

LEASE AGREEMENT

by and between

1440 CHAPIN OWNER, LLC,
A DELAWARE LLC,

Landlord

and

THE CITY OF BURLINGAME,
A MUNICIPAL CORPORATION,

Tenant

BASIC LEASE INFORMATION

TENANT: City of Burlingame

ADDRESS FOR NOTICES: City of Burlingame
501 Primrose Road
Burlingame, CA 94010
Attn: City Manager
lgoldman@burlingame.org

With a copy to: City of Burlingame
501 Primrose Road
Burlingame, CA 94010
Attn: City Attorney
mguina@burlingame.org

LANDLORD: 1440 Chapin Owner, LLC

ADDRESS FOR NOTICES: 1440 Chapin Owner, LLC
c/o Patson Management Company
548 Market Street, PMB #38544
San Francisco, CA 94104-5401
Attn: Ian Paget
Paget@Patson.com

With a copy to: 1440 Chapin Owner, LLC
c/o PCCP, LLC
10100 Santa Monica Blvd., Suite 1000
Los Angeles, CA 90067
Attn: Legal Notices & Melanie Gangel
legalnotices@pccpllc.com
mgangel@pccpllc.com

LEASED PREMISES: 1440 Chapin Avenue,
Suites 100, 205, 300, 340, 350, 385 and 390
Burlingame, CA 94010,
(as described in attached Floor Plans)

NET RENTABLE AREA:

Leased Premises: Suite 100: 2,288 Square Feet
Suite 205: 3,116 Square Feet
Suite 300: 1,078 Square Feet
Suite 340: 4,320 Square Feet
Suite 350: 4,571 Square Feet
Suite 385: 4,467 Square Feet
Suite 390: 6,682 Square Feet

Total Leased Premises: 26,522 Square Feet

Entire Building:	49,590 Square Feet
TERM COMMENCEMENT DATE:	The later of August 1, 2026 or the Substantial Completion Date (as defined herein)
RENT COMMENCEMENT DATE:	Six months following the Term Commencement Date
TERM EXPIRATION DATE:	Ten (10) years and six (6) months following the Term Commencement Date
BASE RENT:	Year 1, Months 1-6: \$0.00 per month Months 7-12: \$168,414.70 per month Year 2: \$173,467.14 per month Year 3: \$178,671.16 per month Year 4: \$184,031.29 per month Year 5: \$189,552.23 per month Year 6: \$195,238.80 per month Year 7: \$201,095.96 per month Year 8: \$207,128.84 per month Year 9: \$213,342.70per month Year 10: \$219,742.98_per month Year 11: Months 1-6: \$226,335.27 per month
TENANT'S PROPORTIONATE SHARE:	53.48%

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Exhibit A	Floor Plans of Leased Premises
Exhibit B	Rules And Regulations
Exhibit C	Purchase and Sale Agreement
Exhibit D	Tenant Improvement Agreement
Exhibit E	Insurance Requirements for Tenant Construction

LEASE AGREEMENT

This Lease is entered into between Landlord and Tenant, whose respective full names, capacities, and addresses are specified in the Basic Lease Information attached hereto and incorporated as an integral part of this Lease ("Basic Lease Information"), effective as of the date it has been executed by both Landlord and Tenant. Any inconsistencies between the Basic Lease Information and the remaining text of this Lease shall be governed by such remaining text of this Lease.

ARTICLE 1 DEFINITIONS

- 1.01. Definitions. The following terms shall have the meanings set forth in this Article 1.
- 1.02. Additional Rent shall mean all payment obligations of Tenant hereunder other than the obligation for payment of Gross Rent.
- 1.03. Base Rent shall mean the amounts set forth as such in the Basic Lease Information.
- 1.04. Basic Operating Cost shall have the meaning given in Section 3.05.
- 1.05. Basic Operating Cost Adjustment for any calendar year shall mean the difference, if any, between Estimated Basic Operating Cost and Basic Operating Cost for that calendar year.
- 1.06. Building shall mean the building and other improvements, including enclosed and open parking areas, known as 1440 Chapin Avenue, which are located on a parcel of real property located in Burlingame, California.
- 1.07. Common Areas shall mean (i) the areas on individual floors of the Building devoted to non-exclusive uses such as corridors, fire vestibules, elevator foyers, lobbies, electric and telephone closets, restrooms, mechanical rooms, janitor closets and other similar facilities for the benefit of all tenants (and invitees) on the Tenant's particular floors and other floors, (ii) those areas of the Building devoted to mechanical and service rooms servicing more than one floor of the Building and (iii) all parking and landscaped areas.
- 1.08. Estimated Basic Operating Cost for any calendar year shall mean Landlord's estimate of Basic Operating Cost for such calendar year, which, for calendar year 2025 is Twenty Two Dollars (\$22.00) per square foot of Net Rentable Area.
- 1.09. Fair Market Rent shall mean the rate being charged for space comparable to the Leased Premises in the Building and in other first class office buildings of similar age in the Mid-Peninsula area including, but not limited to, Burlingame, taking into consideration: floor level, lease takeovers/assumptions, proposed term of lease, extent of service provided or to be provided, the ownership of the comparable space, the time the particular rate under consideration became or is to become effective and any other relevant terms or conditions.
- 1.10. Gross Rent shall mean the total of Base Rent and Tenant's Proportionate Share of Estimated Basic Operating Cost.

1.11. Initial Tenant Improvements shall mean those improvements to be installed and constructed in the Leased Premises by Landlord, as more specifically set forth in Section 3.08 and the Improvement Agreement attached hereto and incorporated herein as Exhibit D.

1.12. Leased Premises shall mean the floor area more particularly shown on the Exhibit A floor plan attached hereto, containing the Net Rentable Area specified on the Basic Lease Information.

1.13. Net Rentable Area, with respect to the Leased Premises and with respect to the entire Building, shall mean the numbers of square feet set forth as such in the Basic Lease Information, as determined by Landlord in accordance with Building Owners and Managers Association (BOMA) 2017 standards.

1.14. Permitted Use shall mean corporate, executive and professional office use in the Leased Premises of a kind appropriate in a building of the type and quality of the Building inclusive of City Hall and City Council chambers functions; provided, however, that Permitted Use shall not include (i) offices of any agency or bureau of the United States, (ii) offices or agencies of any foreign government or political subdivision thereof; (iii) offices of any health care professionals or service organization; (iv) schools or other training facilities which are not ancillary to corporate, executive, professional office or government use; (v) retail or restaurant uses; or (vi) communications firms such as radio and/or television stations. Permitted Use shall also exclude residential real estate brokerage, the business of originating loans to homeowners which loans are secured by their residences (i.e. a residential mortgage origination business), and title and/or escrow company business (for example, and without limiting the generality of the foregoing, conducting title searches, issuing title reports, issuing title policies, and/or handling escrows).

1.15. Project shall mean the Building and real property on which the Building is located.

1.16. Rent shall mean Gross Rent plus Additional Rent.

1.17. Rent Commencement Date shall mean the date specified as such in the Basic Lease Information.

1.18. Substantial Completion, Substantially Complete and Substantial Completion Date shall have the meanings set forth in the Improvement Agreement.

1.19. Tenant's Proportionate Share is the percentage that the Net Rentable Area of the Leased Premises bears to the total Net Rentable Area of the Building, as specified in the Basic Lease Information.

1.20. Term shall mean the period commencing on the Term Commencement Date and ending on the Term Expiration Date, unless sooner terminated pursuant to the terms of this Lease.

1.21. Term Commencement Date shall mean the date specified as such in the Basic Lease Information, subject to Tenant's right to early access pursuant to Section 3.01.

1.22. Term Expiration Date shall mean the date specified as such in the Basic Lease Information.

1.23. Other Terms used in this Lease and in the Basic Lease Information shall have the meanings given them herein and therein.

ARTICLE 2 LEASE

2.01. Lease. Landlord hereby leases to Tenant and Tenant leases from Landlord the Leased Premises upon all of the terms, covenants and conditions set forth herein.

ARTICLE 3 TERM

3.01. Term and Possession.

(a) Subject to Section 3.01(b), Landlord shall deliver possession of the Leased Premises to Tenant, on the Term Commencement Date, vacant and in broom clean condition. The Term shall be 126 months, commencing on the Term Commencement Date and expiring on the Term Expiration Date. Landlord will advise Tenant of the expected Substantial Completion Date thirty (30) days prior thereto, and, following receipt of such advice, Tenant may access the Leased Premises to install its furniture, fixtures and equipment therein, provided that such activity by Tenant shall not interfere with Landlord's completion of the Initial Tenant Improvements. The Term Commencement Date shall not be less than thirty (30) days following receipt of Landlord's notice to Tenant of the Substantial Completion Date. Notwithstanding anything else contained herein, Tenant shall not enter the Leased Premises unless and until Tenant has obtained all insurance required to be obtained by Tenant under this Lease as of the Term Commencement Date (and provided a written certificate to Landlord evidencing the same) and made the same effective on or prior to any such entry. All provisions of this Lease regarding indemnification by Tenant and all entities hired or controlled by Tenant shall be operative and in effect at all times during any such early entry onto the Leased Premises by Tenant as though the Term started on such date of early entry.

(b) Subject only to the provisions of Section 3.08 and the Tenant Improvement Agreement and Landlord's agreement to assure that all HVAC systems, elevators, electrical, plumbing, roof, door, mechanical, fire life safety systems and other Building systems applicable to the Leased Premises and the Common Areas are in good working order and repair consistent with Class A office space, that the Leased Premises and the Common Areas are ADA compliant and that there are no mold or hazardous materials present in violation of applicable law or at levels that require remediation under applicable law upon the Term Commencement Date, Tenant acknowledges that Landlord has no obligation to make any improvements or repairs to the Leased Premises at the outset of the Lease and Tenant accepts this Lease subject to all applicable laws, codes, rules and regulations governing the use and occupancy of the Leased Premises.

3.02. Use.

(a) Tenant shall be entitled to use the Leased Premises solely for the Permitted Use and for no other use or purpose, except as permitted by Landlord pursuant to Landlord's written consent, which consent may be withheld in Landlord's reasonable discretion.

(b) Notwithstanding any state or local law permitting Controlled Substances Use or Drug-Related Activities, Tenant shall not use the Leased Premises for a Controlled Substances Use, or in any manner that violates or could violate any Controlled Substance Laws, including, without limitation, any business, communications, financial transactions or other activities related to Controlled Substances or a Controlled Substances Use that violates or could violate any Controlled Substances Laws (collectively, "Drug-Related Activities"). For purposes of this Section, (i) "Controlled Substances Laws" means the Federal Controlled Substances Act (21 U.S.C. §§ 801 et seq.) or any other similar or related federal, state or local law, ordinance, code, rule, regulation, or order; (ii) "Controlled Substances" means marijuana, cannabis, or other controlled substances as defined in the Federal Controlled Substances Act or that otherwise are illegal or regulated under any Controlled Substances Laws; and (iii) "Controlled Substances Use" means any cultivation, growth, creation, production, manufacture, sale, distribution, storage handling, possession, or other use of a Controlled Substance.

3.03. Base Rent.

(a) Base Rent shall be due and payable by Tenant to Landlord throughout the Term in the monthly amounts set forth in the Basic Lease Information.

(b) Upon execution of this Lease, Base Rent for the seventh (7th) month of the Term in the amount of One Hundred Sixty Eight Thousand, Four Hundred Fourteen Dollars and Seventy Cents (\$168,414.70), together with Tenant's Proportionate Share of Estimated Basic Operating Cost for one month in the amount of Forty Eight Thousand, Six Hundred Twenty Four Dollars (\$48,624.00), shall be paid by Tenant to Landlord, and shall be applied by Landlord to the first sums of Gross Rent (consisting of Base Rent plus Tenant's Proportionate Share of Estimated Basic Operating Cost) payable under this Lease, as and when such sums are due. Thereafter, commencing with the eighth (8th) month of the Term, on the first day of each calendar month during the Term and any extensions or renewals thereof, Tenant shall pay to Landlord the Gross Rent in advance, without demand and without any reduction, abatement (except as otherwise expressly permitted under this Lease in the context of damage and destruction or condemnation), counterclaim or setoff, at the address specified in the Basic Lease Information or at such other address as may be designated by Landlord in the manner provided for giving notice under Section 6.16 hereof. Gross Rent shall be prorated for any partial month based on the actual number of days in such month.

3.04. Net Lease. This Lease shall be a net lease and Base Rent shall be paid to Landlord absolutely net of all costs and expenses except as provided herein. The provisions for payment of Basic Operating Cost by means of periodic payment of Tenant's Proportionate Share of Estimated Basic Operating Cost and the Basic Operating Cost Adjustment are intended to pass on to Tenant and reimburse Landlord for Tenant's Proportionate Share of all costs and expenses of the nature described in Section 3.05.

3.05. Basic Operating Cost.

(a) "Basic Operating Cost" shall mean all expenses and costs (but not specific costs which are separately billed to and paid by specific tenants) of every kind and nature which Landlord shall pay or become obligated to pay because of or in connection with the management, maintenance, preservation and operation of the Project and its supporting facilities directly servicing the Project including, but not limited to the following:

(1) Commercially reasonable wages, salaries and related expenses and benefits of any on-site or off-site employees engaged in the operation, maintenance and security of the Project, excluding employees and other personnel engaged in the initial development and construction of the Project, and limiting such charges only to amounts directly allocable to services rendered by the employees for the benefit of the Project.

(2) Commercially reasonable supplies, materials and equipment rental used in the operation and maintenance of the Project.

(3) Utilities, including water and power, heating, lighting and ventilating for the entire Project.

(4) All commercially reasonable maintenance, janitorial and service agreements for the Project and the equipment therein, including, without limitation, alarm service, window cleaning, elevator maintenance, sidewalks, landscaping, Building exterior and parking and service areas.

(5) A management cost recovery not to exceed 3.0% of the annual gross revenue derived by Landlord from the Project.

(6) Routine legal and accounting services for the Project, including the costs of audits by certified public accountants; provided, however, that legal and accounting expense shall not include the cost of negotiating leases, termination of leases, extension of leases, legal and accounting costs incurred in proceedings against any specific tenant or legal costs incurred in connection with development, construction or sale of the Project and shall not include accounting costs of any specific tenant audit.

(7) All insurance premiums and costs, including but not limited to the premiums and cost of fire, casualty and liability coverage and rental abatement and earthquake insurance (if any) applicable to the Project and Landlord's personal property used in connection therewith.

(8) Repairs, replacements and general maintenance (except for repairs paid by proceeds of insurance or by Tenant or other third parties, and alterations attributable solely to tenants of the Project other than Tenant).

(9) All real estate or personal property taxes, possessory interest taxes, business or license taxes or fees, service payments in lieu of such taxes or fees, annual or periodic license or use fees, excises, transit charges, housing fund assessments, open space charges, assessments, levies, fees or charges, general and special, ordinary and extraordinary, unforeseen as well as foreseen, of any kind (including fees "in-lieu" of any such tax or

assessment) which are assessed, levied, charged, confirmed, or imposed by any public authority upon the Project, its operations or the Rent (or any portion or component thereof), except (i) inheritance or estate taxes imposed upon or assessed against the Project, or any part thereof or interest therein, and (ii) taxes computed upon the basis of the net income derived from the Project by Landlord or the owner of any interest therein; provided, however, if Tenant's possessory interest is determined to be exempt from taxation, Tenant's Proportionate Share of Basic Operating Costs shall not include any category of taxes from which Tenant is exempt from payment, to the extent Landlord is not obligated to pay such category of taxes with respect to the Leased Premises.

(10) Amortization (together with reasonable financing charges) of capital improvements over the useful life of such capital improvements, made to the Project subsequent to the Term Commencement Date which are designed to improve the operating efficiency of the Project or which may be required by governmental authorities as a result of laws enacted after the effective date of this Lease, but exclusive of capital improvements solely benefiting tenant space not occupied by Tenant.

(b) Notwithstanding any other provision herein to the contrary, if the Project is not fully occupied during any year of the Term, an adjustment shall be made in computing Basic Operating Cost for such year so that Basic Operating Cost shall be computed as though the Project had been fully occupied during such year. In no event shall Landlord collect in total, from Tenant and all other tenants of the Project, an amount greater than one hundred percent (100%) of the actual Basic Operating Cost during any year of the Term.

3.06. Adjustment For Variation Between Estimated And Actual. If the Basic Operating Cost Adjustment for any calendar year is a positive number (i.e., actual cost exceeds estimated cost) Tenant shall pay to Landlord, pursuant to Landlord's billing therefor (submitted pursuant to Section 3.07), Tenant's Proportionate Share of the Basic Operating Cost Adjustment within sixty (60) days after presentation of Landlord's statement. If the Basic Operating Cost Adjustment for any calendar year is a negative number (i.e., estimated cost exceeds actual cost), then Landlord shall pay Tenant's Proportionate Share of the Basic Operating Cost Adjustment to Tenant in cash, within sixty(60) days after the Basic Operating Cost Adjustment is finally determined, or by credit against future installments of Estimated Basic Operating Cost payable by Tenant hereunder. Should the Term commence or terminate at any time other than the first day of a calendar year, Tenant's Proportionate Share of the Basic Operating Cost Adjustment shall be prorated for the exact number of calendar days during such calendar year for which Tenant is obligated to pay Gross Rent. This Section shall survive termination of the Lease to the extent necessary to account for the payment of the Basic Operating Cost Adjustment owed by either Party through the end of the Term or earlier termination of this Lease.

3.07. Computation of Basic Operating Cost Adjustment. Landlord shall give written notice to Tenant no later than one hundred twenty (120) days after the end of any calendar year for which Estimated Basic Operating Costs differs from Basic Operating Cost, which notice shall contain or be accompanied by a statement of the Basic Operating Cost during such calendar year, and a computation of Basic Operating Cost Adjustment. Landlord's failure to give such notice and statement as set forth above in any calendar year for which a Basic Operating Cost Adjustment is due shall not release either party from the obligation to make any Basic Operating Cost Adjustment provided for in Section 3.06. Tenant shall have the right to inspect and audit the books and records of Landlord relating solely to Basic Operating Costs no more than one

time in any one year, and no later than two years after the beginning of the period of time covered by the Basic Operating Costs for which Tenant desires to inspect the records of Landlord. Tenant shall coordinate the date of such inspection or audit with Landlord, which shall in all events be during regular business hours of Landlord and at the location where such books and records are kept. Landlord must provide a closeout statement no later than July 1 for the prior calendar year. Any amounts owed by either party to the other in excess of \$25,000 may be paid by the party on a monthly basis in \$25,000 increments, until fully paid. Once Landlord closes out a calendar year, Landlord cannot subsequently revise that calendar year and charge Tenant for any Basic Operating Cost the Landlord may have missed or undercharged nor can Tenant make any claim for any amount Tenant believes to be an overcharge.

3.08. Initial Tenant Improvements.

(a) Landlord shall deliver the Leased Premises to Tenant when Substantially Completed as defined in the Tenant Improvement Agreement attached hereto as Exhibit D and incorporated herein (the "Improvement Agreement").

(b) Landlord shall provide a Tenant Improvement Allowance (the "TIA") for application to Initial Tenant Improvements of up to a total of Four Million, One Hundred Five Thousand, Seven Hundred Sixty Dollars (\$4,105,760.00), which includes a TIA allocation for Suite 390 of up to Eighty Dollars (\$80.00) per square foot of Net Rentable Area (6,682 square feet), *i.e.*, up to a total of Five Hundred Thirty Four Thousand, Five Hundred Sixty Dollars (\$534,560.00), and a TIA allocation for the balance of the Leased Premises of up to One Hundred Eighty Dollars (\$180.00) per square foot of Net Rentable Area (19,840 square feet), *i.e.*, up to a total of Three Million, Five Hundred Seventy One Thousand, Two Hundred Dollars (\$3,571,200.00). The TIA shall be used for hard costs, soft costs, architectural fees, construction management fee, permitting and all costs related to the Initial Tenant Improvements. A portion of the TIA of up to Twenty Dollars (\$20.00) per square foot of Net Rentable Area of the entire Leased Premises (26,522 square feet), *i.e.*, up to a total of Five Hundred Thirty Thousand, Four Hundred Forty Dollars (\$530,440.00), can be applied for purchase of furniture, fixtures and equipment for the Leased Premises, as requested by Tenant. Except for the limitation on use of the TIA for furniture, fixtures and equipment set forth in the prior sentence, any portion of the TIA may be used on any portion of the Leased Premises. Any costs of the Initial Tenant Improvements in excess of a TIA allocation shall be the responsibility of Tenant. If the base contract amounts for construction of the Initial Tenant Improvements exceeds either of the TIA allocations, or if any change order causes the TIA allocations to be exceeded, Landlord will advise Tenant in writing when Landlord becomes aware of such excess amounts. Payment for the costs of the Initial Tenant Improvements shall be in accordance with the Improvement Agreement.

(c) Landlord acknowledges that Tenant is a public agency subject to the California Public Contracting Code and Labor Code. Landlord further acknowledges and agrees that any construction work performed by Landlord on Tenant's behalf will be a "public work" as defined in Labor Code section 1720 and will be subject to all applicable provisions for public works as provided by the Labor Code, Public Contracting Code, and all applicable laws. Landlord shall be solely responsible for ensuring that Landlord's contractors and agents comply with all such requirements. Landlord shall competitively bid the Initial Tenant Improvements construction work to at least three (3) general contractors and Tenant and Landlord shall mutually select the lowest responsive and responsible bidder. Tenant shall have the right to have its own selected general contractor participate in the bid process provided that all Building and Landlord requirements are

met. Tenant shall not be required to restore the Leased Premises to their original condition, with the exception of certain specialty improvements, including the Council Chambers Dais, as such specialty improvements are identified in the approved Final Plans (as defined in the Improvement Agreement).

(d) Landlord shall oversee all aspects of the construction of the Initial Tenant Improvements. Landlord shall charge a project management fee equal to 3% of the total TIA. Any contractor performing work as part of the Initial Tenant Improvements will be required to comply with applicable overtime, prevailing wage and record keeping requirements of the California Labor Code as in effect from time to time.

(e) Landlord shall pay up to Twenty-Five Cents (\$0.25) per square foot of Net Rentable Area of the Leased Premises (*i.e.*, Six Thousand Six Hundred Thirty One Dollars (\$6,631.00) for the initial test fit space plan of the Leased Premises for Tenant's use (and revision(s) thereof, if any), using Tenant's architect. Any costs of the initial test fit space plan in excess of Six Thousand Six Hundred Thirty One Dollars (\$6,631.00) shall be the responsibility of Tenant.

3.09. Options to Extend Term.

(a) Tenant shall have four options to extend the Term, each for a five (5) year period (each, a "Renewal Term") immediately following the Term Expiration Date and immediately following the termination of the previous Renewal Term, subject to the following terms. Each Renewal Term shall be upon the same terms and conditions as those applicable as of the Term Expiration Date or the expiration date of the preceding Renewal Term, as applicable, except that: (i) monthly Base Rent for the first year of each Renewal Term shall be equal to the monthly Fair Market Rent as of the beginning of such Renewal Term; and (ii) annual Base Rent for each year after the first year of the Renewal Term shall be equal to 103% of the annual Base Rent for the preceding year. For purposes of the preceding sentence, the amount of monthly Base Rent payable for the month immediately preceding the beginning of a Renewal Term shall not be reduced to reflect any abatement of rent otherwise applicable under the terms of this Lease (e.g., in the context of damage and destruction), although once the amount of monthly Base Rent applicable as of the beginning of the Renewal Term has been determined, any such abatement shall continue to impact the amount of Base Rent actually payable to the extent provided under the provisions of this Lease. Tenant shall exercise an option to extend, if at all, by delivery to Landlord of written notice exercising such option no earlier than four hundred fifty (450) days prior to, and no later than three hundred sixty (360) days prior to, the Term Expiration Date or the expiration date of the preceding Renewal Term, as applicable. Any attempt by Tenant to exercise an option for a Renewal Term shall be deemed ineffective and the option shall be deemed unexercised if: (i) an event of default by Tenant has occurred or is continuing under the Lease, after receipt of notice and expiration of any applicable cure period at the time Tenant notifies Landlord of its intention to exercise the option or on the date the Term or the then current Renewal Term would expire in the absence of the Renewal Term; or (ii) Tenant has subleased the Leased Premises, provided, however, if Tenant has subleased only a portion of the Leased Premises, the Tenant's option to renew will be effective as to the portion of the Leased Premises that is not subleased. Each option will be deemed waived by Tenant if not exercised in a timely fashion. Time is of the essence with respect to the time of exercise of each option. Landlord shall notify Tenant of its determination of Fair Market Rent as of the beginning of a Renewal Term by written notice given to Tenant within thirty (30) days after Tenant's exercise of the option. If Landlord

and Tenant are able to agree on the amount of Fair Market Rent as of the beginning of a Renewal Term on or before a date that is ninety (90) days after Tenant exercises the option to extend the Term (the "Revocation Date"), then the Term shall be extended by the Renewal Term and the applicable Fair Market Rent shall be the amount so agreed. If Landlord and Tenant for any reason are unable to agree on the amount of Fair Market Rent to be paid as of the beginning of a Renewal Term on or before the Revocation Date, then Tenant's exercise of the option shall be deemed irrevocably withdrawn and rescinded unless Tenant elects to proceed with arbitration pursuant to the provisions of Section 6.09 of the Lease. Tenant shall make such election, if at all, by delivery to Landlord on or before the Revocation Date of written notice stating such election and otherwise complying with the requirements set forth in Section 6.09(a) ("Arbitration Election Notice"). If Tenant fails to timely deliver an Arbitration Election Notice to Landlord by the Revocation Date, Tenant's prior exercise of the option is irrevocably withdrawn and rescinded. If the option is deemed withdrawn and rescinded pursuant to the foregoing, Tenant shall have no further rights respecting the option, and the Term shall not be extended for the Renewal Term. Time is of the essence with respect to the time of Tenant's election to proceed with arbitration.

(b) Should Tenant elect to arbitrate and should the arbitration not have been concluded prior to the beginning of the Renewal Term, Tenant shall pay Gross Rent to Landlord after the beginning of the Renewal Term including Base Rent adjusted to reflect the greater of Fair Market Rent as Landlord has determined it or the amount of Base Rent applicable immediately prior to the beginning of the Renewal Term. If the amount of Fair Market Rent as determined by arbitration is greater than or less than Landlord's determination, then any adjustment required to correct the amount previously paid shall be made by payment by the appropriate party to the other within thirty (30) days after such determination of Fair Market Rent.

3.10. Expansion Option; Right of First Refusal.

(a) Tenant shall have an ongoing option ("Expansion Option") to lease any space that becomes available in the Building. Tenant's Expansion Option shall be superior to any tenant renewal options which have expired, or which do not currently exist or exist as of the Term Commencement Date. For purposes of clarity: all unexpired renewal options of existing tenants shall remain in place as specified in the respective tenant leases. Landlord shall provide Tenant not less than six (6) months advance notice of any availability, and Tenant shall have ten (10) business days to exercise Tenant's Expansion Option. If Tenant does not exercise an Expansion Option within ten business days of Landlord's notice, such Expansion Option shall expire and be of no further force or effect. Any expansion of the Leased Premises as a result of Tenant's exercise of the Expansion Option that occurs within twenty-four (24) months of the Term Commencement Date, whether triggered by a right defined within the Lease or upon Tenant's request, shall be under the same terms and conditions as the Lease, except any allowance and/or concession will be prorated based upon the number of remaining months in the Term. The terms applicable to any expansion of the Leased Premises as a result of Tenant's exercise of the Expansion Option that occurs more than twenty-four (24) months following the Term Commencement Date shall be subject to negotiation by the parties. Any TIA and base rent abatement for this additional Expansion Option space shall be included in the unamortized costs at sale of the Project to Tenant.

(b) Tenant shall have an ongoing Right of First Refusal ("ROFR") to lease any space in the Building which Landlord intends to lease to a third party. Tenant's ROFR shall

be superior to any existing tenant renewal options which have expired, or which do not currently exist or exist as of the Term Commencement Date. For purposes of clarity: all unexpired renewal options of existing tenants shall remain in place as specified in the respective tenant leases. Landlord shall notify Tenant of its intention to lease any space in the Building to a third party, and Tenant shall have seven (7) business days following Landlord's notice to exercise Tenant's ROFR. If Tenant does not exercise a ROFR within seven (7) business days of Landlord's notice, such ROFR shall expire and be of no further force or effect. Any expansion of the Leased Premises as a result of Tenant's exercise of the ROFR that occurs within twenty-four (24) months of the Term Commencement Date, whether triggered by a right defined within the Lease or upon Tenant's request, shall be under the same terms and conditions as the Lease, except any allowance and/or concession will be prorated based upon the number of remaining months in the Term. The lease terms applicable to any expansion of the Leased Premises as a result of Tenant's exercise of the ROFR that occurs more than twenty-four (24) months following the Term Commencement Date shall be subject to negotiation by the parties. Any TIA and base rent abatement for this additional ROFR space shall be included in the unamortized costs at sale of the Project to the Tenant.

3.11. Purchase and Sale Agreement. Tenant and Landlord have entered into a Purchase and Sale Agreement, in the form attached hereto as Exhibit C ("Purchase and Sale Agreement"). In addition to the purchase price, and as a condition of closing the purchase escrow, Tenant shall reimburse Landlord for any unamortized TIA and Base Rent abatement granted to Tenant under this Lease, which has been amortized at 8% over the Lease Term. The methodology for determining the reimbursement for unamortized TIA and Base Rent abatement shall be as set forth in the Purchase and Sale Agreement. Failure by Tenant to purchase the Project for any reason shall not have any effect on the terms of this Lease, which will continue in full force and effect in accordance with its terms except as set forth in Sections 6.08(i) and 6.08(j).

ARTICLE 4 LANDLORD COVENANTS

4.01 Basic Services.

(a) Landlord shall operate the Project to a standard of quality consistent with that expected of other Class A office projects in Burlingame, California, and shall furnish Tenant during Tenant's occupancy of the Leased Premises with:

(i) Hot and cold water at those points of supply provided for general use of other tenants in the Project; central heat and air conditioning in season, at such times as Landlord normally furnishes these services to other tenants in the Project and at such temperatures and in such amounts as are considered commercially reasonable or as may be permitted or controlled by applicable laws, ordinances, rules and regulations. Central heat and air conditioning shall be available to Tenant at times other than the times that such services are ordinarily provided by Landlord upon reasonable advance request by Tenant. Tenant shall reimburse Landlord for the Landlord's actual costs of providing such additional services.

(ii) Routine maintenance, repairs, structural and exterior maintenance (including exterior glass and glazing), painting and electric lighting service for all public areas and special service areas of the Project in the manner and to the extent commercially reasonable.

(iii) Janitorial service on a five (5) days per week basis, excluding holidays.

(iv) Electrical facilities to provide sufficient power for computers, printers and other office machines of similar low electrical consumption but not including special lighting over and above the lighting in the Leased Premises on the date Landlord delivers possession thereof to Tenant, and not including any other item of electrical equipment which (singly) consumes more than .5 kilowatts per hour at rated capacity or requires a voltage other than 120 volts single-phase.

(v) Initial lamps, bulbs, starters and ballasts used in the Leased Premises, which shall be energy efficient where practical, in Landlord's reasonable judgment.

(vi) Public elevator service serving the floors on which the Leased Premises is situated.

(b) Landlord shall not be liable for damage to either person or property nor shall Landlord be deemed to have evicted Tenant nor shall there be any abatement of Rent nor shall Tenant be relieved from performance of any covenant on its part to be performed hereunder by reason of (i) deficiency in the provision of basic services, (ii) breakdown of equipment or machinery utilized in supplying services, or (iii) curtailment or cessation of services due to causes or circumstances beyond the reasonable control of Landlord unless such conditions are so severe as to require the Tenant to vacate all or a portion of the Leased Premises for a period of longer than ten (10) days, in which event Rent shall be abated pro rata for any period of time exceeding ten (10) days during which all or any portion of the Leased Premises is unusable. Landlord shall use reasonable diligence to make such repairs as may be required to machinery or equipment within the Project to provide restoration of services and, where the cessation or interruption of service has occurred due to circumstances or conditions beyond Project boundaries, to cause the same to be restored, by diligent application or request to the provider thereof. In no event shall any mortgagee or the beneficiary under any deed of trust referred to in Section 5.10 be or become liable for any default of Landlord under this Section 4.01(b).

(c) Landlord represents and warrants that, as of the effective date hereof, to the actual knowledge of Patson Management Company, Landlord's Project manager, the Leased Premises are free from the presence of hazardous materials pursuant to applicable regulations and cracks in structural steel, and the Building is not in violation of the Americans with Disabilities Act of 1990 or of any applicable regulations regarding hazardous materials. Landlord shall renew this representation and warranty as of the Term Commencement Date.

4.02. Graphics And Signage; Entry Intercom. Landlord shall provide identification of Tenant's name and suite numerals at the main entrance door to the Leased Premises and in the illuminated interior first floor directory. Subject to the provisions of Section 5.07, Tenant at its cost may install: (a) at the main entrance door to the Leased Premises (i) its logo (subject to the following sentence), and (ii) an audio/video door entry intercom system; and (b) a City Hall monument sign at the front of the Building and prominent signage on the Building façade in a location and size mutually agreed to by the Landlord and the Tenant. All signs, notices and graphics of every kind or character, visible in or from the Common Areas or the exterior of the Leased Premises or the Building shall be subject to Landlord's prior written approval which

Landlord shall not unreasonably withhold, condition or delay, and shall be in conformance with the Building Master Sign Program as approved by the City of Burlingame. Notwithstanding the previous sentence, Tenant's signage on the interior of any full floor occupied by Tenant shall not require Landlord approval or compliance with the Building Master Sign Program. All windows visible in or from the Common Areas or the exterior of the Leased Premises or the Building shall be kept free of any banners, posters, or fliers. No later than the end of the Lease Term, Tenant at its sole cost shall remove all such signage, and shall at its sole cost repair any damage to the Building occasioned by such removal.

4.03. Repair Obligation. Landlord's obligation with respect to repair shall be limited to (i) the structural portions of the Building, (ii) the exterior walls of the Building, including glass and glazing, (iii) the roof, including any solar system, (iv) HVAC, mechanical, electrical, plumbing and life safety systems, and (v) Common Areas. Landlord shall have the right but not the obligation to undertake work or repair which Tenant is required to perform hereunder and which Tenant fails or refuses to perform in a timely and efficient manner. All costs incurred by Landlord in performing any such repair for the account of Tenant shall be repaid by Tenant to Landlord upon demand, together with an amount equal to ten percent (10%) of such costs to reimburse Landlord for its administration and managerial effort.

4.04. Parking. Tenant shall have the right to use, on a non-exclusive basis with all the other tenants of the Building and their respective contractors, agents, employees, and invitees, three and one tenth (3.1) nonreserved parking spaces of the Building per 1,000 square feet of Net Rentable Area of the Leased Premises; provided that, Landlord reserves the right to designate reserved parking spaces from time to time for Tenant, other users of the parking area or any of them, and to maintain all or part of the parking area for general use; and provided further that upon notice to Tenant, Landlord may, in its sole discretion, turn over management to a parking operator, or institute such other adjustments as it deems appropriate. Tenant shall comply with all reasonable rules for the parking area adopted from time to time by Landlord or the operator of the parking area. Landlord acknowledges that Tenant regularly conducts and hosts public meetings and events both during regular business hours and in the evenings, including but not limited to City Council meetings, commission meetings, public forums and other events and that the public visits Tenant during business hours on a regular basis. The parties therefore agree, notwithstanding anything contained in the Rules and Regulations, to coordinate and cooperate with each other to the extent possible to make parking spaces available for Tenant employees and the public at such hours as are required by Tenant for such City functions.

4.05. Peaceful Enjoyment. Tenant shall peacefully have, hold and enjoy the Leased Premises, subject to the terms hereof, provided that Tenant pays the Rent and performs all of Tenant's covenants and agreements herein contained. This covenant and the other covenants of Landlord contained in this Lease shall be binding upon Landlord and its successors only with respect to breaches occurring during its and their respective ownerships of Landlord's interest hereunder.

4.06. Landlord Compliance with Laws. Landlord shall comply with all applicable laws, ordinances, orders, rules and regulations related to the use, condition, repair, and operation of the Project.

4.07. Landlord Indemnification. Landlord hereby indemnifies, defends, and holds harmless, Tenant from and against any and all claims, demands, liabilities, causes of actions,

judgments, assessments, fines, and penalties, including reasonable attorney fees and cleanup and remediation costs relating in any manner whatsoever to the presence of mold, mildew microbial growths, and any associated mycotoxin ("Mold") existing in the Project or the Leased Premises on the Term Commencement Date, to the extent such Mold was not directly caused or contributed to by Tenant.

ARTICLE 5 TENANT'S COVENANTS

5.01. Payments By Tenant. Tenant shall pay Rent at the times and in the manner herein provided. All obligations of Tenant hereunder to make payments to Landlord shall constitute Rent and failure to pay the same when due shall give rise to the rights and remedies provided for in Section 6.08.

5.02. Taxes on Tenant's Personal Property and Improvements. In addition to, and wholly apart from its obligation to pay Tenant's Proportionate Share of Basic Operating Cost, Tenant shall be responsible for and shall pay, prior to delinquency, taxes or governmental service fees, possessory interest taxes, fees or charges in lieu of any such taxes, capital levies, or other charges imposed upon, levied with respect to or assessed against its personal property, on the value of any improvements or alterations Tenant may make to the Leased Premises pursuant to this Lease, and on its interest pursuant to this Lease. To the extent that any such taxes are not separately assessed or billed to Tenant, Tenant shall pay the amount thereof as invoiced to Tenant by Landlord. Notwithstanding the above, Tenant represents that as a government entity it is exempt from the foregoing taxes.

5.03. Repairs by Tenant. Tenant shall be obligated to maintain and repair the Leased Premises, to keep the same in good condition and, upon expiration of the Term, to surrender the same to Landlord in the same condition as when leased, reasonable wear and tear, damage by fire, and other damage required to be insured by Landlord caused by casualty or the elements not caused by Tenant, its agents, employees, invitees and licensees excepted. Tenant's obligation shall include, without limitation, the obligation to maintain and repair all walls, floors, ceilings and fixtures and to repair all damage caused by Tenant, its agents, employees, invitees and licensees to the utility outlets and other installations in the Leased Premises or anywhere in the Project. Any work of repair and maintenance performed by or for the account of Tenant by persons other than Landlord shall be performed in accordance with the Rules and Regulations applicable to the Project attached hereto as Exhibit B, and in accordance with procedures Landlord shall from time to time establish. Tenant shall have no obligation for performance of work of maintenance and repair required to be performed by reason of Landlord's negligence or wrongful acts or those of Landlord's agents or employees.

5.04. Waste. Tenant shall not commit or allow any waste or damage to be committed in any portion of the Leased Premises.

5.05. Assignment or Sublease.

(a) Tenant shall not assign, mortgage, hypothecate or assign for the benefit of creditors this Lease or any interest herein, either voluntarily or by operation of law, or sublet the Leased Premises or any part thereof, or permit the use of the Leased Premises by any party other than Tenant without the prior written consent of Landlord, which consent shall not be

unreasonably withheld, conditioned, or delayed, provided that Tenant complies with the terms and conditions of this Section 5.05. In the event Tenant intends to assign, mortgage or hypothecate this Lease or sublet the Leased Premises or any part thereof, Tenant shall give Landlord written notice of such intent. Tenant's notice shall be accompanied by an exact copy of the proposed agreements between Tenant and the proposed assignee, mortgagee or subtenant. Tenant shall provide Landlord with any additional information or documents reasonably requested by Landlord. In order for any assignment, sublease, mortgage or hypothecation to be binding on Landlord, Tenant must deliver to Landlord, promptly after execution thereof, an executed copy of such sublease, hypothecation, mortgage or assignment. Notwithstanding anything to the contrary in Section 5.05, Tenant shall be entitled to assign this Lease or sublet the Leased Premises or any portion thereof, without Landlord's consent, to any one or more of the following related entities of Tenant: the Central County Fire Department, the Burlingame Elementary School District, and Peninsula Clean Energy Authority (each a "Permitted Transfer"). The assignee or subtenant under any such Permitted Transfer shall expressly assume in writing the obligations of the Tenant under this Lease. Notwithstanding anything to the contrary in this Section 5.05 or elsewhere in this Lease, in no event, other than with respect to a Permitted Transfer, shall Tenant assign this Lease or any rights or obligations hereunder, or sublease all or any part of the Leased Premises, to any entity that Landlord reasonably deems would not use the Leased Premises for a Permitted Use.

(b) Landlord shall have a period of twenty (20) days following receipt of any additional information requested by Landlord (or thirty (30) days from the date of Tenant's original notice if Landlord does not request additional information) within which to notify Tenant in writing that Landlord elects either (i) to permit Tenant to assign, mortgage or hypothecate this Lease or sublet such space, if Landlord approves the proposed assignee or sublessee, or (ii) to withhold approval of the proposed assignment or sublease. If Landlord should fail to notify Tenant in writing of such election within said period, Landlord shall be deemed to have permitted the requested transfer, and written approval by Landlord of the proposed assignee or sublessee shall not be required. Failure by Landlord to approve a proposed subtenant or assignee shall not cause a termination of this Lease.

(c) Any rent or other consideration realized by Tenant under any such sublease or assignment in excess of the Rent payable hereunder and the amortized reasonable broker fees, attorney fees and other ordinary and reasonable sublease costs, for such sublease or assignment, shall be divided and paid fifty percent (50%) to Tenant and fifty percent (50%) to Landlord.

(d) No assignment or subletting by Tenant shall relieve Tenant of any obligation under this Lease. Any assignment or subletting which conflicts with the provisions hereof shall be void. Consent to one sublease, mortgage or assignment shall not be deemed consent to any subsequent sublease, mortgage or assignment. Tenant shall pay Landlord's reasonable attorneys' fees incurred in connection with any request by Tenant to consent to an assignment, mortgage, hypothecation or sublet hereunder.

5.06. Alterations, Additions, Improvements. Tenant shall not make or allow to be made any alterations or physical additions in or to the Leased Premises without notice to Landlord and obtaining the prior written consent of Landlord which consent shall not be unreasonably withheld with respect to proposed alterations and additions which (i) comply with all applicable laws, ordinances, rules and regulations, (ii) are compatible with the Building and its mechanical,

electrical, HVAC and life safety systems; (iii) will not interfere with the use and occupancy of any other portion of the Building by any other tenant or their invitees; and (iv) do not affect the structural portions of the Building. Specifically, but without limiting the generality of the foregoing, Landlord's right of consent shall encompass plans and specifications for proposed alterations or additions, construction means and methods, the identity of any contractor or subcontractor to be employed on the work of alterations or additions, and the time for performance of such work. Tenant shall supply to Landlord any documents and information reasonably requested by Landlord in connection with its consent hereunder. All alterations, physical additions or improvements made to the Leased Premises by Tenant shall become the property of Landlord when made and shall be surrendered to Landlord upon the termination of this Lease by lapse of time or otherwise; provided, however, that this clause shall not apply to equipment, furniture or trade fixtures owned by Tenant; and provided further that, when providing its consent to any such alterations, Landlord may require that any such alterations, additions or improvements must be removed by Tenant at its sole expense at the end of the Lease. Tenant shall repair at its sole cost and expense all damage caused to the Leased Premises or the Project by removal of Tenant's equipment, furniture, trade fixtures and such other alterations, additions and improvements as Tenant shall be allowed or required to remove from the Leased Premises by Landlord. Prior to commencing work on any Landlord approved alterations, additions or improvements to the Leased Premises, Tenant shall provide evidence to Landlord of compliance with the Insurance Requirements for Tenant Construction, attached hereto as Exhibit E.

5.07. Compliance With Laws And Insurance Standards. Tenant at its sole expense, and prior to its initial occupancy of the Leased Premises, shall obtain any use permit required by the City of Burlingame in connection with its use and/or occupancy of the Leased Premises. Promptly after obtaining any such use permit, Tenant shall deliver a copy thereof to Landlord. Tenant shall not occupy or use, or permit any portion of the Leased Premises to be occupied or used, for any business or purpose which is disreputable or productive of fire hazard, or permit anything to be done which would in any way increase the rate of fire insurance coverage on the Project and/or its contents. If Tenant does or permits anything to be done which shall increase the cost of any insurance policy required to be carried by Landlord hereunder, then Tenant shall reimburse Landlord, upon demand, for any such additional premiums. Landlord shall deliver to Tenant a written statement setting forth the amount of any such insurance cost increase and showing in reasonable detail the manner in which it has been computed. Tenant shall comply with all laws, ordinances, orders, rules and regulations (state, federal, municipal or promulgated by other agencies or bodies having or claiming jurisdiction) related to the use, condition or occupancy of the Leased Premises. Nothing done by Tenant in its use or occupancy of the Leased Premises shall create, require or cause imposition of any requirement by any public authority for structural or other upgrading of or improvement to the Project.

5.08. Entry for Repairs, Inspection, Posting Notice, Etc. After advance notice of at least three (3) business days (except in emergencies where no such notice shall be required), Landlord, its agents and representatives, shall have the right to enter the Leased Premises during reasonable business hours to inspect the same, to clean, to perform such work as may be permitted or required hereunder, to make repairs to or alterations of the Project or other tenant spaces therein, to deal with emergencies, to post such notices as may be permitted or required by law to prevent the perfection of liens against Landlord's interest in the Project or to exhibit the Leased Premises to prospective tenants, purchasers, encumbrancers or others, or for any other purpose as Landlord may deem necessary or desirable; provided, however, that Landlord shall

not unreasonably interfere with Tenant's business operations and provided further, Landlord's access to certain portions of the Leased Premises may be limited in order to protect confidential information stored therein. Tenant shall be entitled to accompany Landlord during any such entry. Tenant shall not be entitled to any abatement of Rent by reason of the exercise of any such right of entry unless Landlord's entry unreasonably interferes with Tenant's use of the Leased Premises. If and to the extent Tenant is so required by law, Tenant may require any persons seeking entry into the Premises under this Section 5.08 be subject to reasonable security and privacy requirements which are consistent with federal and state privacy and banking laws and regulations, provided Tenant has provided Landlord with notice of such requirements at any time prior to Landlord's subject entry into the Premises and provided that such requirements do not prevent access to any part of the Leased Premises. Tenant shall secure its confidential information as Tenant deems necessary to protect its confidentiality, provided that such security measures do not prevent Landlord's access to any part of the Leased Premises.

5.09. No Nuisance. Tenant shall conduct its business and control its agents, employees, invitees and visitors in such manner as not to create any nuisance, or interfere with, annoy or disturb any other tenant of the Building or Landlord in its operation of the Project.

5.10. Subordination. This Lease and the rights of Tenant hereunder shall be subject and subordinate to the lien of any mortgage or deed of trust now or hereafter placed upon, affecting or encumbering the Project or any part thereof or interest therein, and to any and all advances made thereunder, interest thereon or costs incurred and any modifications, renewals, supplements, consolidations and replacements thereof. Without the consent of Tenant, the holder of any such mortgage or deed of trust or the beneficiary thereunder shall have the right to elect to be subject and subordinate to this Lease, such subordination to be effective upon such terms and conditions as such holder or beneficiary may direct which are not inconsistent with the provisions hereof. At the request of the purchaser at any foreclosure or sale under any such mortgage or deed of trust this Lease shall remain in full force and effect but Tenant shall attorn to such purchaser. No such subordination shall be effective unless and until the Landlord obtains from the holder of any such encumbrance a commercially reasonable Subordination, Non-Disturbance and Attornment Agreement (an "SNDA") in recordable form. Landlord shall, promptly following execution of this Lease, make reasonable efforts to arrange for Tenant's benefit a SNDA from Landlord's current lender with respect to the Project.

5.11. Estoppel Certificate. Within ten (10) business days of request by Landlord, Tenant shall execute estoppel certificates addressed to (i) any mortgagee or prospective mortgagee of Landlord or, (ii) any purchaser or prospective purchaser of all or any portion of, or interest in, the Project, on a form specified by Landlord, certifying as to such facts (if true) and agreeing to such notice provisions and other matters as such mortgagee(s) or purchasers may reasonably require; provided, however, that in no event shall any such estoppel certificate require an amendment of the provisions hereof. If Tenant fails to provide any estoppel certificate as required hereby and Landlord pursues legal action to enforce its rights, Tenant shall promptly reimburse Landlord for any and all attorney fees, expenses, and court costs incurred by Landlord in enforcing such obligation.

5.12. Tenant's Remedies. Landlord, or if Landlord is a partnership, its partners whether general or limited, or if Landlord is a corporation, its directors, officers or shareholders, shall never be personally liable for any such judgment. Any lien obtained to enforce any such

judgment and any levy of execution thereon shall be subject and subordinate to any lien, mortgage or deed of trust to which Section 5.10 applies or may apply.

5.13. Rules And Regulations. Tenant shall comply with the rules and regulations for the Project attached hereto as Exhibit B and such reasonable amendments thereto as Landlord may adopt from time to time with prior notice to Tenant. If there is a conflict between the terms of this Lease and such rules and regulations, the terms of this Lease shall control.

ARTICLE 6 CASUALTY, EMINENT DOMAIN AND MISCELLANEOUS MATTERS

6.01. Property Insurance. Landlord shall maintain, or cause to be maintained, a policy or policies of insurance insuring the Project against loss or damage by fire and other hazards insurable under a standard policy (and against earthquake or other loss to the extent Landlord elects to maintain such coverage) for the full insurable value thereof, or, in the alternative, for such percentage of the replacement cost thereof as Landlord may elect; provided that, Landlord shall not be obligated to insure any furniture, equipment, machinery, goods or supplies which Tenant may keep or maintain in the Leased Premises or any alteration, addition or improvement which Tenant may make or have made upon the Leased Premises. All such premiums incurred by Landlord hereunder shall be included in the computation of Basic Operating Cost as set forth in Section 3.05 hereof. If the annual premiums charged Landlord for such property insurance exceed the standard premium rates because of the nature of Tenant's operations, Tenant shall, upon receipt of appropriate premium invoices, reimburse Landlord for such increases in premium.

6.02. Liability Insurance. Tenant (with respect to the Leased Premises and Project) shall maintain or cause to be maintained Commercial General Liability insurance on the ISO Form CG 00 01 or equivalent with limits of not less than \$10,000,000 per occurrence, \$10,000,000 general aggregate, \$10,000,000 products/completed operations aggregate, \$10,000,000 personal and advertising injury liability, and \$100,000 fire legal liability insuring against claims for bodily injury and property damage occurring in or about the Leased Premises, or the limits carried by Tenant, whichever are greater. Landlord (1440 Chapin Owner, LLC) and the following related entities: 1440 Investor Holdings, LLC; PCCP, LLC; PCCP CS VI 1440 Chapin, LLC; Pacificcal VI, LLC; Patson Management Company; Patson 1440, LLC; and Patson Development Company, as well as the trustees, officers, directors, members and employees of each of them, and Landlord's mortgagees (all of the foregoing, collectively, the "Additional Insured and Covered Party Entities") must be included as additional insureds and additional covered parties for both ongoing and completed operations on a primary and non-contributory basis. Landlord (with respect to the Project) shall maintain liability limits of not less than \$10,000,000. Upon request of Tenant, Landlord shall provide Tenant reasonable evidence that the insurance required to be maintained hereunder by Landlord is in full force and effect. All such premiums incurred by Landlord hereunder shall be included in the computation of Basic Operating Cost as set forth in Section 3.05 hereof.

6.03. Tenant's Additional Insurance. Tenant shall also carry the following insurance:

- (a) Property insurance on a special form basis, covering the full replacement cost of business personal property, inventory and improvements (including all improvements and alterations made to or installed in the Leased Premises by or on behalf of Tenant), or which is required by the terms of this Lease to be maintained by Tenant. Tenant shall use the proceeds from such insurance for the replacement of trade fixtures, furniture, inventory and other personal property and for the restoration of Tenant's improvements, alterations, and additions to the Leased Premises;
- (b) Business Income and Extra Expense insurance with limits not less than one hundred percent (100%) of all charges payable by Tenant under this Lease for a period of twelve (12) months. Tenant may choose to self-insure this obligation;
- (c) Worker's Compensation insurance in accordance with the laws of the state in which the Leased Premises are located, with Employer's Liability insurance with limits of \$1,000,000 Bodily Injury each Accident, \$1,000,000 Disease each Employee, and \$1,000,000 Disease – Policy Limit;
- (d) Automobile Liability insurance covering owned, hired and non-owned vehicles with limits of \$10,000,000 combined single limit;
- (e) The limits of liability for Commercial General Liability, Automobile Liability, and Employer's Liability coverages may be provided through a combination of primary and Umbrella or Excess Liability policies provided each policy complies with the requirements set forth in this Agreement. Excess policies shall follow the form of the underlying policies.

All policies required to be carried by Tenant hereunder shall be issued by insurance companies authorized to do business in the state in which the Leased Premises are located with a rating of at least "A-VII" or better as set forth in the most current issue of Best's Insurance Reports or a pooled insurance fund, unless otherwise approved by Landlord in writing. Tenant shall not do or permit anything to be done that would invalidate the insurance policies required herein. All insurance maintained by Tenant shall be primary/non-contributory coverage with any insurance maintained by Landlord, and Worker's Compensation coverage must contain a waiver of subrogation endorsement in favor of Landlord. Certificates of insurance, acceptable to Landlord, evidencing compliance with the requirements hereof, including endorsements (or, at Landlord's option, copies of the policies evidencing coverage) shall be delivered to Landlord prior to delivery to or possession by Tenant of the Leased Premises pursuant to Section 3.01 hereof and within ten (10) days following renewal of Tenant's insurance policies. The insurer for each required Tenant insurance policy or Tenant is required to provide Landlord with thirty (30) days prior notice of cancellation, except for ten (10) days' notice of cancellation for non-payment of premium. Additionally, Tenant will provide to Landlord within 3 days after receipt, a copy of any notice of cancellation or change of coverage sent to Tenant by any carrier providing Tenant required insurance coverages. The limits of insurance required by this Lease, or as carried by Tenant, shall not limit the liability of Tenant or relieve Tenant of any obligation thereunder. The full amounts of the limits afforded by Tenant's liability policies required by this Lease are required to be applicable to Tenant's additional insured and covered party obligations. Tenant's insurance policy self insured retentions shall be the sole responsibility of Tenant.

If Tenant fails to provide evidence of insurance required to be provided by Tenant hereunder, prior to the Term Commencement Date, and thereafter during the Term within ten (10) days following renewal of any such coverage, Landlord shall be authorized (but not required) to

procure such coverage in the amounts stated with all costs thereof to be chargeable to Tenant and payable upon written demand therefor, plus an administrative fee of five percent (5%) of such costs.

Should Tenant engage the services of any contractor to perform work in the Leased Premises, Tenant shall maintain, or cause to be maintained by the General Contractor, insurance coverage equal to Tenant's insurance requirements for any Tenant improvement projects. Tenant or the General Contractor must maintain Builder's Risk or Installation Floater coverage for 100% of the replacement value of the project. The General Contractor must provide contractual indemnification, waivers of subrogation for all required insurance coverages, and additional insured on a primary/non-contributory basis for ongoing and completed operations in favor of the Additional Insured and Covered Parties Entities.

6.04. Indemnity And Exoneration.

(a) Landlord shall not be liable to Tenant for any loss or damage to person or property caused by theft, fire, act of God, acts of the public enemy, riot, strike, insurrection, war, court order, requisition or order of governmental body or authority or for any damage or inconvenience which may arise through repair or alteration of any part of the Project or failure to make any such repair except as expressly otherwise provided in Sections 6.06 and 6.07.

(b) Tenant shall indemnify, save, protect, defend (with counsel reasonably acceptable to Landlord) and hold harmless the Additional Insured and Covered Party Entities, against and from any and all claims, actions, judgments, damages, penalties, fines, costs, expenses, liens, losses or liability arising out of or related to claims of injury to or death of persons, damage to property occurring or resulting directly or indirectly from the use or occupancy of the Leased Premises or activities of Tenant in or about the Leased Premises or Project or Tenant's failure to perform its obligations under this Lease, such indemnity to include, but without limitation, the obligation to provide all costs of defense against any such claims; provided, however, that the foregoing indemnity shall not be applicable to claims to the extent arising by reason of the negligence or willful misconduct of Landlord, the Additional Insured and Covered Party Entities, or their agents, employees or contractors. Tenant acknowledges that the foregoing indemnity applies to claims relating to the actions of animals allowed on the Project property by Tenant, as described in the Rules and Regulations.

(c) Tenant shall indemnify, save, protect, defend and hold the Additional Insured and Covered Party Entities harmless against and from any and all claims, actions, judgments, damages, penalties, fines, costs, expenses, liens, losses or liability arising out of or related to claims for work or labor performed, materials or supplies furnished to or at the request of Tenant or in connection with performance of any work done for the account of Tenant in the Leased Premises or the Project, provided, however, that the foregoing indemnity shall not be applicable to claims related to the work completed by Landlord pursuant to Section 3.08 and the Improvement Agreement or to claims to the extent arising by reason of the gross negligence or willful misconduct of Landlord or its agents, employees or contractors.

(d) Landlord Indemnification. Because Landlord is required to maintain insurance on the Building and Tenant compensates Landlord for such insurance as part of Basic Operating Cost, Landlord will, indemnify, defend, and hold harmless Tenant and its officers, elected officials, employees, agents and contractors ("Tenant Parties") from and against all claims for damage to

property outside the Leased Premises to the extent that such claims are covered by such insurance (or would have been covered had Landlord carried the insurance required under this Lease), unless resulting from the negligent acts, omissions, or willful misconduct of Tenant Parties.

6.05. Waiver of Subrogation Rights. Anything in this Lease to the contrary notwithstanding, Landlord and Tenant each waives, as to Workers Compensation coverage only, all rights of recovery, claim, action or cause of action, against the other, its agents (including partners, both general and limited), officers, directors, shareholders or employees, for any loss or damage that may occur which could be insured against under the terms of standard Workers Compensation coverage, regardless of cause or origin, including negligence of the other party hereto, its agents, officers or employees; and each party covenants that no insurer shall hold any right of subrogation against such other party. Each party shall advise their respective insurers of the foregoing and such waiver of Workers Compensation subrogation rights shall be a part of each Workers Compensation policy maintained by Tenant that applies to the Leased Premises, any part of the Project or Tenant's use and occupancy of any part thereof.

6.06. Condemnation And Loss Or Damage.

(a) If the Leased Premises or any portion of the Project shall be taken or condemned for any public purpose to such an extent as to render the Leased Premises untenable as reasonably determined by Landlord, this Lease shall, at the option of either party, forthwith cease and terminate as of the date of taking. All proceeds from any taking or condemnation of the Leased Premises shall belong to and be paid to Landlord subject to the rights of any mortgagee of Landlord's interest in the Project or the beneficiary of any deed of trust which constitutes an encumbrance thereon; provided, however, that Tenant may recover from the condemning authority, but not from Landlord, for moving or relocation expenses, loss of goodwill or any taking of Tenant's personal property.

(b) In the event of a temporary taking of a portion of the Leased Premises for less than the remaining Term, Gross Rent will abate during the time of such taking in proportion to the portion of the Leased Premises taken or not reasonably usable as a result. All proceeds awarded or paid with respect to such temporary taking shall belong to Landlord.

6.07. Damage Due To Fire, Etc. In the event of a fire or other casualty in the Leased Premises, Tenant shall immediately give notice thereof to Landlord. The following provisions shall then apply:

(a) If the Leased Premises remain tenantable or can be made so within twelve (12) months from the date of damage or destruction, this Lease shall remain in full force and effect unless Landlord notifies Tenant within ninety (90) days of the date of damage or destruction of its desire to terminate this Lease, in which case this Lease shall terminate thirty (30) days after the date of such notice. So long as reconstruction of the Leased Premises can be completed within twelve (12) months from the date of damage or destruction, Landlord shall have the right to elect to reconstruct the Leased Premises, in which event Landlord shall notify Tenant of such election within said ninety (90) day period and Tenant shall not have the right to terminate this Lease.

(b) During any period when Tenant's use of the Leased Premises is significantly affected by damage or destruction, Gross Rent shall abate proportionately until such time as the Leased Premises are made tenantable as reasonably determined by Landlord and no portion of the Gross Rent so abated shall be subject to subsequent recapture.

(c) The proceeds from any insurance paid by reason of damage to or destruction of the Building or any part thereof or any other element, component or property insured by Landlord shall belong to and be paid to Landlord subject to the rights of any mortgagee of Landlord's interest in the Project or the beneficiary of any deed of trust which constitutes an encumbrance thereon.

(d) Tenant hereby waives the provisions of Section 1932, Subdivision 2, and Section 1933, Subdivision 4, of the California Civil Code which relate to termination of a lease in the event of substantial destruction of the premises or building, and the provisions of any similar law hereafter enacted, as the parties intend that the provisions regarding damage and destruction set forth in this Lease shall govern the rights and obligations of the parties in the context of damage and destruction.

6.08. Default By Tenant; Default By Landlord.

(a) Events Of Default by Tenant. The occurrence of any of the following which continues after notice and expiration of any applicable cure period ("Tenant Default") shall constitute an event of default on the part of Tenant hereunder:

(1) [Intentionally deleted]

(2) Nonpayment Of Rent. Failure to pay any installment of Rent due and payable hereunder, provided that, for the first instance of Tenant's failure to pay any amounts due hereunder when due within each period of twelve (12) consecutive calendar months, commencing with the first full calendar month following the Term Commencement Date, Tenant shall be in default only if such failure continues for five (5) business days following written notice from Landlord that Tenant's payment was not made when due (such notice may constitute the statutory notice required for unlawful detainer purposes);

(3) Other Obligations. Failure to perform any obligation, agreement or covenant under this Lease other than those matters specified in Section 6.08(a)(2), such failure continuing for thirty (30) days after written notice of such failure (or, if not curable within thirty (30) days, such longer period as is reasonably necessary to remedy such default, provided that Tenant shall commence such cure within said thirty (30) day period and thereafter continuously and diligently pursue such remedy at all times until such default is cured);

(4) General Assignment. A general assignment by Tenant for the benefit of creditors;

(5) Bankruptcy. The filing of any voluntary petition in bankruptcy by Tenant, or the filing of an involuntary petition by Tenant's creditors, which involuntary petition remains undischarged for a period of thirty (30) days. In the event that under applicable law the trustee in bankruptcy or Tenant has the right to affirm this Lease and continue to perform the obligations of Tenant hereunder, such trustee or Tenant shall, in such time period as may be

permitted by the bankruptcy court having jurisdiction, cure all defaults of Tenant hereunder outstanding as of the date of the affirmance of this Lease and provide to Landlord such adequate assurances as may be necessary to ensure Landlord of the continued performance of Tenant's obligations under this Lease;

(6) Receivership. The employment of a receiver to take possession of substantially all of Tenant's assets of the Leased Premises, if such receivership remains undissolved for a period of ten (10) business days after creation thereof;

(7) Attachment. The attachment, execution or other judicial seizure of all or substantially all of Tenant's assets or the Leased Premises, if such attachment or other seizure remains undismissed or undischarged for a period of ten (10) business days after the levy thereof;

(8) Insolvency. The admission by Tenant in writing of its inability to pay its debts as they become due, the filing by Tenant of a petition seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, the filing by Tenant of an answer admitting or failing to timely contest a material allegation of a petition filed against Tenant in any such proceeding or, if within ninety (90) days after the commencement of any proceeding against Tenant seeking any reorganization, or arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, such proceeding shall not have been dismissed.

(b) Remedies Upon Tenant Default.

(1) Termination. If a Tenant Default occurs, Landlord shall have the right, with thirty (30) days' notice, to terminate this Lease, and at any time thereafter recover possession of the Leased Premises or any part thereof and expel and remove therefrom Tenant and any other person occupying the same, by any lawful means, and again repossess and enjoy the Leased Premises without prejudice to any of the remedies that Landlord may have under this Lease, or at law or equity by reason of Tenant's default or of such termination.

(2) Continuation After Default. Even though Tenant has breached this Lease and/or abandoned the Leased Premises, this Lease shall continue in effect for so long as Landlord does not terminate Tenant's right to possession under Section 6.08(b)(1) hereof, and Landlord may enforce all of its rights and remedies under this Lease including (but without limitation) the right to recover Rent as it becomes due, and Landlord, without terminating this Lease, may exercise all of the rights and remedies of a Landlord under Section 1951.4 of the California Civil Code or any successor code section, provided that Tenant may assign this Lease or sublet the Leased Premises or any portion thereof subject to the terms and conditions of Section 5.05 hereof. Acts of maintenance, preservation or efforts to lease the Leased Premises or the appointment of receiver upon application of Landlord to protect Landlord's interest under this Lease shall not constitute an election to terminate Tenant's right to possession.

(c) Damages Upon Termination. Should Landlord terminate this Lease pursuant to the provisions of Section 6.08(b)(1) hereof, Landlord shall have all the rights and remedies of a landlord provided by Section 1951.2 of the California Civil Code, or successor Code section. Upon such termination, in addition to any other rights and remedies to which

Landlord may be entitled under applicable law, Landlord shall be entitled to recover from Tenant: (i) the worth at the time of award of the unpaid Rent and other amounts which had been earned at the time of termination; (ii) the worth at the time of award of the amount by which the unpaid Rent which would have been earned after termination until the time of award exceeds the amount of such Rent loss that the Tenant proves could have been reasonably avoided; (iii) the worth at the time of award of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds the amount of such Rent loss that the Tenant proves could be reasonably avoided; and (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. The "worth at the time of award" of the amounts referred to in (i) and (ii) shall be computed with interest at the maximum rate allowed by law. The "worth at the time of award" of the amount referred to in (iii) shall be computed by reference to the Bank Prime Loan Rate as published by the U.S. Federal Reserve Bank plus one percent (1%).

(d) Computing of Rent For Purposes of Tenant Default. For purposes of computing unpaid Rent which would have accrued and become payable under this Lease pursuant to the provisions of Section 6.08(c), unpaid Rent shall consist of the sum of:

- (1) the total Base Rent for the balance of the Term, plus
- (2) a computation of the Basic Operating Cost for the balance of the Term, the assumed Basic Operating Cost for the calendar year of the default and each future calendar year in the Term (if applicable) to be equal to the Basic Operating Cost for the calendar year prior to the year in which default occurs compounded at a per annum rate equal to the greater of (i) the mean average rate of inflation for the preceding five (5) calendar years, or (ii) 2.0% per annum.

(e) Late Charge. In addition to its other remedies, after written notice of its intention to invoke this paragraph because of previous late payments by Tenant, Landlord shall have the right to add to the amount of any payment required to be made by Tenant hereunder, and which is not paid on or before the date the same is due, an amount equal to ten percent (10%) of the delinquency (but not including any delinquent late charge) for each month or portion thereof that the delinquency remains outstanding, the parties agreeing that Landlord's damage by virtue of such delinquencies would be difficult to compute and the amount stated herein represents a reasonable estimate thereof. The late charge shall be due upon demand by Landlord at any time after failure to pay any installment of Rent.

(f) Remedies Cumulative. All rights, privileges and elections or remedies of the parties are cumulative and not alternative to the extent permitted by law and except as otherwise provided herein.

(g) Recovery of Brokers' Fees. If Landlord terminates this Lease pursuant to the provisions of Section 6.08(b)(1), Tenant shall pay to Landlord upon demand the Unamortized Broker's Fees, in addition to payment of all other amounts to which Landlord shall become entitled hereunder. "Unamortized Broker's Fees" shall mean the total of the amount of the leasing commissions paid by Landlord to brokers pursuant to Section 6.24, such total amount multiplied by a fraction the numerator of which is the number of days from the date of

Landlord's termination of the Lease to the Term Expiration Date and the denominator of which is the total number of days in the Term.

(h) Landlord Default. Each of (i) Landlord's failure to perform any of its obligations under this Lease will constitute a default by Landlord under the Lease if the failure continues for thirty (30) days after written notice of the failure from Tenant to Landlord and (ii) Landlord's intentional failure to perform any of its obligations under the Purchase and Sale Agreement if such failure permits the Tenant, as buyer under the Purchase and Sale Agreement, to terminate the Purchase and Sale Agreement and Landlord does not cure such failure within thirty (30) days of notice from Tenant, as buyer, shall (i.e. both (i) and (ii)) constitute a "Landlord Default", provided Tenant is not in Tenant Default under this Lease or in default under the Purchase and Sale Agreement at the time it delivers such notice to Landlord. If the required performance cannot reasonably be completed or Landlord's default under the Purchase and Sale Agreement cannot be cured within thirty (30) days, Landlord's failure to perform will constitute a Landlord Default only if Landlord fails to commence such completion or cure within thirty (30) days and thereafter diligently and continuously attempts to complete such cure as soon as reasonably possible.

(i) Remedies upon Landlord Default. If a Landlord Default occurs, Tenant shall have the right, with sixty (60) days' written notice, immediately (after expiration of the applicable grace periods specified herein) to itself correct the condition that is the subject of the Landlord Default and deduct the actual, reasonable costs of such correction from any payments of Rent as they become due, provided, however, in the case of a Landlord Default as described in clause (ii) of Section 6.08 (h) above, if as a result of such default the Purchase and Sale Agreement is terminated, Tenant shall have the right, at its election, to terminate the Lease (but only if notice of such termination is given within 60 days after the occurrence of the Landlord Default), which termination shall be effective six (6) months after Tenant's written notice to Landlord.

(j) Disapproval of the Property under the Purchase and Sale Agreement. If Tenant, as Buyer under the Purchase and Sale Agreement, disapproves the Property (as defined in the Purchase and Sale Agreement) pursuant to Section 4.3.1 of the Purchase and Sale Agreement, the Lease shall automatically terminate and the Gross Rent paid to Landlord by Tenant in accordance with Section 3.03 (b) hereof shall be returned to Tenant immediately upon the written request of Tenant to Landlord.

6.09. Arbitration of Fair Market Rent. In the event that Landlord and Tenant disagree as to the value of Fair Market Rent, and such dispute cannot be resolved by mutual agreement, the dispute shall be submitted to arbitration. The judgment or the award rendered in any such arbitration may be entered in any court having jurisdiction and shall be final and binding between the parties. The arbitration shall be conducted and determined in the County of San Mateo in accordance with the then prevailing rules of the American Arbitration Association or its successor for arbitration of commercial disputes except to the extent that the procedures mandated by said rules shall be modified as follows:

(a) Tenant shall make demand for arbitration in writing not earlier than ten (10) days prior to, and not later than, the Revocation Date (as defined in Section 3.09 (a)), specifying therein the name and address of the person to act as the arbitrator on its behalf. The arbitrator shall be qualified as a real estate appraiser familiar with the Fair Market Rent of first-class

commercial office space in the downtown area of Burlingame and the Mid-Peninsula region, in general. Failure on the part of Tenant to make a timely and proper demand for such arbitration shall constitute a waiver of the right thereto. Within ten (10) business days after the service of the demand for arbitration, Landlord shall give notice to Tenant, specifying the name and address of the person designated by Landlord to act as arbitrator on its behalf who shall be similarly qualified. If Landlord fails to notify Tenant of the appointment of its arbitrator, within or by the time above specified, then the arbitrator appointed by Tenant shall be the arbitrator to determine the issue.

(b) In the event that two (2) arbitrators are chosen pursuant to Section 6.09(a) above, the arbitrators so chosen shall meet within ten (10) business days after the second arbitrator is appointed and, if within ten (10) business days after such first meeting the two arbitrators shall be unable to agree upon a determination of Fair Market Rent, they, themselves, shall appoint a third arbitrator, who shall be a competent and impartial person with qualifications similar to those required of the first two arbitrators pursuant to Section 6.09(a). In the event they are unable to agree upon such appointment within five (5) business days after expiration of said ten (10) day period, the third arbitrator shall be selected by the parties themselves, if they can agree thereon, within a further period of ten (10) business days. If the parties do not so agree, then either party, on behalf of both, may request appointment of such qualified person by the then Presiding Judge of the Superior Court having jurisdiction over the County of San Mateo, acting in his or her private non-judicial capacity, and the other party shall not raise any question as to such Judge's full power and jurisdiction to entertain the application for and make the appointment. The three (3) arbitrators shall decide the dispute, if it has not previously been resolved, by following the procedure set forth in Section 6.09(c) below.

(c) Where the issue cannot be resolved by agreement between the two arbitrators selected by Landlord and Tenant or settlement between the parties during the arbitration, the issue shall be resolved by the three arbitrators in accordance with the following procedure. The arbitrators selected by the parties shall each state in writing his or her determination of the Fair Market Rent supported by the reasons therefor with counterpart copies to each party. The arbitrators shall arrange for a simultaneous exchange of such proposed resolutions. The role of the third arbitrator shall be to select which of the two proposed resolutions most closely approximates his determination of Fair Market Rent. The third arbitrator shall have no right to propose a middle ground or any modification of either of the two proposed resolutions. The resolution the third arbitrator chooses as most closely approximating his or her determination shall constitute the decision of the arbitrators and be final and binding upon the parties.

(d) In the event of a failure, refusal or inability of any arbitrator to act, his or her successor shall be appointed by him or her, but in the case of the third arbitrator, his or her successor shall be appointed in the same manner as provided for appointment of the third arbitrator. The arbitrators shall attempt to decide the issue within ten (10) business days after the appointment of the third arbitrator. Any decision in which the arbitrator appointed by Landlord and the arbitrator appointed by Tenant concur shall be binding and conclusive upon the parties. Each party shall pay the fee and expenses of its respective arbitrator and both shall share equally the fee and expenses of the third arbitrator, if any, and the attorneys' fees and expenses of counsel for the respective parties and of witnesses shall be paid by the respective party engaging such counsel or calling such witnesses.

(e) The arbitrators shall have the right to consult experts and competent authorities with factual information or evidence pertaining to a determination of Fair Market Rent, but any such consultation shall be made in the presence of both parties with full right on their part to cross-examine. The arbitrators shall render their decision and award in writing with counterpart copies to each party. The arbitrators shall have no power to modify the provisions of this Lease.

6.10. No Waiver. The waiver by Landlord or Tenant of any agreement, condition or provision herein contained shall not be deemed to be a waiver of any subsequent breach of the same or any other agreement, condition or provision herein contained, nor shall any custom or practice which may grow up between the parties in the administration of the terms hereof be construed to waive or to lessen the right of Landlord or Tenant to insist upon the performance by Tenant or Landlord in strict accordance with said terms. The subsequent acceptance of rental hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant or Landlord of any agreement, condition or provision of this Lease, other than the failure of Tenant to pay the particular rental so accepted, regardless of Landlord's or Tenant's knowledge of such preceding breach at the time of acceptance of such rental.

6.11. Holding Over. In the event of holding over by Tenant after expiration or termination of this Lease with the written consent of Landlord, Tenant shall pay for each month of hold-over tenancy 125% of the Gross Rent which Tenant was obligated to pay for the month immediately preceding the end of the Term for each month or any part thereof of any such hold-over period together with such other amounts as may become due hereunder. No holding over by Tenant after the Term without Landlord's consent thereto shall operate to extend the Term. In the event of any unauthorized holding over, Tenant shall indemnify Landlord against all claims for damages by any other tenant to whom Landlord has or could have leased all or any part of the Leased Premises covered hereby effective upon the termination of this Lease. Any holding over with the consent of Landlord in writing shall thereafter constitute this Lease a lease from month to month.

6.12. Attorneys' Fees. In the event either party places the enforcement of this Lease, or any part thereof, or the collection of any Rent due, or to become due hereunder, or recovery of the possession of the Leased Premises in the hands of an attorney, or files suit upon the same, the prevailing party shall recover its reasonable attorneys' fees and court costs from the other party.

6.13. Amendments. This Lease may not be altered, changed or amended, except by an instrument in writing signed by both parties hereto.

6.14. Transfers By Landlord. Landlord shall have the right to transfer and assign, in whole or in part, all of its rights and obligations hereunder and in the Project, and upon the transfer of Landlord's entire interest hereunder and its transferee's assumption of Landlord's obligations hereunder, no further liability or obligations shall thereafter accrue against the transferring or assigning person as Landlord hereunder.

6.15. Severability. If any term or provision of this Lease, or the application thereof to any person or circumstances, shall to any extent be invalid or unenforceable, the remainder of this Lease, or the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable shall not be affected thereby, and each provision of this Lease shall be valid and shall be enforceable to the extent permitted by law.

6.16. Notices. All notices, demands, consents and approvals which may or are required to be given by either party to the other hereunder shall be in writing and shall be deemed to have been fully given (i) by personal delivery, (ii) when sent by email transmission when proof is provided (x) that the message was sent, (y) that the message was delivered to the recipient's information processing system, and (z) of the time and date the message was delivered to recipient; or (iii) five (5) days after the posted date of deposit in the United States mail, certified or registered, postage prepaid, and addressed to the party to be notified at the address for such party specified in the Basic Lease Information, or to such other place as the party to be notified may from time to time designate by at least fifteen (15) days' notice to the notifying party.

6.17. No Joint Venture. This Lease shall not be deemed or construed to create or establish any relationship of partnership or joint venture or similar relationship or arrangement between Landlord and Tenant.

6.18. Successors And Assigns. This Lease shall be binding upon and inure to the benefit of Landlord, its successors and assigns (subject to the provisions hereof); and shall be binding upon and inure to the benefit of Tenant, its successors, and to the extent assignment may be approved by Landlord hereunder, Tenant's assigns.

6.19. Applicable Law. All rights and remedies of Landlord and Tenant under this Lease and the construction and interpretation of the terms of this Lease shall be construed and enforced according to the laws of the State of California without regard to any rules regarding conflict of laws.

6.20. Time Of The Essence. Time is of the essence of each and every covenant herein contained.

6.21. No Merger. The voluntary or other surrender of this Lease by Tenant, or a mutual cancellation thereof, shall not work as a merger, and shall, at the option of Landlord, terminate all or any existing subleases or subtenancies, or may, at the option of Landlord, operate as an assignment to it of any or all such subleases or subtenancies.

6.22. Complete Agreement. There are no oral agreements between Landlord and Tenant affecting this Lease and this Lease supersedes and cancels any and all previous negotiations, arrangements, brochures, agreements and understandings, if any, between Landlord and Tenant or displayed by Landlord to Tenant with respect to the subject matter of this Lease or the Project. There are no representations between Landlord and Tenant other than those contained in this Lease and all reliance with respect to any representations is based solely upon the terms of this Lease.

6.23. Corporate Authority. Each of the persons executing this Lease on behalf of a party does hereby covenant and warrant that:

- (a) Such party is a duly authorized and existing legal entity;
- (b) Such party has and is qualified to do business in California;

(c) Such party has full right and authority to enter into this Lease; and

(d) Each and all of the persons signing on behalf of the party are authorized to do so.

6.24. Brokers. Landlord shall pay leasing commissions in connection with this lease transaction to CBRE and to Newmark Cornish & Carey (dba Newmark Knight Frank) per separate agreements. Except for the foregoing named brokers, the parties hereto agree that (i) no broker or finder has been involved in the lease transaction described herein, and (ii) in the event any broker, salesman or other person makes any claim for any commission or finder's fee based upon this Lease or any other items or interest contemplated by this Lease, the party through whom said broker, salesman or other person makes a claim shall indemnify and hold harmless the other party from said claim and all liabilities, costs and expenses relating thereto, including reasonable attorneys' fees, which may be incurred by such other party in connection with such claim.

6.25. Captions. The captions and headings used in this Lease are for the purpose of convenience only and shall not be construed to limit or extend the meaning of any part of this Lease.

6.26. Gender; Singular, Plural. When the context of this Lease requires, the neuter gender includes the masculine, the feminine, a partnership or corporation or joint venture, and the singular includes the plural.

6.27. Waiver of Jury. To the extent permitted by law, the Parties hereby waives any right it may have to a jury trial in the event of litigation between Tenant and Landlord pertaining to this Lease.

6.28. No Recordation. Neither this Lease nor any memorandum hereof shall be recorded by Tenant in the Official Records of San Mateo County without the prior written consent of Landlord, which may be withheld in its sole discretion.

6.29. Exhibits. Exhibits A, B, C, D and E attached hereto are hereby made a part hereof by this reference.

6.30. Certified Access Specialist Inspection. Landlord states that the Leased Premises have undergone an inspection by a Certified Access Specialist ("CASp"). In accordance with the requirements of the State of California, Landlord hereby provides the following notice:

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

If Tenant requests and obtains a CASp inspection of the Leased Premises and such inspection shows that there are no violations of construction-related accessibility standards, Tenant shall be responsible for payment of the fee for the CASp inspection. If such inspection shows that there are violations of construction-related accessibility standards, Landlord shall be responsible for payment of the fee for the CASp inspection. Any repairs necessary to correct violations within the Leased Premises shall be undertaken in accordance with Section 5.06(a), provided that all costs associated with the making of such repairs shall be the responsibility of Landlord.

6.31 Force Majeure. Neither party shall be deemed to be in default hereunder so long as the action or failure to act that would otherwise constitute such default is: (i) caused by war, insurrection, strikes, lockouts, riots, floods, earthquakes, fires, State or County quarantine restrictions, and any amendments or modifications thereto, freight embargoes, lack of transportation, or court order (each a "Force Majeure Cause"); (ii) the impacts of such Force Majeure Cause could not have been reasonably anticipated; and (iii) such Force Majeure Cause has had a direct and material adverse impact on the party's ability to satisfy its obligations hereunder, despite the party's diligent, good faith, and commercially reasonable efforts to perform such obligations. The affected party shall use diligent, good faith, and commercially reasonable efforts to perform the subject obligations as soon as possible. For this Section 6.31 to apply to a party's obligation hereunder, such party must provide written notice of the Force Majeure Cause to the other party within ten (10) days following the commencement of such Force Majeure Cause. Notwithstanding anything else contained herein, no Force Majeure Cause shall excuse a default by Tenant due to: (i) its failure to pay Rent as and when required by this Lease; or (ii) its failure to maintain all insurance required to be maintained by it under this Lease.

6.32. Press Releases. Landlord shall not announce publicly or issue any press release or other public notice of this Lease without the prior written consent of the Tenant.

6.33. Counterparts; PDF's; Facsimile Signatures. This Lease may be executed in any number of counterparts, each of which when so executed and delivered, shall be deemed an original, but all such counterparts taken together shall constitute only one instrument. Facsimile signatures and PDF format signatures sent by electronic mail shall be treated and have the same effect as original signatures.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have executed this Lease or caused this Lease to be executed by their duly authorized representatives as of the date set forth below.

LANDLORD

1440 CHAPIN OWNER, LLC,
a Delaware LLC

By 1440 Investment Holdings, LLC,
by PCCP CS VI 1440 Chapin, LLC,
its Investor Member

By: Steve Towle

Name: Steve Towle

Title: Authorized Signatory

Date: 2/24/2025

TENANT

THE CITY OF BURLINGAME,
a Municipal Corporation

By: Lisa K. Goldman
Lisa K. Goldman, City Manager

2/24/2025

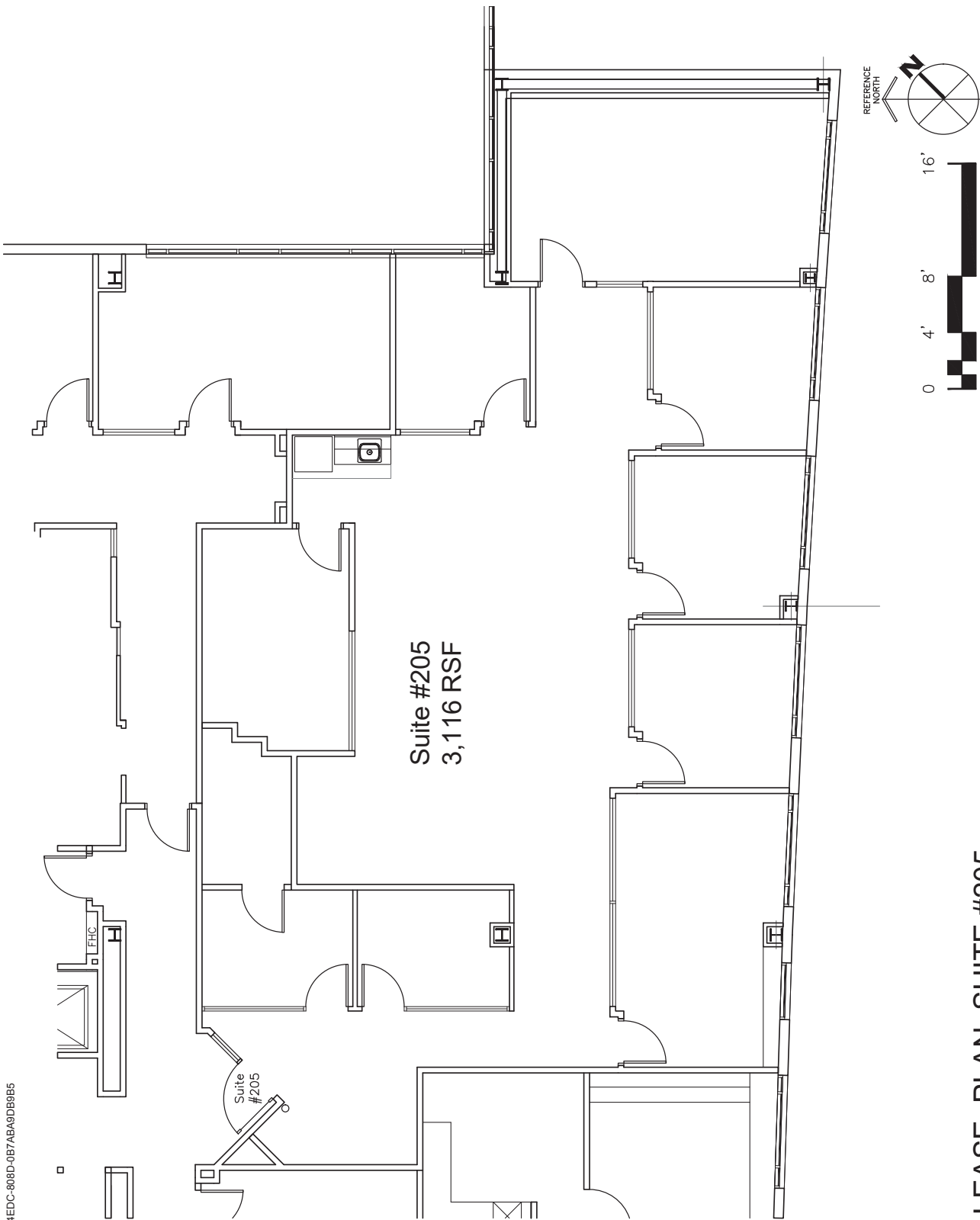
Date: _____

APPROVED AS TO FORM:

By: Michael Guina
Michael Guina, City Attorney

EXHIBIT A
FLOOR PLANS OF LEASED PREMISES





LEASE PLAN SUITE #205

EXHIBIT B

BUILDING RULES AND REGULATIONS

1. Common Areas. The sidewalks, doorways, halls, stairways, vestibules and other similar areas shall not be obstructed by any Tenant or used by them for any purpose other than ingress to or egress from their respective Leased Premises, and for going from one part of the Building to another part. Corridor doors, when not in use, shall be kept closed.
2. Atrium. Tenant shall not use or allow the use of the interior atrium of the Building for any group social activities without the prior consent of the Landlord, which shall not be unreasonably withheld, and shall not use the atrium for any activity deemed by Landlord in its reasonable judgment to be dangerous to the Building or to other tenants, including, but not limited to, smoking and barbecuing.
3. Signs. No sign, placard, picture, name, advertisement or notice visible from the exterior of the Leased Premises shall be inscribed, painted, affixed or otherwise displayed by Tenant on any part of the Building or the Leased Premises without the prior written consent of Landlord which consent may be withheld by Landlord in its sole and arbitrary discretion. Landlord may at any time adopt and furnish to tenants general guidelines relating to signs inside the Building. Tenant agrees to conform to such guidelines. All approved signs or lettering shall be printed, painted, affixed or inscribed at the expense of Tenant by a person approved by Landlord.
4. No Soliciting. Canvassing, soliciting, peddling, distribution of handbills or any other written material are prohibited and each tenant shall cooperate to prevent these activities.
5. Hours That Doors Are Open. The hours and days that the main lobby doors and rollup garage door are scheduled to be open are (excluding legal holidays):

Main Lobby Doors:	8 A.M. to 6 P.M.	Monday through Friday
Rollup Garage Door Open:	6 A.M. to 6 P.M.	Monday through Friday

As these are automated processes, such hours may be affected by electrical power outages, mechanical failure, vandalism, and other causes. In the event lobby doors or the rollup garage door are not open during such scheduled hours, Tenant shall notify Landlord by telephone. The Building lobby doors are normally closed and locked at all other times, including all day and night Saturday and Sunday, and the rollup garage door is scheduled to be closed at all other times, including all day Saturday and Sunday.

6. Access Cards for After Hours Ingress to Parking Garage. Access cards to open the rollup door to the parking garage are available for Tenant's employees who desire to enter the parking garage at times the rollup garage door is closed. Entry into the parking garage when the rollup door is down shall be at such employees' risk. Tenant shall obtain from Landlord and complete an Employee Parking Registration form supplying pertinent detailed information for each employee that Tenant desires to receive such an access card, and shall fill out a new form if/when such employee changes the car described in such form so that Landlord at all times has a current record of the car driven by such employee. In the event any employee leaves the employ of Tenant, the access card for such employee must be returned to Landlord to be voided. Contractors and other guests of Tenant shall not be provided access cards; access cards shall be restricted to employees

of Tenant.

7. Nails. Nails, screws and other attachments to the Building require prior written consent from Landlord except in connection with the hanging of pictures, artwork, certificates, plants and similar items in the interior of the Leased Premises.

8. Antenna. Tenant shall not install any satellite dishes, radio, television antennas or other devices on the roof or exterior walls of the Building without prior written consent of Landlord. No television or radio or recorder shall be played in such a manner as to cause a nuisance to any other tenants of the Building.

9. Electrical. Tenant shall not use electricity for lighting, machines or equipment in excess of that required for normal office use.

10. HVAC. Tenant shall not tamper with or attempt to adjust temperature control thermostats in the Leased Premises. If Tenant desires adjustments in thermostats, Tenant shall request the same by telephone call to Landlord and if Landlord determines adjustment is appropriate then Landlord will cause a service technician to make such adjustment. Tenant shall pay the cost of any service calls necessitated by Tenant's tampering with or adjusting temperature control thermostats.

11. Janitorial Service. Landlord provides janitorial service to the Building, and Tenant shall not hire its own janitors or cleaning personnel. Tenant shall not cause any unnecessary labor for the Building janitors by reason of Tenant's carelessness or indifference in the preservation of good order and cleanliness. Tenant shall cooperate reasonably with Landlord in maintaining the Leased Premises. Nothing shall be swept or thrown into the corridors, halls, elevator shafts, or stairways.

12. Contractors & Vendors. All contractors and technicians rendering any installation service to Tenant shall be subject to Landlord's approval and supervision prior to performing services. This applies to all work performed in the Building, including, but not limited to, installation of telecommunication equipment, electrical devices, as well as all installations affecting floors, walls, woodwork, windows, ceilings, and any other physical portion of the Building.

13. Bathrooms. Plumbing fixtures, toilets, urinals, wash bowls and other apparatus shall be used only for their designated purpose, and no unusual foreign substances of any kind shall be deposited therein. Damage to any such fixture resulting from misuse by Tenant or any employee or invitee of Tenant shall be repaired at the expense of Tenant.

14. Rollup Garage Door. Access to the lower parking levels during hours when the rollup garage door is down shall be made, if at all, by touching a magnetic access card to the card reader located by the entrance to the lower parking levels. Egress from the garage when the door is rolled down can normally be made by having the vehicle approach the garage door thereby activating a sensor that causes the rollup door to rise. However, there is no certainty that the rollup door will open when it is down as any number of causes (e.g. power failure, mechanical failure, vandalism) can result in the door not working. Tenant shall not tamper with the rollup garage door if for any reason it is not rolled up during hours it is scheduled to be rolled up or if for any reason it is not working (e.g. a power failure, or mechanical failure), but instead shall report the same to Landlord. If any vehicle is locked in the garage and the rollup door will not open, then the owner/lessee of such vehicle should make arrangements to leave the vehicle in the garage until the garage door is opened again. Such owner/lessee can also attempt to call the emergency telephone number that

may be provided by Landlord to Tenant from time to time. Landlord has no obligation to provide to Tenant any such emergency number or to ensure that emergency personnel will be available to help open the rollup door. If Landlord does provide such an emergency telephone number, then there is absolutely no assurance that anyone will answer at the emergency telephone number or that any emergency personnel will be available to assist. If in response to any such request emergency support personnel are deployed to open the rollup door, Tenant will be charged a fixed amount of \$50 for each occurrence. Landlord has absolutely no liability for or obligation to open the garage door at any time, whether during or outside of the hours the garage door is scheduled to be open as set forth in Paragraph 5.

15. Food and Beverages. Food, soft drink or other vending machines shall not be placed within the Leased Premises without Landlord's prior written consent. Deliveries of water, soft drinks, newspapers, or other such items to any Leased Premises shall be restricted to reasonable hours established by Landlord. No cooking shall be done or permitted in the Leased Premises except in connection with convenience lunchroom or beverage service for employees and guests of Tenant only (on a noncommercial, not for profit basis) in a manner which complies with all of the provisions of the Lease and which does not produce excessive or objectionable odors or fumes.

16. Restrictions on Use. Tenant shall not use or keep in the Leased Premises or the Building any kerosene, gasoline or inflammable or combustible fluid or material other than small quantities (less than 5 ounces in the aggregate) of commonly used office equipment maintenance fluids (if any) that are reasonably necessary for the operation or maintenance of Tenant's office equipment. Tenant shall not permit or suffer the Leased Premises to be occupied or used in a manner offensive or objectionable to Landlord or other occupants of the Building by reason of noise, odors or vibrations, or interfere in any way with other tenants or those conducting business in the Building. In consideration of the safety and comfort of all tenants, Landlord prefers that Tenant not allow animals onto the Project property for any purpose except as strictly necessary (e.g., seeing eye dogs for the blind). Tenant shall be responsible for any damage to person or property on or about the Leased Premises, the Building or the Project caused by any animal brought or allowed on the Project property by Tenant, its employees, representatives or invitees.

17. No Smoking. The Project is a smoke free area, and accordingly Tenant shall cause each and all of its employees, contractors, agents, customers, and other guests to refrain from smoking cigarettes, cigars, pipes, or any other smokable materials inside the Building (including the atrium), in the parking garage, in the visitors and other outdoor parking areas, and anywhere else in the Project.

18. Trash Removal. Tenant shall store all its trash and garbage within the Leased Premises for removal by the Building janitors. No material shall be placed in the trash boxes or receptacles if such material is of such nature that it may not be disposed of in the ordinary and customary manner of removing and disposing of office building trash and garbage in the city or county in which the Building is located without being in violation of any applicable code, regulation, statute, law or other governmental promulgation governing such disposal. Tenant shall crush and flatten all boxes, cartons and containers. Tenant shall pay extra charges for disposal by the janitors of trash in excess of five thirty quart trash containers per employee per week.

19. Keys. Unless Tenant installs electronic locks during its renovation of the Leased Premises, Landlord will furnish Tenant without charge with two keys to entrance door locks into the Leased Premises for Tenant's employees. Landlord may make a reasonable charge for any additional keys.

Tenant shall not alter any lock or install a new or additional lock or any bolt on any door of the Leased Premises without prior written permission from Landlord. Upon termination of this Lease, Tenant shall surrender to Landlord all keys to the Leased Premises and all garage access cards, the combination of all locks for safes and vault doors, if any, and Common Area keys of the Building.

20. Moving Procedures. Movement in or out of the Building of furniture, office equipment, or other bulky material, which requires the use of elevators, stairways, or Building entrance and lobby shall be restricted to hours established by Landlord. All such movement shall be under Landlord's supervision. Pre-arrangements with Landlord shall be made regarding the time, method, and rerouting of such movement, and Tenant shall assume all risks of damage and pay the cost of repairing or providing compensation for damages to the Building, to articles moved and injury to persons or public resulting from such moves. Landlord shall not be liable for any acts or damages resulting from any such activity.

21. Security. Tenant shall comply with all reasonable requirements necessary for the security of the Leased Premises.

22. Name of Building. Landlord retains the right, without notice or liability to any Tenant, to change the name of the Building. Provided that Landlord first obtains the consent of Tenant thereto, which consent Tenant shall have absolutely no obligation to give, Landlord shall also be entitled to change the street address of the Building.

23. Supplemental to Lease. These Rules and Regulations are in addition to, and shall not be construed to in any way modify or amend, in whole or in part, the covenants of the Lease.

24. Rules & Regulations. Landlord reserves the right to rescind any of these rules and regulations and to make future reasonable rules and regulations required for the safety, protection and comfort of the tenants of the Building and their employees and visitors. Such rules and regulations, when made and written notice given to Tenant, shall be binding as if originally included herein.

EXHIBIT C
PURCHASE AND SALE AGREEMENT

EXHIBIT D
TENANT IMPROVEMENT AGREEMENT

EXHIBIT E

CONSTRUCTION INSURANCE REQUIREMENTS

1.0 Mandatory Insurance Requirements

Before performing work or conducting any activities at the site of the Project, Tenant shall, at its expense, procure and maintain, or require Contractor to procure and maintain, insurance coverages on all its operations, in admitted companies having at least an A. M. Best rating of no less than A-X. Landlord may consider accepting coverage from a non-admitted carrier. Coverage requirements on forms acceptable to Landlord are as follows:

1.1 Workers' Compensation and Employers Liability Insurance as required by applicable law or regulation.

- 1.101 Employers Liability Insurance with a \$1,000,000 limit;
- 1.102 Waiver of Subrogation endorsement in favor of the Landlord and Tenant;
- 1.103 [Reserved]
- 1.104 Acceptance of insurance programs underwritten by any Self-Insured Group (SIG) is subject to prior approval by Landlord.

1.2 General Liability Insurance on a coverage form at least as broad as 2001 Insurance Services Office (ISO) occurrence form CG 0001, including coverage for:

- 1.201 Premises and Operations;
- 1.202 Products and Completed Operations;
- 1.203 Broad Form Property Damage (including Completed Operations);
- 1.204 Explosion, Collapse, Underground Hazards (including subsidence);
- 1.205 Contractual Liability insuring obligations assumed in this agreement;
- 1.206 Personal Injury and Advertising Liability;
- 1.207 Severability of Interest Clause;
- 1.208 Waiver of Subrogation endorsement in favor of Landlord and Tenant as required by contract;
- 1.209 General Aggregate Limits of Insurance shall apply separately to the project.
- 1.210 "Claims Made" and "Modified Occurrence" policy forms are not acceptable.
- 1.211 "Risk Retention Groups" are not acceptable.
- 1.212 Self-insured retention or deductible greater than \$25,000 must be declared to Landlord at time of bid.
- 1.213 Contractor shall maintain general liability and completed operations coverage through the expiration of the construction statute of repose period established per the civil code of the state where the project is located.
- 1.214 Minimum Limits of Liability shall be:
 - \$1,000,000 Each Occurrence; OR, the full per occurrence limit of the Contractor's policy, whichever is greater;
 - \$1,000,000 Personal Injury Liability;
 - \$2,000,000 Products & Completed Operations Aggregate;
 - \$2,000,000 General Aggregate;
- 1.215 This policy must cover mobile equipment; if it does not, coverage must be included on the Automobile Liability policy

1.3 Automobile Liability Insurance on a coverage form at least as broad as ISO form CA 0001, including:

- 1.301 Coverage on any automobile, or on all owned, non-owned and hired automobiles and mobile equipment if not covered under the General Liability policy;
- 1.302 \$1,000,000 Combined Single Limit for bodily injury and property damage.
- 1.303 Waiver of Subrogation endorsement in favor of Landlord and Tenant.

1.4 Umbrella or Excess Liability Insurance:

- 1.401 \$10,000,000 minimum limit, OR, the full per occurrence limit of the Contractor's excess liability policy, whichever is greater. \$5,000,000 minimum limit for non-structural Tenant Improvement projects less than \$10M in contract value only.
- 1.402 Coverage on a follow form basis in excess of primary CGL, Auto and Employers Liability

1.5 Additional Insured and Primary Insurance Requirement:

- 1.501 Under the Commercial General Liability policy the Contractor shall add Tenant and the following entities ("Owner Entities"), including the officers, directors and employees of each, as additional insured:

1440 Chapin Owner, LLC

1440 Chapin Investment Holdings, LLC

Pacificcal VI, LLC

PCCP, LLC

Patson 1440, LLC

Patson Management Company

Patson Development Company

The policy shall stipulate that the insurance afforded Owner Entities and Tenant as additional insured shall apply as primary insurance. Any other insurance carried by Owner Entities and Tenant will be excess only and will not contribute with this insurance. The insurance afforded to the additional insured parties shall be at least as broad as that afforded to the first named insured on Contractor's policy.

- 1.502 The additional insured coverage, including ongoing and completed operations, shall be provided by an endorsement providing coverage at least as broad as:
 - (1) Additional Insured (Form B) ISO endorsement form CG 2010 11/85, or equivalent, or;
 - (2) A combination of Additional Insured ISO endorsement form CG 2010 10/01, and Additional Insured endorsement form CG 2037 10/01, (or equivalent).
- 1.503 Additional insured endorsements shall be provided to the end of the contract and through the expiration of the construction statute of repose period established per the civil code of the state where the project is located.

1.6 Certificates of Insurance:

- 1.601 Certificates of Insurance, including copies of Additional Insured, primary and non-contributory, and Waiver of Subrogation endorsements, shall be furnished by the Contractor to Landlord and Tenant before any work is commenced hereunder by the Contractor.
 - 1.602 At any time during the term of the contract, upon certificate holder's reasonable request, the Contractor, or their appointed representative, agrees to promptly supply evidence that the insurance coverage required by the contract is in force. Contractor will notify Landlord and Tenant in writing within 24 hours of receiving a notice of cancellation on any insurance policy from their insurer or broker. Notices of cancellation should be emailed to the attention of the Landlord and Tenant Risk Manager or designee.
 - 1.603 Allowance of any additional exclusions or coverage limiting endorsements is at the discretion of Landlord, and Contractor's bid shall be subject to adjustment to compensate for the existence of such exclusions.
 - 1.604 Payment may be withheld, at the option of the Landlord and Tenant, until such certificates have been furnished, or upon receipt of a cancellation notice on a policy, until withdrawal of the notice or the reinstatement of the canceled policy. Copies of Contractors policies shall be furnished upon request from Landlord and Tenant.
- 1.7 Insurance Requirements for Subcontractors, Truckers, Trucking Brokers, Sub-haulers Vendors and Suppliers:
- 1.701 Contractor shall ensure that it's Subcontractors, Truckers, Trucking Brokers, Sub-haulers Vendors and Suppliers of any tier shall maintain insurance in like form and amounts (except excess liability), including the Additional Insured requirements set forth above, and will provide Contractor evidence of sub-Subcontractors, truckers, vendors and suppliers insurance and additional insured compliance prior to their starting work. A \$5,000,000 excess liability limit is recommended for all subcontractors performing work on site, but Contractor is responsible for establishing Subcontractor excess liability limit requirements.
- 1.8 Builders Risk Insurance:
- 1.801 Builders Risk insurance will be purchased and maintained by Landlord or Tenant, providing coverage to Contractor for loss or damage to Contractor's or Subcontractor's work. Contractor shall be responsible for the insurance policy deductible. Contractor is authorized to pass deductible responsibility to Subcontractors for loss or damage to Subcontractor's work through the Subcontract Agreement.
 - 1.802 If Landlord or Tenant has not purchased Builders Risk insurance including the full insurable value of Contractor's work, then Contractor may procure such insurance at its own expense to protect the interests of Contractor and its subcontractors in the work. Such insurance shall also apply to any of Owner's property to be installed by Contractor as part of the Work.
 - 1.803 Landlord or Tenant and Contractor waive all rights against each other and against all other Subcontractors for loss or damage to the extent reimbursed by Builder's Risk or any other property or equipment insurance applicable to the work, except such rights as they may have to the proceeds of such insurance.

1.9 Property Insurance:

- 1.901 Contractor and Subcontractors of every tier shall procure and maintain at their own expense property and equipment insurance for their tools, equipment, and temporary structures. A waiver of subrogation in favor of Landlord or Tenant is required.

1.10 Other Requirements:

- 1.1001 Acceptance of insurance certificates by Landlord or Tenant shall in no way limit Contractor's duties and responsibilities under this Agreement, including the duty to indemnify Landlord or Tenant.
- 1.1002 Insurance coverage in the minimum amounts set forth herein shall not be construed to relieve Contractor for liability in excess of such coverage, nor shall it preclude Landlord or Tenant from taking other available actions under any other provision of this Agreement or law.
- 1.1003 If higher limits or other forms of insurance are required by Lenders or other Stakeholders, Contractor will comply with such requirements.
- 1.1004 Contractor shall be responsible for any deductible amount in insurance policies required of Contractor under these insurance requirements.
- 1.1005 Should any insurance policy lapse or be canceled during the contract period, Contractor shall, prior to the effective expiration or cancellation date, furnish Owner with evidence of renewal or replacement of the policy. Failure of the Contractor to provide timely notice of pending cancellation shall be considered a material breach of contract.
- 1.1006 Failure to continuously satisfy insurance requirements as herein provided is a material breach of contract.
- 1.1007 In the event Contractor fails to maintain any insurance coverage required, Landlord or Tenant may, but is not required to, maintain such coverage and charge the expense to Contractor (including premium and claims expense), or terminate this contract.
- 1.1008 Contractor's obligations for loss or damage arising out of Contractor's work are not limited to the types or amounts of insurance set forth above. To the extent Contractor maintains insurance greater than these minimum requirements; Contractor agrees that such insurance shall be applicable to any of Contractor's liability obligations.
- 1.1009 In specifying minimum insurance requirements herein, Landlord or Tenant doesn't recommend this insurance as adequate to protect Contractor's interests.

2.0 Scope Specific Additional Required Insurance Coverages:

2.01 Professional Liability Insurance:

- 2.0101 A Professional Liability Insurance Policy shall be carried by Contractor with limits of \$1,000,000 per claim and aggregate if work under this contract includes any professional services, design assist, design-build, or LEED certification services.
- 2.0102 Evidence of coverage in the form of a Certificate of Insurance shall be provided prior to the start of the project.
- 2.0103 Claims-made policies must have a retroactive date prior to the design services performed under the Scope of Work, and coverage must extend a minimum of five (5) years beyond completion of the Scope of Work or end of the Agreement, whichever is later.
- 2.0104 If Claims-Made coverage is cancelled or non-renewed, and not replaced with another claims-made policy with a retroactive date prior to the Agreement effective

date, the Contractor must purchase Extended Reporting (Tail) coverage for a minimum of three (3) years beyond completion of Scope of Work or end of the Agreement, whichever is later.

- 2.0105 Designers, Consultants or Subcontractors retained by Contractor whose work includes any professional services, design assist, design-build, or LEED certification services shall also be required to maintain Professional Liability Insurance coverage with limits of \$1,000,000 per claim and aggregate. Higher limits may be required of certain Designers, Consultants or Subcontractors depending on the scope of their services.

2.02 Commercial Crime/Employee Dishonesty Insurance:

- 2.0201 If the Contractor performs operations in an occupied, operating building, a \$500,000 Commercial Crime policy providing blanket employee dishonesty must be maintained by Contractor, including an endorsement for third party liability.

2.03 Aircraft/ UAV/ Drone / Helicopter Insurance:

- 2.0301 If the Contractor or their Subcontractors use any owned, leased, chartered or hired aircraft of any type in the performance of this contract, they shall maintain aircraft liability insurance in an amount of not less than \$10,000,000 per occurrence including Passenger Liability. A UAV (Unmanned Aviation Vehicle) Liability policy for a minimum of \$1,000,000 limit is required if Drones will be used in the Contractor or Subcontractors operations.
- 2.0302 Evidence of coverage in the form of a certificate of insurance shall be provided prior to the start of the project.
- 2.0303 Contractor or their Subcontractors shall name Landlord or Tenant as Additional Insured as respects aircraft liability or UAV Liability and provide a Waiver of Subrogation endorsement in favor of Owner as respects physical damage to the aircraft, drone, or helicopter hull.

2.04 Pollution Liability:

- 2.0401 If Contractor or their Subcontractors or Suppliers of any tier bring pollutants to the job site, if their operations create a pollution exposure, or as deemed necessary by the Landlord or Tenant, they shall maintain a Contractor's Pollution Liability policy with limits not less than \$1,000,000 per occurrence.
- 2.0402 If Contractor or their Subcontractors or Suppliers of any tier are performing work on the building envelope, dealing with water, or as deemed necessary by the Landlord or Tenant, Contractor shall maintain a Contractor's Pollution Liability policy, including mold coverage, with limits not less than \$1,000,000 per occurrence and \$2,000,000 annual aggregate.
- 2.0403 Landlord or Tenant are to be afforded Additional Insured status on the Contractor and Subcontractor's Pollution Liability policies.

2.05 Hazardous Materials Abatement:

- 2.0501 If Contractors or their Subcontractors or Suppliers of any tier are required to perform remediation of hazardous materials as those terms are defined in federal, state, or local law, or if their operations involve an exposure to hazardous materials,

they must carry a Contractor's Pollution Liability policy with limits not less than \$5,000,000 per occurrence and \$5,000,000 annual aggregate.

2.0502 Landlord or Tenant are to be afforded Additional Insured status on the Contractor and Subcontractor's Pollution Liability policies.

2.0503 If Contractor or their Subcontractors haul hazardous material, the policy must extend pollution coverage to the transportation of hazardous materials or pollutants by waste hauling vehicles. If Contractor is subject to the Motor Carrier Act of 1980, the Motor Carrier Act endorsement MCS-90 must be obtained and attached to the policy.