1, 2023) after the scheduled Commencement Date, this Lease shall terminate unless other agreements are reached between Lessor and Lessee, in writing.

52. **Tenant Improvements:**

- 52.1 Lessor, at Lessor's sole cost and expense, shall complete the tenant improvements ("Improvements") to the Premises in accordance with Exhibits "A" through "A-6" (which includes the alternate scope of work shown in Keynotes #43 & #44) using building standard materials with Lessee's choice of one (1) color for each applicable item. Lessor's direct, out of pocket expenses for the completion of all Improvements is not subject to Lessor's standard construction supervision fee. Lessee hereby acknowledges and understands that outside of the work defined in the Exhibits, the balance of the Premises will be left in its present ("as-is") condition subject to the warranties defined in Paragraphs 2.2 and 2.3 of the Lease. The costs for all of Lessee's telecom and data cabling and any additional electrical outlets and/or tele/data cut-in boxes not shown on the Exhibits shall be Lessee's responsibility and shall not be included as a part of the Improvements completed by Lessor.
- 52.2 In the event Lessee requests a change in the scope of the Improvements that increases the cost to complete the Improvements after the execution of the Lease, Lessor shall prepare a change order ("Change Order") and submit it to Lessee for approval prior to any additional work being completed. The Change Order will identify the amount of any increase in the cost of the Improvements (including Lessor's 10% supervision fee) and any delay such change would cause in the construction of the Improvements, which delay would constitute a Lessee delay. Lessee shall approve or disapprove such Change Order within two (2) business days of its receipt thereof and notify Lessor accordingly. In the event Lessee approves such change, Lessee shall accompany its approval with payment (if any) in the amount of the Change Order. If the Change Order approved by Lessee extends the completion date of the Improvements, the Commencement Date will remain unchanged and Lessee shall be obligated to pay Base Rent as of the scheduled Commencement Date. Lessor shall have the right to decline Lessee's request for a change in the approved plans if the change would, in Lessor's sole opinion, unreasonably delay construction of the Improvements.
- 52.3 In the event Lessee requests Lessor to complete any additional work inside the Premises (including the replacement of the existing light fixtures at Lessee's expense) at any time during the Term of the Lease, the applicable provisions of Paragraph 52.2 herein shall be utilized including Lessor's construction supervision fee.

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53. **Interior/Exterior Signage:**

- 53.1 Lessor shall install, at Lessee's sole cost and expense (only when requested by Lessee), building standard suite and directory signage in accordance with Lessor's building standard signage program. Said program permits Lessee to have one (1) front door sign plaque (with up to two (2) names on it) and two (2) directory strips in the building directory. All signage including windows, doors, outdoor boards or any type of promotional signage shall not be installed or displayed at any time without the prior written consent of Lessor.
- 53.2 Lessee shall have the right, on a non-exclusive basis, to install and maintain one (1) non-illuminated "Eyebrow" sign in the front of the building in the approximate location depicted on Exhibit "C". It is hereby agreed and understood by both Lessor and Lessee that the Eyebrow signage, including the dimensions (maximum of 8' wide and 2' high), materials, location, method of attachment, color (black only) and design (no logo) are to be pre-approved by Lessor, the City of Thousand Oaks Planning and/or Building Department. The Eyebrow signage shall only state "Triunfo Water & Sanitation District". Lessee shall be solely responsible, both as to performance and the payment therefore, to purchase, install, maintain, repair, replace and ultimately remove the Eyebrow sign.
- 53.3 Lessor shall install, at Lessee's sole cost and expense, a sign panel on the existing monument sign located in front of the Project (close to Westlake Blvd.) in a location determined by Lessor, in Lessor's sole discretion. Lessor retains the right to change the location of Lessee's sign panel at any time and without notice to Lessee. Lessee shall be responsible for all costs associated with the design, installation and ultimate removal of said sign panel, as well as the installation of a new "blank" panel when Lessee's sign is removed. Lessee shall also be responsible to maintain the sign panel, at Lessee's expense, in a first class condition at all times throughout the initial Term and any extensions thereof. It is hereby agreed and understood by both Lessor and Lessee that all signage, including the dimensions, location, method of attachment, color (black lettering only with no logos) and design are to be pre-approved by Lessor, the City of Thousand Oaks Planning Commission and/or Building Department. The monument sign panel shall only state "Triunfo Water & Sanitation District".
- 53.4 Lessor shall install, at Lessee's sole cost and expense, a directional sign identical to the existing sign for First American Title in the same location as well. Lessor retains the right to change the location of Lessee's directional sign at any time and without notice to Lessee. Lessee shall be responsible for all costs associated with the design, installation and ultimate removal of said directional sign. Lessee shall also be responsible to maintain the sign panel, at Lessee's expense, in a first class condition at all times throughout the initial Term and any extensions thereof. It is hereby agreed and understood by both Lessor and Lessee that all signage, including the dimensions, location, method of attachment, color (black lettering only with no logos) and design are to be pre-approved by Lessor, the City of Westlake Planning Commission and/or any other applicable governmental or building owners association entity having jurisdiction over the Project. The monument sign panel shall only state "Triunfo Water District" with an arrow.
- 53.5 Maintenance shall be defined as maintaining the look and appearance of all exterior signage in a manner consistent with a first class office building. For all exterior signage, faded and/or deteriorated signs shall be renovated or replaced by Lessee within thirty (30) days of notice received from Lessor. Upon the expiration or earlier termination of the Lease, Lessee shall remove

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all exterior signage and repair all damage to the Building occasioned thereby so as to restore the surface of the Building to the original condition that existed prior to the installation of the exterior signage. In the event Lessee fails to restore the surface of the Building within fifteen (15) days after the expiration or earlier termination of the Lease, Lessor may remove the Eyebrow, monument and directional signage and effect such repairs, the cost of which shall be deemed to be Additional Rent pursuant to the Lease payable by Lessee to Lessor upon demand. Lessee's non-exclusive rights to all exterior signage shall terminate immediately upon any Default by Lessee under this Lease if said Default is not cured within the applicable notice and cure period.

54. **Building Hours:** Lessor, as part of Operating Expenses as defined in Paragraph 4.2 of the Lease, shall furnish building standard HVAC services Monday through Friday from 8:00 a.m. to 6:00 p.m. and on Saturdays from 9:00 a.m. to 1:00 p.m. (if requested in advance in accordance with building standard operating procedures). Any requirement by Lessee for additional HVAC services shall be billed directly to Lessee at the building standard rate of forty-five dollars (\$45.00) per hour for Lessee's entire suite subject to change in Lessor's reasonable discretion. Lessor shall provide, as a part of Operating Expenses, reasonable amounts of electricity for normal lighting and business machines twenty-four (24) hours per day, seven (7) days per week. Lessee shall have access to the Premises and parking lot twenty-four (24) hours per day, seven (7) days per week, and fifty-two (52) weeks per year.

55. **Kitchen Maintenance:**

55.1 Notwithstanding the provisions of Paragraph 11.1 of the Lease, Lessee, at Lessee's sole cost and expense, shall be responsible throughout the initial Term of the Lease and any extensions thereof, for the maintenance, repair and/or replacement of all kitchen appliances including the sink, faucet, garbage disposal, insta-hot water heater and cabinets. Lessee shall also be responsible for the maintenance (as defined below) of the sewer drain line that serves the sink from this appliance to the first floor sewer mainline ("maintenance" is defined as maintaining adequate drainage from each appliance to the first floor sewer mainline including the cost to hire a plumber to clear any blockages in the line that may occur from time to time).

55.2 At all times (including the warranty period specified herein) Lessee shall be 100% liable and carry adequate insurance (in accordance with Paragraph 8 of the Lease) for any and all damages that occur anywhere in the Premises or the Building from water leakage related to the sink, water supply lines, water heaters, connecting pipes or fittings (everything that has to do with these appliances) or the respective drain lines for each, regardless of the cause. In addition, Lessee shall indemnify, defend and hold Lessor harmless for any and all liability to any tenants or property damage that occurs in the Building as a result of any water leakage that originates within the Premises or any drain lines from the Premises.

55.3 Warranty Period - Commencing on the Commencement Date and continuing for a period of ninety (90) consecutive days thereafter, Lessor shall be responsible for the repair of any defects in materials or workmanship relative to the new installation of the kitchen appliances in the Premises. However, under no circumstances at any time will Lessor be responsible for any clogs that occur in the drain from the sink to the first floor sewer mainline.

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56. **Common Area Operating Expenses/Audit Rights:**

- 56.1 Notwithstanding anything herein to the contrary, Lessor shall have the right to exclude from Base Year Operating Expenses cost items of a nonrecurring nature or that would otherwise not reasonably be expected to be included as Operating Expenses in subsequent years to which such Base Year will be compared. Accordingly, Lessor shall exclude from all future years after the Base Year Operating Expenses similar cost items of a nonrecurring nature or that would otherwise not reasonably be expected to be included as Operating Expenses. Lessee shall have one hundred twenty (120) days following receipt of a detailed reconciliation statement for Operating Expenses within which to deliver a written objection to Lessor if Lessee objects to any cost items covered by such statement. If Lessee fails to deliver such a written objection to Lessor within such one hundred twenty (120) day period, Lessee shall conclusively be deemed to have waived any right to object to the cost items covered by such statement.
- 56.2 Lessor shall maintain books and records for all Operating Expenses, utilities, insurance, taxes and other charges in accordance with generally accepted accounting principles. Lessor's accounting to Lessee for Operating Expenses shall be certified by Lessor as true and correct and shall be prepared in reasonable detail by Lessor within approximately one hundred twenty (120) days following the end of each calendar year. Lessee shall have the right, at Lessee's sole cost and expense, during reasonable business hours and upon reasonable prior notice to Lessor, to examine and/or audit Lessor's books and records (at Lessor's office) with respect to Operating Expenses paid or payable by Lessee. In the event such examination reveals that Lessor overstated Operating Expenses, Lessor shall revise the Operating Expense calculations and credit Lessee's account for any overpayment actually made by Lessee. In the event such examination reveals that Lessor understated Operating Expenses, Lessor shall revise the Operating Expense calculations and charge Lessee's account for any underpayment due Lessor. In the event said audit occurs after the expiration or earlier termination of the Lease and a credit is due Lessee or a charge is due Lessor, Lessor or Lessee shall promptly pay the other party the full amount due as a result of the audit.
- 56.3 Notwithstanding the provisions of Paragraph 1.6 and 4.2 of the Lease, Lessor hereby agrees that any increases in "controllable" Operating Expenses for the entire Project shall be limited to five percent (5%) annually, on a cumulative, compounded basis commencing with the first actual "increase" amount of the Comparison Year to the Base Year. For the purposes of this paragraph, "controllable expenses" shall mean those property Operating Expenses that are recurring, normal and customary operating costs that are within the reasonable control of Lessor, and in any event, excluding, without limitation, utilities, property taxes, insurance, electrical and HVAC maintenance repair cost items. By way of example, the actual Operating Expenses for the Calendar year 2023 when compared to the actual Operating Expenses for the Calendar year 2022 shall be considered the first "increase" amount. Thereafter, the specific portions of the Operating Expenses for the Project that are deemed to be "controllable" shall be limited to annual increases of five percent (5%) per year on a compounded basis commencing with the 2024 calendar year. In the event the controllable Operating Expenses increase by an amount less than five percent (5%) in any given year and the controllable Operating Expenses increase by more than five percent (5%) in any subsequent year, the actual amount of the increase shall be passed through to Lessee provided that the total increase does not exceed that amount that would have been charged to Lessee if the controllable Operating Expenses for the Project had increased by five percent (5%) every year after the first Comparison Year.

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56.4 The calculation by Lessor of Lessee's Operating Expense Increases shall not include the following items:

- (a) all costs associated with defending any lawsuits with any mortgagee and costs of selling, syndicating, financing, mortgaging, hypothecating any of the Lessor's interest in the Building;
- (b) all costs (including permit, license and inspection fees) incurred in order to construct tenant improvements in space to be occupied exclusively by tenants or in renovating or redecorating vacant space which is intended for the exclusive occupancy by tenants in the future, including the cost of alterations or improvements to the Premises;
- (c) leasing commissions and attorney fees incurred in connection with leasing space in the Project to tenants;
- (d) depreciation and amortization of the Building;
- (e) interest on debt or amortization payments on any mortgages or deeds of trust or any other debt instrument encumbering the Building;
- (f) bad debt loss, rent loss, or reserves for bad debt or rent loss;
- (g) costs of services, supplies or other materials provided by Lessor or its affiliates to the extent that the cost of such services, supplies or materials unreasonably exceed the fair market value of such services, supplies or materials;
- (h) advertising, marketing and promotional costs, leasing commissions, attorneys' fees, space planning fees and other costs and expenses incurred in connection with negotiations or disputes with present or prospective tenants or other occupants of the Project;
- (i) Lessor's income taxes, inheritance taxes and estate taxes;
- (j) the cost of repairs or other work undertaken by reason of fire, windstorm or other casualty to the extent that Lessor actually receives reimbursement for such costs from insurance proceeds (except that insurance deductibles shall be included in Operating Expenses);
- (k) costs of repair or replacement for any item covered by a warranty if the cost of repair is actually reimbursed to Lessor by the entity providing the warranty;
- (l) costs for which Lessor actually receives reimbursement by its insurance carrier or by any tenant's insurance carrier;
- (m) rental payments and any related costs pursuant to any ground lease of land underlying all or any portion of the Building;
- (n) costs, fees, dues, contributions or similar expenses for political or charitable organizations (Operating Expenses shall include the cost of fees and dues of industry associations);
- (o) legal or accounting costs incurred due to disputes between Lessor and Lessee or any other tenant or occupant of the Project; including any costs or fees paid by Lessor to a third-party in connection with any such dispute, except to the extent that the benefit derived by Lessor's pursuit or defense of such dispute or payment of such costs or fees is or would be a benefit to the Project as a whole;
- (p) costs of overhead or profit increment paid to Lessor or to subsidiaries or affiliates of Lessor for goods or services in or in connection with the Project to the extent the same unreasonably exceeds the cost of such goods or services which could be obtained from third parties on a competitive basis;
- (q) costs of general overhead and general administrative expenses (not including management fees and building office expenses) which are not typically included in operating expenses by landlords of other comparable first class office building projects located in the vicinity of the Project;
- (r) costs related with the operation of the business of the individual limited partnership or entity which constitutes the Lessor, as the same are distinguished from the costs of operation of the Project, including

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Initials: _____

individual, partnership or entity accounting and legal matters, costs of defending any lawsuits with any mortgagee (except as the actions of the Lessee may be in issue), costs of setting, syndicating, financing, mortgaging or hypothecating any of the Lessor's interest in the Project, and costs incurred in connection with the wages and benefits of any employee who does not devote substantially all of his or her employed time to the Project unless such wages and benefits are prompted to reflect the actual time spent on operating, managing and/or servicing the Project vis-a-vis time spent on matters unrelated to operating, managing and/or servicing the Project or time spent on other Projects; provided, however, that in no event shall Operating Expenses include wages and/or benefits attributable to personnel above the level of Project manager or Project engineer;

- (s) tax penalties incurred as a result of Lessor's negligence to make payments when due;
- (t) any cost expressly excluded from Operating Expenses elsewhere in the Lease;
- (u) costs incurred to comply with laws relating to the monitoring, testing, reporting, management, removal, encapsulation or other form of remediation of asbestos and other Hazardous Substances (as defined in Paragraph 6.2 of the Lease), which was in existence in the Project prior to the Effective Date;
- (v) all costs incurred in connection with any voluntary program undertaken by Lessor to abate and remediate asbestos, if any, currently in the Project;
- (w) rent for any office space occupied by Project management personnel to the extent the site or rental rate of such office space exceeds the size or fair market rental value of office space occupied by management
- (x) personnel of the comparable office building projects, with adjustment where appropriate for the size of the applicable project or the number of projects managed from said location; and
- (y) services and utilities provided, taxes attributable to, and costs incurred in connection with the operation of any restaurant operations in the Building or in the Project.
- (z) Any reduction in the Real Property Taxes to be paid by Landlord as a result of a Proposition 8 appeal completed during the initial Base Year.

57. **Security Deposit:**

57.1 Without limiting Lessor's rights with respect to the Security Deposit in any other provisions of this Lease or under applicable law, in the event Lessee defaults on the payment of Base Rent or Operating Expenses when due in accordance with the Lease, or fails to pay any other amount owing under the Lease when due, Lessor may, in its sole discretion, apply all or any portion of the Security Deposit to any amount or amounts owing and unpaid under the Lease. However, such application shall not cure Lessee's default under the Lease. Lessor shall notify Lessee of such application of the Security Deposit in writing, and Lessee shall remain in material Default of the Lease unless Lessee delivers to Lessor, within five (5) calendar days following written notice from Landlord of such application, an amount sufficient to restore the Security Deposit held by Lessor to the required amount of \$22,600.00. Lessee's failure to so restore the amount of the Security Deposit within such five (5) day period shall constitute a material monetary Default under this Lease, and Lessor may pursue all remedies available to Lessor under Paragraph 13 of this Lease or otherwise available at law or equity, including without limitation, termination of this Lease and recovery of possession of the Premises.

Initials: _____

Initials: _____

57.2 Upon the expiration of the Lease, Lessor reserves the right to use all or a portion of the Security Deposit to (i) restore any portion of the Premises (if required by the Lease and/or) if damaged by Lessee and not properly repaired before Lessee vacates the Premises; and (ii) damage to the building caused by the removal of any of Lessee's interior or exterior signage. Lessor further reserves the right to reasonably require Lessee to post an additional Security Deposit, in an amount reasonably determined by Lessor, if Lessee completes any modifications to the interior of the Premises after Lessee takes possession thereof. Lessee hereby acknowledges and agrees that Lessor shall make a reasonable deduction from the Security Deposit upon the expiration or earlier termination of the Lease (or extension Term(s), if applicable), to prime and prepare any dark colored walls in the Premises (only) to be ready to be painted a neutral white color by Lessor. Lessee shall not be charged for the final finish coat of paint, only the priming and preparation work.

58. **Americans with Disabilities Act:**

58.1 As used herein: (a) "**ADA Requirements**" means the Americans with Disabilities Act, and any other State or Federal laws regulating new or existing construction with respect to access and other matters specifically affecting persons with disabilities, and all regulations and orders issued thereunder; (b) "**ADA Improvement**" means any improvement, alteration or upgrade to existing or new construction in the Premises or the Project that are required pursuant to any ADA Requirements; and (c) "**Lessee Trigger Event**" means (i) any improvements or alterations to the Premises or the Project at any time (excluding any tenant improvements at or prior to the commencement of the Lease Term) that are undertaken by Lessor on behalf of Lessee, (ii) any usage of the Premises by Lessee other than for standard office use, (iii) any change in use by Lessee, or (iv) any other action taken by Lessee, in each case which results in or triggers the requirement for an ADA Improvement to the Premises or the Project. Notwithstanding anything in this Lease to the contrary, Lessor shall be responsible for the entire cost to make all tenant improvements and alterations made by or on behalf of Lessee inside of the Premises only to comply with all ADA Requirements initially, thereafter all costs for compliance during the entire Term of this Lease and any extensions thereafter shall be Lessee's sole responsibility, and (B) all other ADA Improvements (i.e., not covered in clause (A) above) to the Premises or the Project that are caused by or result from a Lessee Trigger Event. Subject to and except as provided in the preceding sentence, if Lessor is required to make an ADA Improvement to the Premises or Project during any Term of this Lease (whether based on a pre-existing condition or as a result in any change in ADA Requirements), Lessor may include the cost of such ADA Improvement in Operating Expenses, and Lessee shall be responsible for its pro-rata share thereof.

58.2 In accordance with the requirements of California Civil Code Section 1938 and related statutes, Lessor hereby advises Lessee that to Lessor's actual knowledge, the Project where the Premises are located has not undergone an inspection by a State Certified Access Specialist. Therefore, no representation or warranty, either expressed or implied, is made by Lessor that the Project, common areas and/or the Premises meet ADA Requirements, except that Lessor has no actual current knowledge of any ADA Improvements to the Project that are required under currently existing ADA Requirements for standard office use as of the date of execution hereof (i.e., prior to Lessee's occupancy and prior to any tenant improvements or alterations made by or on behalf of Lessee). Further, pursuant to California Civil Code Section 1938(e), Lessor further advises Lessee that: "*A Certified Access Specialist (CASP) can inspect the subject*

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premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises." For purposes of California Civil Code Section 1938(e) and all other purposes, the parties hereby mutually agree that: (a) if Lessee requests a CASp inspection, the fee for the CASp inspection shall be paid by Lessee, and if Lessor requests a CASp inspection, the cost of the fee for the CASp inspection shall be paid by Lessor; and (b) the cost to make any repairs necessary to correct violations of construction-related accessibility standards (including any ADA Alterations that are necessary to correct any violations of ADA Requirements) with respect to the Premises or the Project that are disclosed by the CASp inspection (whether requested by Lessor or by Lessee) shall be paid by Lessor and/or Lessee as set forth in the preceding paragraph 58.1.

59. **No Solicitation Policy:** Under no circumstances will Lessee and/or any of Lessee's employees, agents or invitees solicit any other tenant or visitor in the Project. Canvassing, peddling, soliciting and distributing handbills, written materials or offering samples of items anywhere on the property is strictly prohibited and each tenant shall cooperate to prevent this practice. No tenant shall take any action which would constitute a nuisance or disturb or endanger other tenants or visitors of the property or unreasonably interfere with the use of their respective premises. To report solicitation, please call the Management Office.
60. **Cabling:** Upon the expiration or earlier termination of the Lease and Lessee's surrender of the Premises, Lessee, at Lessor's discretion and at Lessee's sole cost and expense, shall remove all of its voice and data cabling located within the Premises, including the plenum area that was installed or used by Lessee. Any damage caused to the Premises as a result of said removal shall be corrected by Lessee prior to its departure from the Premises.
61. **Counterparts; Facsimile/Electronic Signatures:** This Lease and the Addendum to Lease may be executed in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Lease. Lessor and Lessee hereby agree that a facsimile or electronic copy of a hand signed signature page of a counterpart of this Lease shall evidence and constitute the valid execution of this Lease and shall be binding on a party to the same extent as the original signature/counterpart copy. Computer generated electronic signatures such as DocuSign are not acceptable.
62. **Option to Extend:**
- 62.1 Provided Lessee is not in default of the Lease beyond any applicable notice and cure periods and Lessee has not subleased or assigned any portion of the Premises at the time of its exercise, Lessor hereby grants to Lessee one (1), five (5) year option to extend the term of the Lease ("Option to Extend"). This Option shall be personal to the original Lessee that executed the Lease and is not transferable without Lessor's prior written consent. Said consent shall be at the sole and absolute discretion of Lessor. Lessee shall be required to give Lessor not more than twelve (12) and not less than nine (9) full calendar months advance written notice (from the date that the Option period would commence) of Lessee's irrevocable exercise of the Option to Extend. In the event Lessee fails to properly exercise this Option

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to Extend within the required time frame, the Option to Extend shall expire and shall not be applicable for any future extensions of the Term of the Lease. The Base Rent during the Option period shall be at the then prevailing fair market value plus reasonable annual increases, however, in no event shall the starting Base Rent be less than the Base Rent charged in the month immediately preceding the first month of the Option period. This Option to Extend shall not include leasing commission costs or a tenant improvement refurbishment allowance. Provided the Option to Extend is properly exercised (which is expected be on or before September 1, 2032), the Base Year will be automatically adjusted to the calendar year 2031.

- 62.2 The term "Fair Market Value" (FMV) shall mean the annual amount per rentable square foot that a willing, comparable renewal Lessee would pay and a willing, comparable Lessor of a similar type project/building would accept at arm's length for comparable space based on the terms and conditions of this Lease in the immediate vicinity for the applicable office market. The FMV shall be the FMV in effect as of the beginning of the applicable Option period, even though the determination may be made in advance of that date and the parties may use recent trends in rental rates in determining the proper FMV as of the beginning of the Option period.
- 62.3 Upon Lessor's receipt of Lessee's notice to exercise the Option to Extend, Lessor shall provide Lessee with Lessor's written opinion of the FMV terms and conditions for the five (5) year extension of the Term for the Premises. Said opinion of FMV by Lessor will be based upon (i) new and renewal transactions completed within the Project during the prior 6-12 months; and (ii) the new and renewal transactions recently completed in buildings located within 1-2 miles of the Project that are very similar in size, quality of construction, finishes and amenities. Upon Lessee's receipt of Lessor's opinion of the FMV, Lessee shall have a period of thirty (30) days thereafter to diligently review the market comps and come to an agreement with Lessor on the FMV for the Premises. In the event Lessor and Lessee fail to come to an agreement on the FMV and other reasonable, relevant terms and conditions for the Premises within the required thirty (30) day period, the Option to Extend shall be rendered null and void.
- 62.4 Within fifteen (15) days of the date that Lessor and Lessee agree to the FMV, Lessor shall deliver to Lessee an appropriate amendment to the Lease documenting the newly extended Term and conditions thereof. Upon Lessee's receipt thereof, Lessee shall have thirty (30) days to negotiate any requested changes to the amendment, execute and deliver the amendment to Lessor. In the event Lessee fails to execute the amendment within the proscribed time period, the Option to Extend shall be rendered null and void.
63. **Moving Allowance:** Lessor hereby grants to Lessee a moving allowance credit (the "Moving Allowance") in the amount of \$9,846.00 which Moving Allowance shall be used in Lessee's sole discretion for any expenses relating to the cost to relocate from their existing location to the Premises. Lessee shall not be obligated to provide Lessor with any documentation of its moving costs. Upon the full execution of this Lease and Lessor's receipt of Lessee's required initial payment (see Paragraph 1.7(e)), Lessor shall credit Lessee's account for the full amount of the Allowance and Lessee may use said credit to offset any future Rental obligations that accrue under this Lease until said credit has been exhausted.
64. **Use – Paragraph 6.1 continued:**
- 64.1 Lessor hereby acknowledges and agrees that Lessee shall utilize the large meeting room within the Premises for afterhours Board Meetings as scheduled by Lessee. As said meetings typically run from 5:00 p.m. to 8:00 p.m., Lessee shall be obligated to notify Lessor of said monthly meetings

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Initials: _____

so that Lessor, subject to the provisions of Paragraph 54 herein, can program the HVAC system in the Premises to run beyond the normal shutoff time of 6:00 p.m.

- 64.2 In addition to the foregoing Board Meetings, Lessor hereby acknowledges that Lessee shall require access to the Building, parking lot and Premises up to four (4) times per year for special events such as Triunfo Water & Sanitation District training, seminars and water events which are typically held on Saturdays from 9:00 a.m. to 1:00 p.m.
- 64.3 The access doors to the Building that contains the Premises are automatically unlocked Monday through Friday from 7:00 a.m. until 6:00 p.m. every day of the week excluding Holidays. At all times during all Board Meetings and special events held by Lessee outside of these hours, Lessee shall use its best, commercially reasonable efforts to keep all Building access doors closed and locked. Propping open or covering the locks for any access doors to the Building is strictly prohibited.

IN WITNESS WHEREOF, the parties hereto have executed this Addendum to Standard Multi-Tenant Office Lease - Gross as of the date first written above:

“LESSOR”

Sheffield Properties of Illinois, Inc.
an Illinois corporation

By: Dolphin Partners, Inc.
a California corporation
Its: authorized agent

By: _____
Kevin S. Pitts

Date: _____

“LESSEE”

Triunfo Water & Sanitation District
a Public Agency in the State of California

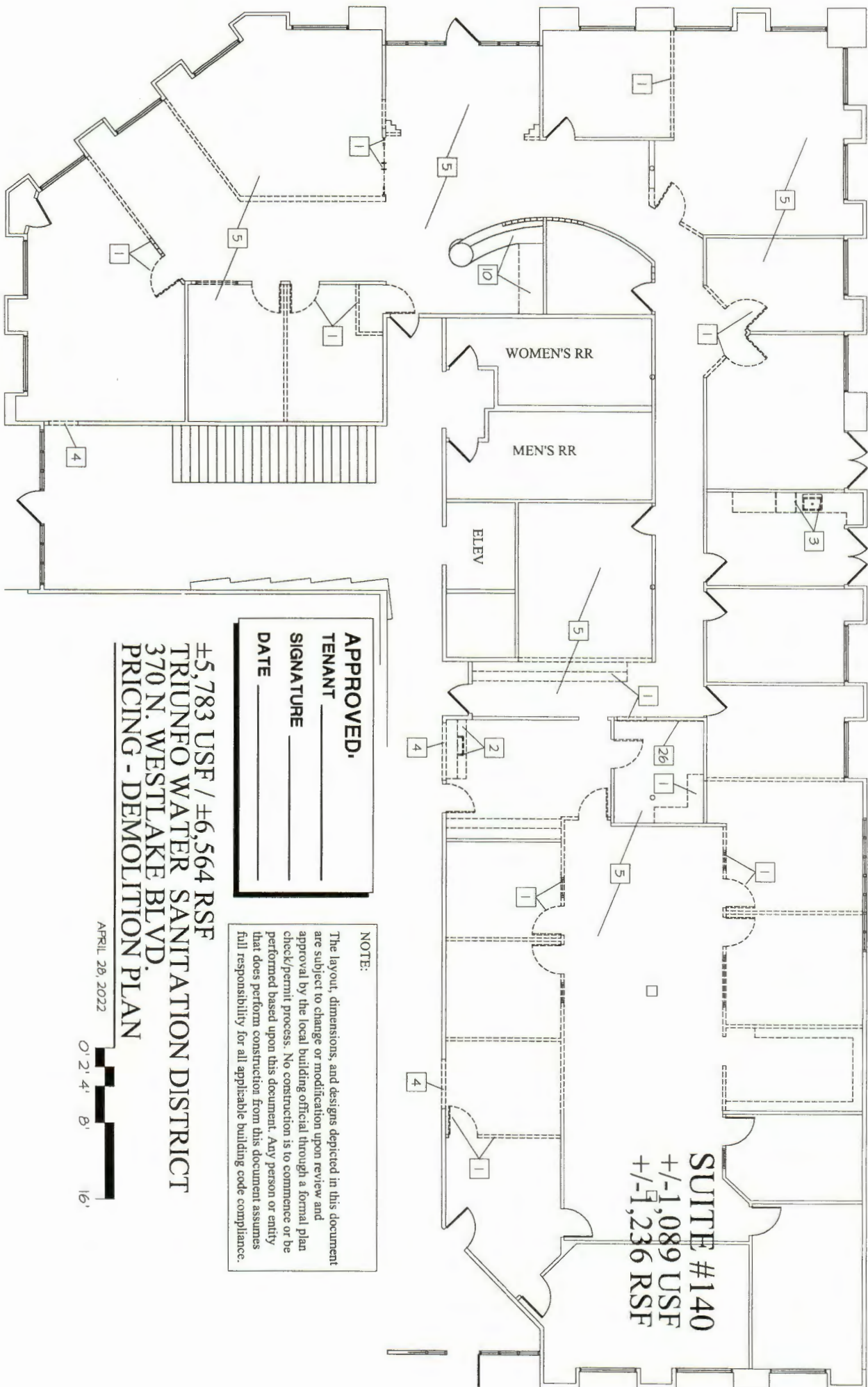
By: _____
Leon Shapiro, Chair

Date: _____

By: _____
Jane Nye, Vice-Chair

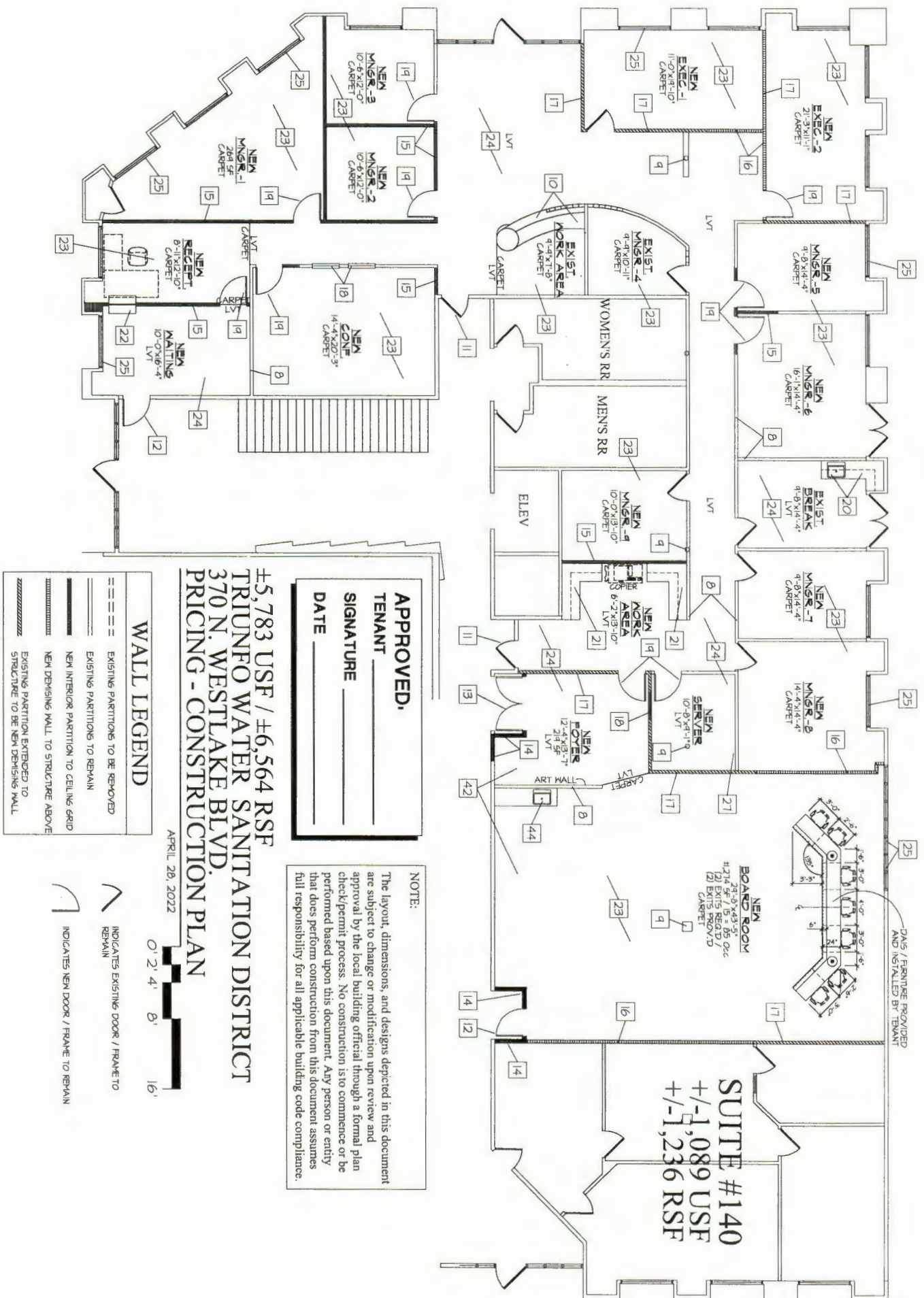
Date: _____

DEMO FLOOR PLAN



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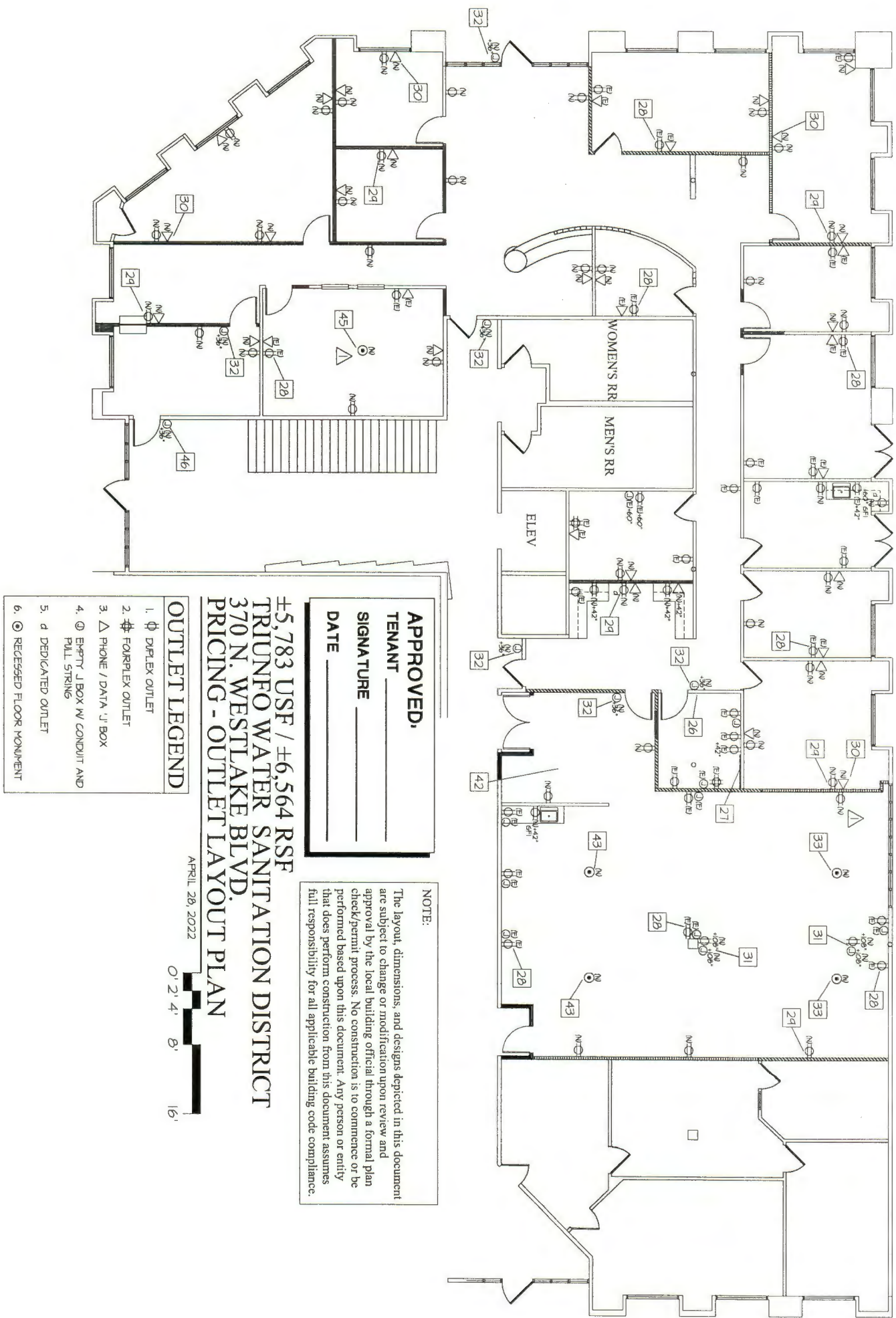
CONSTRUCTION PLAN



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EXHIBIT "A-2"

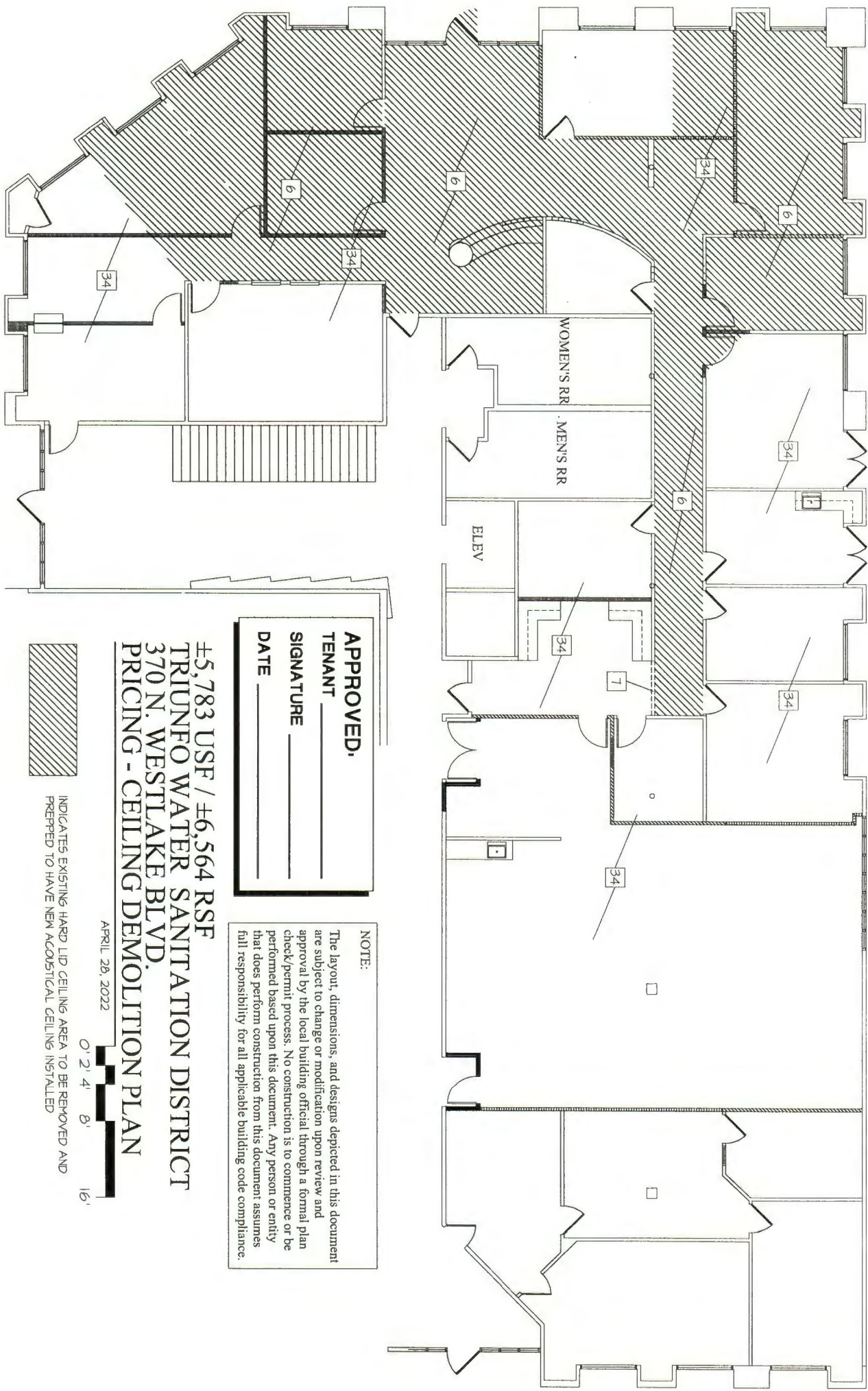
OUTLET LAYOUT PLAN



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EXHIBIT "A-3"

CEILING DEMO PLAN

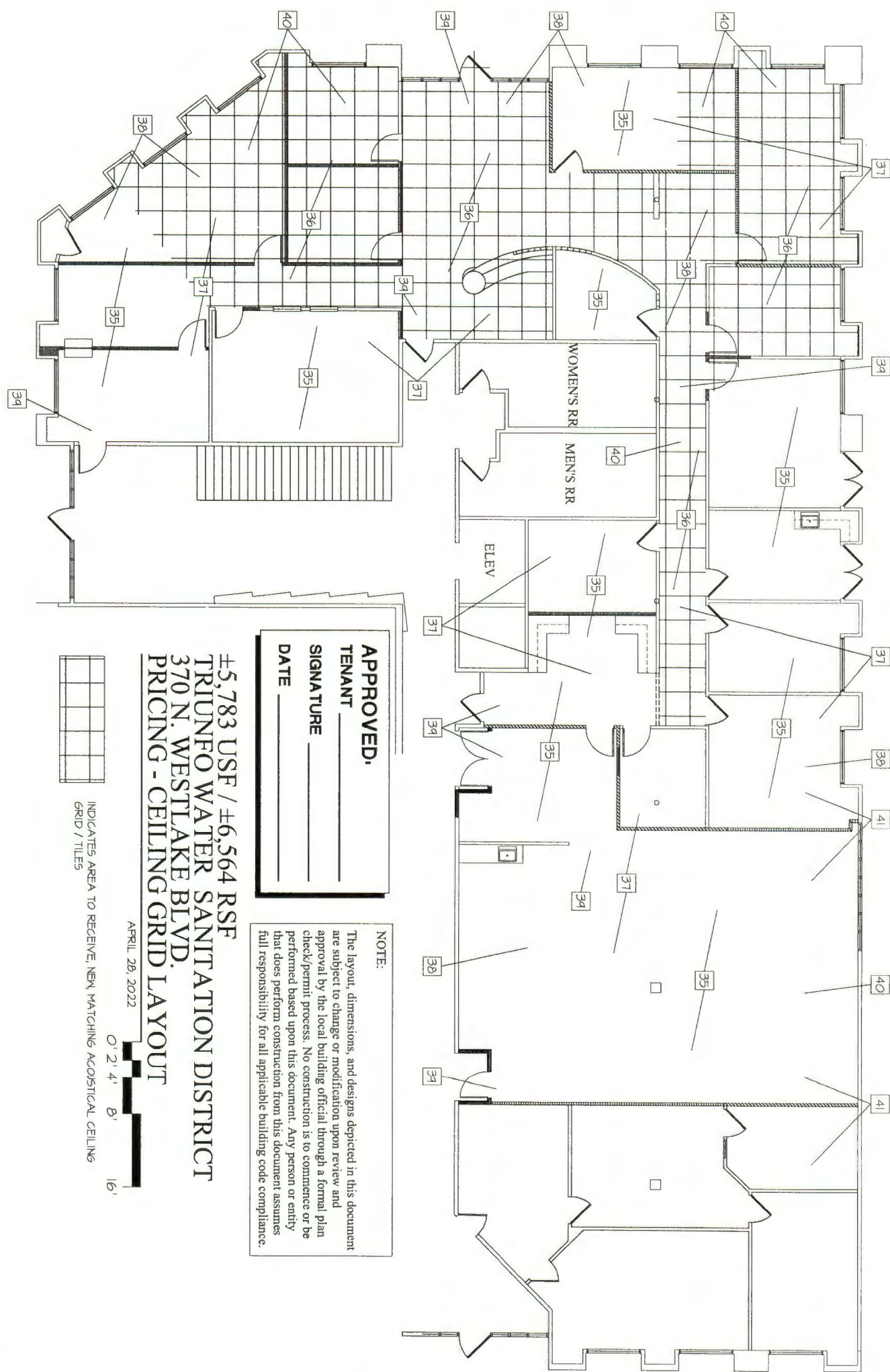


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EXHIBIT "A-4"

CEILING GRID LAYOUT PLAN



APPROVED.
TENANT _____
SIGNATURE _____
DATE _____

NOTE:
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INDICATES AREA TO RECEIVE, NEW, MATCHING ACOUSTICAL CEILING GRID / TILES



±5,783 USF / ±6,564 RSF
TRIUNFO WATER SANITATION DISTRICT
370 N. WESTLAKE BLVD.
PRICING - CEILING GRID LAYOUT

Initials: _____
Initials: _____

EXHIBIT “A-5”

CONSTRUCTION KEY NOTES PAGE 1

KEY NOTES:

APRIL 20, 2022

- 1

DAGHED WALLS, DECKS, WINDOWS, CABINETS AND DOORS ARE EXISTING TO BE DEMOLISHED - TYP. G.C. TO COORDINATE WITH LANDLORD TO SALVAGE AND STORE.
- 2

REMOVE EXISTING SINK AND FAUCET AND WATER AND DRAIN LINES FROM THIS AREA, TO ALLOW FOR NEW ENTRY TO BE CONSTRUCTED.
- 3

REMOVE EXISTING SINK, DISHWASHER AND CABINETS AS INDICATED.
- 4

REMOVE A PORTION OF THE EXISTING COMMON AREA CORRIDOR AND EXISTING COMMON AREA DOOR AND FRAME, TO ALLOW FOR NEW ENTRY / EXIT VESTIBULES TO BE CONSTRUCTED. PATCH, REPAIR AND PREP EXISTING CORRIDOR TO RECEIVE NEW FINISHES.
- 5

REMOVE EXISTING FLOORING THROUGHOUT BOTH SUITES, PREP THE EXISTING SLAB TO RECEIVE NEW FLOORING.
- 6

REMOVE EXISTING HARD LID CEILING AND ASSOCIATED COMPONENTS (I.E. SUPPLY/RETURN REGISTERS, RECESSED CAN LIGHTS AND SPRINKLER HEADS), THROUGHOUT THE SUITE AS INDICATED WITH CROSS-HATCH PATTERN.
- 7

REMOVE EXISTING GYP. BD. HEADER AT THIS LOCATION TO ALLOW FOR NEW, CONTINUOUS CEILING GRID INSTALLATION.
- 8

EXISTING INTERIOR PARTITIONS TO REMAIN. PATCH AND PREP TO RECEIVE NEW PAINT.
- 9

EXISTING STRUCTURAL COLUMNS TO REMAIN.
- 10

EXISTING COUNTER TOP AND MILLWORK TO REMAIN. REMOVE A PORTION OF THE EXISTING COUNTER TOP AND PATCH EXISTING LAMINATE COUNTER TOP BEING CUT. NEW PATCH TO MATCH EXISTING COUNTER TOP LAMINATE (AS POSSIBLE).
- 11

EXISTING COMMON AREA CORRIDOR DOORS, FRAMES AND HARDWARE TO REMAIN.
- 12

INSTALL A NEW, MATCHING BLDG. STD., 20 MIN. RATED, COMMON AREA CORRIDOR DOOR IN A BLDG. STD. FRAMES. PROVIDE BLDG. STD. LOCKING, LEVER TYPE HARDWARE. PROVIDE MATCHING BLDG. STD. CLOSURE. NEW HARDWARE TO MATCH BLDG. STD. STYLE AND FINISH.
- 13

INSTALL A PAIR OF NEW, MATCHING BLDG. STD., 20 MIN. RATED, COMMON AREA CORRIDOR DOORS IN A BLDG. STD. FRAME. PROVIDE BLDG. STD. LOCKING, LEVER TYPE HARDWARE. PROVIDE MATCHING BLDG. STD. CLOSURE. NEW HARDWARE TO MATCH BLDG. STD. STYLE AND FINISH.
- 14

CONSTRUCT A NEW COMMON AREA VESTIBULE AS INDICATED. NEW VESTIBULE TO TIE INTO EXISTING RATED CORRIDOR AND MAINTAIN EXISTING RATING. PROVIDE TUNNEL AS REQUIRED TO MAINTAIN RATING. PAINT COMMON AREA SIDE OF NEW VESTIBULE TO MATCH EXISTING ADJACENT WALL. PROVIDE NEW, MATCHING BASE WHERE NEW WALLS OCCUR. PREP TENANT SIDE TO PAINT AS DIRECTED.
- 15

NEW 2-1/2" METAL STUD PARTITION WALLS TO THE UNDERSIDE OF THE EXISTING / NEW CEILING GRID. PROVIDE BATT INSULATION IN EACH STUD-BAY. COVER BOTH SIDES OF THE NEW WALLS WITH 5/8" GYP. BD. PREP TO RECEIVE NEW BLDG. STD. PAINT.
- 16

NEW 3-5/8" METAL STUD DEMISING WALL PARTITION TO EXTEND TO THE STRUCTURE ABOVE. PROVIDE BATT INSULATION IN EACH STUD-BAY. COVER BOTH SIDES OF THE NEW WALLS WITH 5/8" GYP. BD. PREP TO RECEIVE NEW BLDG. STD. PAINT.
- 17

EXTEND EXISTING INTERIOR PARTITION TO STRUCTURE ABOVE TO BECOME NEW FULL HEIGHT DEMISING WALL PARTITION. PROVIDE NEW SLIP TRACK AS REQUIRED. SEE DETAILS FOR ADDITIONAL INFORMATION.
- 18

INSTALL (2) TWO, 3'-0" WIDE, TEMPERED GLASS WINDOWS WITH MATCHING BLDG. STD. FRAMES, IN EXISTING DOOR OPENINGS AS INDICATED. INFILL THE REMAINING OPENING (ABOVE AND BELOW NEW WINDOWS) AS NECESSARY. NEW INFILL TO FINISH FLUSH WITH EXISTING WALL. SET NEW WINDOW SILL AT 36" A.F.F. AND ALIGN HEAD WITH DOOR HEADERS. PREP NEW INFILL TO RECEIVE NEW BLDG. STD. PAINT AS SELECTED BY TENANT.
- 19

INSTALL MATCHING, BLDG. STD. DOORS AND FRAMES AS INDICATED. DOORS AND FRAMES ARE TO MATCH BLDG. STD. PROVIDE, BLDG. STD. LEVER TYPE HARDWARE. HARDWARE FINISH TO MATCH THROUGHOUT. G.C. TO COORDINATE LOCKING REQUIREMENTS WITH TENANT.
- 20

INSTALL A 24" DEEP, LAMINATE COUNTERTOP WITH SINGLE COMPARTMENT S.S. SINK WITH (1) WATER LINE, AND HOT / COLD WATER. COUNTERTOP TO FINISH AT 34" A.F.F. INSTALL 24" DEEP LOWER CABINETS WITH ONE ADJ. SHELF AND DRAWERS, AND 13" DEEP UPPER CABINETS WITH A 16" DEEP LAMINATE MICROWAVE SHELF, AND TWO ADJUST. SHELVES. LAMINATE TO BE SELECTED BY TENANT.
- 21

INSTALL A 24" DEEP, LAMINATE COUNTERTOP TO FINISH AT 34" A.F.F. INSTALL 24" DEEP LOWER CABINETS WITH ONE ADJ. SHELF AND DOORS, AND 13" DEEP UPPER CABINETS WITH TWO ADJUST. SHELVES. LAMINATE TO BE SELECTED BY TENANT.
- 22

INSTALL A 24" DEEP, LAMINATE, TRANSACTION COUNTERTOP WITH TEMPERED, SECURITY GLASS, SPEAK-THRU AND OPENING FOR PASSAGE OF DOCUMENTS. NEW COUNTER TOP TO BE SET AT 34" A.F.F. (MAX).
- 23

INSTALL NEW BLDG. STD. CARPET AND BASE THROUGHOUT THE SUITE, UNLESS NOTED OTHERWISE. TENANT TO SELECT STYLE AND COLOR OF NEW CARPET FROM BLDG. STD. SAMPLES.
- 24

INSTALL NEW BLDG. STD. LVT FLOORING AND BASE IN THE OPEN AREA (HALLWAY), RECEPTION, WAITING AND WORK AREAS AS INDICATED. TENANT TO SELECT STYLE AND COLOR FROM BLDG. STD. SAMPLES.

APPROVED:

TENANT

SIGNATURE

DATE

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EXHIBIT "A-6"

CONSTRUCTION KEY NOTES PAGE 2

- 25

EXISTING BLDG. STD. WINDOW COVERINGS TO REMAIN. G.C. TO REPLACE BLDG. STD. WINDOW COVERINGS THAT ARE DAMAGED, OR MISSING.
- 26

REMOVE EXISTING PLYWOOD, AND SURFACE MOUNTED RECEPTACLE OUTLETS IN THE NEW SERVER ROOM AS INDICATED. RE-ROUTE CIRCUITS TO NEW OUTLETS WITHIN THE SUITE.
- 27

INSTALL A NEW 4x4, FIRE RATED, PLYWOOD BACKBOARD IN THE SERVER ROOM. LOCATION TO BE DETERMINED BY TENANT PRIOR TO CONSTRUCTION. G.C. TO LEAVE FIRE SEAL EXPOSED FOR INSPECTIONS.
- 28

ALL EXISTING ELECTRICAL OUTLETS AND VOICE / DATA J-BOXES TO REMAIN (WHERE POSSIBLE) FOR RE-USE BY THE TENANT. CONTRACTOR TO VERIFY THAT ALL EXIST. ELECTRICAL OUTLETS ARE PROPERLY ENERGIZED. G.C. TO INSTALL COVER PLATES WHERE MISSING ON EXISTING OUTLETS. IF A NEW OUTLET IS PROPOSED NEAR AN EXISTING ONE, OMIT THE NEW AND KEEP THE OLD OUTLET.
- 29

INSTALL NEW ELECTRICAL OUTLETS IN LOCATIONS SHOWN. NEW COVER PLATES COLOR IS TO BE BLDG. STD. NEW OUTLETS IDENTIFIED WITH (N), DEDICATED OUTLETS IDENTIFIED WITH A d. IF A NEW OUTLET IS PROPOSED NEAR AN EXISTING ONE, OMIT THE NEW AND KEEP THE OLD OUTLET.
- 30

TENANT IS RESPONSIBLE FOR INSTALLING VOICE AND DATA CABLING, JACKS, PHONE / SERVER EQUIP AND VOICE / DATA COVER PLATES. G.C. TO COORDINATE
- 31

PROVIDE POWER AND A BLANK J-BOX FOR TENANT'S (FUTURE) CEILING MOUNTED PROJECTOR AND RECESSED PROJECTION SCREEN. TENANT TO PROVIDE AND INSTALL PROJECTOR AND RECESSED PROJECTION SCREEN. G.C. TO COORDINATE WITH TENANT'S VENDOR ON EXACT LOCATION FOR PROJECTOR AND PROJECTOR SCREEN.
- 32

PROVIDE A 'J' BOX AT THESE LOCATIONS FOR TENANT'S SECURITY ACCESS / KEY FOB. TENANT'S SECURITY VENDOR TO PROVIDE AND INSTALL ALL WIRING AND EQUIPMENT FOR TENANT'S SECURITY SYSTEM. G.C. TO COORDINATE WITH TENANT / TENANT'S SECURITY VENDOR.
- 33

PROVIDE AN ALTERNATE PRICE TO INSTALL (2) RECESSED FLOOR MONUMENTS AT THESE APPROXIMATE LOCATIONS. NEW RECESSED FLOOR MONUMENTS TO PROVIDE POWER TO TENANT PROVIDED / INSTALLED DAIS. NEW RECESSED FLOOR MONUMENTS TO EACH HAVE CONDUIT FOR HDMI AND DATA / PHONE CAPABILITIES.
- 34

REMOVE EXISTING PARABOLIC, RECESSED CAN LIGHT FIXTURES AND SWITCHING THROUGHOUT EACH SUITE(S).
- 35

EXISTING BLDG. STD. ACOUSTICAL CEILING GRID AND TILES TO REMAIN (WHERE OCCURS) THROUGHOUT THE SUITE(S). G.C. TO PATCH AND REPAIR ANY DAMAGED, MISSING GRID COMPONENTS. G.C. TO REPLACE ANY MISSING, DAMAGED, OR DISCOLORED ACOUSTICAL CEILING TILES WITH MATCHING BLDG. STD. CEILING TILES.
- 36

WHERE EXISTING HARD LID CEILINGS HAVE BEEN REMOVED, INSTALL NEW, MATCHING, BLDG. STD. ACOUSTICAL CEILING GRID WITH MATCHING, BLDG. STD. ACOUSTICAL CEILING TILES. NEW GRID TO ALIGN WITH EXISTING AND BE SET AT ±8'-7" A.F.F. AND PROVIDE A SMOOTH, CONTINUOUS, UNINTERRUPTED LOOK.
- 37

INSTALL NEW BLDG. STD. LED LIGHT FIXTURES AND ASSOCIATED SWITCHING THROUGHOUT BOTH SUITE(S) TO COMPLY WITH CURRENT T24 REQUIREMENTS.
- 38

*ALL EXISTING HVAC SUPPLY AND RETURN AIR, ZONES AND DUCTS TO REMAIN AS POSSIBLE. RELOCATE REGISTERS AND CONTROLS AS NECESSARY. ALL OCCUPIED ROOMS TO HAVE SUPPLY AND RETURNS. ALL REGISTERS ARE TO BE CLEANED AND MATCH BLDG. STD. REPLACE AS NECESSARY. BALANCE THE SYSTEM FOR ITS NEW CONFIGURATION.

* ALL NEW, MODIFIED AND EXISTING HVAC COMPONENTS ARE TO BE SEPARATED FROM ADJACENT SUITES AND MUST COMPLY WITH NEW CALIFORNIA ENERGY REQUIREMENTS, IMPLEMENTED ON JULY 1, 2014.
- 39

INSTALL NEW, MATCHING ILLUMINATED EXIT SIGNS, IN THE NEW SUITE CONFIGURATION, AS REQUIRED BY CODE / BUILDING DEPT. / FIRE DEPT.
- 40

G.C. TO MODIFY THE EXISTING FIRE SPRINKLER / LIFE SAFETY SYSTEM FOR THE NEW SUITE CONFIGURATION. ALL FIRE LIFE SAFETY / FIRE SPRINKLER WORK TO BE UNDER A SEPARATE PERMIT.
- 41

G.C. TO SEPARATE EXISTING ELECTRICAL AND MECHANICAL COMPONENTS AS NEEDED FOR NEW SUITE CONFIGURATION.
- 42

INSTALL A NEW 6-TON, HVAC SUPPLEMENTAL A/C UNIT TO SERVE THE NEW BOARD ROOM AND FOYER DURING AFTER HOURS. PROVIDE AN EMON-DMON ELECTRICAL METER TO TRACK AFTER HOURS ELECTRICAL CONSUMPTION.
- 43

PROVIDE AN ALTERNATE PRICE TO INSTALL (2) RECESSED FLOOR MONUMENTS AT THESE ALTERNATE LOCATIONS. NEW RECESSED FLOOR MONUMENTS TO PROVIDE POWER TO TENANT PROVIDED / INSTALLED DAIS. NEW RECESSED FLOOR MONUMENTS TO EACH HAVE CONDUIT FOR HDMI AND DATA / PHONE CAPABILITIES.
- 44

PROVIDE AN ALTERNATE PRICE TO INSTALL A 24" DEEP x 1'-0" LONG, LAMINATE COUNTERTOP WITH LOWER CABINETS AND DOORS, AND A NEW SINGLE COMPARTMENT, S.S. SINK. NEW COUNTER TOP TO FINISH AT 34" A.F.F. INSTALL 24" DEEP LOWER CABINETS WITH ONE ADJ. SHELF AND DOORS.
- 45

INSTALL A RECESSED FLOOR MONUMENT IN THIS APPROXIMATE LOCATION. NEW RECESSED FLOOR MONUMENTS TO PROVIDE POWER TO ADJACENT WALL AS NECESSARY. NEW RECESSED FLOOR MONUMENTS TO EACH HAVE CONDUIT FOR HDMI AND DATA / PHONE CAPABILITIES.
- 46

PROVIDE A 'J' BOX WITH CONDUIT TO EXTEND TO THE CEILING SPACE ABOVE, FOR POSSIBLE SECURITY ADD-ON (IN THE FUTURE). TENANT'S SECURITY VENDOR TO PULL WIRING AND CAP EXISTING TERMINATION TO MATCH EXISTING.

APPROVED:

TENANT _____

SIGNATURE _____

DATE _____

NOTE:

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Initials: _____



**RULES AND REGULATIONS FOR
STANDARD OFFICE LEASE - EXHIBIT "B"**

Date: May 18, 2022
By and Between
Lessor: Sheffield Properties of Illinois, Inc., an Illinois corporation
Lessee: Triunfo Water & Sanitation District, a public agency in the state of California
Property Address: Triunfo Water & Sanitation District, a public agency in the State of California
(street address, city, state, zip)

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 and reputation of the 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 Project.
4. Lessee shall not keep animals or birds within the Project, and shall not bring bicycles, motorcycles or other vehicles into areas not designated as authorized for same. **State registered dogs for physically handicapped assistance are the only animals permitted on the Project or within the Premises.**
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 **without Lessor's prior written consent.**
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 Project.
9. Lessee shall not suffer or permit anything in or around the Premises or Building that causes excessive vibration or floor loading in any part of the 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 Building 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. **Except for the existing, Building standard mini-blinds, No window coverings, shades or awnings shall be installed or used by Lessee on the perimeter windows only. Said items may be installed on interior windows by a qualified contractor with Lessor's prior written consent only.**
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 **or approved by Lessor. Space heaters are strictly prohibited at all times without exception.**
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 **except for Lessee's reasonable use of a microwave, toaster oven and electric coffee maker for its employees within the Premises only.**
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 Project and its occupants. Lessee agrees to abide by these and such rules and regulations.
24. **Smoking is only permitted in designated areas outside of the Building and Courtyard area or a minimum of 50 feet away from any access point to the Building.**
25. **Fire stairwells are to be used for emergency purposes only.**
26. **To conserve energy and maintain the efficiency of the HVAC system, all entrance and patio doors/windows are to remain closed at all times.**
27. **The Move-In & Move-Out hours of the building are Monday through Friday, prior to 7:00 a.m. or after 6:00 p.m. and anytime on Saturday, Sunday and most legal Holidays. This includes the movement of furniture, significant freight and equipment in to or out of the Building. The property manager must be contacted a minimum of 48 hours in advance of any scheduled move and the moving company shall provide Lessor with a certificate of insurance naming Dolphin Partners, Inc. and the Lessor as additional insureds on their general liability insurance policy. Elevator pads for the walls and masonite for the floor inside the elevator are required for protection of the elevator walls and floor surface. Lessee shall be responsible for any damage to any part of the Building arising from any such moving activity.**

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~~ use of the parking facilities 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. **Overnight parking anywhere in the common area parking lot(s) is strictly prohibited unless approved in advance in writing by Lessor or Lessor's management agent. Said exception, if granted, will be on an temporary basis for 1-4 nights only.**
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.

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EXHIBIT "C"

EYEBROW SIGNAGE LOCATION



Initials: _____
Initials: _____