

**400 EAST MAIN STREET OFFICE LEASE**

BETWEEN

**WILLIAM J. HOFFMAN,**  
As Receiver  
(“**Landlord**”)

and

**THE CITY OF STOCKTON,**  
a municipal corporation  
(“**Tenant**”)

**400 EAST MAIN STREET OFFICE LEASE**

**TENANT:  
THE CITY OF STOCKTON**

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**EXHIBITS:**

- A Floor Plan of Premises
- B Real Property Description
- C Rules and Regulations
- D Estoppel Certificate
- E Depiction of Building Standard Signage

## STANDARD OFFICE LEASE

This Lease is made as of February 25, 2015, between WILLIAM J. HOFFMAN, duly appointed Receiver ("Landlord"), and THE CITY OF STOCKTON, a municipal corporation ("Tenant"), who agree as follows:

### LEASE OF PREMISES

Pursuant to that certain Judgment of Possession issued on May 31, 2012 by the Superior Court of the State of California—County of San Joaquin in Case No. 39-2012-00280741-CU-UD-STK (the "**Judgment of Possession**") and Notice of Delivery of Notice of Possession of Real Property dated June 21, 2012 and delivered in connection with the Judgment of Possession, Main Street Stockton LLC, a Delaware limited liability company ("**Main Street Stockton**"), obtained possession of the Building (as hereinafter defined).

As a result thereof, Main Street Stockton, as landlord, and Tenant, as tenant, entered into that certain 400 East Main Street Office Lease for a portion of the Building (the "**Prior Lease**"), which Prior Lease (i) has expired by its terms, and (ii) is being replaced in its entirety by this Lease.

Pursuant to that certain Order Appointing Receiver and Temporary Restraining Order dated January 27, 2015 entered in Case No. 39-2015-00320553-CU-CO-STK in the Superior Court of the State of California for the County of San Joaquin (the "Order Appointing Receiver"). Landlord was appointed receiver for the Building and granted the authority to enter into and perform as landlord under all leases for the Building. As a result thereof, and in accordance therewith, Landlord and Tenant now wish to enter into this Lease.

Pursuant to the terms hereof, Landlord leases to Tenant and Tenant leases from Landlord, upon the provisions and conditions set forth herein, those certain premises ("Premises") described in the Basic Lease Provisions and designated in Exhibit "A" attached hereto, which Premises are located in that certain building located at 400 East Main Street, Stockton, California, which building includes a two-level subterranean parking garage located directly beneath the Building (the "Parking Garage") (such building and the Parking Garage, collectively, the "Building"), and situated upon that certain real property as more particularly described on Exhibit "B" (the "Real Property"). The Real Property, the Building, and the Common Facilities (as defined below) are referred to collectively herein as the "Project."

### BASIC LEASE PROVISIONS

The following are the Basic Lease Provisions of this Lease. Other Sections of this Lease explain and define the Basic Lease Provisions in more detail and are to be read in conjunction herewith. In the event of any conflict between the Basic Lease Provisions and the other Sections of this Lease, the other Sections of this Lease shall control.

1. BUILDING ADDRESS: 400 East Main Street, Stockton, California 95202.

2. PREMISES:

- a. The entire fourth floor, a portion of the third floor, a portion of the ground floor and a portion of the seventh floor of the Building
- b. Suites 102, 119, 124, 310, 400, 701 and 760
- c. Rentable area of the portion of the Premises described in Item 2.a. and b. above that is for Tenant's use: approximately 80,320 rentable square feet
- d. Use of the Common Facilities (as hereinafter defined)
- e. Tenant's rights to the Parking Garage (as hereinafter defined)

3. TERM: Eight (8) years and one (1) month, plus any partial calendar month following the Commencement Date if the Commencement Date does not occur on the first day of a calendar month. As used herein "Term" means the term of this Lease as the same may be extended pursuant to the provisions of this Lease.4. COMMENCEMENT DATE: February 25, 2015, which is the Effective Date (as such term is defined in that certain First Amended Plan for the Adjustment of Debts of City of Stockton, California, as modified (August 8, 2014) for Case No. 2012-32118 in the United States Bankruptcy Court, Eastern District of California, Sacramento Division, and reflected in that certain Notice of Effective Date to be filed in connection therewith subsequent to the date hereof).5. BASIC RENTAL:

| <u>Year</u> | <u>Monthly Payments</u> | <u>Gross Annual Rent</u> |
|-------------|-------------------------|--------------------------|
| 1           | \$77,329                | \$ 927,943               |
| 2           | \$77,427                | \$ 929,128               |
| 3           | \$77,528                | \$ 930,330               |
| 4           | \$77,629                | \$ 931,551               |
| 5           | \$104,091               | \$1,249,098              |
| 6           | \$104,196               | \$1,250,355              |
| 7           | \$104,303               | \$1,251,632              |
| 8           | \$104,411               | \$1,252,927              |
| 9           | \$124,932               | \$1,499,187              |
| 10          | \$125,043               | \$1,500,522              |
| 11          | \$142,153               | \$1,705,842              |
| 12          | \$142,268               | \$1,707,217              |

6. OPERATING EXPENSES: Included within Basic Monthly Rent.7. SECURITY DEPOSIT: \$209,314.788. ADDRESSES:

Landlord:

William J. Hoffman

Tenant:

THE CITY OF STOCKTON

Trigild  
9339 Genesee Avenue  
Suite 130  
San Diego, CA 92121

425 N. El Dorado Street  
Second Floor  
Stockton, CA 95202  
Attn: City Manager

with a copy to:

ASSURED GUARANTY  
31 West 52<sup>nd</sup> Street  
New York, NY 10019  
Attn: Terence L. Workman

CBRE | Asset Services  
1776 W. March Lane, Suite 170  
Stockton, CA 95207  
Attn: Rick Goucher

SIDLEY AUSTIN LLP  
555 West Fifth Street, Suite 4000  
Los Angeles, CA 90013  
Attn: Jeffrey E. Bjork

with a copy to:

ORRICK, HERRINGTON &  
SUTCLIFFE, LLP  
The Orrick Building  
405 Howard Street  
San Francisco, CA 94105  
Attn: John Knox

9. PERMITTED USES: General office use, use as permit and service centers for Tenant's customers, operation of an information technology center, siting of the chambers of the Stockton City Council (the "City Council") in Suite 124, and all related uses thereto, subject to existing zoning restrictions and the terms hereof, including, but not limited to, those set forth in Article 7 (the "Permitted Uses").
10. PARKING: As part of Tenant's consideration under this Lease, Tenant shall be entitled to one hundred thirty (130) parking spaces located in the Parking Garage during the Term of this Lease (the "Tenant's Spaces"), of which one hundred (100) of the Tenant's Spaces shall be unreserved parking spaces and thirty (30) of the Tenant's Spaces shall be reserved parking spaces (such Tenant's Spaces, the "Reserved Spaces"). The Reserved Spaces shall be located within that portion of the Parking Garage depicted on Exhibit "E" attached hereto and made a part hereof; provided, however, that Landlord shall have the right to temporarily relocate such Reserved Spaces for purposes of maintaining, repairing, restoring, altering or improving the Parking Garage and maintaining the safety of the Parking Garage and/or the Project. Landlord reserves the right to separately charge Tenant's guests and visitors for parking; provided, however, that Tenant's visitors shall be permitted to use, at no additional charge, any of the Tenant's Spaces that are not being used by Tenant at the time such visitor wishes to park at the Building, as determined by Landlord (or any agent or employee thereof) in its reasonable discretion.
11. TYPE/NATURE OF TENANT'S BUSINESS: Government offices, permit and service centers for Tenant customers, and technology center and the operation of services consistent with or necessary to the operation thereof, including the operation, facilitation and hosting of City Council meetings within the City Council Chambers (as hereinafter defined)

## ARTICLE 1

### TERM

1.1 Commencement Date. The Term shall commence on February 25, 2015, the “Commencement Date”.

1.2 Extension Options. Tenant shall have the option (each, an “Extension Option”) to extend the term of the Lease for four consecutive one-year terms (each, an “Extension Term”) upon prior written notice (“Tenant’s Election Notice”) to Landlord no later than ninety (90) days prior to the expiration of the then current Term of the Lease; provided, however, that at the time Tenant gives Tenant’s Election Notice to Landlord, and for the remainder of the then existing Term of the Lease, there is (i) no event of default by Tenant under the Lease and (ii) Tenant has not entered into a Transfer as to the Premises that are subject to such extension, whether or not consented to by Landlord. During any such Extension Term, the provisions of the Lease, as it may be amended in writing executed by each party to the Lease prior to the date of the commencement of such Extension Term, shall continue in full force and effect, except that Tenant shall accept the Premises in their then “AS-IS” condition, and there shall be no abatement of Rent, nor shall there be credit or allowance given to Tenant for improvements to the Premises solely as the result of Tenant exercising either Extension Term. The Basic Monthly Rent for each Extension Term shall be in the amount set forth in Item 5 of the Basic Lease Provisions. Landlord and Tenant understand and agree that Tenant’s delivery of Tenant’s Election Notice shall bind Tenant to the applicable Extension Term. In no event shall Tenant have the right to exercise any Extension Option unless it has properly exercised the applicable prior Extension Option.

## ARTICLE 2

### RENT

2.1 Basic Monthly Rent. Tenant shall pay to Landlord, without prior notice or demand, without offset or deduction, and in addition to all other amounts payable by Tenant hereunder, annual rent, in equal monthly installments, in the amount set forth in Item 5 of the Basic Lease Provisions (“Basic Monthly Rent”), provided that monthly Landlord shall provide an invoice of any and all expenses (other than Basic Monthly Rent) that may be due and payable by Tenant hereunder, including without limitation any interest on past due rent or Late Fees (defined below), if any (the “Rent Expenses”). Notwithstanding the foregoing, in no event shall any failure by Landlord to provide such an invoice excuse Tenant’s failure to pay Basic Monthly Rent as and when due.

The Basic Monthly Rent and all other amounts payable hereunder shall be paid to Landlord in advance on the first day of each month during the Term, without deduction, offset or abatement, in lawful money of the United States of America at the office of Landlord in the Building, or to such place as Landlord may designate in writing.

Basic Monthly Rent and any other Rent (as defined in Section 2.5) due under this Lease for any period during the Term, which is for less than one (1) month, shall be a prorated

portion of the monthly amount due, based upon the actual number of days in that particular month.

Landlord shall have the right to accept all Rent and other payments, whether full or partial, and to negotiate checks in payment thereof without any waiver of rights, irrespective of any conditions to the contrary sought to be imposed by Tenant. Rent shall be deemed paid to Landlord when received by Landlord, or its designee, at Landlord's address, or at such other address as Landlord shall have designated.

2.2 Interest on Past Due Rent. Basic Monthly Rent and any other Rent not paid when due shall bear interest from the date due until the date paid at the Federal Reserve Board Discount Rate, as of such due date, plus three percent (3%) per annum ("Interest Rate"). The payment of such interest shall not excuse or cure any default or modify any obligations of Tenant under this Lease. Notwithstanding the foregoing, the Interest Rate shall not accrue on Rent Expenses unless any payment thereof is not received by Landlord within five (5) days of Tenant's receipt of an email therefor pursuant to Section 2.1.

2.3 Late Fee. Tenant acknowledges that the late payment by Tenant to Landlord of Rent will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which will be difficult to ascertain. Such costs may include, without limitation, administrative costs, processing and accounting charges, and late charges which may be imposed on Landlord. Accordingly, if any installment of Rent shall not be received by Landlord within five (5) days after the date that such amount is due and payable, then Tenant shall pay to Landlord, in addition to the interest provided above in Section 2.2, a late fee in the amount of five percent (5%) of the amount of such Rent ("Late Fee"). The parties agree that such Late Fee represents a fair and reasonable estimate of the costs Landlord will incur by reason of the late payment by Tenant. Acceptance of such Late Fee by Landlord shall not constitute a waiver of Tenant's default with respect to such overdue amount, nor prevent Landlord from exercising any of its rights or remedies hereunder. Any such Late Fee shall be due and payable by Tenant within five (5) business days after delivery of Landlord's written notice thereof to Tenant and, if not paid when due, shall be added to the next installment of Basic Monthly Rent due and payable hereunder. The parties agree that it would be impracticable and extremely difficult to fix Landlord's actual damages in such event. The interest provided for in Section 2.2 and the Late Fee are separate and cumulative and are in addition to and shall not diminish or represent a substitute for any or all of Landlord's rights or remedies under any other provision of this Lease. If a Late Fee is payable hereunder, whether or not collected, for any three (3) installments of Basic Monthly Rent during any twelve (12) month period, then all further Basic Monthly Rent shall, at Landlord's sole option, automatically become due and payable quarterly in advance, rather than monthly, notwithstanding any provision of this Lease to the contrary. If any interest or late fees shall be due from Tenant hereunder, then upon receipt of any funds from Tenant, Landlord shall credit and apply such funds first to such interest or late fees, and then to any other monetary obligations of Tenant under this Lease, all in Landlord's sole and absolute discretion.

2.4 Security Deposit. Tenant deposited with Main Street Stockton the sum of \$111,668.20 (the "**Prior Security Deposit**") as the security deposit under the terms of the Prior Lease, which Prior Security Deposit has been delivered to Wells Fargo Bank, National Association (the "**Trustee**"). Concurrently with Tenant's execution of this Lease, (i) Landlord shall obtain from Trustee the Prior Security Deposit, which Tenant agrees is hereby delivered to Landlord as a partial Security Deposit under this Lease, and (ii) Tenant shall deliver to Landlord

the additional sum of \$97,646.58 for the remainder of the Security Deposit, which amount represents the difference between the amount of the Prior Security Deposit and the total amount specified in Item 7 of the Basic Lease Provisions (“Security Deposit”). The Security Deposit shall be held by Landlord as security for the faithful performance by Tenant of all terms covenants and conditions of this Lease by Tenant. Tenant agrees that Landlord may apply the Security Deposit to remedy any failure by Tenant to repair or maintain the Premises, to perform any other obligations hereunder, and for past due Rent and future Rent damages that Landlord may recover under the Civil Code of California and any other Regulations now or hereafter in effect. If Tenant has kept and performed all terms, covenants and conditions of this Lease during the Term, Landlord shall, upon the expiration or termination hereof, promptly return any unapplied portion of the Security Deposit to Tenant, or the last permitted assignee of Tenant’s interest hereunder. Should Landlord use or apply any portion of the Security Deposit pursuant to the foregoing, Tenant shall replenish the Security Deposit to the amount required under the Lease within ten (10) business days after receipt of written notice from Landlord. Landlord shall not be required to keep the Security Deposit separate from its general funds, and Tenant shall not be entitled to interest on any Security Deposit. Tenant hereby waives any and all rights under and benefits of Section 1950.7 of the Civil Code of California and any similar Regulation (defined below) now or hereafter in effect.

2.5 Rent. As used herein, “Additional Rent” means all amounts required to be paid by Tenant under this Lease other than Basic Monthly Rent, and “Rent” means, collectively, Basic Monthly Rent and Additional Rent. Notwithstanding anything to the contrary contained herein, all Rent to be paid by Tenant to Landlord shall be delivered to Landlord at the notice address for CBRE set forth in Section 8 of the Basic Lease Provisions, until such time as Landlord may notify Tenant, in accordance with the terms of Section 18.13 hereof, that Landlord wishes for Tenant to deliver any and all Rent to another address.

### ARTICLE 3

#### SIGNAGE

3.1 Tenant’s Right to Exterior Building Signs. As long as Tenant continues to lease and occupy the entirety of the Premises during the Term, Tenant shall have the exclusive right (a) to display its name on two (2) separate “eyebrow” signs (one above each of the two (2) separate retail entrances to the Premises) (each, a “Tenant’s Eyebrow Sign”, and, collectively “Tenant’s Eyebrow Signs”) and (b) to place white, vinyl tinting, at a size no greater than three (3) feet in height and three (3) feet in length on each of the two (2) separate retail entrances to the Premises, both of which are located on South Sutter Street, all as more specifically set forth herein (collectively, “Tenant’s Door Signage”, and, together with Tenant’s Eyebrow Signs, collectively, “Tenant’s Signs”). Tenant shall be permitted to install one of Tenant’s Eyebrow Signs (i) above the retail entrance to the Premises located on South Sutter Street, which Tenant’s Eyebrow Sign shall read “City of Stockton Permit Center”, and (ii) above the other retail entrance to the Premises located on South Sutter Street, which Tenant’s Eyebrow Sign shall read “City of Stockton Revenue Center.” Tenant’s name depicted on each Tenant’s Eyebrow Sign shall be constructed using the Building standard raised chrome block lettering, in a size equal to the “eyebrow” sign located at the Building’s north entrance, which is depicted on Exhibit “F” attached hereto and made a part hereof (the “Existing Signage”). In addition to the foregoing, Tenant’s Signs must satisfy each of the following requirements:



- (a) Comply with all applicable governmental laws, statutes, regulations, rules, codes and ordinances;
- (b) Comply with the provisions of this Lease;
- (c) Have been approved in advance by all appropriate governmental agencies;
- (d) Have been approved in advance by Landlord (which approval shall not be unreasonably withheld, conditioned or delayed); and
- (e) Comply with all instruments recorded or unrecorded against the Project.

Tenant shall not have any right to maintain an “eyebrow” sign on any other part of the Building other than as specifically set forth herein.

3.2 Tenant’s Installation of Signs. Installation of Tenant’s Signs shall be in accordance with the procedures and requirements of Article 6 below, except to the extent in conflict with Article 3. Tenant shall, at its sole cost and expense, install Tenant’s Signs. Such costs and expenses include, but are not limited, to the follows:

- (a) Costs of Tenant’s Signs;
- (b) Costs of obtaining permits and approvals;
- (c) Costs of installing, maintaining, repairing and replacing Tenant’s Signs;
- (d) Costs associated with the removal of Tenant’s Signs, repair of any damage caused by such removal, and restoration of the sites of Tenant’s Signs on the Building to the condition in which those portions of the Building existed before the installation of Tenant’s Signs excluding ordinary wear and tear and damage due to casualty.

3.3 Removal, Repair and Restoration. On the sooner of (i) the failure of Tenant to lease the entire Premises, (ii) the failure of Tenant to occupy the entire Premises, (iii) the expiration or sooner termination, in accordance with the terms hereof, of the Lease, or (iv) at any time prior to the occurrence of an event described in clauses (i) through (iii), at Tenant’s election, Tenant shall remove, at its sole cost and expense, each of Tenant’s Signs, repair any damage caused by such removal and restore those parts of the Building on which Tenant’s Signs were located to the condition that existed before the installation of Tenant’s Signs, ordinary wear and tear and damage due to casualty excepted. Such removal, repair and restoration shall be in accordance with the procedures and requirements of Article 6 above, except to the extent in conflict with this Article 3.

3.4 Maintenance of Tenant’s Signs. Tenant, at its sole cost and expense, shall at all times during the Term maintain Tenant’s Signs in working order and first class condition.

3.5 Prohibited Signage and Other Items. Tenant shall not, without the prior written consent of Landlord, place, construct or maintain any sign, advertisement, awning, banner or other decoration on or visible from, or otherwise use, the exterior of the Premises (including, but not limited to, the outer surfaces of the exterior walls and doors of the Premises, the roof of the Building, the Common Facilities, and the public areas of the Project), and in no event shall any sign or other decoration visible from the exterior of the Premises, including, but not limited to,

any of Tenant's Signs, be illuminated. Tenant shall pay the cost of any such sign approved by Landlord together with the costs of installation thereof.

3.6 Building Directory Signage. Landlord will provide standard lettering identifying Tenant for the building directories as Landlord, in its sole discretion, may determine. Landlord shall have the sole right to determine and change from time to time the type of such directory(ies) and such sign and the contents thereof including, but not limited to, size of letters, style, color and placement. Any changes to the directory signage shall be at Tenant's expense.

3.7 Rights Personal to Tenant. Tenant's signage rights set forth in this Article 3, including, but not limited to, Tenant's right to Tenant's Signs, are personal to The City of Stockton, as the original "Tenant" under this Lease, and such rights are not transferrable, and shall not be transferred, to a transferee in connection with any Transfer or to anyone else without Landlord's prior written consent, which may be withheld in Landlord's sole discretion.

## ARTICLE 4

### SERVICES, FACILITIES AND MAINTENANCE

#### 4.1 Landlord's Provision of Services.

(a) Landlord shall furnish to the Premises heating, ventilation and air conditioning (collectively, "HVAC") (excluding HVAC services supplied in connection with Tenant's HVAC Chillers (as hereinafter defined)), telecommunications service, water for reasonable and normal drinking, lavatory, and emergency sprinkler use and replacement light bulbs and/or fluorescent tubes and ballasts for standard overhead fixtures for reasonable and normal office and technology use as of the Commencement Date of this Lease. Landlord shall furnish such services to the Premises between the hours of approximately 7:00 a.m. and 6:00 p.m., Mondays through Fridays, except those holidays designated yearly by Landlord. Notwithstanding the foregoing, Landlord shall furnish to the Premises HVAC services, to the extent required for Tenant's HVAC Chillers (collectively, the "Chiller Services"), and electricity twenty-four (24) hours per day, seven (7) days per week, and three hundred sixty-five (365) days per year. All services described in this Section 4.1(a) shall be provided subject to Building-wide shutdown for routine maintenance or due to force majeure (as defined in Section 18.5). Upon Tenant's written request, Landlord shall provide additional HVAC or any of the other utilities or services referred to above (other than Chiller Services and electricity) at Tenant's request to Landlord. Tenant shall pay to Landlord an amount reasonably determined by Landlord from time to time for such additional services (other than Chiller Services and electricity). Tenant shall keep and cause to be kept closed all window coverings when necessary because of the sun's position, and Tenant also shall at all times cooperate fully with Landlord and abide by all the regulations and requirements which Landlord may prescribe for the proper functioning and protection of the HVAC system. Notwithstanding anything to the contrary contained herein, Tenant shall provide any and all telecommunications cabling for the Premises necessary for Tenant to use the Premises in accordance with the Permitted Uses set forth in Section 9 of the Basic Lease Provisions; in no event, shall Landlord be responsible for providing such services to the Premises.

(b) Tenant shall provide customary and routine cleaning and janitorial service, at Tenant's sole cost and expense, and without any Rent abatement, offset, rebate or any credit of any kind against Rent, for all portions of the Premises for which Tenant has exclusive use, which Landlord and Tenant agree includes all portions of the Premises comprising office space, and specifically excluding public restrooms and any elevator landings, located on the first (1<sup>st</sup>), third (3<sup>rd</sup>) and seventh (7<sup>th</sup>) floors and all portions of the Premises, inclusive of office space and restrooms, but excluding elevator landings, located on the fourth (4) floor (collectively, the "Exclusive Premises"), and Landlord shall have no obligation to provide janitorial service for the Exclusive Premises at any time during the Term of this Lease. Notwithstanding anything to the contrary contained herein, the indemnification provisions of Section 9.1 below shall apply in the event Landlord suffers any loss, liability, claim, damage or expense arising out of or resulting from Tenant's provision (or lack thereof) of its own janitorial services as permitted under this clause (b). Landlord shall provide routine cleaning and janitorial service for all portions of the Premises that are not part of the Exclusive Premises; provided, that such portions of the Premises are used exclusively as offices and for the Permitted Uses and are kept reasonably in order by Tenant with reasonable wear and tear excepted. All janitorial services, whether provided by Landlord or Tenant shall be consistent with janitorial services provided at comparable buildings in the Stockton, California area. Notwithstanding the first (1<sup>st</sup>) sentence of this subsection (b) to the contrary, if a Transfer (as hereinafter defined) is made in accordance with Article VIII hereof, with respect to all or a portion of the Premises, within thirty (30) days after such Transfer, the assuming or subletting party may elect, upon written notice to Landlord, to cause Landlord to provide customary and routine cleaning and janitorial services for so much of the Premises, inclusive of the Exclusive Premises, as has been assumed or sublet by such party in accordance herewith.

(c) Landlord shall replace building standard lighting in the Premises, as required, without charge to Tenant.

#### 4.2 [Intentionally Omitted.]

4.3 Interruption of Standard Services. Landlord shall not be in default hereunder or liable for any damages directly or indirectly resulting from the inadequacy, defect or failure in the supply of any service described in Section 4.1 caused by (i) the installation or repair of any equipment in connection with the furnishing of utilities or services, (ii) acts of God or the elements, labor disturbances of any character, any other accidents or any other conditions beyond the reasonable control of Landlord, or by the making of repairs or improvements to the Premises or the Project, or (iii) the limitation, curtailment, rationing or restriction imposed by any governmental agency or service or utility supplier on use of water or electricity, gas or any other form of energy or any other service or utility whatsoever serving the Premises or the Project. Furthermore, Landlord shall be entitled, without any obligation or compensation to Tenant, to cooperate voluntarily in a reasonable manner with the efforts of national, state or local governmental agencies or service or utility suppliers in reducing the consumption of energy or other resources; if Landlord shall so cooperate, Tenant shall also reasonably cooperate therewith. Notwithstanding the foregoing, after the tenth (10<sup>th</sup>) consecutive day of a failure to supply any of the services described in Section 4.1, to the extent within Landlord's reasonable control, Tenant shall be entitled to an abatement of Basic Monthly Rent beginning from the first day of such failure, until such time as such utilities are restored. If such utilities cannot be restored within forty-five (45) days, to the extent within Landlord's control, Tenant may terminate this Lease by fifteen (15) days prior written notice to Landlord; provided, however, if Tenant does not elect to

terminate this Lease it shall be entitled to abate Basic Monthly Rental until such time as such utilities are restored, commencing on the tenth (10<sup>th</sup>) consecutive day of such failure to supply services.

4.4 Common Facilities. The term “Common Facilities” as used in this Lease means all areas and facilities within the exterior boundaries of the Project which are provided and designated from time to time by Landlord for the general use and convenience of Tenant and some or all other tenants of the Project and their respective employees, invitees or other visitors. Tenant, its employees and invitees shall have the nonexclusive right to use the Common Facilities along with others entitled to use same, subject to Landlord’s rights and duties as hereinafter set forth and subject to the other provisions of this Lease. Without Tenant’s consent and without liability to Tenant, and provided that Landlord uses reasonable efforts to minimize any resultant interference with Tenant’s use of and access to the Premises, Landlord may do the following:

- (a) Establish and enforce reasonable rules and regulations concerning the maintenance, management, use and operation of the Common Facilities;
- (b) Close off any of the Common Facilities to whatever extent required in the reasonable opinion of Landlord and its counsel to prevent a dedication of any of the Common Facilities or the accrual of any rights by any person or the public to the Common Facilities; provided, that in no event shall Tenant’s access to the Premises be completely or unreasonably restricted;
- (c) Close any of the Common Facilities for maintenance, repair, alteration or improvement purposes;
- (d) Select, appoint and/or contract with any person for the purpose of operating and maintaining the Common Facilities; and
- (e) Change the size, use, shape or nature of any of the Common Facilities.

4.5 Parking. Tenant shall have the non-exclusive right, so long as this Lease remains in full force and effect, and subject to applicable rules and regulations promulgated by Landlord from time to time, to use the number of reserved and unreserved parking spaces specified in the Basic Lease Provisions in the Parking Garage, upon such terms and conditions as may be specified in the Basic Lease Provisions. Landlord shall have certain rights and authority relating to the use and control of the Parking Garage, including, without limitation, the right to rearrange or relocate the parking spaces and improvements in the Parking Garage, to close all or any portion of the Parking Garage for the purpose of maintaining, repairing, restoring, altering or improving same, and to do and perform such other acts in, to and with respect to the Parking Garage at the sole discretion of Landlord; provided that, if Landlord closes all or any portion of the Parking Garage or relocates Tenant’s parking spaces, Landlord will use reasonable efforts to provide to Tenant alternate parking arrangements within a reasonable distance of the Parking Garage; provided, that such alternate parking arrangements must be within the Project. Tenant may not sell, assign or transfer its parking rights under this Lease, except pursuant to a Transfer (as defined in Section 8.1) consented to by Landlord or a Permitted Transfer (as defined in Section 8.3); provided, however, that Tenant may rent any or all of Tenant’s Spaces to any employees, consultants, advisors, vendors and subcontractors of Tenant working in the Building. Tenant and its invitees, visitors and customers shall also have the right to use in common with

other tenants of the Building and their invitees, visitors and customers and the general public any portions of the Parking Garage designated for public use, subject to the rates, rules and regulations, and any other charges, fees and taxes to be collected by Landlord, for such Parking Garage. Landlord reserves the right to establish and alter, from time to time, all such rates, rules and regulations. Tenant acknowledges that neither Landlord nor any agent of Landlord has made any representation or warranty as to the suitability of the Parking Garage or as to the availability of parking spaces in the Parking Garage for the conduct of Tenant's business except as set forth in the Basic Lease Provisions and in this Lease. Tenant hereby acknowledges and agrees that Tenant shall be solely responsible for the enforcement of its right to use the Reserved Spaces within the specified location in the Parking Garage, and Landlord shall not have any obligation or liability to Tenant therefor; provided, however, that Tenant hereby agrees to notify any employees or contractors that may be operating any Building security system of any enforcement action proposed to be taken by Tenant at least one (1) hour prior to Tenant taking such enforcement action and shall provide such employees and/or contractors with a summary of the enforcement action proposed to be taken. Landlord may, but is not required, to reasonably assist Tenant in the enforcement of its right to the Reserved Spaces if Tenant complies with the notice requirements contained in the immediately preceding sentence, requests such assistance and provides Landlord with the information necessary to permit Landlord or any employees or contractors that may be operating any Building security system to provide such assistance.

4.6 Excess Utilities. Tenant shall not, without the prior written consent of Landlord, use in the Premises any apparatus, device, machine or equipment using excess water; nor shall Tenant connect any apparatus or device to sources of water except through existing water pipes in the Premises. If Tenant shall require excess water or any other resource (except for electricity and bandwidth for telecommunications) in excess of that customarily supplied for use of similar premises as general office space, service centers, and technology space, Tenant shall first request the consent of Landlord and obtain, at Tenant's sole cost and expense, any additional consent required from governmental authorities. In the event that (i) Landlord gives its consent or (ii) Landlord determines, in Landlord's sole judgment, that Tenant's use of Premises has resulted in Tenant consuming excess water or any other resource (except for electricity and bandwidth for telecommunications) and, in either case any such additional governmental consent is obtained, then Landlord may cause a separate metering device to be installed in the Premises so as to measure the amount of the resource consumed within the Premises. The cost of any such separate metering device including, but not limited to, the cost of installation, maintenance and repair thereof shall be paid by Tenant. Tenant shall promptly pay the cost of all excess resources consumed within the Premises, together with any additional administrative expense incurred by Landlord in connection therewith. Notwithstanding anything to the contrary contained herein, in no event shall Landlord be required to provide bandwidth services to the Premises, and all such services shall be provided by Tenant (or Tenant shall arrange for the provision of such services), at Tenant's sole cost and expense.

4.7 Payment as Additional Rent. Any sums payable under this Article 4 shall be considered Additional Rent and may be added to any installment of Rent thereafter becoming due, and Landlord shall have the same remedies for a default in payment of such sums as for a default in the payment of any other Rent.

4.8 Landlord to Maintain. Subject to the provisions of Sections 6.3 and 4.9 and Article 12, Landlord shall maintain in reasonably good order and condition the Common Facilities, Parking Garage, the foundation and structural portions of the Building (including,

without limitation, the structural soundness of the roof (structure and membrane), foundations, the exterior walls of the Building, and load bearing walls), and the Building systems providing the services and utilities to be furnished by Landlord pursuant to Section 4.1 above (including, without limitation, the Building HVAC, all wiring, plumbing, other conduits and utility lines and pipes).

4.9 Tenant to Maintain. Notwithstanding anything to the contrary contained herein, Tenant shall be required to maintain and, if necessary or desirable, repair, at its sole cost and expense, with contractors approved by Landlord (which approval shall not be unreasonably withheld, conditioned or delayed) each of the Tenant's HVAC chillers installed by Tenant (regardless of whether such chillers were installed prior or subsequent to the date hereof), which are used solely for the purpose of cooling all or any part of the technology or communications equipment on the Premises (collectively, the "Tenant's HVAC Chillers"). In connection with Tenant's maintenance or repair of the Tenant's HVAC Chillers, Tenant shall be permitted access to Tenant's HVAC Chillers upon twenty-four (24) hours prior written notice to Landlord, and, notwithstanding the foregoing, Landlord hereby agrees to use commercially reasonable efforts to provide Tenant same-day access to Tenant's HVAC Chillers for the purpose of maintaining or repairing same, if Tenant's request for such access is received by Landlord between the hours of approximately 7:00 a.m. and 6:00 p.m., Monday through Friday, excluding Landlord designated holidays; provided, however, that in the event of an emergency, access will be provided at other times as soon as practicable at Tenant's cost.

4.10 Building Security; Premises Security. Tenant shall (or shall cause a third party to) provide, maintain and operate, at Tenant's sole cost and expense, a security system or service, which shall function as the primary security for the Premises at any time during which a Permitted City Council Meeting (as hereinafter defined) is to take place within the City Council Chambers ("Tenant's Security"). All employees and contractors operating Tenant's Security shall coordinate with Landlord and any employees and contractors operating any Building security system to ensure that Tenant's Security does not interfere with, or unduly burden, the operation of any Building security system. If the security provided for the Building needs to be increased or additional Building security costs are incurred by Landlord as a result of any Permitted City Council Meeting occurring on Premises, or for any other reason in connection with Tenant's use of Suite 124 as the City Council Chambers, then Tenant shall be responsible for, and shall promptly reimburse Landlord for, any such increased costs. Notwithstanding the foregoing, Tenant shall remain responsible for any costs for which Tenant is required to reimburse Landlord under the terms hereof in connection with Landlord's maintenance and provision of any Building security. In addition to the foregoing, Tenant shall be permitted, at its sole discretion, cost and expense, to maintain and operate an additional security system or service within the Premises (including, but not limited to, placing additional security personnel within the Premises), which may, upon Tenant's election, function as the primary security for the Premises (the "Optional Primary Security"). Upon such an election by Tenant, employees and contractors operating such Optional Primary Security for the Premises shall coordinate with Landlord and any employees and contractors operating any Building security system to ensure that (i) such Optional Primary Security does not interfere with, or unduly burden, the operation of any Building security system, and (ii), to the extent such Optional Primary Security (or any portion thereof) is in the form of an electronic security system rather than additional security personnel, Landlord (or Landlord's property manager) has reasonable access to such Optional Primary Security (or applicable portion thereof), to ensure such Optional Primary Security (or

applicable portion thereof) does not unduly burden or interfere with any other tenant's use and occupancy of the Building.

## ARTICLE 5

### ACCEPTANCE OF PREMISES

Tenant acknowledges that neither Landlord nor any agent of Landlord has made any representations or warranties with respect to the suitability or fitness of the Premises for the conduct of Tenant's business or for any other purpose. The taking of possession or use of the Premises by Tenant shall conclusively establish that the Premises and the Building were at such time ready for occupancy and in conformity with the provisions of this Lease in all respects. Nothing contained in this Article shall affect the commencement of the Term or the obligation of Tenant to pay any Rent due under this Lease.

## ARTICLE 6

### ALTERATIONS AND REPAIRS

6.1 Alterations; Initial Improvements. Subject to Section 6.4, Tenant shall be permitted to make alterations, improvements or additions to the Premises commencing as of the Effective Date for the initial build-out of the Premises (the "Initial Improvements"). Landlord shall have the right to approve all plans and specifications for the proposed Initial Improvements, which approval shall not be unreasonably withheld, conditioned or delayed. If Landlord does not approve of or provide comments to plans and specifications within fourteen (14) business days of Tenant's submission of the same to Landlord, then the plans and specifications shall be deemed approved. For all alterations, improvements and additions other than the Initial Improvements, Tenant shall not, without the prior written consent of Landlord, make any alterations, improvements or additions to the Premises or the Project or any part thereof. All alterations, improvements or additions, made to the Premises shall become Landlord's property and remain upon the Premises at the termination or expiration of the Lease (excepting only Tenant's moveable office furniture, technology equipment (including, without limitation, the Tenant's HVAC Chillers, subject to Section 16.1), trade fixtures and office and professional equipment); provided, however, that Landlord shall have the right to require Tenant to remove such alterations, improvements or additions made by Tenant after the date of this Lease at Tenant's cost upon the termination or expiration of this Lease, and the repair of any damage caused to the Premises, the Building or any other portion of the Project as a result of any such removal shall be paid for by Tenant. All alterations, improvements and additions shall be made in compliance with all applicable Regulations (defined below) and in a good and first-class workmanlike manner using new materials, which shall be at least equal in quality to the original installations. Any contractor selected to make such alterations, additions or improvements must (a) be bondable and licensed in the State of California; (b) be approved in advance, in writing, by Landlord; and (c) provide insurance coverage acceptable to Landlord naming Landlord, Landlord's asset manager, and Landlord's property manager as additional named insureds. Except with respect to the Initial Improvements, at Landlord's option, any alterations, additions or improvements desired by Tenant shall be made by Landlord (or its contractors) for Tenant's account, and Tenant shall pay the cost thereof to Landlord prior to Landlord's contracting for such work; provided, however, that the bid obtained by Landlord shall not exceed the lowest bona fide bid, from a contractor reasonably satisfactory to Landlord, theretofore obtained by

Tenant and communicated in writing to Landlord. Upon completion of any alterations, additions or improvements, Tenant shall furnish to Landlord a set of “as built” plans and specifications therefor, in both electronic (CAD) and print formats, and, within ten (10) days after such completion, Tenant shall cause an appropriate notice of completion to be recorded in the Official Records of San Joaquin County, California. Upon request, Landlord will advise Tenant of Landlord’s approved contractor(s). After the date of execution of this Lease, if Tenant makes any alterations or improvements to the Premises, Tenant shall pay a construction administration fee, if any, owed to Landlord’s property manager pursuant to the then existing management agreement between Landlord and Landlord’s property manager. Notwithstanding the foregoing, Landlord’s prior consent shall not be required for any alterations that (i) are reasonably estimated to cost less than Ten Thousand Dollars (\$10,000); (ii) are not visible from outside the Premises; (iii) do not affect the structural portions of the Buildings; and (iv) comply with all Regulations.

6.2 Indemnity. Tenant indemnifies, defends, protects and holds Landlord and the other Landlord Parties (as defined in Section 9.1) harmless from all costs, damages, liens for labor, services and materials relating to work performed by Tenant or its agents, whether prior to or following the Commencement Date, and shall defend and hold Landlord and the other Landlord Parties harmless from all costs, damages, liens and expenses (including attorney’s fees and court costs) related thereto.

6.3 Tenant. Except as set forth in Section 4.8 and Article 12 below, Tenant shall, at all times during the Term and, at Tenant’s sole cost and expense, keep the Premises and every part thereof in good order, condition and repair, reasonable wear and tear excepted. All repairs performed by Tenant shall be of quality or class at least equal to the original mode of construction of the Building. Tenant hereby waives any and all rights under and benefits of subsection 1 of Section 1932, and Sections 1941 and 1942, of the Civil Code of California and any similar Regulation (defined below) now or hereafter in effect. It is hereby understood and agreed that Landlord has no obligation to alter, remodel, improve, repair, decorate or paint the Premises or any part thereof, except as specified in Section 4.8 and Article 12 below, and that no representations relating to the condition of the Premises or any portion of the Project, including, but not limited to the Building, have been made by Landlord (or any employee or agent thereof) to Tenant, except as may be expressly set forth in this Lease. If, at any time, Tenant fails to make any repair required to the Premises, then Landlord shall have the right, if it so elects, to make such repair and to immediately charge the costs of the same, together with a five percent (5%) overhead and administrative cost, to Tenant as Additional Rent.

6.4 Cafeteria. Tenant shall be responsible for constructing and paying for all alterations, improvements and additions at the Premises; provided, however, that Landlord shall be responsible for delivering the first floor former cafeteria space identical on the Floor Plan in shell condition at Landlord’s expense. Landlord shall apply for a demolition permit from the City of Stockton covering the first floor former cafeteria space (the “Demolition Permit”) no later than ten (10) days after the Effective Date. Landlord shall then have sixty (60) days after the date upon which the Demolition Permit is issued to Landlord within which to deliver the first floor former cafeteria space in shell condition, which shall include removing and disposing of all interior finishes and removing the raised floor; provided, however and notwithstanding anything to the contrary contained herein, in no event shall Landlord be required to deliver the first floor former cafeteria space in shell condition prior to March 5, 2015.



6.5 Liens. Tenant shall keep the Project free from any liens arising out of any work performed, material furnished or obligations incurred by Tenant. In the event that Tenant shall not, within ten (10) days following the imposition of any such lien, cause the same to be released of record by payment or posting of a proper bond or other security reasonably acceptable to Landlord, Landlord shall have, in addition to all other remedies provided herein and at law or in equity, the right, but no obligation, to cause same to be released by such means as it shall deem proper including, but not limited to, payment (from the Security Deposit or otherwise) of the claim giving rise to such lien. All such sums paid by Landlord and all expenses incurred by it in connection therewith shall be considered Additional Rent and shall be payable to it by Tenant on demand with interest at the Interest Rate (as defined in Section 2.2). Landlord may require, at Landlord's sole option, that Tenant cause to be provided to Landlord, at Tenant's sole cost and expense, a performance and labor and materials payment bond acceptable to Landlord with respect to any improvements, additions or alterations to the Premises. Landlord shall have the right at all times to post and keep posted on the Premises any notices permitted or required by applicable Regulation (defined below), or which Landlord shall deem proper, for the protection of Landlord, the Project and any other party having an interest therein from mechanics' and materialmen's liens, and Tenant shall give Landlord at least five (5) business days' prior written notice of commencement of any work on the Premises.

## ARTICLE 7

### PREMISES

7.1 [Intentionally Omitted].

7.2 Permitted Use. Tenant shall use and occupy the Premises only for the Permitted Uses set forth in the Basic Lease Provisions and in accordance with the terms of this Section 7.2.

(a) Tenant shall be permitted to use all or part of the Premises for general office use, use as permit and service centers for Tenant's customers, or operation of an information technology center. Should Tenant wish to use a portion of the Premises as the location of the City Council chambers, then Tenant must locate the City Council chambers within that portion of the Premises commonly known as Suite 124 (in such capacity, the "City Council Chambers"); provided, that Tenant's right to locate the City Council chambers within Suite 124 is conditioned upon all regularly scheduled City Council meetings, open to the general public, not beginning, or being scheduled to begin, prior to 6:30 P.M. on any given day (such meeting, a "Regularly Scheduled City Council Meeting"), and Tenant delivering to Landlord's property manager written notice of the date and time of each Regularly Scheduled City Council Meeting to be held within the City Council Chambers, which written notice shall be provided to Landlord's property manager no later than the earliest date upon which Tenant is required to provide such notice to the general public under all applicable laws, rules and regulations. The start-time restriction set forth in the immediately preceding sentence shall only apply to Regularly Scheduled City Council Meetings, and, as such, such restriction shall not apply to meetings held in the City Council Chambers (i) that are not Regularly Scheduled City Council Meetings, open to the general public, or (ii) emergency City Council meetings that are called and held pursuant to Section D.4(a) and (b) of the Council Policy ((i) and (ii), together with the Regularly Scheduled City Council Meetings, collectively, the "Permitted Meetings"). Consistent with the foregoing, Tenant's right to use Suite 124 for the City Council Chambers is conditioned upon Tenant delivering to Landlord, prior to any use of Suite 124 therefor, a copy of Policy No.

100-3, Rules For Conduct of City Council Meetings, in the Stockton Council Policy Manual, modified to reflect that all Regularly Scheduled City Council Meetings shall begin (and shall be scheduled to begin) no earlier than 6:30 P.M. on any given day. In no event shall Tenant be permitted to use any other portion of the Premises (other than Suite 124) as the location of the City Council Chambers or, except as set forth in clause (c) below, for any business related thereto.

(b) If Tenant chooses to locate the City Council Chambers within Suite 124 and, in connection therewith, complies with the conditions precedent thereto set forth in clause (a) above, then Landlord and Tenant agree that the general public shall have access to the City Council Chambers via the first (1<sup>st</sup>) floor Building lobby, and any person (including any member of the general public) that may be attending a Permitted Meeting within the City Council Chambers, or that otherwise visits the Building for purposes of conducting business within Tenant's offices located within the Premises, shall have access to the restrooms located within the Common Facilities on the first floor of the Building lobby.

(c) Notwithstanding the foregoing, if at any time or from time to time, attendance at any Permitted Meeting being held in the City Council Chambers exceeds the maximum capacity legally and comfortably permitted within Suite 124, then Tenant shall use other portions of the Premises located on the first floor of the Building to provide additional capacity for such meeting, such that all overflow seating (or standing only area) required for any such meeting shall be located in such other portions of the Premises, and Tenant's Security and any Building security shall be clearly instructed to direct, and shall direct, all persons attending such meeting that cannot be accommodated within the City Council Chambers, to those other portions of the Premises that Tenant has designated for overflow capacity in accordance with the terms of this clause (c). In no event shall any additional capacity or overflow area be provided or located within any portion of the Building lobby or any other portion of the Building, except for the first floor of the Premises.

(d) If an Event of Default by Tenant occurs under this Section 7.2, then, in addition to all other rights and remedies provided to Landlord under Article 13 hereof, Landlord may terminate Tenant's right to use Suite 124 as the City Council Chambers until such time as Tenant cures such violation (and Landlord agrees to accept such cure) and obtains written confirmation from Landlord that Tenant is, once again, permitted to use Suite 124 as the City Council Chambers in accordance with the terms hereof. Notwithstanding the foregoing, if an Event of Default by Tenant occurs under this Section 7.2 more than two (2) times in any calendar year, then, in addition to all other rights and remedies provided to Landlord under Article 13 hereof, Landlord may terminate Tenant's right to use Suite 124 as the City Council Chambers for the remainder of the Lease Term, in which case, this Section 7.2 shall be of no further force or effect.

### 7.3 Conduct of Business.

(a) Tenant shall not do or permit anything to be done in or about the Project which will, in any way, obstruct or interfere with the rights of other tenants or occupants of the Building, or injure or annoy them, or allow the Premises or the Project to be used for any improper, immoral, unlawful or objectionable purpose, nor shall Tenant cause, maintain, or permit any nuisance or waste in, on, or about the Project.

(b) Tenant shall not use the Premises or permit anything to be done in or about the Premises or the Project which shall: (i) conflict with any law, statute, ordinance, or governmental rule or regulation now in force or that may hereafter be enacted or promulgated (including without limitation the Americans with Disabilities Act, as the same may be amended from time to time), the requirements of the Certificate of Occupancy for the Building or with the requirements of any covenant, condition or restriction affecting the Project (collectively, “Regulations,” and individually, a “Regulation”); or (ii) except as a result of a Permitted Use, increase the rate for any fire insurance in effect for the Building or cause a cancellation of such insurance or otherwise negatively affect said insurance in any manner. Tenant shall, at its sole cost and expense, promptly comply with all Regulations in force or which may hereafter be in force, and with the requirements of any fire insurance underwriters or other similar body affecting the use and occupancy of the Premises; provided, that in no event shall Tenant be required to make any (x) structural improvements or capital expenditures, including, but not limited to, capital improvements, capital repairs, capital equipment, and capital tools, or (y) rental payments or other related expenses incurred in connection with leasing equipment ordinarily considered to be of capital nature to the Premises; provided, however, that the foregoing provision shall be subject in all respects to any and all indemnification obligations of Tenant set forth herein.

7.4 [Intentionally Omitted].

7.5 Load and Equipment Limits. Tenant shall not place a load upon any floor of the Premises which exceeds the load per square foot which such floor was designed to carry, as determined by Landlord or Landlord’s structural engineer, but in no event greater than that allowed under the current applicable building code. The cost of any such determination made by Landlord’s structural engineer shall be paid for by Tenant upon demand. Tenant shall not install business machines or mechanical equipment which cause noise or vibration to such a degree as to be objectionable to Landlord or other Building tenants. Notwithstanding the foregoing, Tenant represents and warrants that Tenant has been in possession of the Premises prior to the execution of this Lease, and any and all improvements existing at the Premises, and equipment located at the Premises, is permitted and not in violation of this Lease. Additionally, as of the Commencement Date and for the duration of this Lease, any action taken by Tenant to maintain, supplement, improve or replace such improvements or equipment, as permitted under this Lease, will not be deemed to violate this Section 7.6.

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

7.7 Personal Property Taxes. Tenant shall pay before delinquency all taxes, assessments, license fees, and other charges that are levied and assessed against Tenant’s trade fixtures and other personal property installed or located in or on the Premises, and that become payable during the Term (the “Personal Property Taxes”). On demand by Landlord, Tenant shall furnish Landlord with satisfactory evidence of these payments. If any taxes on Tenant’s personal property are levied against Landlord or Landlord’s property, or if the assessed value of the Building and other improvements in which the Premises are located is increased by the inclusion of a value placed on Tenant’s personal property or leasehold improvements, as determined by Landlord, and if Landlord pays the taxes on any of these items or the taxes based on the increased assessment of these items, Tenant, on demand, shall immediately reimburse Landlord

for the sum of the taxes levied against Landlord, or the proportion of the taxes resulting from the increase in Landlord's assessment. Landlord shall have the right to pay (and Tenant shall have the obligation to reimburse Landlord for) any and all Personal Property Taxes regardless of the validity of the levy.

7.8 Real Estate Taxes. To the extent Real Estate Taxes (as hereinafter defined) are levied or assessed against the Project, Landlord shall pay before delinquency all such Real Estate Taxes; provided, however that Landlord shall have the right to undertake an action or proceeding against the applicable collecting authority seeking an abatement of Real Estate Taxes or a reduction in the valuation of the Project (or any portion thereof) and/or contest the applicability of any Real Estate Taxes. In any instance where any such permitted action or proceeding is being undertaken by Landlord, Tenant shall cooperate reasonably with Landlord, and execute any and all documents reasonably required in connection therewith. Landlord shall be entitled to any refund of Real Estate Taxes received by Tenant or Landlord, whether or not such refund was a result of actions or proceedings instituted by Landlord. As used herein the term "Real Estate Taxes" means any form of assessment, levy, charge, tax, or imposition imposed by any authority having the direct power to tax, including any city, county, state or federal government, or any school, agricultural, lighting, drainage or other improvement or special assessment district thereof, or any other governmental charge, general and special, ordinary and extraordinary, foreseen and unforeseen, which may be assessed against any legal or equitable interest of Landlord in the Project, but specifically excluding any and all Personal Property Taxes.

7.9 Possessory Tax. Notwithstanding anything to the contrary contained herein, Tenant shall pay, before delinquency, all possessory interest or use taxes, assessments, or fees levied or assessed upon the Premises, or any portion thereof.

## ARTICLE 8

### ASSIGNMENT AND SUBLETTING

8.1 Transfer. Tenant shall not cause or permit any of the following without the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed (any of the following, a "Transfer"): (a) assign, mortgage, pledge, encumber or otherwise transfer, voluntarily, by operation of law, or otherwise, any interest in this Lease, the term or estate hereby granted, or any interest hereunder; (b) permit the Premises or any part thereof to be utilized by anyone other than Tenant (whether as concessionaire, franchisee, licensee, permittee or otherwise); or (c) except as hereinafter provided, sublet or offer or advertise for subletting the Premises or any part thereof. Tenant shall not permit any transferee to further assign, sublease, hypothecate, encumber or otherwise transfer any such interest, without obtaining Landlord's prior written consent. In determining whether to grant consent to a Transfer, Landlord may consider various factors including, without limitation, the following: (w) business criteria relating to the proposed transferee's background, experience, reputation, general operating ability and ability to perform Lease obligations, and potential for succeeding in its business, (x) financial criteria relating to the proposed transferee's financial responsibility, credit rating and capitalization, (y) the identity and personal characteristics of the proposed transferee and its invitees and guests, and (z) the nature of the proposed use and business of the proposed transferee and its effect on the tenant mix of the Building. Without limiting the generality of the foregoing, Landlord hereby reserves the right to reasonably condition consent to any Transfer upon Landlord's determination that (i) the proposed transferee is at least as

financially and morally responsible as Tenant then is, or was upon the execution hereof, whichever is greater, and (ii) the proposed transferee shall use the Premises in compliance with all applicable Regulations. Notwithstanding any provision in this Lease to the contrary, but subject to Landlord's agreement not to unreasonably withhold consent as set forth in the first sentence of this Section 8.1, Tenant shall not enter into any proposed Transfer (1) with a prospective tenant that is negotiating directly with Landlord to lease space in the Building, (2) at a time when Landlord is offering space for lease in the Building of similar size and for a similar term as that space being offered by Tenant for sublease or assignment within the Building, or (3) that would result in (A) detraction from the first-class character or image of the Building or diminution in the value thereof, (B) the Premises being occupied by more than one (1) tenant, or (C) a breach by Landlord of any then-existing exclusive right in favor of any other tenant of the Building, any loan obligation or agreement, any covenants, conditions and restrictions of record, or any insurance policy. Any Transfer entered into without Landlord's consent, shall be voidable and, at Landlord's election, shall constitute a default under this Lease. All Transfers are subject to Section 11.1.

8.2 Notice and Procedure. If at any time or from time to time during the Term, Tenant desires to enter into a Transfer, then at least thirty (30) days, but not more than one hundred twenty (120) days, prior to the date when Tenant desires the Transfer to be effective (the "Transfer Date"), Tenant shall give Landlord a notice (the "Notice") which shall set forth the name, address and business of the proposed assignee or sublessee, information concerning the character of the proposed assignee or sublessee (including financial statements, business, credit and personal references and history), a detailed description of the space proposed to be assigned or sublet, which must be a single, self-contained unit (the "Space"), any rights of the proposed assignee or sublessee to use Tenant's improvements, the intended Transfer Date, and the fixed rent and/or other consideration and all other material terms and conditions of the proposed Transfer, all in such detail as Landlord may reasonably require. If Landlord reasonably requests reasonable additional detail, the Notice shall not be deemed to have been received until Landlord receives such reasonably requested reasonable additional detail. Landlord shall have the option, exercisable by giving notice to Tenant at any time within thirty (30) days after Landlord's receipt of the Notice (the "Option Period") (a) in the case of an assignment or sublease, to terminate this Lease as to the Space as of the Transfer Date, in which event Tenant shall be relieved of all further obligations hereunder as to the Space; or (b) in the case of a sublease, to sublease the Space from Tenant upon the terms and conditions set forth in the Notice, except that the rent shall be the lower of the per square foot Rent described in Articles 2 and 3 payable under this Lease for the Space, or that part of the rent and other consideration set forth in the Notice which is applicable to the Space. If Landlord exercises its option to sublet the Space, then Tenant shall sublet the Space to Landlord upon the terms and conditions set forth in clause (b) above; provided: (i) Landlord shall at all times under such sublease have the right and option further to sublet the Space without obtaining Tenant's consent or sharing any of the economic consideration received by Landlord; (ii) the provisions of Section 7.2 shall not be applicable thereto; (iii) Landlord and its subtenants shall have the right to use in common with Tenant all lavatories, corridors and lobbies which are within the Premises and the use of which is reasonably required for the use of the Space; (iv) Tenant shall have no right of set-off or abatement or any other right to assert a default hereunder by reason of any default by Landlord under such sublease; and (v) Landlord's liability under such sublease shall not be deemed assumed or taken subject to by any successor to Landlord's interest under this Lease. Should Landlord fail to exercise either option within the Option Period, such failure shall not constitute Landlord's consent to the Transfer. Notwithstanding anything herein to the contrary, the

foregoing Landlord recapture right shall not apply to any proposed sublease of a portion of the Premises for a term of one (1) year or less. If Landlord elects not to exercise either option, then Tenant shall be free to enter into the Transfer subject to the following conditions:

(a) The Transfer shall be on the same terms set forth in the Notice given to Landlord;

(b) No Transfer shall be valid and no assignee or sublessee shall take possession of the Space until Landlord has consented in writing to the Transfer and an executed counterpart of the assignment or sublease has been delivered to Landlord;

(c) In no event shall any assignee or sublessee (with the exception of Landlord should Landlord elect to sublet the Space pursuant to subsection (b) above) have a right to further assign or sublet the Space;

(d) The Transfer shall not result in more than two portions of the Premises being sublet at any one time during the Term by more than two different sublessees;

(e) If the Lease shall be assigned, or the Premises shall be sublet, Landlord may collect Rent directly from any such assignee or sublessee, as the case may be, in the event of default by Tenant; and

(f) Fifty percent (50%) of any sums or other economic consideration received by Tenant as a result of any Transfer, whether denominated rent or otherwise, which exceed, in the aggregate, the total sums which Tenant is obligated to pay Landlord under this Lease (prorated as to any sublease to reflect obligations allocable to that portion of the Premises subject to such sublease) shall be payable to Landlord as Additional Rent under this Lease, without affecting or reducing any other obligation of Tenant hereunder. Amounts payable under this Section by Tenant to Landlord shall be based on figures net of any costs incurred by Tenant in connection with the transaction in question. The provisions of this Section shall apply regardless of whether the Transfer is made in compliance with the provisions of this Lease. Any payments made to Landlord pursuant to this Section shall not cure any default under this Lease arising from any Transfer. Tenant shall not artificially structure any Transfer in order to reduce the amount payable to Landlord under this Section, nor shall Tenant take any other steps for the purpose of circumventing its obligation to pay amounts to Landlord under this Section; in the event that Tenant does same, Tenant shall be in default of this Lease and the amount payable to Landlord under this Section shall be the amount that would have been payable to Landlord had same not occurred plus a late fee on such amount (as described in Section 2.3). Tenant shall deliver to Landlord a statement within thirty (30) days after the end of each calendar year in which any part of the Term occurs specifying as to such calendar year, and within thirty (30) days after the expiration or earlier termination of the Term, specifying with respect to the elapsed portion of the calendar year in which such expiration or termination occurs, each Transfer in effect during the period covered by such statement and the date of its execution and delivery, the number of square feet of the rentable area demised thereby, and the term thereof; and a computation in reasonable detail showing: (i) the amounts (if any) paid and payable by Tenant to Landlord pursuant to this Article 8 with respect to any Transfer for the period covered by such statement, and (ii) the amounts (if any) paid and payable by Tenant to Landlord pursuant to this Article 8 with respect to any payments received from a sublessee or assignee during such period but which relate to an earlier period.

8.3 Permitted Transfer. Notwithstanding anything to the contrary contained herein, Tenant shall have the right, without obtaining Landlord's prior written consent, but subject to the terms hereof, to do any of the following (each, a "Permitted Transfer") (i) transfer to a Permitted Transferee any interest in this Lease, the term or estate hereby granted, or any interest hereunder or (ii) sublet the Premises or any part thereof to a Permitted Transferee. For the purposes hereof, a "Permitted Transferee" means an entity that (a) controls, is controlled by, or is under common control with Tenant, (b) results from the transfer of all or substantially all of Tenant's assets or stock, or (c) results from the merger or consolidation of Tenant with another entity. If Tenant desires to enter into a Permitted Transfer, Tenant shall, as a condition to the effectiveness of such Permitted Transfer hereunder, at least thirty (30) days prior to the date when Tenant desires the Permitted Transfer to be effective, provide Landlord with written notice of such Permitted Transfer, together with detailed evidence of the financial condition of the Permitted Transferee, the proposed form of sublease or assignment and such other information as Landlord, in the exercise of its business judgment, shall request. As used in this Section, "control" means ownership of voting securities sufficient to elect a majority of the board of directors of a corporation, or analogous ownership interests of non-corporate entities.

8.4 Continuing Liability of Tenant. Regardless of Landlord's consent to a Transfer or Tenant entering into a Permitted Transfer, no subletting, assignment or other transfer shall release Tenant's obligation or alter the primary liability of Tenant to pay Rent and to perform all other obligations to be performed by Tenant hereunder. The acceptance of Rent by Landlord from any other person shall not be deemed to be a waiver by Landlord of any provision hereof. Consent to one Transfer shall not be deemed consent to any subsequent Transfer. If any assignee of Tenant or any successor of Tenant defaults in the performance of any of the terms hereof, Landlord may proceed directly against Tenant without the necessity of exhausting remedies against such assignee or successor. In no event shall Landlord's enforcement of any provision of this Lease against any assignee be deemed a waiver of Landlord's right to enforce any term of this Lease against Tenant or any other person. Landlord may consent to subsequent Transfers or amendments or modifications to this Lease with assignees of Tenant, without notifying Tenant, any successor of Tenant, or any guarantor under this Lease, and without obtaining its or their consent thereto, and such action shall not relieve Tenant of its liability under this Lease.

8.5 Bankruptcy Case. Tenant filed a petition for chapter 9 relief on June 28, 2012, which case is pending in the United States Bankruptcy Court for the Eastern District of California (the "Bankruptcy Court") under Case No. 12-32118 (the "Bankruptcy Case"). Tenant hereby represents and warrants that it has received any Bankruptcy Court approval legally required to enter into this Lease and to honor all of its obligations hereunder.

8.6 Subsequent Bankruptcy Case. In the event that the Bankruptcy Case is dismissed, and Tenant subsequently files another petition for chapter 9 relief (initiating the "Subsequent Bankruptcy Case") and an order for relief is entered in the Subsequent Bankruptcy Case, Section 365 of the Bankruptcy Code shall apply to the Lease. In addition to the requirements of Section 365 of the Bankruptcy Code, if Tenant proposes to assume and assign this Lease pursuant to Section 365 to any person or entity who has made or accepted a bona fide offer to accept an assignment of the Lease on terms acceptable to Tenant, then notice of the proposed assignment setting forth (a) the name and address of the proposed assignee, (b) all of the terms and conditions of the offer and proposed assignment, and (c) the adequate assurance to be furnished by the proposed assignee of its future performance under the Lease, shall be given to Landlord by Tenant no later than twenty (20) days after Tenant has made or received such offer, but in no

event later than ten (10) days prior to the date on which Tenant applies to a court of competent jurisdiction for authority and approval to enter into the proposed assignment. Landlord shall have the prior right and option, to be exercised by notice to Tenant given at any time prior to the date on which the court order authorizing such assignment becomes final and non-appealable, to receive an assignment of this Lease upon the same terms and conditions, and for the same consideration, if any, as the proposed assignee, less any brokerage commissions which may otherwise be payable out of the consideration to be paid by the proposed assignee for the assignment of this Lease. If this Lease is assigned in a Subsequent Bankruptcy Case pursuant to the provisions of the Bankruptcy Code, Landlord (i) may require from the assignee a deposit or other security for the performance of its obligations under this Lease in an amount substantially the same as would have been required by Landlord upon the initial leasing to a tenant similar to the assignee; and (ii) shall receive, as Additional Rent, the sums and economic consideration described in this Article 8. Any person or entity to which this Lease is assigned, pursuant to Section 365 of the Bankruptcy Code, shall be deemed, without further act or documentation, to have assumed all of the Tenant's obligations arising under this Lease on and after the date of such assignment. Any such assignee shall, upon demand, execute and deliver to Landlord an instrument confirming such assumption. No provision of this Lease shall be deemed a waiver of Landlord's rights or remedies under the Bankruptcy Code to oppose any assumption and/or assignment of this Lease, to require a timely performance of Tenant's obligations under this Lease, or to regain possession of the Premises if this Lease has neither been assumed nor rejected within sixty (60) days after the date of the order for relief or within such additional time as a court of competent jurisdiction may have fixed. Notwithstanding anything in this Lease to the contrary, all amounts payable by Tenant to or on behalf of Landlord under this Lease, whether or not expressly denominated as Rent, shall constitute rent for the purposes of Section 502(b)(6) of the Bankruptcy Code.

8.7 Fees to Landlord. Tenant shall pay to Landlord a fee of \$1,000 plus Landlord's costs and expenses (including, but not limited to, reasonable attorneys', accountants', architects', engineers' and consultants' fees in an amount not to exceed \$2,000) incurred in connection with the processing and documentation of any Transfer (whether or not the Transfer is approved by Landlord or actually occurs) or any Permitted Transfer.

## ARTICLE 9

### LIABILITY AND INDEMNIFICATION

9.1 Tenant's Waiver of Claims and Indemnity. Tenant, to the extent permitted by applicable Regulation, waives all claims for loss, theft or damage to property and for injuries to persons, including death, in, upon or about the Premises or the Project, from any cause whatsoever except loss, damage or injury caused by the gross negligence or willful misconduct of Landlord and, without limiting the generality of the foregoing, whether caused by water leakage of any character from the roof, walls, basement or any other portion of the Premises or the Project, or by gas, fire, oil or electricity, or by any interruption of utilities or services, or by any tenant, occupant or other person, or by any other cause whatsoever in, on or about the Premises or the Project. Notwithstanding any contrary provision in this Lease, neither Landlord, nor its members, officers, agents, managers, contractors, servants, employees or invitees (collectively, with Landlord, the "Landlord Parties") shall in any event be liable for consequential damages hereunder. Tenant indemnifies, defends, protects and holds Landlord and the other Landlord Parties harmless from and against any loss, liability, claim, damage or



expense (including attorneys' fees and court costs) arising out of or resulting from Tenant's use or occupancy of the Premises, the Building, the Common Facilities or any other area within the Project (including, but not limited to, any additional expense that may be incurred by Landlord in connection with Tenant's use of Suite 124 as the City Council Chambers, which expense Landlord would not otherwise have incurred if Suite 124 was used solely for general office purposes between the hours of approximately 7:00 a.m. and 6:00 p.m.), including, but not limited to, if caused by, or resulting from, any act or omission of any agent, employee or third-party contractor of Tenant, whether prior to, or following, the Lease Commencement Date, other than that caused by the gross negligence or willful misconduct of Landlord, its partners, agents, servants or employees. If any action or proceeding is brought against Landlord or any other Landlord Party by reason of any such matter, Tenant shall, upon Landlord's request, defend same at Tenant's expense by counsel selected by Tenant that is reasonably satisfactory to Landlord. The provisions of this Section 9.1 shall survive the expiration or termination of this Lease.

9.2 Negligence of Third Parties. Neither Landlord nor any other Landlord Party shall be liable to Tenant for any damage by or from any act of negligence of any tenant or other occupant of the Project, except as set forth in Section 9.3. Tenant agrees to pay for all damage to the Premises or the Project, as well as all damage to tenants or occupants thereof caused by Tenant's misuse, overuse, overloading or neglect of the Premises or the Project, the apparatus, improvements or appurtenances thereof, or caused by any licensee, contractor, agent, guest, invitee or employee of Tenant.

9.3 Landlord Indemnity. Landlord shall indemnify, protect, defend and hold harmless Tenant and its agents, from and against any and all claims, liabilities, losses, costs, damages, injuries or expenses, including reasonable attorneys' fees, arising out of or relating to gross negligence or willful misconduct of Landlord or Landlord's agents, employees or invitees.

## **ARTICLE 10**

### **INSURANCE**

10.1 Insurance to be Carried by Tenant. Tenant shall during the Term, at its sole cost and expense, obtain and maintain the following types of insurance:

(a) A policy or policies of property insurance in the name of Tenant covering Tenant's leasehold improvements and any property of Tenant located on, or used in connection with, the Premises, including, but not limited to, furniture, additions and fixtures, and providing protection against all perils included within the classification of fire, extended coverage, vandalism, malicious mischief, theft, terrorism, special extended peril (all risk) and sprinkler leakage, in an amount equal to at least one hundred percent (100%) of the replacement cost thereof from time to time (including, without limitation, cost of debris removal), with an agreed amount endorsement, and providing protection against loss of income and extra expense;

(b) Commercial general liability insurance with a combined single limit of Two Million Dollars (\$2,000,000) per occurrence in the name of Tenant (naming Landlord as an additional insured thereunder, and, if requested by Landlord, naming any manager of any of the Premises or the Project, and any mortgagee, trust deed holder, ground lessor or secured party with an interest in this Lease, or any portion of the Project, as additional insureds thereunder); such policy shall specifically include, without limitation, personal injury, broad form property

damage, and contractual liability coverage, the last of which shall cover the insuring provisions of this Lease and the performance by Tenant of the indemnity agreements in Article 9 above; such policy shall contain cross-liability endorsements and shall provide coverage on an occurrence basis; the amount of such insurance required hereunder shall be subject to adjustment from time to time as reasonably requested by Landlord;

(c) Worker's Compensation insurance coverage as required by applicable Regulation, together with employer's liability insurance coverage;

(d) Business Interruption insurance in such amounts as will reimburse Tenant for direct or indirect loss of earnings attributable to all perils commonly insured against by prudent tenants (in the reasonable judgment of Landlord or its lenders ("Landlord's Lenders") or attributable to prevention of access to the Premises or to the Building as a result of such perils; and

(e) Any other form or forms of insurance as Landlord or Landlord's Lenders may reasonably require from time to time in form, in amounts and for insurance risks against which a prudent tenant would protect itself (in the reasonable judgment of Landlord or Landlord's Lenders) , provided that if Tenant elects to insure under a Joint Powers Agreement as permitted by this Section 10.1 such other forms of insurance as may become required pursuant to this Section 10.1(e) shall only be required if provided for under the Joint Powers Agreement.

Each policy evidencing insurance required to be carried by Tenant pursuant to this Article shall contain a provision showing Landlord, Landlord's Lenders and Landlord's property manager, and any other parties in interest as designated by Landlord, as additional named insureds.

Notwithstanding anything in this Article 10 to the contrary, at the inception of this Lease and for the duration of this Lease if so elected by Tenant, Tenant shall be permitted to maintain, in lieu of any insurance required hereunder, self-insurance or other insurance coverage programs including without limitation an insurance pooling arrangement or Joint Powers Agreement; provided, however, that (a) Tenant shall be required to maintain commercial general liability insurance as required under Sections 10.1(b) and 10.2 in the amount of any self-insured retention or deductible provided for under the Joint Powers Agreement; and (b) the right to self-insure shall not be granted to any assignee of Tenant.

**10.2 Policy Forms and Delivery.** Unless otherwise maintained by Tenant as permitted under Section 10.1, all policies shall be taken out from insurers licensed in California, acceptable to Landlord and in form satisfactory to Landlord. All policies must be issued by insurers with a policy holder rating of "A-VIII" or better and a financial rating of "X" in the most recent version of Best's Key Rating Guide. Without limiting the generality of the foregoing, any deductible amounts under said policies shall be subject to Landlord's approval. Tenant agrees that certificates of such insurance shall be delivered to Landlord as soon as practicable after the placing of the required insurance, but in no event later than thirty (30) days prior to the date Tenant takes possession of the Premises. All policies shall require at least ten (10) days prior written notice to Landlord, and to any other additional insureds thereunder, by the insurer prior to termination, cancellation or material change in such insurance. Tenant shall, at least thirty (30) days prior to the expiration of any of such policies, furnish Landlord with a renewal or binder therefor. Tenant may carry insurance under a so-called "blanket" policy, provided that such policy provides that the amount of insurance required hereunder shall not be prejudiced by

other losses covered thereby, and as otherwise approved by Landlord. All insurance policies carried by Tenant shall be primary with respect to, and non-contributory with, any other insurance available to Landlord. Such policies shall provide that the interests of Landlord and any other additional insureds designated by Landlord shall not be invalidated due to any breach or violation of any warranties, representations or declarations contained in such policies or the applications therefor. Upon failure of Tenant to procure, maintain and place such insurance and pay all premiums and charges therefor, Landlord may, but shall not be obligated to, purchase such insurance, and in such event, Tenant shall pay all premiums and charges therefor to Landlord as Additional Rent within five (5) days after demand.

10.3 Use of Proceeds. In the event of damage or destruction to the leasehold improvements in the Premises covered by insurance required to be taken out by Tenant pursuant to this Article, Tenant shall use the proceeds of such insurance for the purposes of repairing or restoring such leasehold improvements. In the event of damage or destruction of the Building entitling Landlord or Tenant to terminate this Lease pursuant to Article 12 hereof, if the Premises have also been damaged, Tenant will pay to Landlord that portion of its insurance proceeds relating to the leasehold improvements in the Premises that were paid for by Landlord.

10.4 Landlord's Insurance. During the Term, Landlord shall keep and maintain property insurance for the Project in such amounts, and with such coverages, and Landlord may keep and maintain such other insurance (including, but not limited to, earthquake insurance), as Landlord may reasonably determine or as any of Landlord's Lenders may require. Tenant acknowledges that it shall not be a named insured in such policies and that it has no right to receive any proceeds from any such insurance policies carried by Landlord. Notwithstanding any contrary provision herein, Landlord shall not be required to carry insurance covering the property described in Subsection 10.1(a) above or covering flood or earthquake.

10.5 Waiver of Subrogation; Indemnities. Landlord and Tenant waive their respective right of recovery against the other and their respective managers, officers, directors, partners, agents and employees to the extent damage or liability is insured against under a policy or policies of insurance required to be carried hereunder, whether or not such damage or liability may be attributable to the negligence or act of either party or its respective agents, invitees, contractors, servants or employees. Such waiver by each party shall be effective for the benefit of the other party notwithstanding any failure by the waiving party to carry the insurance required by the provisions of this Lease. Each insurance policy required to be carried by either Landlord or Tenant shall include such a waiver of the insurer's rights of subrogation. Where liability or damage to the Premises is insured against under both the policy or policies of insurance carried by Landlord and the policy or policies of insurance carried by Tenant, to the extent that insurance proceeds are available from the policy or policies of insurance carried by the party bearing the responsibility to indemnify with respect to such liability or damage, such waiver shall not limit, restrict or alter any indemnity made by Landlord or Tenant hereunder and the insurance proceeds available from the policy or policies of insurance carried by the party bearing responsibility to indemnify with respect to such liability or damage shall be applied to the liability or the repair of such damage prior to the application of the insurance proceeds available from the policy or policies of insurance carried by the other party.

10.6 Premium Increases. Tenant shall pay any increases in insurance premiums relating to property in the Project (whether such insurance is maintained by Landlord or Tenant)

to the extent that any such increase is specified by the insurance carrier as being caused by Tenant's acts or omissions or use or occupancy of the Premises.

#### 10.7 Landlord's Insurance.

(a) Liability Insurance. During the Term of this Lease, Landlord shall, at Landlord's sole cost and expense obtain and keep in full force and effect comprehensive general liability insurance insuring Landlord against any and all liability arising out of its control of the Project. Said insurance shall be in an aggregate coverage amount equal to Two Million Dollars (\$2,000,000), with excess general liability insurance coverage of Twenty Five Million Dollars (\$25,000,000). Any insurance policies hereunder may be "blanket policies."

(b) Property Insurance. During the Term of this Lease, Landlord shall obtain and keep in force during the Term a policy or policies of insurance covering loss or damage to the Building and the Project exclusive of the cost of excavations, foundations and footings, in the amount of Forty-Three Million Dollars (\$43,000,000), or such lesser amount deemed sufficient by Landlord to protect its interest in the Project, providing protection against all perils included within the classification of fire, extended coverage, vandalism, malicious mischief, plate glass (subject to the perils of the basic policy), sprinkler leakage, earthquake caused sprinkler leakage, and such other perils as Landlord deems advisable or may be required by a lender having a lien on the Building.

### ARTICLE 11

#### **TRANSFER OF LANDLORD'S INTEREST**

11.1 Transfer Rights. In the event of a transfer of all or any portion of Landlord's interest in this Lease or the Project, other than a transfer for security purposes only, Landlord shall, upon consummation of such transfer, be released from any liability relating to obligations or covenants thereafter to be performed or observed under this Lease, and, in such event, Tenant agrees to look solely to Landlord's successor in interest with respect to any such liability. Landlord may transfer or credit any security deposit or prepaid Rent to Landlord's successor in interest, and upon such transfer or credit Landlord shall be discharged from any further liability therefor, provided that Landlord's successor-in-interest expressly acknowledges the rights of Tenant, as tenant, under this Lease.

11.2 Tenant Cooperation. If Landlord transfers the Project to a governmental or non-profit entity that is able to utilize tax-exempt financing to purchase the Project, then Tenant covenants and agrees to reasonably cooperate, at no cost or expense to Tenant, with Landlord and the prospective purchaser in order to facilitate the issuance of tax exempt debt. Any right of the Tenant to transfer or sublease all or any portion of the Premises pursuant to Article 8 is subject to this covenant, and if the Tenant has entered into a sublease that, in the reasonable discretion of a prospective purchaser, precludes the use of tax exempt financing, then Tenant shall use commercially reasonable efforts, at no cost or expense to Tenant, to terminate or amend any such sublease arrangement to help facilitate the issuance of such tax exempt debt.

**ARTICLE 12****DAMAGE OR DESTRUCTION****12.1 Repair or Termination.**

(a) If the Premises are damaged by fire or other casualty of the type insured by Landlord, then the damage shall be repaired by Landlord, provided such repairs can reasonably be made within one hundred twenty (120) days after the commencement of repairs without the payment of overtime or other premiums and that the insurance proceeds are sufficient to pay the costs of such repairs. Landlord shall give written notice to Tenant within thirty (30) days after the occurrence of the damage if Landlord concludes the damage can be so repaired. Until such repairs are completed, Basic Monthly Rent shall be abated in proportion to the part of the Premises which is unusable by Tenant in the conduct of its business (but there shall be no abatement of Rent by reason of any portion of the Premises being unusable for a period of fifteen (15) days or less). If the damage is due to the negligence or willful misconduct of Tenant or its employees, then there shall be no abatement of Rent. Except for such rental abatement, Tenant shall have no claim against Landlord with respect to any such damage or repairs. If Landlord is required or elects to restore the Premises, then Landlord shall not be required to restore alterations made by Tenant, Tenant's improvements, trade fixtures or personal property, including but not limited to any paneling, decorations, railings, floor coverings, alterations, additions or fixtures installed on the Premises by or at the expense of Tenant, such items being the sole responsibility of Tenant to restore, and any damage caused by the negligence or willful misconduct of Tenant or any of its agents, contractors, employees, invitees or guests shall be promptly repaired by Tenant, at its sole cost and expense, to the reasonable satisfaction of Landlord.

(b) Landlord shall not be liable for any failure to make any such repairs if such failure is caused by accidents, strikes, lockouts or other conditions beyond the reasonable control of Landlord.

(c) If such repairs cannot reasonably be made within such one hundred twenty (120) days with or without the payment of overtime or other premiums, or if such repairs will cost more than the available insurance proceeds, then Landlord may, at its option, make such repairs within a reasonable time, and, in such event, this Lease shall continue in effect and the Basic Monthly Rent shall be abated in the manner provided above. Landlord's election to make such repairs must be evidenced by written notice to Tenant advising Tenant within forty five (45) days after the occurrence of the damage whether or not Landlord will make such repairs. If Landlord does not so elect to make such repairs then Landlord may, by written notice to Tenant given within sixty (60) days after the occurrence of the damage, terminate this Lease as of the date of the occurrence of such damage and Landlord shall refund to Tenant any Rent previously paid for any period of time subsequent to such termination.

(d) With respect to any damage and repairs, Tenant waives the provisions of Section 1932(2) and 1933(4) of the Civil Code of California or any successor statute thereto or similar statute hereinafter enacted.

(e) All proceeds of any insurance maintained by Tenant or Landlord upon the Premises (including insurance on Tenant improvements) shall be used to pay for the repairs to

the property covered by said insurance, to the extent that repairs are made pursuant to this Article.

(f) Landlord shall not have any obligation whatsoever to repair, reconstruct, or restore the Premises or any portion of the Building when the damage occurs during the last eighteen (18) months of the Term.

12.2 Loss of Enjoyment. No damages, compensation or claim shall be payable by Landlord to Tenant for any inconvenience, loss of business or annoyance of Tenant arising from any repair or restoration of any portion of the Premises or the Project, including, but not limited to, the Building or the Common Facilities, performed by Landlord or its agents. Landlord shall use good faith efforts to effect such repair or restoration promptly and in such manner as not unreasonably to interfere with Tenant's use and occupancy of the Premises.

12.3 Automatic Termination. A total destruction of the Building shall automatically terminate this Lease as of the date of such total destruction.

## ARTICLE 13

### DEFAULTS AND REMEDIES

13.1 Events of Default. The occurrence of any of the following shall constitute a default and breach of this Lease by Tenant:

(a) Any failure by Tenant to pay any Rent, as and when due, where such failure continues for three (3) days after written notice thereof by Landlord to Tenant;

(b) The abandonment of the Premises, or any significant portion thereof, by Tenant;

(c) The appointment of a receiver to take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where possession is not restored to Tenant within forty-five (45) days; the attachment, execution or other judicial seizure of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where such seizure is not discharged within forty-five (45) days;

(d) Any failure by Tenant to observe or perform any of its obligations under that certain Real Property Option Agreement and Joint Escrow Instructions of even date herewith entered into by and between Four Hundred Main Street LLC and Tenant;

(e) If any mechanics' lien is filed or recorded against the Project or the Premises, and such lien results from the actions or omissions of Tenant or any subtenant (or any contractor, consultant, agent, employee, or invitee of Tenant or any subtenant), and Tenant fails either to (i) cause any such mechanics' lien to be released within ten (10) business days after the date the same comes to the attention of Tenant or to (ii) post a bond or other security agreement in the amount of such mechanics' lien, in the event Tenant elects, in its sole discretion, to dispute same;

(f) At Landlord's sole option, Tenant's failure to observe or perform according to the provisions of Article 10 (excluding any provision regarding payment of Rent,

which shall be governed by Subsection (a) above), Article 15, Section 18.11, or Section 7.2 hereof within (10) days after demand from Landlord; and

(g) Any failure by Tenant to observe and perform any other provision of this Lease (other than the provisions described in (a) through (f) of this Section 13.1) or the Rules and Regulations attached hereto as Exhibit "C", where such failure continues for thirty (30) days after written notice thereof by Landlord to Tenant; provided, however, that in the event that any such cure cannot reasonably be completed within such thirty (30) day period, and provided further that Tenant has commenced and is diligently pursuing such cure, Tenant shall have an additional period of thirty (30) days to complete such cure.

The notices referred to in Subsections (a) and (g) above, shall be in lieu of, and not in addition to, any notice required under Section 1161, et seq. of the California Code of Civil Procedure or any successor statute thereto or similar statute hereinafter enacted

### 13.2 Landlord's Remedies.

(a) In the event of any default by Tenant, as defined herein, in addition to any other remedies available to Landlord at law or in equity, Landlord shall have the immediate option to (but shall not be obligated to) terminate this Lease and all rights of Tenant hereunder by giving Tenant written notice of such election to terminate; provided, that Tenant has been afforded all applicable notice and cure periods permitted under this Lease. In the event that Landlord shall elect to so terminate this Lease, then Landlord may recover from Tenant all of the following, to the extent permitted by applicable Regulations:

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

(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 that portion of rental loss which Tenant proves could have been reasonably avoided; plus

(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 which Tenant proves reasonably could be avoided; plus

(iv) Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, including, but not limited to, unamortized brokerage commissions, tenant improvement expenses and advertising expenses incurred by Landlord (in each case regarding both this Lease and any new lease with any new tenant regarding the Premises), any expenses of remodeling the Premises and the cost of restoring said Premises to the condition required under this Lease; plus

(v) At Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable Regulations.

For purposes of Subsection 13.2(a), the "time of award" means the date upon which the judgment in any action brought by Landlord against Tenant by reason of such default is entered or such earlier date as the court may determine. As used in (i) and (ii) above, the "worth at the time of award" shall be computed by allowing interest at the maximum interest rate allowed by

applicable Regulation. As used in (iii) above, the “worth at the time of award” shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank at San Francisco at the time of award, plus one (1) percentage point. Tenant agrees that such charges shall be recoverable by Landlord under California Code of Civil Procedure Section 1174(b) or any similar, successor or related Regulation. Further, Tenant hereby waives the provisions of California Code of Civil Procedure Section 1174(c) and California Civil Code Section 1951.7 or any other similar, successor or related Regulation providing for Tenant’s right to satisfy any judgment in order to prevent a forfeiture of this Lease or requiring Landlord to deliver written notice to Tenant of any reletting of the Premises.

Notwithstanding anything to the contrary contained herein, including, but not limited to, anything contained in clause (ii) or (iii) above, Landlord hereby acknowledges that Tenant is a municipality, and, as a result thereof, certain Landlord remedies set forth in this Section 13.2(a) may not be enforceable under applicable Regulations, including, but not limited to, under Article XVI, Section 18(a) of the California Constitution. Notwithstanding the foregoing, however, Tenant hereby acknowledges and agrees that, in accordance with the terms hereof, Landlord shall be entitled to receive all remedies under this Lease to the fullest extent permitted by applicable Regulations. This Section 13.2(a) is subject to the express condition that at no time shall Tenant be required to pay to Landlord any amount under the terms hereof that could subject Landlord to either civil or criminal liability as a result of such amount being in excess of the amount permitted by applicable Regulations. If by the terms of this Section 13.2(a), Tenant is at any time required or obligated to make a payment to Landlord in excess of the amount permitted by applicable Regulations, then such remedies expressly permitted hereunder shall be deemed amended to the extent required by applicable Regulations.

(b) In the event of any such default by Tenant, Landlord shall also have the right, with or without terminating this Lease, to reenter the Premises to remove all persons and property from the Premises. Such property may be removed and stored in a public warehouse or elsewhere at the cost of and for the account of Tenant, and such property shall be released only upon Tenant’s payment of such charges, together with all sums due and owing under this Lease. If Tenant does not reclaim such property within the period permitted by applicable Regulation, Landlord may sell such property in accordance with applicable Regulation and apply the proceeds of such sale to any sums due and owing hereunder, or retain said property, granting Tenant credit against sums due and owing hereunder for the reasonable value of such property.

(c) In the event of the abandonment of the Premises by Tenant or in the event of any default by Tenant, if Landlord does not elect to terminate this Lease as provided in this Section and, until Landlord does elect to terminate this Lease, this Lease shall continue in full force and effect, and Landlord may, from time to time, without terminating this Lease, enforce all of its rights and remedies under this Lease. Specifically, Landlord has the remedy described in California Civil Code Section 1951.4 (lessor may continue lease in effect after lessee’s breach and abandonment and recover rent as it becomes due, if lessee has the right to sublet or assign, subject only to reasonable limitations).

(d) Landlord shall not, by any reentry or other act, be deemed to have accepted any surrender by Tenant of the Premises or Tenant’s interest therein, or be deemed to have terminated this Lease or Tenant’s right to possession of the Premises, unless Landlord shall have notified Tenant in writing that it has so elected to terminate this Lease.



(e) Landlord may suspend or discontinue all or any of the services specified in Article 4 during the continuance of any default of the Lease; and no such suspension or discontinuance will be deemed or construed to be an eviction, constructive or actual, or an ejection of Tenant.

(f) If Landlord reenters the Premises, Tenant shall have no claims for damages that may be caused by Landlord's reentering or removing and storing the property of Tenant, and indemnifies, defends, protects and holds Landlord harmless from all losses, costs, expenses (including attorney's fees and court costs) or damages occasioned by Landlord. No such entry shall be considered or deemed to be a forcible entry by Landlord.

(g) All rights, options, and remedies of Landlord contained in this Lease shall be construed and held to be cumulative, and no one of them shall be exclusive of the other, and Landlord shall have the right to pursue any one or all of such remedies or any other remedy or relief which may be provided by applicable Regulations, whether or not stated in this Lease. The exercise of any one or more of such rights or remedies shall not impair Landlord's right to exercise any other right or remedy including, without limitation, any and all rights and remedies of Landlord under California Civil Code Section 1951.8, California Code of Civil Procedure Section 1161 et seq., or any similar, successor or related Regulation.

(h) Nothing in this Section 13.2, and no termination pursuant to any other provision of this Lease, shall be deemed to affect Landlord's right to indemnification for liability or liabilities arising prior to the termination of this Lease under the indemnification clause or clauses contained in this Lease.

(i) Tenant hereby irrevocably authorizes and directs any sublessee, upon receipt of a written notice from Landlord stating that Tenant is in default hereunder, to pay to Landlord directly the rent and income due and to become due under such sublease. Tenant agrees that such sublessee shall have the right to rely upon any such statement and request by Landlord, and that such sublessee shall pay rent and income to Landlord without any obligation or right to inquire as to whether such default exists and notwithstanding any notice or claim from Tenant to the contrary. Tenant shall have no right or claim against such sublessee or Landlord for any such rent or income so paid by such sublessee to Landlord. Landlord shall not, by reason of any direct collection of rent or income from a sublessee, be deemed liable to such sublessee for any failure of Tenant to perform and comply with any of Tenant's obligations under such sublease.

(j) To the extent permitted by applicable Regulation, Tenant hereby waives all provisions of, or protection under, any Regulations of the State of California or other applicable jurisdiction to the extent same are inconsistent and in conflict with specific terms and provisions hereof.

### 13.3 Landlord's Event of Default.

(a) Unless a shorter period of time is specified by which Landlord is required to perform an obligation under this Lease, Landlord shall not be deemed to be in default under this Lease unless and until it has failed to perform any of its obligations hereunder within thirty (30) days after written notice by Tenant to Landlord specifying the manner in which Landlord has failed to perform such obligation; provided, however, that if the nature of Landlord's obligation is such that more than thirty (30) days are reasonably required for its performance,

then Landlord shall not be deemed to be in default if it shall commence such performance within such thirty (30) day period and thereafter diligently prosecute the same to completion. In the event of a default by Landlord hereunder, the extent of Landlord's liability shall be strictly limited to and shall not extend beyond Landlord's interest in the Building.

(b) If Landlord fails to cure a default within the time period described in this Lease, and if such default renders all or any part of the Premises untenable or unusable for Tenant's ordinary business, Tenant shall have the option to cure the default, in addition to any other remedies permitted by applicable Regulations. Should Tenant elect to cure the default, all reasonable costs associated with such cure, including reasonable attorneys' fees (if any), shall be reimbursed by Landlord to Tenant following receipt of Tenant's invoice for said costs. If Landlord's default hereunder prevents Tenant's use of the Premises in accordance with the Permitted Uses set forth in Section 10 of the Basic Lease Provisions, there shall be an abatement of Basic Monthly Rent for the period of such non-use.

(c) Notwithstanding anything to the contrary provided in this Lease, and subject to the terms of the Order Appointing Receiver, it is specifically understood and agreed, such agreement being a primary consideration for the execution of this Lease by Landlord, that (a) there shall be absolutely no personal liability on the part of Landlord or any other Landlord Party (as hereinafter defined) to Tenant with respect to any of the terms, covenants and conditions of this Lease, (b) Tenant waives all claims, demands and causes of action (collectively, the "Claims") against Landlord and the other Landlord Parties in the event of any breach by Landlord of any of the terms, covenants and conditions of this Lease to be performed by Landlord, other than Claims against Landlord based on Landlord's gross negligence or willful misconduct, and (c) Tenant shall look solely to the Premises, and any other portion of the Property, as such terms is defined in the Order Appointing Receiver, for the satisfaction of each and every remedy of Tenant in the event of any breach by Landlord of any of the terms, covenants and conditions of this Lease to be performed by Landlord, or any other matter in connection with this Lease or the Premises, such exculpation of liability to be absolute and without any exception whatsoever.

## **ARTICLE 14**

### **EMINENT DOMAIN**

If (i) twenty five percent (25%) or more of the rentable space in the Building or Parking Garage, or (ii) after restoration, such portion of the Premises as in Tenant's reasonable judgment makes the balance of the Premises untenable or otherwise unsuitable for Tenant's use and requirements, shall be lawfully taken or condemned or conveyed under threat of such taking or condemnation, for any public or quasi-public use or purpose (such taking, condemnation or conveyance being referred to herein as a "Taking"), then either party hereto may immediately terminate this Lease by serving written notice upon the other party hereto within thirty (30) days thereafter. If twenty five percent (25%) or more of the Project excluding the Premises shall be taken or appropriated under the power of eminent domain or conveyed in lieu thereof, Landlord may so terminate this Lease by serving written notice upon the other party hereto within thirty (30) days thereafter. Tenant shall not be required to assign to Landlord any portion of an award/settlement made by reason of such Taking to Tenant. If a material part of the Building is condemned or taken or if a substantial alteration or reconstruction of the Building shall, in Landlord's opinion, be necessary or desirable as a result of such Taking, Landlord may terminate

this Lease by written notice to Tenant within thirty (30) days after the date of the Taking. If a part of the Premises shall be so taken, appropriated or conveyed and neither party hereto shall elect to so terminate this Lease, (a) Basic Monthly Rent payable hereunder shall be abated in the proportion that the rentable area of the portion of the Premises so taken, appropriated or conveyed bears to the rentable area of the entire Premises, and (b) if the Premises shall have been damaged as a consequence of such partial taking, appropriation or conveyance, Landlord shall, to the extent of any severance damages received by Landlord, restore the Premises continuing under this Lease; however, Landlord shall not be required to repair or restore any damage to the property of Tenant or to make any repairs to or restoration of any alterations, additions, fixtures or improvements installed on the Premises by or at the expense of Tenant, and Tenant shall pay any amount in excess of such severance damages required to complete such repairs or restoration. Notwithstanding anything to the contrary contained in this Section, if the temporary use or occupancy of any part of the Premises shall be taken or appropriated under the power of eminent domain or conveyed in lieu thereof during the Term, this Lease shall be and remain unaffected by such taking, appropriation or conveyance and Tenant shall continue to pay in full all Rent payable hereunder by Tenant during the Term; in the event of any such temporary taking, appropriation or conveyance, Tenant shall be entitled to receive a separate award (not reducing Landlord's award) as compensation for loss of the use or occupancy of the Premises during the Term. To the extent that it is inconsistent with the above, each party waives the provisions of California Code of Civil Procedure Section 1265.130 allowing either party to petition the superior court to terminate the Lease in the event of a partial taking of the Premises.

## **ARTICLE 15**

### **SUBORDINATION**

Without the necessity of any additional document being executed by Tenant for the purpose of effecting a subordination, this Lease is subject and subordinate to all declarations of restrictions, ground leases, deeds of trust or other security interests of any kind now or hereafter encumbering or affecting the Project or any portion thereof; subject, however, to the qualification that so long as Tenant is not in default under this Lease, its peaceful use and occupancy of the Premises under this Lease shall not be impaired, restricted or terminated by any such mortgagee, beneficiary, secured party or ground lessor whose interest arises after the date hereof. Notwithstanding the foregoing, Landlord shall have the right to subordinate or cause to be subordinated any such ground leases, deeds of trust or other security interests to this Lease. In the event of foreclosure or exercise of any power of sale under any deed of trust superior to this Lease, Tenant, upon demand, shall attorn to the purchaser at any foreclosure sale or sale pursuant to the exercise of any power of sale, in which event this Lease shall not terminate and Tenant shall automatically be and become the tenant of the purchaser; provided, however, no landlord or purchaser at any foreclosure sale or sale pursuant to the exercise of any power of sale, or any successor thereto shall be liable for any act or omission of any prior landlord (including Landlord) or be subject to any offsets, counterclaims, or defenses which Tenant might have against any prior landlord (including Landlord), or be bound by any Rent which Tenant might have paid in advance to any prior landlord (including Landlord) for a period in excess of one month or by any Security Deposit or other prepaid charge which Tenant might have paid in advance to any prior landlord (including Landlord), or be bound by an agreement or modification of this Lease made after Tenant has written notice of the interest of such party, without the prior written consent of such party, or be obligated to repair the Premises in the event of total or substantial damage beyond that which can reasonably be accomplished from the net proceeds of

insurance made available to such landlord. Tenant covenants and agrees to execute and deliver, not less than ten (10) business days after demand by Landlord or any lienholder or successor in interest, and in a commercially reasonable form requested thereby, any commercially reasonable additional documents evidencing the priority or subordination of this Lease and the attornment of Tenant with respect to any such ground leases, deeds of trust or other security interests; provided, that such entities agree to the non-disturbance of Tenant's rights as tenant under this Lease if Tenant is not in default hereunder. Tenant hereby irrevocably appoints Landlord as attorney-in-fact of Tenant to execute, deliver and record any such documents in the name and on behalf of Tenant if Tenant fails to do same pursuant to the foregoing. Upon request by Tenant, Landlord shall exercise commercially reasonable efforts to obtain execution by Landlord's Lenders of a Subordination, Non-Disturbance and Attornment Agreement. Moreover, if, in connection with the obtainment of financing for the Project or any portion thereof, a prospective lender requests reasonable modifications hereto as a condition to the furnishing of such financing, Tenant shall not unreasonably withhold or delay its consent thereto, provided such modifications do not increase the obligations of Tenant hereunder or adversely affect Tenant's rights hereunder.

## ARTICLE 16

### **SURRENDER OF PREMISES; REMOVAL OF PROPERTY**

16.1 Tenant's Removal of Property. Upon the expiration or termination of the Term of this Lease, Tenant shall quit and surrender possession of the Premises, and all repairs, changes, alterations, additions and improvements thereto, to Landlord in as good order, condition and repair as the same are now or hereafter may be improved by Landlord or Tenant, reasonable wear and tear and repairs which are Landlord's obligation excepted, and in a reasonable state of cleanliness. In such event, Tenant shall, without expense to Landlord, remove from the Premises all debris, rubbish, furniture, equipment, business and trade fixtures, free-standing cabinet work, moveable partitions and other articles of personal property owned by Tenant or installed or placed by Tenant at its expense in the Premises and all similar articles of any other persons claiming under Tenant, including, but not limited to, any and all telecommunications or other cabling equipment, but excluding the two 8" pipes running from the Premises to the Building roof. Unless otherwise requested to do so by Landlord, however, Tenant shall not remove any additions or improvements to the Premises, such as carpet, interior partition walls and doors, "built-ins", shelves, built-in fixtures or other similar items, it being understood and agreed that such items are and shall remain the property of Landlord. Tenant shall also repair, at its expense, all damage to the Premises resulting from such removal; provided, however, that Landlord also may elect, in its sole discretion, and at Tenant's sole cost and expense, to repair all or any amount of damage anywhere in or on the Project caused by such removal of any property, reasonable wear and tear accepted. Notwithstanding the foregoing, if Tenant elects to remove its HVAC Chillers located on the roof of the Building, Landlord shall obtain from Landlord's property manager a third party estimate for the repair of the damage likely to be caused by such removal (the "Damage Repair"), and the amount of such estimate shall be deposited in immediately available funds (the "Deposit") with Landlord or its property manager before such HVAC Chillers may be removed by Tenant. Within three Business Days following the completion of the Damage Repair to the reasonable satisfaction of Landlord, and delivery of an unconditional lien release to Landlord (if the Damage Repair is undertaken by non-Tenant contractors), Landlord shall return the Deposit to Tenant. Tenant shall, upon the expiration or sooner termination of the Term hereof, deliver to Landlord all keys to all doors in, upon and

about the Premises including, but not limited to, all keys to any vault or safe to remain on the Premises.

16.2 Abandoned Property. Whenever Landlord shall reenter the Premises as provided in this Lease, any property of Tenant not removed by Tenant upon the expiration of the Term of this Lease or within ten (10) business days after a termination by reason of Tenant's default, as provided in this Lease, shall be considered abandoned, and Landlord may remove any or all such items and dispose of same in any manner or store the same in a public warehouse or elsewhere for the account and at the expense and risk of Tenant.

## ARTICLE 17

### **HAZARDOUS MATERIALS; EXCESSIVE BURDEN; WASTE**

Tenant shall not cause or permit any nuisance in or about the Premises or the Project, nor shall Tenant cause or permit any Hazardous Materials (as hereinafter defined) to be brought to the Premises or the Project or used, handled, stored, released or disposed of in, under or about the Premises, Building or any other portion of the Project except for ordinary and general office and technology supplies typically used in the ordinary course of business within office buildings and technology centers and in full compliance with all applicable Regulations. Tenant shall not conduct business or other activity in or about the Premises of such a nature as to place an unreasonable or excessive burden upon the Common Facilities. Tenant shall not commit or suffer the commission of any waste in or about the Premises or the Project. As used in this Lease, the term "Hazardous Materials" means and includes any hazardous or toxic materials, substances or wastes as now or hereafter designated under any Regulation, including, without limitation, asbestos, petroleum, petroleum hydrocarbons and petroleum based products, urea formaldehyde and other chlorofluorocarbons. Tenant indemnifies, defends, protects and holds Landlord and the other Landlord Parties harmless from all costs, damages, liens and expenses (including attorney's fees and court costs) related to Tenant's breach of any provision of this Article 17.

## ARTICLE 18

### **MISCELLANEOUS**

18.1 Landlord's Inspection and Maintenance. Tenant shall permit Landlord and its agents at all reasonable times to enter the Premises for the purpose of inspecting the same and/or for the purpose of protecting the interest therein of Landlord, and to take all required materials and equipment into the Premises and perform all required work therein; provided, that Landlord uses commercially reasonable efforts to avoid interfering with Tenant's business operations. Notwithstanding the foregoing sentence, except in the case of an emergency, Landlord must provide twenty-four (24) hours prior written notice to Tenant of its intent to enter the Premises and must permit a representative of Tenant to be present at all times if Tenant so desires; provided, however, that, if no Tenant representative is available within seventy-two (72) hours of Landlord's prior written notice, Landlord shall nonetheless be entitled to proceed.

18.2 Exhibition of Premises. Tenant shall permit Landlord and its agents to enter and pass through the Premises at all reasonable hours to:

- (a) Post notices of nonresponsibility; and

(b) Exhibit the Premises to holders of encumbrances and to prospective purchasers, mortgagees or lessees of the Building.

Notwithstanding the foregoing, at all times Landlord shall use commercially reasonable efforts not to (i) interfere with Tenant's business operations at the Premises, or (ii) upon thirty (30) days prior written notice to Landlord, enter (except in the case of an emergency) into specifically identified locations within the Premises, such as storage areas, filing cabinets, or other storage locations, which locations contain confidential information that Tenant is not permitted by applicable law to allow unauthorized persons access to, such locations to be identified in writing by Tenant in its reasonable discretion in accordance with the terms hereof; provided, however, that Landlord shall, at all times during the Term of this Lease, have all access to the Premises as may be necessary or reasonably desirable to Landlord to permit Landlord to fulfill its obligations under this Lease. If during the last month of the Term, Tenant shall have removed substantially all of Tenant's property and personnel from the Premises, Landlord may enter the Premises and repair, alter and redecorate the same, without abatement of Rent and without liability to Tenant, and such acts shall have no effect on this Lease.

18.3 Rights Reserved by Landlord. Landlord reserves the following rights, exercisable without liability to Tenant for (a) damage or injury to property, person or business, (b) causing an actual or constructive eviction from the Premises, or (c) disturbing Tenant's use or possession of the Premises:

- (a) To name the Project and to change the name or street address of the Project;
- (b) To install and maintain all signs on the exterior and interior of the Project;
- (c) To have pass keys to the Premises and all doors within the Premises, excluding Tenant's vaults and safes and any rooms housing servers and any rooms containing sensitive and confidential materials (collectively, the "Confidential Areas"), as determined by Tenant in its reasonable discretion, and Landlord shall have the right to use any and all means which Landlord may deem necessary or proper to open said doors in an emergency in order to obtain entry to any portion of the Premises, and any entry to the Premises or portions thereof obtained by Landlord by any of such means or otherwise shall not under any circumstances be construed or deemed to be a forcible or unlawful entry into, or a detainer of, the Premises, or an eviction, actual or constructive, of Tenant from the Premises or any portion thereof;
- (d) To enter the Premises for the purpose of making inspections, repairs, alterations, additions or improvements to the Premises or the Project and to take all steps as may be necessary or desirable for the safety, protection, maintenance or preservation of the Premises or the Project or Landlord's interest therein, or as may be necessary or desirable for the operation or improvement of the Project or in order to comply with applicable Regulations; and
- (e) To change the arrangement and/or location of entrances or passageways, doors and doorways, and corridors, elevators, stairs, toilets or other public parts of the Building, provided that such changes do not unreasonably interfere with the suitability of the Premises for Tenant's use.

Tenant hereby waives any claim for damages for any injury or inconvenience to or interference with Tenant's business, any loss of occupancy or quiet enjoyment of the Premises,

and any other loss occasioned thereby, except to the extent caused by Landlord's gross negligence or willful misconduct. Notwithstanding anything to the contrary contained in this Section 18.3, except in the case of an emergency, Landlord will not have, and will not be granted, access to any of the Confidential Areas without (i) obtaining Tenant's prior written consent to such access and (ii) permitting a representative of Tenant to be present at all times during such access.

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

18.5 Force Majeure. Any prevention, delay or stoppage of work to be performed by Landlord or Tenant which is due to strikes, labor disputes, inability to obtain labor, materials, equipment or reasonable substitutes therefor, acts of God, governmental restrictions or regulations or controls, judicial orders, enemy or hostile government actions, civil commotion, fire or other casualty, or other causes beyond the reasonable control of the party obligated to perform hereunder, shall excuse performance of the work by that party for a period equal to the duration of that prevention, delay or stoppage. Nothing in this Section, however, shall excuse or delay Tenant's obligation to pay Rent or other charges under this Lease.

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

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

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

18.9 Mortgagee Protection. Tenant agrees to send by (i) United States certified or registered mail, return receipt requested, postage prepaid, or (ii) any nationally recognized courier service (such as FedEx), for next-day delivery, to be confirmed in writing by such courier or other method prescribed by Landlord, to any first deed of trust beneficiary of Landlord whose address has been furnished to Tenant, a copy of any notice of default served by Tenant on Landlord. Notwithstanding the provisions of Section 13.3, if Landlord fails to cure such default within the time provided for in this Lease, such beneficiary shall have an additional thirty (30) days to cure such default; provided that if such default cannot reasonably be cured within that thirty (30) day period, then such beneficiary shall have such additional time to cure the default as is reasonably necessary under the circumstances.

18.10 Attorneys' Fees. If either party incurs any expense, including reasonable attorney's fees, in connection with any action instituted by either party by reason of any dispute under this Lease or any default or alleged default of the other party, the party prevailing in such action shall be entitled to recover its reasonable expenses from the other party. The term

“prevailing party” means the party obtaining substantially the relief sought, whether by compromise, settlement or judgment.

18.11 Tenant’s Certificates. Within ten (10) days after any written request which either party may make from time to time, such requested party (the “Requested Party”) shall execute and deliver to the other party (the “Requesting Party”) a certificate (the “Certificate”) substantially in the form attached hereto as Exhibit “D” and hereby made a part hereof. Any failure by the Requested Party to so execute and deliver the Certificate shall, at the Requesting Party’s election, constitute a certification by the Requested Party that the statements which may be included in the Certificate (as same may have been so amended or supplemented) are true and correct, except as the Requesting Party shall otherwise indicate. Landlord and Tenant intend that the Certificate may be relied upon by either party’s Lenders, and any prospective lender, purchaser, subtenant or assignee.

#### 18.12 Holding Over.

(a) If Tenant, with Landlord’s written consent, remains in possession of all or any portion of the Premises after the expiration or sooner termination of the Term, such holding over shall be deemed to constitute a tenancy from month to month only, upon such terms and conditions hereof as existed at the expiration or termination of the Term; provided, however, during such holding over, Basic Monthly Rent shall be the Basic Monthly Rent in effect immediately prior to such expiration or termination or such other amount mutually agreed upon between Tenant and Landlord, and any and all options and rights of first refusal or other preferential rights of Tenant shall be deemed to have lapsed and to be of no further force or effect. Landlord may terminate such tenancy from month to month by giving Tenant at least thirty (30) days written notice thereof at any time. Acceptance by Landlord of any Rent after such expiration or termination shall not be deemed to constitute Landlord’s consent to such holding over.

(b) If Tenant, without Landlord’s express, written consent, remains in possession of all or any portion of the Premises after the expiration or sooner termination of the Term, then, in addition to all other rights and remedies available to Landlord under other provisions of this Lease or at law or in equity, Tenant shall be treated as a Tenant at sufferance only, upon the terms and conditions set forth in this Lease so far as applicable, but at a Basic Monthly Rent equal to the greater of (i) one hundred fifty percent (150%) of the Basic Monthly Rent applicable to the Premises immediately prior to the date of such expiration or earlier termination; or (ii) one hundred and fifty percent (150%) of the prevailing market rate for buildings of similar quality and use in the same geographic area as the Premises (as reasonably determined by Landlord) for the Premises in effect on the date of such expiration or earlier termination. Acceptance by Landlord of any Rent after such expiration or termination shall not constitute a consent to a hold over hereunder or result in an extension of this Lease. Any and all options and rights of first refusal or other preferential rights of Tenant shall be deemed to have lapsed and to be of no further force or effect. Tenant shall pay an entire month’s Rent, with Basic Monthly Rent calculated in accordance with this Section 18.12.

(c) If, for any reason, Tenant fails to surrender the Premises on the expiration or earlier termination of this Lease (including upon the expiration of any subsequent month-to-month tenancy consented to by Landlord pursuant to Section 18.12(a) above), then, in addition to, and by no means in lieu of, the other provisions of this Section 18.12, all other rights and remedies granted to Landlord under the provisions of this Lease, Tenant shall indemnify, protect,



defend (by counsel approved in writing by Landlord) and hold Landlord harmless from and against any and all claims, judgments, suits, causes of action, damages, losses, liabilities and expenses (including attorneys' fees, court costs and any and all consequential damages awarded as a result thereof) resulting from such failure to surrender, including, without limitation, any claim made by any succeeding tenant based thereon, and Tenant hereby acknowledges and agrees that if Tenant holds over without Landlord's consent, Tenant shall be liable to Landlord for any net loss, liability or expense, that Landlord may suffer as a result, including lost rent (net of expenses). Landlord shall, in addition, continue to have all remedies for holdover as may be available to Landlord under other provisions of this Lease or at law or in equity. The foregoing indemnity shall survive the expiration or earlier termination of this Lease.

18.13 Notices. All notices, which Landlord or Tenant may be required or may desire to serve on the other shall be in writing and shall be served by personal delivery, by mailing the same by registered or certified mail, return receipt requested, postage prepaid, or sent by a nationally recognized courier service (such as Fed Ex) for next-day delivery, to be confirmed in writing by such courier, addressed as set forth in the Basic Lease Provisions or addressed to such other address or addresses as either Landlord or Tenant may from time to time designate to the other in writing in accordance with this Article. Notices, demands and other communications given in the foregoing manner shall be deemed given when actually received or refused by the party to whom sent, unless mailed, in which event same shall be deemed given on the day of actual delivery as shown by the addressee's registered or certified mail receipt or at the expiration of the third (3rd) business day after the date of mailing, whichever first occurs. Notwithstanding anything to the contrary contained herein, but by no means limiting the foregoing, until such time as Landlord may otherwise notify Tenant in writing in accordance with the terms hereof, all communications to be delivered by Tenant to Landlord shall be delivered to Landlord at both of Landlord's addresses for notices set forth in Section 8 of the Basic Lease Provisions, and no notice shall be deemed received by Landlord until such notice has been received by Landlord at both such addresses.

18.14 Rules and Regulations. Tenant agrees to abide by and comply with the Rules and Regulations delivered to Tenant by Landlord from time to time. Landlord shall not be liable to Tenant for any violation of such Rules and Regulations by any other tenant. In the event of any inconsistencies between this Lease and the Rules and Regulations, the language of this Lease shall prevail. Landlord shall have the right, from time to time, to amend and modify the Rules and Regulations. Landlord shall have no liability for its failure to enforce the Rules and Regulations against any other lessee in the Building.

18.15 Governing Laws. This Lease shall be governed by and construed in accordance with the laws of the State of California.

18.16 Headings and Titles. The marginal titles to the Articles of this Lease are inserted for convenience of reference only and shall have no effect upon the construction or interpretation of any part hereof.

18.17 Heirs and Assigns. Subject to the limitations on assignment, subletting and transfers, this Lease shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and assigns.

18.18 Time of Essence. Time is of the essence with respect to the performance of every provision of this Lease.

18.19 Severability. If any condition or provision of this Lease shall be held invalid or unenforceable to any extent under any applicable Regulations or by any court of competent jurisdiction, then the remainder of this Lease shall not be affected thereby, and each condition and provision of this Lease shall be valid and enforceable to the fullest extent permitted by applicable Regulation.

18.20 Authority. Each individual executing this Lease on behalf of a party hereto represents and warrants that she or he is duly authorized to execute and deliver this Lease on behalf of such party and that this Lease is binding upon such party in accordance with its terms.

18.21 Rentable Square Feet. All references to “rentable square feet” in this Lease refer to rentable square feet measured in accordance with ANSI/BOMA Z65.3 2009.

18.22 No Light, Air or View Easement. Any diminution or shutting off of light, air or view by any structure which may be erected on lands adjacent to the Project (whether or not by Landlord) shall not in any way affect this Lease or impose any liability on Landlord and shall not entitle Tenant to any reduction of Rent.

18.23 Entire Agreement. This Lease, along with any Exhibits affixed hereto, constitutes the entire and exclusive agreement between Landlord and Tenant relative to the Premises. This Lease may not be changed, modified, abandoned or discharged, in whole or in part, nor any of its provisions waived, except by a written instrument which is executed by both parties hereto.

18.24 Recording. Neither this Lease, nor any memorandum hereof shall be recorded without Landlord’s prior written consent.

18.25 Joint and Several Liability. If Tenant is comprised of more than one person or entity, then the obligations hereunder imposed upon such persons and entities shall be joint and several.

18.26 Confidentiality. Tenant acknowledges and agrees that the terms of this Lease are confidential and constitute proprietary information of Landlord. Disclosure of the terms hereof may adversely affect the ability of Landlord to negotiate other leases and impair Landlord’s relationship with other tenants. Accordingly, Tenant agrees, except as may be required by any laws of the State of California applicable to Tenant or leases made and to be performed in the State of California, that it, and its partners, members, officers, directors, employees, agents and attorneys, shall not intentionally and voluntarily disclose the terms and conditions of this Lease to any newspaper or other publication or any other tenant or apparent prospective tenant of the Project or any real estate agent (other than the broker(s) identified in the Basic Lease Provisions), either directly or indirectly, without the prior written consent of Landlord; provided, however, Tenant may disclose the terms to prospective subtenants or assignees under this Lease, to any other public entity or public official to which Tenant is required to disclose the terms of this Lease as a result of Tenant being a public entity, and to its attorneys and accountants, in each case, on a “need-to-know” basis, provided all of the same are instructed as to the confidentiality hereof.

18.27 No Representations or Warranties. Neither Landlord nor Landlord’s agents or attorneys have made any representations or warranties with respect to the Premises, the Building, the Real Property, the Common Facilities or this Lease, except as expressly set forth herein, and no rights, easements or licenses are or shall be acquired by Tenant by implication or otherwise.

18.28 Exculpation. In no event shall any Landlord Party be liable for the performance of Landlord's obligations under this Lease. Tenant shall look solely to Landlord to enforce Landlord's obligations hereunder and shall not seek any damages against any Landlord Party. The liability of Landlord for Landlord's obligations under this Lease shall not exceed and shall be limited to Landlord's interest in the Building, and Tenant shall not look to any other property or assets of Landlord or any other Landlord Party in seeking either to enforce Landlord's obligations under this Lease or to satisfy a judgment for Landlord's failure to perform such obligations.

18.29 Consents. Tenant hereby waives any monetary claim against Landlord which it may have based upon any assertion that Landlord has unreasonably withheld or unreasonably delayed any requested consent, and Tenant agrees that its sole remedy shall be an action or proceeding to enforce any such provision or for specific performance, injunction or declaratory judgment. In the event of such a determination, the requested consent shall be deemed to have been granted; however, Landlord shall have no liability to Tenant for its refusal to give such consent. The sole remedy for Landlord's unreasonably withholding or delaying of consent shall be as provided in this Section.

18.30 Waiver. The failure of Landlord to exercise its rights in connection with any breach or violation of any term, covenant, or condition herein contained, shall not be deemed to be a waiver of such term, covenant or condition or any subsequent breach of the same or any other term, covenant or condition herein contained. The subsequent acceptances of Rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease other than the failure of Tenant to pay the particular Rent so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such Rent. Waiver by Landlord of any term, covenant or condition contained in this Lease may only be made by a written document signed by Landlord.

18.31 No Merger. The voluntary or other surrender of this Lease by Tenant, or a mutual cancellation thereof, shall not work a merger, and shall, at the option of Landlord, terminate any and all existing subleases or subtenancies, or operate as an assignment to Landlord of any or all of such subleases or subtenancies. No act or omission of Landlord or any representative thereof shall be deemed to constitute acceptance of any surrender, and no surrender shall be deemed to have occurred, unless in a writing executed by Landlord and approved in writing by any of Landlord's Lenders, should such approval be required under the terms of any loan agreement, mortgage or deed of trust, as the case may be.

18.32 Form of Payment; Business Days. Rent and all other sums payable under this Lease must be paid in lawful money of the United States of America. As used in this Lease, "business day" means any day excluding (a) Saturday, (b) Sunday, (c) any day which is a legal holiday under the laws of the State of California, and (d) any day on which banking institutions located in such state are generally not open for the conduct of regular business.

18.33 Cumulative Remedies. None of Landlord's rights or remedies hereunder shall be deemed to be exclusive, but shall, wherever possible, be cumulative with all other rights and remedies hereunder and at law and in equity.

18.34 Mutual Covenants. Each provision of this Lease performable by Tenant shall be deemed to be both a covenant of Tenant and a condition to Landlord's performance hereunder.

18.35 Relationship. Nothing contained in this Lease shall be construed to create the relationship of principal and agent, partnership, joint venture or any other relationship between the parties hereto, other than the relationship of landlord and tenant.

18.36 Modification. This Lease may not be modified except by a written document executed by the parties hereto.

18.37 Representations and Warranties. Neither Landlord nor any broker, agent or representative thereof has made any warranty or representation with respect to the tenant mix of the Building, the identity of prospective or other tenants of the Building, or otherwise except as explicitly set forth herein.

18.38 Construction. The language in all parts of this Lease shall be in all cases construed simply according to its fair meaning, and not strictly for or against Landlord or Tenant. The principal of construction against draftsmen shall have no application in the interpretation of this Lease. Any reference to any Section herein shall be deemed to include all subsections thereof unless otherwise specified or reasonably required from the context. Any reference to “days” or “months” herein shall refer to calendar days or months, respectively, unless specifically provided to the contrary. The terms “herein”, “hereunder” and “hereof” as used in this Lease mean “in this Lease”, “under this Lease” and “of this Lease”, respectively, except as otherwise specifically set forth in this Lease.

18.39 Exhibits. Any and all exhibits and addenda referred to in this Lease are incorporated herein by reference as though fully set forth herein.

18.40 Other Agreements. Tenant hereby warrants and represents that neither its execution of nor performance under this Lease shall cause Tenant to be in violation of any agreement, instrument, contract or Regulation by which Tenant is bound. Tenant agrees to indemnify Landlord against any loss, cost, damage or liability including, without limitation, reasonable attorneys’ fees arising out of Tenant’s breach of this warranty and representation.

18.41 Discrimination. Tenant covenants by and for itself, its successors and assigns, and all persons claiming under or through them, and this Lease is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons, on account of sex, marital status, age, race, color, religion, creed, national origin or ancestry, in the leasing, subleasing, renting, transferring, use, occupancy, tenure or enjoyment of the Premises herein leased, nor shall Tenant itself, or any person claiming under or through it, establish or permit such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, sublessees, subtenants or vendees in the Premises.

[SIGNATURES CONTINUE ON NEXT PAGE]

"LANDLORD"

William J. Hoffman,  
as Receiver

By:   
Name: WILLIAM J. HOFFMAN  
Title: RECEIVER / LANDLORD

"TENANT"

THE CITY OF STOCKTON,  
a municipal corporation

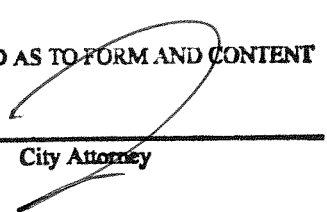
By:

  
Name: Kurt Wilson

Title: City Manager

**APPROVED AS TO FORM AND CONTENT**

By

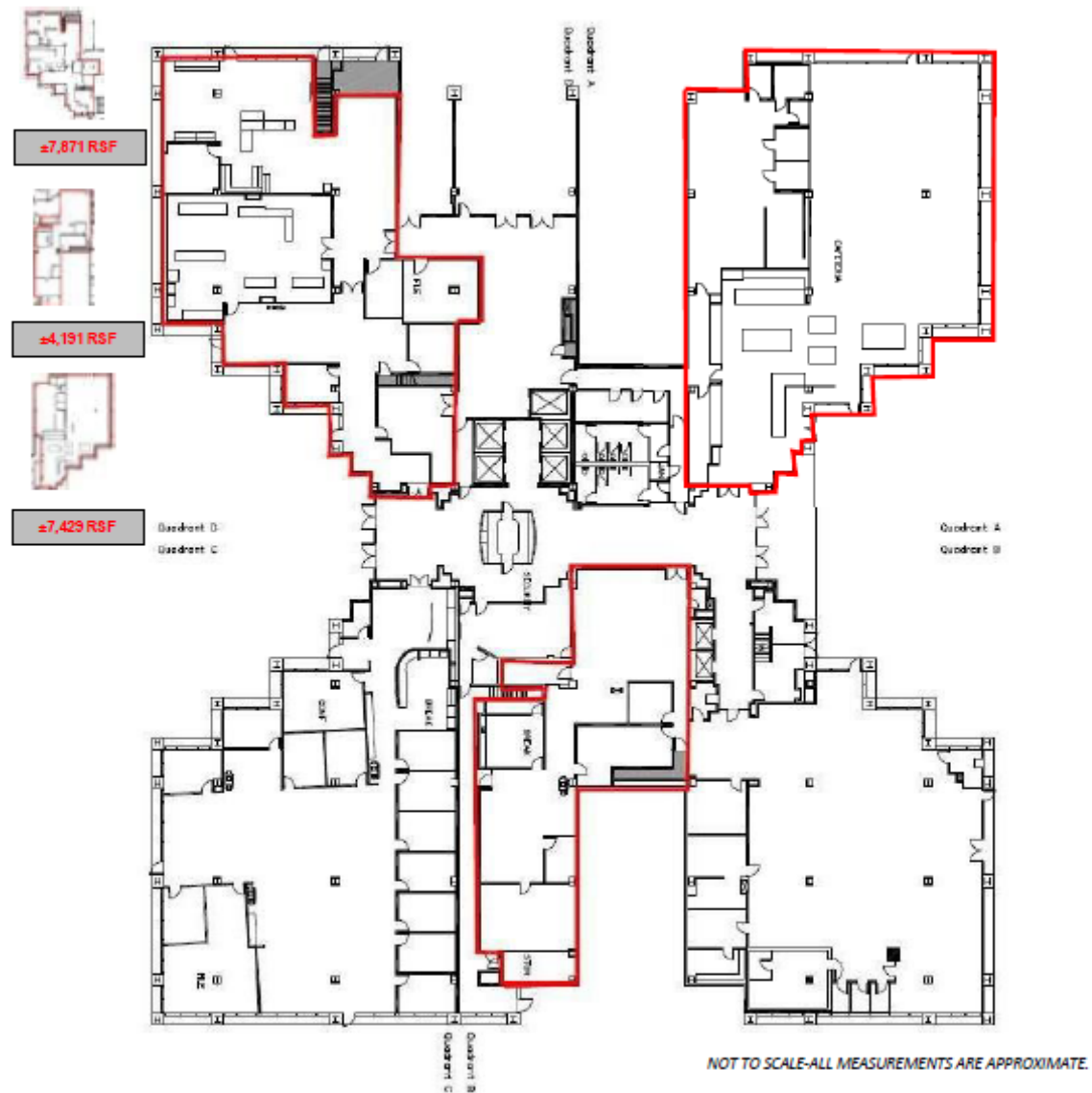
  
City Attorney

## EXHIBIT "A"

## Floor Plan of Premises

[attached]

Exhibit "A"

FOR PROPERTY AT 400 E. Main Street, Stockton, CA - Ground FloorTotal Delineated Area:  $\pm 19,431$  RSF

This information has been obtained from sources believed reliable. We have not verified it and make no guarantee, warranty or representation about it. You and your advisors should conduct a careful, independent investigation of the property to determine to your satisfaction the suitability of the property for your needs.

EXHIBIT "A"

1 of 3

Exhibit "A"

## Exhibit "A"

FOR PROPERTY AT 400 E. Main Street, Stockton, CA - Third Floor

Total Delineated Area: 225,755 RSF



NOT TO SCALE - SPACE SIZING APPROXIMATE AND BASED ON RENTABLE SQUARE FEET

| Floor   | RSF    |
|---------|--------|
| First   | 19,491 |
| Third   | 25,755 |
| Fourth  | 25,730 |
| Seventh | 9,344  |
| Total   | 80,320 |

EXHIBIT "A"

2 of 3

This information has been obtained from sources believed reliable. We have not verified it and make no guarantee, warranty or representation about it. You and your advisors should conduct a careful, independent investigation of the property to determine to your satisfaction the suitability of the property for your needs.



Exhibit “A”

FOR PROPERTY AT 400 E. Main Street, Stockton, CA - Fourth Floor

Total Delineated Area: ±25,730 RSF

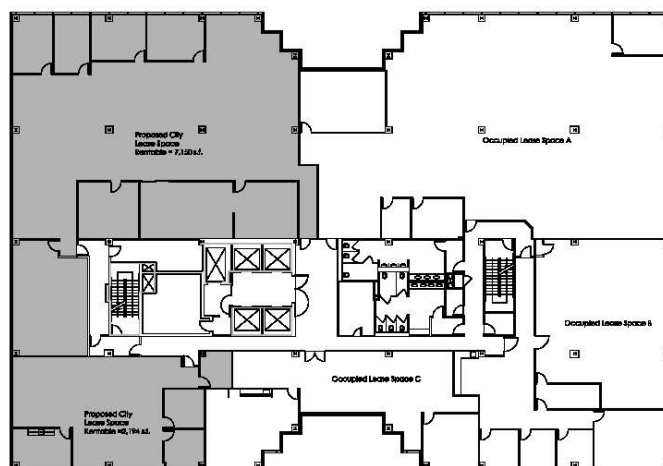


| Floor   | RSF    |
|---------|--------|
| First   | 19,491 |
| Third   | 25,755 |
| Fourth  | 25,730 |
| Seventh | 9,344  |
| Total   | 80,320 |

EXHIBIT “A”

This information has been obtained from sources believed reliable. We have not verified it and make no guarantee, warranty or representation about it. You and your advisors should conduct a careful, independent investigation of the property to determine to your satisfaction the suitability of the property for your needs.

| Floor   | RSF    |
|---------|--------|
| First   | 19,491 |
| Third   | 25,755 |
| Fourth  | 25,730 |
| Seventh | 9,344  |
| Total   | 80,320 |



## 400 East Main Street

FLOORPLAN WITH BOMA CALC'S

7th FLOOR

8.4.14



1"=20'-0"

Exhibit "A"

**EXHIBIT “B”**

**Real Property Description**

**DESCRIPTION OF THE SITE**

All that certain real property situated in the City of Stockton, San Joaquin County, State of California, described as follows:

**PARCEL ONE:**

Lot Seven (7), in Block Fourteen (14), EAST OF CENTER STREET, in the said City of Stockton, according to the official map or plat thereof.

**PARCEL TWO:**

Portions of Lots Eight (8), Ten (10), Fifteen (15) and Sixteen (16), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton, San Joaquin County, California, and more particularly described as follows:

Beginning at the northwest corner of said Lot 15; thence easterly along the north line of said lot 15; 52.24 feet to the east face of a Brick Wall; thence southerly along the east face of said Brick Wall, 49.425 feet to a point in the north line of property of Rebecca E. Noble, bearing westerly along said property line, 99.17 feet from the west line of California Street; thence westerly along the north line of property of Rebecca E. Noble, 0.44 feet to the northwest corner of said Noble property; thence southerly along the west line of property of Rebecca E. Noble, 51.685 feet to a point in the north line of said Lot 10; thence easterly along the north line of said Lot 10, 0.93 feet; thence southerly along the east face of a Brick Wall and along the continuation of said face of said Brick Wall, 35.00 feet; thence westerly and parallel to the north line of said Lots 8 and 10, 52.93 feet to a point in the west line of said Lot 8; thence northerly along the west line of said Lot 8, 35.00 feet to the northwest corner of said Lot 8; thence northerly along the west line of said Lot 16 and 15, 101.11 feet to the point of beginning. All dimensions are U.S. Standard measure.

**PARCEL THREE:**

Lot Two (2), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton according to the official map or plat thereof, San Joaquin County Records.

EXCEPT THEREFROM the South 23 1/2 inches of said Lot 2, conveyed to the City of Stockton for sidewalk extension.

**PARCEL FOUR:**

The West 3 feet (actual measure) of Lot Four (4), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton, according to the official map or plat thereof, San Joaquin County Records.

EXCEPT THEREFROM the South 1 foot 11 1/2 inches of said Lot 4 conveyed to the City of Stockton for sidewalk extension.

**PARCEL FIVE:**

Lot Eight (8), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton, according to the official map or plat thereof.

EXCEPT the East Sixteen (E 16) feet thereof.

ALSO EXCEPTING the South 1 foot 11 1/2 inches thereof.

ALSO EXCEPTING the North 35 feet thereof as conveyed to Yosemite Theatre Company, by Deed recorded January 26, 1937 in Volume 567 of Official Records, at page 45, San Joaquin County Records.

PARCEL SIX:

A portion of Lots Four (4) and Six (6), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton according to the official map or plat thereof, San Joaquin County Records, described as follows:

Commencing at a point on the north line of Market Street, which point is 53 feet 6 1/4 inches east of the east line of Sutter Street (measured along the north line of Market Street); thence east along the north line of Market Street, 87 feet 6 1/4 inches to a point which point is 10 feet 6 1/4 inches west of the east line of said Lot 6, measured along the north line of said Market Street; thence north and parallel with the east line of said Lot 6, 99 feet 2 inches to the north line of said Lot 6; thence west along the north line of said Lot 6 and said Lot 4, 87 feet 6 1/4 inches to a point 3 feet east of the northwest corner of said Lot 4; thence south and parallel with the west line of said Lot 4, 99 feet 2 inches to the point of commencement.

PARCEL SEVEN:

All that portion of the East 10 feet 6 1/4 inches of Lot Six (6), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton, according to the official map or plat thereof, San Joaquin County Records, which lies north of the present north line of Market Street in said City of Stockton.

PARCEL EIGHT:

The East 25 feet of the North 70 feet of Lot Eleven (11), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton, according to the official map or plat thereof, San Joaquin County Records.

PARCEL NINE:

The West Twenty-Five (W 25) feet of North Seventy (N 70) feet of Lot Eleven (11), in Block Fourteen (14), EAST OF CENTER STREET, in the said City of Stockton, according to the official map or plat thereof, commencing for the same at a point on the south side of Main Street, distant 25 feet from the southwest corner of Main and California Streets, and running thence southerly 70 feet; thence at right angles westerly 25 feet; thence at right angles North 70 feet; thence at right angles easterly along and fronting on Main Street, 25 feet to the point of beginning.

Also all our right, title and interest in the Party Walls adjoining on the west and east sides of above described premises and being all interest in said walls and land, particularly described and set out in those certain instruments recorded in Book "A" of Deeds, Volume 41, at page 629 and Book "A" of Deeds, Volume 42, at page 71, and in Book "G" of Miscellaneous, Volume 23, at page 227, San Joaquin County Records.

PARCEL TEN:

The East 2/3 of Lot Fifteen (15), in Block Fourteen (14), EAST OF CENTER STREET, in the Said City of Stockton, according to the official map or plat thereof.

EXCEPT the South 1.13 feet thereof conveyed by George L. Wolf to Lita Alma Camm, by Deed recorded May 3, 1916 in Book "A" of Deeds, Volume 265, at page 555, San Joaquin County Records.

ALSO EXCEPTING THEREFROM that portion thereof included within the parcel of land conveyed with other land to Yosemite Theater Company, a corporation, by Deed recorded January 26, 1937 in Volume 567 of Official Records, at page 45, San Joaquin County Records.

PARCEL ELEVEN:

Being the East 99.61 feet of the North 0.25 feet of the South 1.13 feet of Lot Fifteen (15), in Block Fourteen (14), EAST OF CENTER STREET, in said City of Stockton, according to the official map or plat thereof. (All measurements are U.S. Standards.)

PARCEL TWELVE:

All of Lots Eight (8) and Ten (10), in Block Fourteen (14), EAST OF CENTER STREET, according to the official map or plat thereof.

EXCEPT THEREFROM THE FOLLOWING:

(1) the North 35 feet of said Lot 8; (2) the West 34.5 feet of the South 63.04 feet of the North 98.04 feet of said Lot 8; (3) the South 1.96 feet of said Lot 8; (4) the West 2.43 feet of the North 35 feet of said Lot 10; (5) the South 1.96 feet of said Lot 10.

PARCEL THIRTEEN:

All that certain piece or parcel of land situate, lying and being in the City of Stockton, County of San Joaquin, State of California, and more particularly described as follows:

All of Lot 12, excepting therefrom the South 1.96 feet in Block 14, EAST OF CENTER STREET, as said Lot and Block are shown upon the official map of the City of Stockton, approved and adopted by the City Council of the City of Stockton on July 23, 1894, said map is on file in the Office of the City Clerk of said City.

PARCEL FOURTEEN:

All that certain piece or parcel of land situate, lying and being in the City of Stockton, County of San Joaquin, State of California, and more particularly described as follows:

The East 99.61 feet of Lot 16 and the South 1.13 feet of the East 99.61 feet of Lot 15, in Block 14, EAST OF CENTER STREET, as said lots and block is shown upon the official map of the City of Stockton, approved and adopted by the City Council of the City of Stockton on July 23, 1894, said map is on file in the Office of the City Clerk of said city.

PARCEL FIFTEEN:

A portion of Lot Thirteen (13) and all of Lot Fourteen (14), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton, according to the official map or plat thereof, San Joaquin County Records, more particularly described as follows:

Commencing at the southwest corner of said Lot 14; thence run northerly along the west line of said Lots 13 and 14, a distance of 65.39 feet to the center of an 18 inch Brick Wall; thence easterly parallel to the south line of said Lot 14, along the center of said 18 inch Brick Wall, a distance of 119.84 feet to the center of a 13 inch Brick Wall; thence northerly parallel to the west line of said Lot 13, along the center of said 13 inch Brick Wall, a distance of 35.15 feet to the north face of an 8 inch Brick Wall; thence easterly parallel to the south line of said Lot 14, along the north face of said 8 inch Brick Wall and said north face of wall produced easterly a distance of 31.72 feet to the east line of said Lot 13; thence southerly along the easterly line of said Lots 13 and 14, a distance of 100.54 feet to the southeast corner of said Lot 14; thence westerly along the south line of said Lot 14, a distance of 151.56 feet to the point of beginning.

PARCEL SIXTEEN:

Portions of Lots Five (5) and Thirteen (13), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton, according to the official map or plat thereof, San Joaquin County Records, more particularly described as follows:

Beginning at a point on the southerly line of Main Street, distant thereon 119.27 feet easterly from the easterly line of Sutter Street; thence easterly along said line of Main Street, 32.29 feet to the easterly line of said Lot 5; thence at right angle, southerly along the easterly lines of said Lots 5 and 13, in said Block 14, 101.68 feet to the northerly line of that certain parcel of land conveyed by Deed dated August 2, 1921, executed by Delia Wolf Meigs, et al, to Salvatore S. Solari, recorded August 8, 1921 in Volume 463 of Book "A" of Deeds, at page 305, San Joaquin County Records; running thence westerly along the northerly line of the property so conveyed in said deed and the extension thereof, westerly 32.29 feet; thence Northerly 101.68 feet to the point of beginning. All dimensions are United States Standards Measure.

**PARCEL SEVENTEEN:**

All of Lot One (1), in Block Fourteen (14), EAST OF CENTER STREET, in the said City of Stockton, according to the official map or plat thereof, San Joaquin County Records, and more particularly described by metes and bounds, as follows:

Beginning at the northwest corner of said Lot 1, being also the northwest corner of said Block 14 and being also the intersection of the southerly line of Main Street with the easterly line of Sutter Street in the said City; thence North 78 degrees 06 minutes East along the southerly line of Main Street, 50.52 feet to the northeast corner of said Lot 1; thence South 12 degrees 00 minutes East, along the easterly line of said Lot 1, 101.11 feet to the southeast corner of said Lot 1; thence South 78 degrees 06 minutes West, along the southerly line of said Lot 1, 50.52 feet to the lot corner; thence North 12 degrees 00 minutes West, along lot line, being the easterly line of Sutter Street, 101.11 feet to the point of beginning. All dimensions of United States Standard Measure, being the same property conveyed to I.H.L. Corporation, by the Vincent Astor Foundation by Deed dated March 27, 1956 and recorded in Volume 1852 of Official Records, at page 116, San Joaquin County Records.

**PARCEL EIGHTEEN:**

All of Lot Three (3) and a portion of Lots Five (5) and Thirteen (13), in Block Fourteen (14), EAST OF CENTER STREET, in the said City of Stockton, according to the official map or plat thereof, San Joaquin County Records, more particularly described as follows:

Beginning at a point on the southerly line of Main Street, distant thereon 50.52 feet easterly from the easterly line of Sutter Street; running thence easterly along said line of Main Street, 68.75 feet; thence at a right angle southerly, 101.68 feet to the northerly line extended westerly of that certain parcel of land conveyed by Deed dated August 1, 1921, executed by Delia Wolf Meigs, et al, to Salvatore S. Solari, re-recorded August 8, 1921 in Volume 463 of Book "A" of Deeds, at page 305, San Joaquin County Records; thence at right angles easterly, 0.57 feet to the most northwesterly corner of said parcel so conveyed to said Salvatore S. Solari; thence at right angles southerly along the line of the property so conveyed to Salvatore S. Solari, 35.15 feet; thence at right angles westerly along the line of the property conveyed to said Salvatore S. Solari, 119.84 feet to the easterly line of Sutter Street; thence northerly along the easterly line of Sutter Street, 35.72 feet; thence at right angles easterly 50.52 feet; thence at right angles northerly, 101.11 feet to the southerly line of Main Street and the point of beginning.

**PARCEL NINETEEN:**

All of Lot Nine (9) and the Southerly 30 feet of Lot Eleven (11), all in Block Fourteen (14), EAST OF CENTER STREET, in the said City of Stockton, according to the official map or plat thereof.

EXCEPT an undivided 1/2 of a Brick Wall as described in and conveyed by Deed of Record in Book "A" of Deeds, Volume 42, at page 71, San Joaquin County Records.

ALSO EXCEPTING an undivided 1/2 of the upper story of a certain Brick Wall as described in and conveyed by Grant of Brick Wall of record in Book "G" of Miscellaneous, Volume 23, at page 227, San Joaquin County Records.

PARCEL TWENTY:

The South One (1) foot, Eleven and One Half (11 1/2) inches of the following described parcel of land:

Lot Two (2), Four (4), Six (6), Eight (8), Ten (10), and Twelve (12), in Block Fourteen (14), EAST OF CENTER STREET, in the City of Stockton, according to the official map or plat thereof, San Joaquin County Records.

PARCEL TWENTY-ONE:

A Non-Exclusive Surface Easement over the premises described herein for the construction, use, maintenance, repair and reconstruction of sidewalks, entry ways, planter boxes and other structures or improvements that may be constructed, reconstructed or installed, and an exclusive subterranean easement for the construction, operation, use, maintenance, repair, replacement and reconstruction of an underground parking facility or other uses necessary to the dominant tenement hereinafter described except the outer 6.5 feet of the perimeter thereof, and a nonexclusive subterranean easement for the installation and maintenance of utilities, vents, drains and other related or incidental uses over the outer 6.5 feet of the perimeter of the subterranean easement, as granted American Savings and Loan Association, a California corporation, recorded July 13, 1987, Recorder's Instrument No. 87066275, San Joaquin County Records.

Said easements are appurtenant to land described as follows:

City of Stockton All of Block Fourteen (14), EAST OF CENTER STREET, in the said City of Stockton, according to the official map or plat thereof.

Said easements are described as follows:

PARCEL A:

Beginning at the southeast corner of said Block Fourteen(14); thence North 17 degrees 59 minutes 00 seconds West 303.44 feet along the boundary thereof to the northeast corner of said block; thence North 72 degrees 06 minutes 20 seconds East 19.00 feet along the easterly projection of the north line of said Block 14; thence South 17 degrees 59 minutes 00 seconds East, 303.44 feet to a point on the easterly projection of the south line of said Block 14; thence South 72 degrees 05 minutes 45 seconds West, 19.00 feet to the point of beginning.

PARCEL B:

Beginning at the southwest corner of said Block 14; thence North 72 degrees 05 minutes 45 seconds East, 303.15 feet along the boundary thereof to the southeast corner of said block; thence continuing North 72 degrees 05 minutes 45 seconds East, 19.00 feet; thence South 17 degrees 59 minutes 00 seconds East 16.63 feet; thence South 72 degrees 01 minutes 00 seconds West, 340.75 feet; thence North 17 degrees 59 minutes 00 seconds West, 17.10 feet to a point on the westerly projection of the south line of said Block 14; thence North 72 degrees 05 minutes 45 seconds East, 18.60 feet along said projection to the point of beginning.

PARCEL C:

Beginning at the northwest corner of said Block Fourteen (14); thence South 18 degrees 00 minutes 00 seconds East, 303.49 feet along the boundary thereof to the southwest corner of said block; thence South 72 degrees 05 minutes 45 seconds West, 18.60 feet along the westerly projection of the south line of said block 14; thence North 17 degrees 59 minutes 00 seconds West, 303.50 feet to a point on the westerly projection of the north line of said Block 14; thence North 72 degrees 06 minutes 20 seconds East, 18.51 feet along said projection to the point of beginning.

PARCEL D:

Beginning at the northeast corner of said Block 14; thence South 72 degrees 06 minutes 20 seconds West, 303.24 feet along the boundary thereof to the northwest corner of said block; thence continuing South 72 degrees 06 minutes 20 seconds West, 18.51 feet; thence North 17 degrees 59 minutes 00



seconds West, 16.15 feet; thence North 72 degrees 01 minutes 00 seconds East 340.75 feet; thence South 17 degrees 59 minutes 00 seconds East, 16.68 feet to a point on the easterly projection of the north line of said Block 14; thence South 72 degrees 06 minutes 20 seconds West, 19.00 feet along said projection to the point of beginning. All distances in the four described parcels are U.S. Standard Measurements.

**EXHIBIT "C"****RULES AND REGULATIONS**

ALL REFERENCES IN THESE RULES AND REGULATIONS SHALL REFER TO LANDLORD AND TENANT UNDER THIS LEASE.

1. Sidewalks, halls, passageways, exits, entrances, elevators, escalators and stairways shall not be obstructed by Tenant or used by Tenant for any purpose other than for ingress to and egress. The halls, passageways, exits, entrances, elevators, escalators and stairways may, at times, be made available for the use of the general public in connection with Tenant's use of the Premises; however, Landlord shall retain the right to control and prevent access thereto by all persons whose presence, in the reasonable judgment of Landlord, shall be prejudicial to the safety, character, reputation or interests of the Building and its tenants and occupants, subject to applicable Regulations. Neither Tenant nor any of Tenant's employees shall go upon the roof of the Building, without the prior consent of Landlord or its designate, unless such access is needed for repairs or maintenance otherwise permitted under the Lease.

2. No curtains, blinds, shades or screens shall be attached to or hung in, or used in connection with any window of the Premises (other than Landlord's standard window covering) without Landlord's prior consent. All electric ceiling fixtures hung in offices or spaces along the perimeter of the Building must be fluorescent, of a quality, type, design and bulb color approved by Landlord. Neither the interior nor exterior of any windows shall be coated or otherwise sunscreened without Landlord's prior consent. Notwithstanding the foregoing, any and all lighting fixtures and window dressings that exist at the Premises as of the Commencement Date shall be deemed consented to and approved by Landlord.

3. No signs, pictures, placard, advertisement, notice, lettering, direction or handbill shall be exhibited, distributed, painted, installed, displayed, inscribed, placed or affixed by Tenant on any part of the exterior of the Premises or the interior of the Premises which is visible from the exterior of the Premises, the Building or the Project without the prior consent of Landlord. In the event of the violation of the foregoing by Tenant, Landlord may remove same without any liability, and may charge the expense incurred in such removal to Tenant. Interior signs on doors shall be inscribed, painted or affixed for Tenant by the Landlord at Tenant's expense, and shall be of a size, color and style acceptable to Landlord. Nothing may be placed on the exterior of corridor walls or corridor doors other than Landlord's building standard sign on the corridor door, applied and installed by Landlord.

4. The Building directory will be provided exclusively for the display of the name and location of tenants of the Building (including Tenant) and Landlord reserves the right to exclude any other names therefrom. In the event Landlord consents to an assignment or sublease, such consent shall also be deemed approval to indicate such assignee or subtenant on the Building directory.

5. Tenant shall not drill into, or in any way deface any part of the Premises; provided, that art and other decorations common to first class office buildings and technology centers may be affixed to the interior walls of the Premises by Tenant, subject to all other terms of the Lease. No boring, cutting or stringing of wires or laying of linoleum or other similar floor coverings shall be permitted, except with the prior consent of Landlord.

6. No bicycles, vehicles, birds or animals of any kind shall be brought into or kept in or about the Premises or the Building, and no cooking shall be done or permitted by Tenant on the Premises, except that the preparation of coffee, tea, hot chocolate and similar items for Tenant and Tenant's employees shall be permitted; provided, however, that the power required shall not exceed that amount which can be provided by a 30 amp circuit. Tenant shall not cause or permit the continued occurrence of any unusual or objectionable odors to be produced or to permeate the Premises or the Building.

7. The Premises shall not be used for manufacturing or for the storage of merchandise except as such storage may be incidental to the use of the Premises for general office purposes. Tenant shall not occupy or permit any portion of the Premises to be occupied as an office for a public stenographer or typist or for the manufacture or sale of liquor, narcotics, or tobacco in any form, or as a medical office unless expressly permitted in Tenant's Lease, or as a barber or manicure shop, or as an employment bureau, or as a travel agency. Tenant shall not sell or permit the sale of newspapers, magazines, periodicals, theater tickets or any other goods or merchandise in or on the Premises. Tenant shall not engage or pay any employees in the Premises except those actually working for Tenant in the Premises nor shall Tenant advertise for laborers giving an address at the Premises. The Premises shall not be used for lodging or sleeping or for any immoral or illegal purposes.

8. Tenant shall not make or permit to be made, any unseemly noises which disturb other occupants of the Building, whether by the use of any musical instrument, radio, television, phonograph, screening room, loud, unusual or disruptive noise, or in any other way.

9. Tenant shall not use, keep or permit to be used any foul or noxious gas or substance in, on or about the Premises. If Tenant is permitted to use the Premises as a dental office, however, then Tenant may use and keep oxygen, nitrous oxide, propane, butane, ethanol, methanol, isopropyl alcohol, acrylic monomers and acetone.

10. Neither Tenant nor any of Tenant's employees shall, at any time, bring or keep within the Premises or the Building any flammable, combustible or explosive fluids, chemical substances, or materials, except as may be expressly permitted in Article 17 hereof. Electric spaceheaters shall not be used at any time by Tenant.

11. No new or additional locks or bolts of any kind shall be placed upon any of the doors by Tenant, nor shall any changes be made in existing locks or the mechanism thereof without immediately providing Landlord with keys and other access information. Notwithstanding the foregoing, if any areas of the Premises are separately secured and contain information Tenant is legally required to keep confidential, Tenant shall not be required to provide keys to Landlord, provided that Landlord has the access rights thereto provided in Section 18.1. Tenant must, upon the termination of its tenancy, give, return, and restore to Landlord all keys of stores, offices, vaults, and toilet rooms, either furnished to, or otherwise procured by Tenant, and in the event at any time of any loss of keys so furnished, Tenant shall pay to Landlord the cost of replacing the same or of changing the lock or locks opened by such lost key if Landlord shall deem it necessary to make such changes.

12. Furniture, freight, pictures, equipment, safes, bulky matter or supplies of any description shall be moved in or out of the Building only, after Landlord (or its designate) has been furnished with prior notice and given its approval and only during such hours and in such manner as may be prescribed by Landlord from time to time. The scheduling and manner of

Tenant's move-ins and move-outs shall be subject to the discretion and approval of Landlord, and said move-ins and move-outs shall only take place after 6:00 P.M. on weekdays, on weekends, or such other times as Landlord may designate. In the event Tenant's movers damage the elevator or any other part of the Project, Tenant shall immediately pay to Landlord the amount required to repair said damage. The moving of safes or other fixtures or bulky or heavy matter of any kind must be done under the supervision of Landlord (or its designate), and the person employed by Tenant for such work must be acceptable to Landlord, but such persons shall not be deemed to be agents or servants of Landlord (or its designate), and Tenant shall be responsible for all acts of such persons. Landlord reserves the right to inspect all safes, freight or other bulky or heavy articles to be brought into the Building and to exclude from the Building all safes, freight or other bulky or heavy articles which violate any of these Rules or Regulations or the Lease of which these Rules and Regulations are a part. Landlord reserves the right to determine the location and position of all safes, freight, furniture or bulky or heavy matter brought onto the Premises, which must be placed upon supports approved by Landlord to distribute the weight.

13. No furniture shall be placed in front of the Building or in any lobby or corridor, without Landlord's prior written consent. Landlord shall have the right to remove all non-permitted furniture, without notice to Tenant, and at the expense of Tenant.

14. Landlord shall have the right to prohibit any advertising by Tenant which, in Landlord's opinion, tends to impair the reputation of the Building or the Project or the desirability thereof as an office building project and, upon written notice from Landlord, Tenant shall immediately refrain from or discontinue such advertising, unless such advertising is required by the Regulations.

15. Landlord reserves the right to exclude from the Building between the hours of 6:30 P.M. and 6:30 A.M., Monday through Friday, and at all hours on Saturday, Sunday, state and federal holidays, all persons who are not authorized by Tenant. Tenant shall be responsible for all persons for whom it causes to be present in the Building and shall be liable to Landlord for all acts of such persons. In the case of invasion, riot, public excitement, act of God, or other circumstance rendering such action advisable in Landlord's opinion, Landlord reserves the right to prevent access of all persons (including Tenant) to the Building during the continuance of the same by such actions as Landlord may deem appropriate, including the closing and locking of doors, to the extent permitted under applicable Regulations.

16. Any persons employed by Tenant to do any work in or about the Premises shall, while in the Building and outside of the Premises, be subject to and under the control and discretion of Landlord's designate (i.e., the superintendent or manager of the Building) but shall not be deemed to be an agent or servant of said superintendent or the Landlord, and Tenant shall be responsible for all acts of such persons.

17. Tenant shall cooperate in keeping closed all doors opening onto public corridors, except when in use for ingress and egress. Tenant shall cooperate in keeping closed all doors leading to equipment and utility rooms. Tenant shall see that its doors are closed and securely locked before leaving the Project. Notwithstanding the foregoing, the location of all office equipment of any electrical nature that is within the Premises as of the Commencement Date shall be deemed to be approved by Landlord.

18. Canvassing, soliciting and peddling in the Building are prohibited and Tenant shall cooperate to prevent the same.

19. All office equipment of any electrical nature shall be placed by Tenant in the Premises in settings and locations approved by Landlord, to absorb or prevent any vibration, noise and annoyance.

20. No air conditioning unit or other similar apparatus shall be installed or used by Tenant without Landlord's prior consent. Tenant shall cooperate with Landlord in obtaining maximum effectiveness of the HVAC system by closing blinds when the sun's rays fall directly on windows. Tenant shall not obstruct, alter, or in any way impair the efficient operation of the HVAC system.

21. Tenant shall faithfully observe and comply with the terms of any and all covenants, conditions and restrictions recorded against the Project (i) prior to the Commencement Date and (ii) subsequent to the Commencement Date; provided, that such compliance shall only be required of Tenant (a) after such time as Tenant has been provided with written notice and a copy of such covenants, conditions and restrictions and (b) if compliance does not interfere with Tenant's Permitted Uses and is not required by applicable Regulations.

22. Restrooms and other water fixtures shall not be used for any purpose other than that which the same are intended, and any damage resulting to the same from misuse on the part of Tenant or Tenant's employees shall be paid for by Tenant. Tenant shall be responsible for causing all water faucets, water apparatus and utilities, including, but not limited to all electricity, gas and air, to be shut off before Tenant or Tenant's employees leave the Premises each day and Tenant shall be liable for any waste or damage sustained by other tenants or occupants of the Building or Landlord as a result of Tenant's failure to perform said duty.

23. In the event that Building or the Premises is or later becomes equipped with an electronic access control device, Tenant shall pay to Landlord the actual cost of each identification key or card issued to Tenant as a deposit against the return of the identification key or card to Landlord.

24. Tenant shall not cause any unnecessary labor by reason of Tenant's carelessness or indifference in the preservation of good order and cleanliness. Landlord shall not be responsible to Tenant for any loss of property on the Premises, however occurring, or for any damage done to the effects of Tenant by the janitor or another employee or any other person. Except as otherwise provided in the Lease or any Exhibit thereto, janitor service shall include ordinary dusting and cleaning by the janitor or any assigned to such work and shall not include shampooing of carpets or rugs or moving of furniture or other special services. Janitor service will not be furnished on nights when rooms are occupied after 10:00 p.m. Window cleaning shall be done only by Landlord.

25. Tenant shall not permit any of its principals, employees, agents, contractors or invitees to smoke at any time in the Building.

26. Except as otherwise provided in the Lease, all parking ramps and areas plus other public areas forming a part of the Project shall be under the sole and absolute control of Landlord with the exclusive right to regulate and control these areas; provided, that such regulation and control shall not limit any of Tenant's rights expressly granted under this Lease beyond any

limitation that may otherwise be set forth herein. Tenant agrees to conform to any additional rules and regulations that may be established by Landlord for these areas from time to time.

27. Employees of Landlord or Landlord's agents shall not be obligated to perform any work or do anything outside of their regular duties unless under special instructions from Landlord.

28. In the event of any conflict between these Rules and Regulations and the Lease, the Lease shall prevail.

**EXHIBIT “D”**  
**ESTOPPEL CERTIFICATE**

[SEE ATTACHED]

## ESTOPPEL CERTIFICATE

The undersigned **[[\*\*Insert Requested Party Information (the “Requested Party”)\*\*]]**, hereby certifies to **[[\*\*Insert Requesting Party Information (the Requesting Party”)\*\*]]**, that:

1. The City of Stockton, a municipal corporation (“**Tenant**”), is the lessee of certain space in that certain office building located at 400 East Main Street, Stockton, California 95202 (the “**Building**”), containing approximately \_\_\_\_\_ rentable square feet on the first, third, fourth and seventh floors thereof (the “**Premises**”), under a lease dated \_\_\_\_\_, 201\_\_ (the “**Lease**”) entered into between Tenant and \_\_\_\_\_, as Receiver (“**Landlord**”).

2. The Lease is presently in full force and effect. **[[\*\*The Requested Party\*\*]]** has performed and complied with all obligations of the Requested Party through the date hereof, and there exists no default by the **[[\*\*Requested Party\*\*]]** except \_\_\_\_\_.

3. The Lease, in the form of **Exhibit A** attached hereto, constitutes the entire agreement between Landlord and Tenant and there has been no amendment, modification or supplement, written or oral, to the Lease except as included in **Exhibit A**. Tenant does not have any options to purchase the Premises.

4. Tenant is in full and complete possession and occupancy of the Premises, has accepted the Premises, including any work to date of Landlord performed thereon pursuant to the terms and provisions of the Lease, and Tenant is paying rent under the Lease. Landlord has performed all of its obligations under the Lease for the current term with respect to tenant improvements.

5. The term of the Lease commenced on June 1, 2014 and will end on \_\_\_\_\_, with two options to extend the Lease for successive periods of two years each. The monthly rental is currently \$\_\_\_\_\_ per rentable square foot per month.

6. The monthly rental for fiscal year \_\_\_\_\_ - \_\_\_\_\_ (July 1 – June 30) is \_\_\_\_\_ Dollars (\$\_\_\_\_\_) and is due on the \_\_\_\_ day of each month. All additional rent and any other charges payable under the Lease have been paid for the current periods. No rent has been paid more the thirty (30) days in advance. Tenant is not in arrears of any monthly base rent or additional rent.

7. As of the date of this certificate, **[[\*\*the Requesting Party\*\*]]** is not in default under the Lease.

8. The amount of the security deposit paid under the terms of the Lease is Two Hundred Nine Thousand Three Hundred Fourteen and 78/100 Dollars (\$209,314.78).

9. The Tenant has not entered into any sublease, assignment, pledge, mortgage, transfer or otherwise conveyed all or any portion of its interest in the Lease or the Premises except as follows: \_\_\_\_\_.



10. Landlord has not made any loans or advanced funds to Tenant.

11. All guarantors of the Lease are identified as:

N/A

12. Attached is a true and correct copy of the Lease together with all amendments, modifications or renewals.

13. All exhibits attached hereto are by this reference incorporated fully herein. The terms “this certificate” shall be considered to include all such exhibits. The undersigned makes this statement for Landlord’s benefit and protection with the understanding that Landlord and its lender, if any, intend to rely upon this statement. This certificate may be relied upon by Landlord, Landlord’s lender and their respective successors and assigns, and this certificate shall be binding upon Tenant, any guarantor of Tenant and each of their respective successors and assigns.

[Signatures continue on next page]

EXECUTED: \_\_\_\_\_, 20\_\_

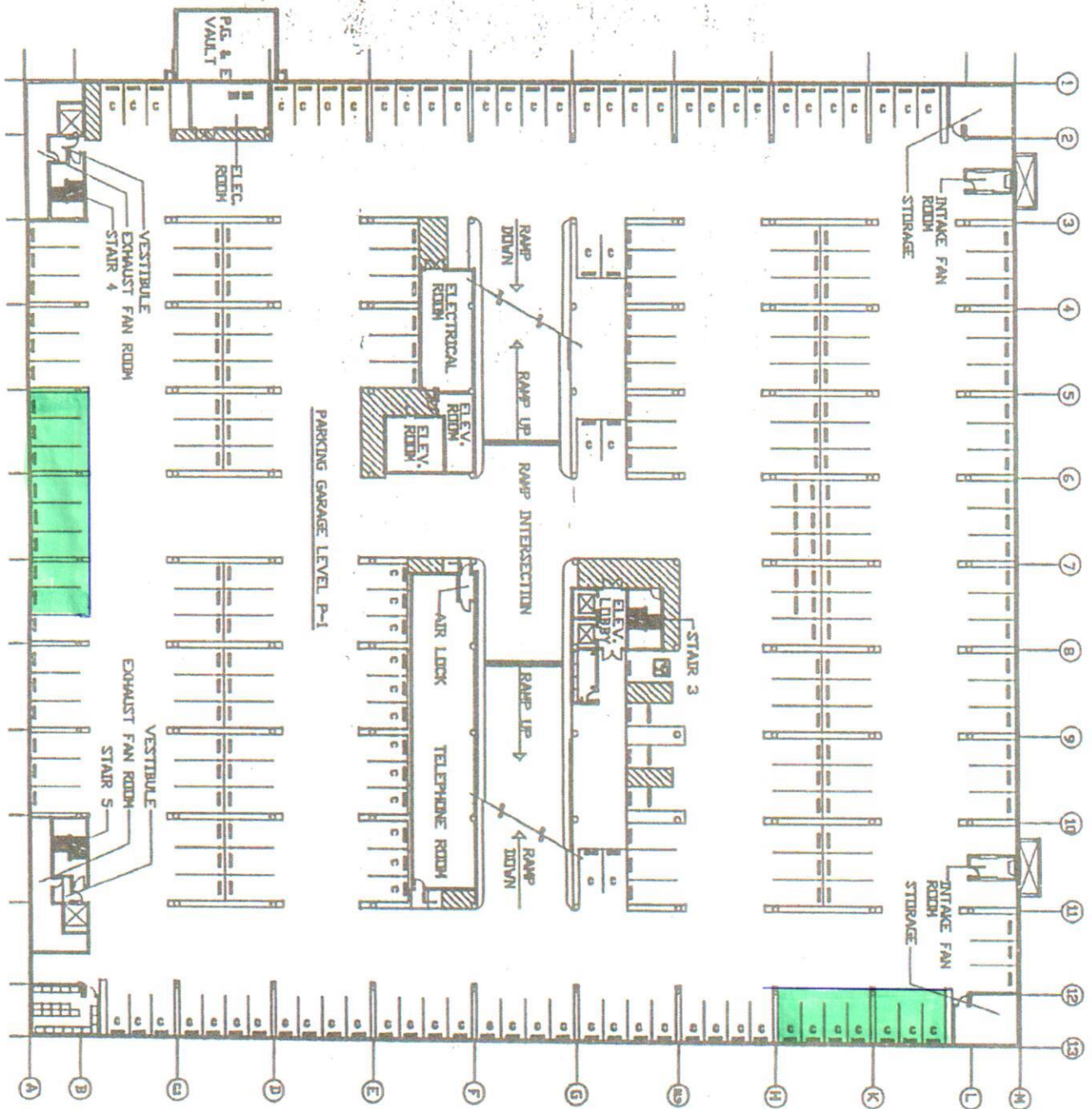
**[[\*\*Requesting Party\*\*]]:**

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

Name:

Title:

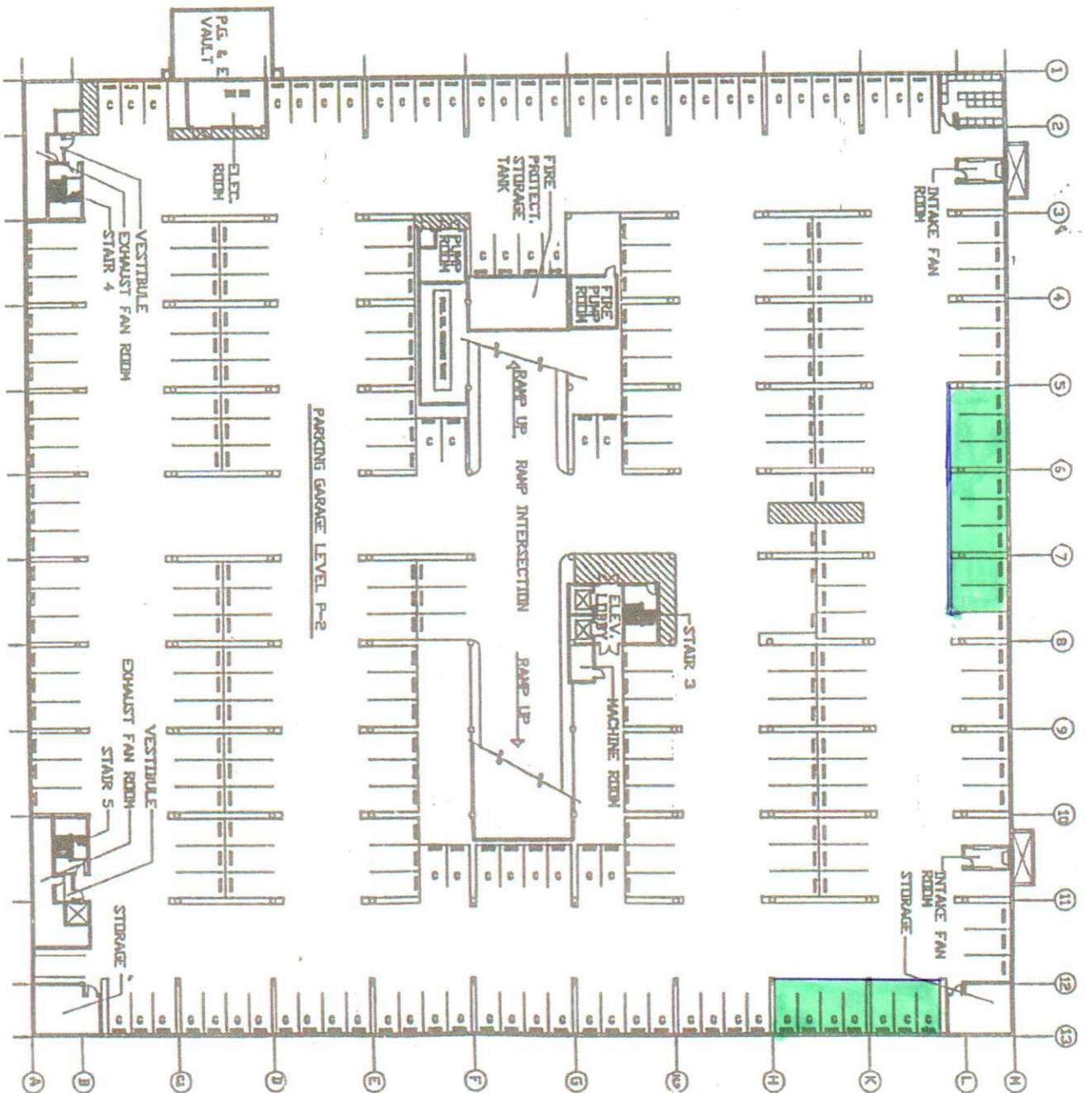
**EXHIBIT “E”**  
**LOCATION OF RESERVED SPACES**  
[SEE ATTACHED]



UPPER PARKING LEVEL P-1 PLAN

SCALE: 1"=30'-0"





LOWER PARKING LEVEL P-2 PLAN  
SCALE: 1"=30'-0"



**EXHIBIT “F”**

**DEPICTION OF BUILDING STANDARD SIGNAGE**

[SEE ATTACHED]

Exhibit F

Signage will be the building standard raised chrome block lettering in a size to match existing building signage at the north entrance to the Building reading "Four Hundred". Photo included below.

