



AGENDA REPORT

Meeting Date: September 11, 2012
Item Number: G-10
To: Honorable Mayor & City Council
From: Brenda Lavender, Real Estate & Property Management Manager
Subject: LEASE AND MEMORANDUM OF LEASE BY AND BETWEEN THE CITY OF BEVERLY HILLS AND THE UMRO REALTY CORP. DBA THE AGENCY; AND A COMMISSION AGREEMENT BY AND BETWEEN THE CITY OF BEVERLY HILLS AND AVISION YOUNG – SOUTHERN CALIFORNIA, LTD.
Attachments:

1. Lease
2. Memorandum of Lease
3. Commission Agreement

RECOMMENDATION

It is recommended that the City Council approve the Lease and Memorandum of Lease by and between the City of Beverly Hills and UMRO Realty Corp. dba The Agency; and a commission agreement by and between the City of Beverly Hills and Avison Young – Southern California, LTD. A copy of the lease, memorandum of lease and commission agreement is on file with the City Clerk. If approved UMRO Realty Group (The Agency) will lease the office space adjacent to the proposed 1st floor restaurant space in the City's building at 331 N. Foothill Road.

INTRODUCTION

The Agency is a full service, luxury real estate brokerage representing clients worldwide in a broad spectrum of classes, including single-family residential, new development, resort and hospitality, residential leasing, new development, resort and hospitality, luxury vacation rental and property management. The Agency currently leases space at 228 S. Beverly Drive in Beverly Hills, through this transaction they will relocate their corporate offices to the 331 Foothill building to accommodate the company's growth.

DISCUSSION

The Agency is leasing the majority of the 1st floor of the building at approximately 9,069 rentable square feet. The lease is for a term of ten (10) years, at an initial rental rate of \$3.80/square foot monthly. The City will provide a tenant improvement allowance of \$60.00 and pay the broker commission.

FISCAL IMPACT

The long term fiscal impact of this lease is additional lease revenue of \$3,820,506 over the life of the lease. In the initial year of the lease term there is a negative impact of (\$399,065.60) from the upfront costs of the deal. The upfront costs include a broker commission of (\$130,623), tenant improvement allowance of (\$544,140), and four (4) months of free rent of (\$137,849).



Scott G. Miller, Director of
Administrative Services, CFO

Approved By

Attachment 1

OFFICE LEASE

by and between

CITY OF BEVERLY HILLS,

Landlord

and

UMRO REALITY CORP. (dba THE AGENCY)

Tenant

**331 Foothill Road
Beverly Hills, California**

DATE: September 11, 2012

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OFFICE LEASE

THIS OFFICE LEASE (this "Lease") is dated as of September 11, 2012 (the "Effective Date"), and is entered into by and between the CITY OF BEVERLY HILLS, a municipal corporation ("Landlord"), and UMRO REALITY CORP. (dba THE AGENCY), a California corporation ("Tenant").

1. **DEFINED TERMS; BASIC LEASE TERMS.**

(a) Address of Tenant:

Umro Realty Corp.
228 South Beverly Drive, Second Floor
Beverly Hills, California 90211

Address of Landlord:

City of Beverly Hills
455 North Rexford Drive
Beverly Hills, California 90210
Attn: Director of Administrative Services/CFO
Real Estate & Property Manager

With a copy to:

City of Beverly Hills
455 North Rexford Drive
Beverly Hills, California 90210
Attention: City Attorney

(b) Premises: Those certain premises ("Premises") described on Exhibit A, consisting of a portion of the first floor of the Building located at 331 Foothill Road, Beverly Hills, California (the "Building"). Landlord and Tenant hereby irrevocably stipulate and agree that the Premises contains 9,121 rentable square feet and that there shall be no adjustment of such area, any rent, the Security Deposit or the "Tenant's Share" (defined below) based on any measurement or remeasurement of the Premises, or any portion thereof.

(c) Term: Ten (10) years, commencing upon the "Commencement Date" (as defined in Section 3 below).

(d) Monthly Rent:

Months

1-4 \$0.00

5-12	\$34,659.80
13-24	\$35,526.30
25-36	\$36,414.46
37-48	\$37,324.82
49-60	\$38,257.94
61-72	\$39,214.39
73-84	\$40,194.75
85-96	\$41,199.62
97-108	\$42,229.61
109-120	\$43,285.35

The Monthly Rent for the 5th month of the Term shall be paid upon Tenant's execution and delivery of this Lease.

(e) Tenant's Share: 13.1865%. Landlord and Tenant hereby stipulate and agree that the Building contains 69,169 rentable square feet.

(f) Security Deposit: \$138,639.20 (\$34,659.80 in cash, to be deposited with Landlord upon Tenant's execution and delivery of this Lease, and \$103,979.80 in the form of a letter of credit in a form and issued by an issuer reasonably acceptable to Landlord, to be delivered within fourteen (14) business days after Landlord's approval and execution of this Lease.

(g) Permitted Uses: The Premises shall be used for office purposes only (the "Permitted Use").

(h) Parking: Commencing on the Commencement Date, Tenant shall have the right, but not the obligation, to rent from time to time up to twenty-seven (27) parking passes for unreserved parking spaces that are not marked "visitor" in the parking structure serving the Building ("Parking Structure") at the prevailing rate charged by Landlord for parking passes for unreserved parking spaces, which shall be subject to increase annually as described in Section 28 below. (The current prevailing rates are \$135 per space per month for unreserved parking spaces.) Tenant understands and acknowledges that the Parking Structure shall, at Landlord's sole and absolute option, be available and open to the general public for parking. Additional terms relating to parking are described in Section 28 below.

(i) Base Operating Expenses: Operating Expenses for the calendar year 2013.

This Section 1 represents a summary of the basic terms of this Lease and includes definitions of capitalized terms used in this Lease. In the event of any conflict between the terms

contained in this Section 1 and any other provision of this Lease, the terms of the said other provision shall govern.

2. PREMISES LEASED; COMMON AREAS.

(a) Landlord hereby leases the Premises to Tenant, and Tenant hereby leases the Premises from Landlord, subject to and upon the terms and conditions set forth in the Lease. Tenant acknowledges that prior to its execution of this Lease, Landlord has provided Tenant with copies of or access to the plans described on Exhibit "B-3" ("Building Plans"), and Tenant represents that it has reviewed the Building Plans in detail.

(b) Landlord shall deliver and Tenant shall accept possession of the Premises on the Commencement Date broom clean and free of all personal property and debris and in the condition required by Exhibit "B-1" attached hereto. Tenant has inspected the Premises, the Building Systems and Common Areas.

(c) Subject to the Rules and Regulations, and applicable Laws, and provided in all cases that Tenant's use in no way affects the structural integrity of the Building, Tenant may (i) use the electrical and telephone rooms on the floors containing the Premises, the area below the concrete ceiling and below the concrete floor of the floors of the Premises and the areas behind the walls of the Premises, including the right, subject to Landlord's reasonable approval with respect to location and specifications and the Rules and Regulations, to core drill, to install and service wire, conduit and cable that serve Tenant's equipment in the Premises in accordance with, and subject to, the other terms and provisions of this Lease and Landlord's rights hereunder with respect to such areas and (ii) have reasonable use of the Building's shafts, conduits and risers on a non-exclusive basis for electrical wiring and data wires and cables, at no additional cost or charge to Tenant.

(d) The Premises shall be improved by Tenant with the "Tenant Improvements" described in Exhibit "B-2" attached hereto and incorporated herein by this reference, in accordance with the terms set forth in "Exhibit B-2", including compliance with all applicable Laws.

(e) Tenant shall have the nonexclusive right, in common with other tenants of the Building (and other members of the general public if permitted by Landlord in its sole and absolute discretion) subject to the Rules and Regulations referred to in Section 34(a), to use the following areas to the extent they are intended for the common use and enjoyment of all tenants in the Building (collectively "Common Areas"): common lobbies, ground and multi-tenant floor restrooms, hallways, corridors, elevators, stairways, pedestrian access ways, loading docks, platforms, trash enclosures and the common pipes, conduits, wires and appurtenant equipment servicing the Building. The Common Areas, Building and Parking Structure are sometimes collectively referred to herein as the "Project". Landlord shall maintain and operate the Common Areas and the Parking Structure in a good and operable condition and in a condition consistent with the other public parking garages in the City, as applicable, with standard Building Hours of 8 a.m. to 6 p.m. Monday – Friday, excluding Holidays. Except when and where Tenant's right of access is limited by (i) an emergency, (ii) a requirement of applicable Laws, or (iii) Force Majeure (as defined in Section 34(p) below), Tenant shall have the right of access to

and use of the Premises, the Building, and the Parking Structure through the use of Building and Parking Structure access cards twenty-four (24) hours per day, seven (7) days per week during the Term, subject to Tenant's obligations to pay for after-hours HVAC (the current charge for which is set forth in Section 16(a) below).

(f) Landlord reserves the right from time to time to, so long as Landlord provides Tenant one (1) business day's prior written notice, which may be given by email (provided that such notice shall not be required in the event of an emergency and in the case of activities under clause (iv) below), written notice will be required only if the activities will adversely affect Tenant's access to or use of the Premises or Parking Structure or take place in the Premises or a portion thereof: (i) close temporarily any area adjacent to or near the Premises for maintenance purposes; (ii) use portions of the Premises and Common Areas in order to make necessary repairs or replacements to the Common Areas, the Building, or any portion thereof; (iii) install, use, maintain, repair and replace pipes, ducts, conduits, wires and appurtenant meters and equipment above the ceiling surfaces, below the floor surfaces, within the walls and in the central core areas, and to relocate any pipes, ducts, conduits, wires and appurtenant meters and equipment included in the Premises which are located in the Premises or located elsewhere outside the Premises; and (iv) do and perform such other acts and make such other changes in, to or with respect to the Building or any other adjacent or nearby area owned by Landlord as Landlord deems to be appropriate in the exercise of its good faith business judgment, so long as such changes do not change the nature of the Building to something other than a first class office building project or materially, adversely affect Tenant's use of the Premises for the Permitted Use, or Tenant's ingress to or egress from the Building, the Premises or the Parking Structure. Except during emergencies, Landlord shall use reasonable efforts to minimize interference with Tenant's access to and use of the Premises, Building and Parking Structure in connection with the exercise by Landlord of its rights under this Section 2(d) and to reasonably schedule any such work with Tenant (or do the work after normal Building hours) if the work would materially and adversely affect Tenant's use of or access to the Premises or Parking Structure or if the work is done in or from the Premises.

3. TERM; TENANT TERMINATION OPTION; RIGHT OF FIRST NEGOTIATION TO EXTEND TERM.

(a) The term of this Lease ("Term") shall commence on the date that is one hundred and eighty (180) days after Landlord's delivery of possession of the Premises to Tenant (the "Commencement Date"), subject to an extension on a day for day basis as a result of any Commencement Date Delays (as defined below), and shall continue for the period referenced in Section 1(d) above (the "Term"), subject to earlier termination in accordance with the terms of this Lease.

As used herein, the term "Commencement Date Delay" shall mean a Landlord Caused Delay (as defined below in this Section 3). As used herein, "Landlord Caused Delay" shall mean a delay described in Section 2(b) above, and actual delays in the completion of the Tenant Improvements to the extent resulting from: (i) except to the extent Landlord's approval is deemed granted pursuant to the terms of Exhibit "B-2", the failure of Landlord, in its proprietary capacity, to timely approve or disapprove any plans and specifications or change orders or any other items within time periods set forth in Exhibit "B-2" or in this Lease, as applicable,

(ii) material and unreasonable interference by Landlord, its agents or Landlord Parties with the substantial completion of the Tenant Improvements and which objectively preclude or delay the construction of general office use tenant improvements in the Building or any portion thereof, which interference relates to access by Tenant, or Tenant's contractor to the Building or any of the Building's facilities (including loading docks and freight elevators) or service and utilities (including temporary power and parking areas as provided herein) during normal construction hours, or the use thereof during normal construction hours (as described in the applicable building permit); (iii) a material breach by Landlord of a provision of Exhibit "B-2" of this Lease; and (iv) any delay in the funding of the Tenant Improvement Allowance by Landlord when required under the terms of Exhibit "B-2" following five (5) business days' written notice that such amount is past due; provided, however, that no Landlord Delay shall be deemed to have occurred under the preceding clauses (ii), (iii) or (iv) unless and until Tenant has provided written notice of such delay to Landlord and Landlord has failed to cure such delay within two (2) business days.

Within six (6) months following the Commencement Date, Landlord shall deliver to Tenant a Notice of Lease Term Dates in the form as set forth in Exhibit "E", attached hereto, as a confirmation only of the information set forth therein, which Tenant shall execute and return to Landlord within fifteen (15) business days of receipt thereof (provided that if said notice is not factually correct, then Tenant shall make such reasonable changes as are necessary to make the notice factually correct and shall thereafter execute and return such notice to Landlord within such fifteen (15) business day period). In the event Landlord shall fail to send Tenant the Notice of Lease Term Dates within six (6) months following the Commencement Date, Tenant may send to Landlord notice of the occurrence of the Commencement Date substantially in the form of the Notice of Lease Term Dates, which Notice of Lease Term Dates Landlord shall acknowledge by executing a copy of the Notice of Lease Term Dates and returning it to Tenant (provided that if said Notice of Lease Term Dates is not factually correct, Landlord shall make such reasonable changes to the Notice of Lease Term Dates as are necessary to make such Notice of Lease Term Dates factually correct). Once the Notice of Lease Term Dates is executed and delivered by Landlord and Tenant, the same shall be binding upon Landlord and Tenant.

(b) Tenant shall have the one-time right to terminate this Lease as of the end of the fifth (5th) year after the Commencement Date upon at least twelve (12) months' prior written notice to Landlord provided: (i) Tenant is not in default beyond applicable notice and cure periods as of the date of exercise of such termination right or the date on which this Lease is to terminate; and (ii) Tenant pays to Landlord on or prior to the last day of the fifth (5th) year of the Term, a sum equal to the unamortized portions of the \$34,659.80 per month of Monthly Rent abated for the first four months after the Commencement Date, broker commissions paid by Landlord in the amount of \$131,372.00 and the Tenant Improvement Allowance paid by Landlord, which shall be determined by amortizing such sums on a straight line basis over the initial Term of this Lease, without interest. Landlord agrees to deliver to Tenant Landlord's calculation of the termination fee within thirty (30) days after Tenant's written request.

(c) Tenant shall have the first right to negotiate an extension the Term of this Lease which right shall be exercisable by Tenant's delivery to Landlord of written notice (an "Extension Notice") irrevocably exercising the option no later than nine (9) months prior to

expiration of the initial Term; provided that Tenant may not exercise any such option when Tenant is in default under this Lease beyond applicable notice and cure periods.

Within fifteen (15) business days following Landlord's timely receipt of the Extension Notice for such extension term, Landlord shall notify Tenant in writing of the terms on which Landlord would be willing to extend the term of this Lease. If Tenant does not agree with such determination, then Tenant shall give written notice to Landlord thereof, specifying the terms with which it disagrees and proposing alternative terms, with an explanation thereof, within ten (10) days (or be deemed to have waived its right hereunder). If Tenant timely gives such a notice, then Landlord and Tenant shall then commence negotiations concerning an extension term. If Landlord's staff and Tenant fail to reach terms acceptable to Landlord's staff within ten (10) business days after Tenant gives its notice of determination to Landlord, then the Term shall not be extended.

4. RENT.

(a) Tenant agrees to pay Landlord the Monthly Rent designated in Section 1(e), in equal monthly installments in advance, on or before the first day of each and every calendar month during the Term. In the event the Term of this Lease commences on a day other than the first day of a calendar month or ends on a day other than the last day of a calendar month, then the rent (as hereinafter defined) for such periods shall be prorated on a daily basis in the proportion that the number of days this Lease is in effect during such period bears to the actual number of days in such month, and such rent shall be paid at the commencement of such period. In addition to the Monthly Rent, commencing on the Commencement Date, Tenant agrees to pay all other amounts required to be paid hereunder as and when they are due as hereinafter provided in this Lease. All charges to be paid by Tenant under this Lease shall constitute rent and are collectively referred to herein as "Rent". Rent shall be paid to Landlord, without any prior notice or demand therefor, except as otherwise expressly provided herein, and without any abatement, deduction or offset (except as otherwise expressly provided herein) in lawful money of the United States of America, which shall be legal tender at the time of payment, at 455 N. Rexford Drive, Cashier's Office, Beverly Hills, California 90210, or to such other person or at such other place as Landlord may from time to time designate in writing.

(b) Tenant acknowledges that the late payment by Tenant to Landlord of any sums due under this Lease will cause Landlord to incur costs not contemplated by this Lease, the exact amount of such costs being extremely difficult and impracticable to fix. Such costs include, without limitation, processing and accounting charges, and cash-flow/budgeting costs and adverse effects. Therefore, if Tenant fails to pay any Rent or other monies due hereunder within five (5) days after written notice that such amount is past due under this Lease for any reason, Tenant shall pay to Landlord, as Additional Rent, the sum of three percent (3%) of the overdue amount as a late charge. All past-due installments of Rent and other monies which may be owed from one party to the other hereunder shall also bear interest, the "Interest Rate" (as hereinafter defined), from thirty (30) days after the date due until paid. For purposes of this Lease, the "Interest Rate" shall mean two percent (2%) per annum plus the then prevailing per annum "prime rate" as most recently published in the Wall Street Journal (or the then "prime" rate as established by a comparable alternate source reasonably designated by Landlord in the event the Wall Street Journal ceases to publish a prevailing "prime" rate), provided that in no

event shall the Interest Rate exceed the maximum rate permitted by applicable Law. Landlord's acceptance of any late charge or interest and Tenant's acceptance of any interest shall not constitute a waiver of such default with respect to the overdue amount or prevent Landlord or Tenant from exercising any of the other rights and remedies available to them under this Lease, at law or in equity.

5. **SECURITY DEPOSIT.** Provided that an Event of Default by Tenant based on the failure by Tenant to pay sums due from Tenant to Landlord under the Lease does not exist as of the applicable anniversary of the Commencement Date hereinafter described, the letter of credit described in Section 1(g) may be amended or replaced by Tenant to reduce the amount thereof by \$34,659.80 on each anniversary of the Commencement Date; however, the \$34,659.80 cash deposit shall not be reduced.

If a security deposit is required under Section 1(g) above [or Section 22(b)(i) or 22(d) below], the Security Deposit shall be held by Landlord as security for the faithful performance by Tenant of all of the terms, covenants, and conditions of this Lease to be kept and performed by Tenant during the Term hereof. If an Event of Default by Tenant occurs, Landlord may (but shall not be required to) use, apply or retain all or any part of the Security Deposit (and draw on any letter of credit) for the payment of any Rent or any other sum in default, or for the payment of any other amount which Landlord may spend or become obligated to spend by reason of Tenant's default or to compensate Landlord for any loss or damage which Landlord may suffer by reason of Tenant's default. If any portion of the Security Deposit is so used or applied, Tenant shall, within ten (10) days after written demand therefor, deposit cash with Landlord in an amount sufficient to restore the Security Deposit to the then required amount. Landlord shall not be required to keep the Security Deposit separate from its general funds, and Tenant shall not be entitled to interest on such Security Deposit. **TENANT WAIVES ANY RIGHTS IT MAY HAVE UNDER SECTION 1950.7 OF THE CALIFORNIA CIVIL CODE WITH RESPECT TO THE SECURITY DEPOSIT.** Within forty-five (45) days following the expiration of the Term or earlier termination of this Lease and Tenant's vacation of the Premises, the Security Deposit (i.e., cash and/or letter of credit) or any unapplied balance thereof shall be returned to Tenant. If Landlord sells its interest in the Building during the Term hereof and deposits with the purchaser thereof the then-unapplied funds deposited by Tenant as aforesaid, then unless the letter of credit is assignable to the new owner by unilateral actions of Landlord, Tenant shall re-issue the letter of credit in the name of the new owner promptly after written request by Landlord. Landlord shall be discharged from any further liability with respect to such Security Deposit accruing after the date Landlord delivers such request and deposits any cash constituting the Security Deposit with such purchaser.

6. **POSSESSORY INTEREST TAXES.** Tenant acknowledges and agrees that for so long as the Building is owned by the City or any other public entity or government, including without limitation a municipal corporation, this Lease and Tenant's interest hereunder may constitute a possessory interest subject to property taxation and as a result Tenant may be subject to the payment of possessory interest taxes levied on that interest. Tenant shall pay such taxes to the levying authority.

7. **COMMON AREA EXPENSE/OPERATING EXPENSE CHARGES.**

(a) For the purposes of this Section 7, the following terms are defined as follows:

(i) "Base Operating Expenses" means the Operating Expenses for the calendar year 2013.

(ii) "Initial Operating Expense Payment Date" shall mean January 1, 2014.

(iii) "Operating Expenses" shall consist of all costs of operation, management, ownership, maintenance and repair of the Building (including Common Area plants and landscaping costs), all as determined in accordance with accepted principles of sound real estate management accounting practice, consistently applied. Notwithstanding anything to the contrary set forth in this Lease, for purposes of this Lease, Operating Expenses shall not, however, include the following:

(1) costs incurred in connection with the original construction of the Building or in connection with any major change in the Building, such as adding or deleting floors, and costs of the design and construction of tenant improvements to the Premises or the premises of any tenants or other occupants and the amount of any allowances or credits paid to or granted to tenants or other occupants for any such design or construction;

(2) depreciation, interest and principal payments on mortgages, bonds and other debt costs, if any, and any bad debt loss, rent loss, or reserves for bad debts or rent loss or any reserves of any kind

(3) marketing costs, legal fees, space planners' fees, advertising and promotional expenses, and brokerage fees incurred in connection with the original development, subsequent improvement, or original or future leasing of the Building;

(4) costs of any items to the extent Landlord receives reimbursement from insurance proceeds (such proceeds to be excluded from Operating Expenses in the year in which received) or from a third party;

(5) costs associated with the operation of Landlord, as the same are distinguished from the costs of operation of the Building, including accounting, IT, supervision support, legal matters, costs of defending any lawsuits with any mortgagee (except as the actions of the Tenant may be in issue), costs of selling, syndicating, financing, mortgaging or hypothecating any of the Landlord's interest in the Building, and costs incurred in connection

with any disputes between Landlord and its employees, between Landlord and Building management, or between Landlord and other tenants or occupants;

(6) the wages and benefits of any employee who does not devote substantially all of his or her employed time to the Building unless such wages and benefits are prorated to reflect time spent on operating and managing the Building vis-à-vis time spent on matters unrelated to operating and managing the Building; provided, that in no event shall Operating Expenses for purposes of this Lease include wages and/or benefits attributable to personnel above the level of Real Estate & Property Manager, above the level of chief engineer or above the level of Facilities Manager (and prorated wages and benefits of the Building manager, chief engineer and maintenance supervisor may be included in Operating Expenses);

(7) late charges, penalties, liquidated damages, and interest or amount paid as ground rental or as rental for the Building by the Landlord;

(8) costs, including permit, license and inspection costs, incurred with respect to the installation of tenant improvements made for new tenants or other occupants in the Building or incurred in renovating or otherwise improving, decorating, painting or redecorating vacant space for tenants or other occupants of the Building;

(9) costs of capital repairs and alterations, capital improvements and equipment and other capital expenses or expenditures, except for those that reduce Operating Expenses (in which case they shall be amortized on a straight line basis over their useful life);

(10) any compensation paid to clerks, attendants or other persons in commercial concessions operated by or on behalf of the Landlord;

(11) rentals and other related expenses incurred in leasing air conditioning systems, elevators or other equipment (i) which are not commercially reasonable either as to type or amount, and (ii) which if purchased the cost of which would be excluded from Operating Expenses as a capital cost, except equipment not affixed to the Building which is used in providing janitorial or similar services and, further excepting from this exclusion such equipment rented or leased to remedy or ameliorate an emergency condition in the Building (such as equipment leased to alleviate an interruption in utilities, including HVAC);

(12) all items and services for which Tenant or any other tenant in the Building is obligated to reimburse Landlord, or which Landlord provides selectively to one or more tenants (other than Tenant) without reimbursement;

(13) electric power costs for which any tenant directly contracts with a public service company;

(14) costs, other than those incurred in ordinary maintenance and repair, for sculpture, paintings, fountains or other objects of art;

(15) rent for any office space occupied by Building management personnel;

(16) Landlord's general corporate overhead and general and administrative expenses;

(17) costs incurred to comply with applicable Laws with respect to any Hazardous Material (including, without limitation, with respect to the monitoring, testing and reporting relating thereto) either (i) located on or below the surface of the Building, (ii) for asbestos or (iii) located in the Building;

(18) costs arising from Landlord's charitable or political contributions;

(19) any above Building standard cleaning, including, but not limited to construction cleanup or special cleanings associated with parties/events, the cost of any training or incentive programs, other than for tenant life safety information services, and programs offered to all tenants of the Building, settlements, judgments or awards paid or incurred because of disputes between Landlord and Tenant, Landlord and other tenants or prospective occupants or prospective tenants/occupants or providers of goods and services to the Building, and legal fees and costs concerning the negotiation and preparation of this Lease or any litigation between Landlord and Tenant;

(20) any reserves retained by Landlord;

(21) costs for extra or after-hours HVAC, utilities or services which are provided to Tenant and or any occupant of the Building and as to which either (x) Tenant is separately charged, or (y) the same is not offered or made available to Tenant at no charge;

(22) costs of any insurance deductibles or premiums with respect to insurance obtained or required to be obtained by Landlord with respect to events clearly caused by tenants or their officers, employees, contractors, or agents (to the extent costs are required to be paid by the applicable tenant pursuant to its lease);

(23) any fee imposed in connection with the management of the building;

(24) costs arising from the negligence, illegal acts or willful misconduct of Landlord or the Landlord Parties;

(25) in the event any facilities, services or utilities used in connection with the Building are provided from another building owned or operated by Landlord or vice versa, the costs incurred by Landlord in connection therewith shall be allocated to Operating Expenses by Landlord on a reasonably equitable basis;

(26) advertising and promotional expenses and costs of signs in or on the Building identifying the owner of the Building (except for costs for maintaining Building directories) or other tenants' signs, any entertainment, dining or travel expenses for any purpose, the costs of any flowers, gifts, balloons, etc. provided to any prospective tenants, costs reimbursed to Landlord under any warranty carried by Landlord for the Building, which

warranties Landlord shall use commercially reasonable efforts to enforce, and costs of magazine and newspaper subscriptions;

(27) any “validated” parking for any entity;

(28) costs of any “tap fees” or any sewer or water connection fees for the benefit of any particular tenant in the Building;

(29) costs of operating, maintaining and/or repairing the Parking Structure, including without limitation, employee salaries or third party operator costs; and

(30) the cost of any janitorial, utilities or trash service supplied to any restaurant tenant of the Building;

(31) leasing commissions, attorneys’ fees, cost and disbursements and other expenses incurred in connection with leasing, renovating or improving vacant space in the Project for tenants or prospective tenants of the Project;

(32) costs (including permit, license and inspection fees) incurred in renovating or otherwise improving or decorating, painting or redecorating space for tenants other than tenant or vacant space or space in the Building which would normally be occupied by tenants;

(33) repairs, replacements or other work occasioned by fire, windstorm or other work paid for through insurance or condemnation proceeds (excluding any deductible; however, Landlord may recover costs incurred by Landlord that are subject to the deductible from Tenant to the extent Tenant or its agents, employees or contractors caused the damage; Landlord may include the deductible in Operating Costs to the extent it is not otherwise reimbursed);

(34) marketing costs, including leasing commissions incurred in connection with the negotiation and preparation costs of letters, deal memos, letters of intent, leases, subleases and/or assignments, space planning costs.

If the Building is not at least ninety-five percent (95%) occupied during all or a portion of the applicable year for Base Operating Expenses or any comparison year, Landlord shall make an appropriate adjustment to the variable components of Operating Expenses for such year by employing sound real estate accounting and management principles, consistently applied, to determine the amount of Operating Expenses that would have been incurred had the Building been ninety-five percent (95%) occupied in that year; and the amount so determined shall be deemed to have been the amount of Operating Expenses for such year. Landlord shall (i) not make a profit by charging items to Operating Expenses that are otherwise also charged separately to others, and (ii) Landlord shall not collect Operating Expenses from Tenant and all other tenants/occupants in the Building in an amount in excess of what Landlord incurred for the items included in Operating Expenses. Any refunds or discounts actually received by Landlord for any category of Operating Expenses shall reduce Operating Expenses in the applicable year (pertaining to such category of Operating Expenses). If a new category of Operating Expenses (including a new type of insurance) is incurred that is not included in the

Base Operating Expenses, including without limitation, the cost of any service or maintenance contracts and the cost of any repair, but specifically excluding (i) any cost imposed by any new Laws or changes in Laws, or (ii) any generally applicable lender requirements not specific to the Building, then the change in the first full year's Operating Expenses for such item shall be added to the Base Operating Expenses commencing with the first full calendar year that such Operating Expenses is incurred, so that Tenant shall only be required to pay subsequent increases in such Operating Expenses. In no event shall Landlord be entitled to a reimbursement from Tenant for Operating Expenses in excess of 100% of the cost actually paid or incurred in any applicable calendar year.

(iv) As used herein, the term "Tax Expenses" shall include any form of assessment, license fee, license tax, business license fee, transit tax or fee, commercial rental tax, levy, charge, penalty (other than tax penalties, interest or late charges incurred as a result of Landlord's (or Landlord's agents', contractors' or employees') negligence, inability or unwillingness to make payments when due) tax or similar imposition, imposed by any authority having the direct power to tax, including any city, county, state or federal government, or any school, agricultural, lighting, drainage, transportation or other improvement or special assessment district thereof, as against any legal or equitable interest of Landlord in the Building and the Premises, or any portion thereof, including, but not limited to, the following:

(1) any tax on Landlord's right to rent or right to other income from the Premises or as against Landlord's business of leasing the Premises;

(2) any assessment, tax, fee, levy or charge in substitution, partially or totally, of any assessments, taxes, fees, levies and charges that may be imposed by governmental agencies for such services as fire protection, street, sidewalk and road maintenance, refuse removal and for other governmental services formerly provided without charge to property owners or occupants. It is the intention of Tenant and Landlord that all such new and increased assessments, taxes, fees, levies and charges be included within the definition of Tax Expenses for the purposes of this Lease;

(3) any assessment, tax, fee, levy or charge allocable to or measured by the area of the Premises or the rent payable hereunder, including, without limitation, any gross receipts tax or excise tax levied by the state, city or federal government, or any political subdivision thereof, with respect to the receipt of such Rent, or upon or with respect to the possession, leasing, operating, management, maintenance, alteration, repair, use or occupancy by Tenant of the Premises, or any portion thereof; and

(4) any assessment or tax upon this transaction or any document to which Tenant is a party creating or transferring an interest or an estate in the Premises (excluding possessory interest taxes, which are payable by Tenant directly to the taxing authority).

Notwithstanding any provision of this Section 7 express or implied to the contrary: (A) Tax Expenses shall not include (I) Landlord's federal or state net income, gift taxes, capital stock taxes, excess profits taxes, franchise, inheritance or estate taxes and other taxes to the extent applicable to Landlord's general or net income (as opposed to rents, receipts or income

attributable to operations at the Building), (II) tax penalties, interest or late charges incurred as a result of Landlord's (or Landlord's agents', contractors' or employees') negligence, inability or unwillingness to make payments when due; (III) special assessments or special taxes initiated by Landlord as a means of financing improvements to the Building; (IV) any items paid by Tenant under Section 6 of this Lease; and (V) any amounts charged directly to Tenant or other tenants, including pursuant to Sections 6 or 9; and (B) there shall be no duplication of items included in Tax Expenses and items included in Operating Expenses. If the Building is no longer owned by a Governmental Entity (defined in paragraph (c) below) at any time during the Term and Tenant is obligated to pay to Landlord Tenant's Share of Tax Expenses as provided in Section 7(d) below, then Tenant shall have such rights to reasonably contest the validity or amount of Tax Expenses as are permitted by applicable Laws, at Tenant's sole cost, and Landlord shall reasonably cooperate with Tenant in connection therewith (at no cost to Landlord), provided that no such contest shall in any manner limit Tenant's obligation to pay Tenant's Share of Tax Expenses as and when required under this Lease. Refunds of Tax Expenses shall be credited against Tax Expenses and refunded to Tenant regardless of when received, based on the year to which the refund is applicable. All special assessments which may be paid in installments shall be paid by Landlord in the maximum number of installments permitted by law and not included in Tax Expenses except in the year in which the assessment is actually paid. Notwithstanding anything to the contrary contained herein, Tenant shall not be required to pay any increase in Tax Expenses resulting from any sale, refinancing or change in ownership in the Building occurring at any time during the Term (except that the foregoing shall not be construed to eliminate or reduce Tenant's obligation under Section 7(d) below to pay Tenant's Share of the amount by which Tax Expenses in any property tax year after the property tax year in which the current Landlord sells the Building to a non-government entity exceeds Tax Expenses for the tax year in which the current Landlord sells the Building to a non-governmental entity, annualized to reflect taxes and assessments for a full tax year at the rate in effect after the reassessment following the sale or change of ownership to the non-governmental entity).

(b) Commencing on the Initial Operating Expense Payment Date, Tenant shall pay to Landlord as additional rent, in equal monthly installments, in advance, on or before the first (1st) day of each month commencing January 1, 2014, without prior demand and without offset, abatement or deduction, except as otherwise specifically set forth herein, an amount per month reasonably estimated by Landlord in good faith on a category by category basis (the "Monthly Operating Expense Payment") for Tenant's Share of Operating Expenses that exceed the Base Operating Expenses (and if applicable under Section 7(e) below, also Tenant's Share of estimated Tax Expenses) subject to the limitation on increases in Controllable Operating Expenses that is set forth in Section 7(c) below. Landlord shall use good faith efforts to notify Tenant in writing by December 1, 2012 of Landlord's estimate of Tenant's Share of Operating Expenses for 2013 in excess of the Base Operating Expenses. On the first anniversary of the Initial Operating Expense Payment Date, and on each subsequent anniversary of the Initial Operating Expense Payment Date during the Term of the Lease (each such anniversary shall be referred to herein as an "Adjustment Date"), the Monthly Operating Expense Payment (and Tax Expense payment if applicable) payable during the twelve (12) months commencing upon and following such Adjustment Date shall be revised as needed to reflect Landlord's reasonable estimate of Tenant's Share of Operating Costs for that twelve (12) month period that exceed the Base Operating Expenses (and if applicable under Section 7(e) below, also Tenant's Share of estimated Tax Expenses). Landlord will use reasonable efforts to notify Tenant of the revised

estimate on or before the date that is thirty (30) days prior to the applicable Adjustment Date, but if such notice is not given, Tenant shall continue to make payments in the amounts previously estimated until Landlord gives Tenant such notice.

(c) As soon as reasonably practicable after the anniversary of the Initial Operating Expense Payment Date, and each subsequent anniversary of the Initial Operating Expense Payment Date, which Landlord shall use reasonable efforts to perform by April 1 of each year, Landlord shall furnish Tenant a statement on a category-by-category basis with respect to the preceding year, showing actual Operating Expenses (and if applicable under Section 7(e) below, actual Tax Expenses) owed by Tenant for that year in excess of the Base Operating Expenses, and the total payments made by Tenant with respect thereto. Notwithstanding anything to the contrary contained herein, Tenant shall not be responsible for Tenant's Share of any Operating Expenses or Tax Expenses attributable to any year which are first billed to Tenant more than two (2) calendar years after the earlier of the expiration of the applicable year or the expiration or earlier termination of the Term, provided that in any event Tenant shall be responsible for Tenant's Share of Operating Expenses or Tax Expenses levied by any governmental authority or by any public utility companies at any time following the expiration or earlier termination of the Term which are attributable to any year (provided that Landlord delivers Tenant a bill for such amounts within two (2) years following Landlord's receipt of the bill therefor). Unless Tenant raises any objections to Landlord's statement within ninety (90) days after it is given to Tenant, such statement shall conclusively be deemed correct and Tenant shall have no right thereafter to dispute such statement or any item therein or the computation of Tenant's share thereof. Additionally, if following Tenant's delivery to Landlord of a written request for a Tenant review, Landlord fails to make its accounting records for the applicable year reasonably available for such purpose, then the review period shall be extended one (1) day for each day that Tenant and/or Tenant's auditor, as the case may be, is so prevented from accessing such accounting records. In no event shall the payment by Tenant of any Operating Expenses or Tax Expenses, or any amount on account thereof, preclude Tenant from exercising its rights under this Section 7(c). If Tenant does object to such statement, Landlord shall provide Tenant's accountant (who must be a duly licensed CPA) with access to back-up books and records for the figures shown on the statement for Tenant's review. In connection with the foregoing review, Landlord shall make available to Tenant such reasonable supporting documentation relating to the subject statement as Tenant may reasonably request and Landlord will provide Tenant with reasonable space for such Tenant review and reasonable use of such available office equipment, but may charge Tenant for telephone calls and photocopies at Landlord's actual cost. If after such audit, Tenant still objects to Landlord's statement, the parties shall negotiate in good faith to resolve any disputes. In the event that following Tenant's review, Tenant and Landlord continue to dispute the amounts shown on Landlord's statement and Landlord and Tenant are unable to resolve such dispute, then either Landlord or Tenant may submit the matter to judicial resolution and the proper amount of the disputed items shown on such statement shall be determined by such judicial resolution. If the resolution of the parties' dispute with regard to the Additional Rent shown on the statement reveals an error in the calculation of Tenant's Share of Operating Expenses or Tax Expenses to be paid for such year, the parties' sole remedy shall be for the parties to make appropriate payments or reimbursements, as the case may be, to each other as are determined to be owing, plus interest at the Interest Rate from the date originally paid or owed. Any such payments shall be made within thirty (30) days following the resolution of such dispute. At Tenant's election, Tenant may treat any

overpayments resulting from the foregoing resolution of such parties' dispute as a credit against Rent until such amounts are otherwise paid by Landlord. Tenant shall be responsible for all costs and expenses associated with Tenant's review, and Tenant shall be responsible for all reasonable audit fees of Tenant, as well as attorney's fees and related costs of Tenant (collectively, the "Costs"), provided that if the parties' final resolution of the dispute involves the overstatement by Landlord of Operating Expenses or Tax Expenses for such year in excess of five percent (5%), then Landlord shall be responsible for all Costs. This provision shall survive the termination of this Lease to allow the parties to enforce their respective rights hereunder. Any amounts due Landlord or Tenant shall be paid at the time and in the manner set forth below. Any objection of Tenant to Landlord's statement and resolution of any dispute shall not postpone the time for the payment of any amounts due Tenant or Landlord based on Landlord's statement, nor shall any failure of Landlord to deliver Landlord's statement in a timely manner relieve Tenant of Tenant's obligation to pay any amounts due Landlord based on Landlord's statement except as specifically provided above (provided that in the event that such failure continues for a period of six (6) months following receipt of notice from Tenant, Tenant may elect to seek specific performance).

If Tenant's Share, as finally determined for a calendar year, exceeds the total payments made by Tenant on account thereof, Tenant shall pay Landlord the deficiency within thirty (30) days after Landlord's delivery to Tenant of Landlord's statement. If Tenant shall have overpaid, then Tenant's excess payments shall be credited toward the Rent next due from Tenant under this Lease, provided that if such overpayment exceeds one month's rent or is determined after the last month of the Lease, Landlord shall refund the amount that is more than the next month's rent payable by Tenant within thirty (30) days after Landlord's delivery to Tenant of Landlord's statement. For any partial calendar year at the end of the Term, Additional Rent shall be prorated on the basis of a 365-day year by computing Tenant's Share for the entire year and then prorating such amount for the number of days during such year included in the Term. Notwithstanding the termination of this Lease, Landlord shall pay to Tenant or Tenant shall pay to Landlord, as the case may be, within thirty (30) days after Landlord delivers to Tenant a final statement for the calendar year in which this Lease terminates, the difference between Tenant's Share for that year, as finally determined by Landlord, and the total amount previously paid by Tenant on account thereof.

(d) Notwithstanding anything contained in this Lease to the contrary, Tenant acknowledges and agrees that for so long as Landlord's interest in the Building is owned by the City or by any other public entity or government, including without limitation a municipal corporation (collectively, a "Governmental Entity"), this Lease and Tenant's interest hereunder may constitute a possessory interest subject to property taxation and as a result Tenant may be subject to the payment of real estate taxes levied on that interest (in which event, Tenant shall pay such taxes prior to the date due, or, if such taxes are not separately assessed, then in accordance with the further provisions of this Article). Tenant shall pay such taxes to the levying authority. Tenant may attempt to have the assessed valuation of the such possessory interest reduced or may initiate proceedings to contest such taxes levied against Tenant's possessory interest, provided that: (i) any such contest shall not delay or defer Tenant's obligation to pay any taxes or perform any of its other obligations in accordance with the provisions of this Lease, and (ii) prior to contesting such taxes, Tenant shall advise Landlord thereof in writing of such contest and the basis for the contest. Landlord shall, at no cost to

Landlord, reasonably cooperate with Tenant's efforts under this subparagraph (e) and, if required by law, Landlord shall (at no cost to Landlord) join in the proceedings brought by Tenant.

(e) In the event the current Landlord sells the Building (or there is otherwise a change in ownership) to a non-governmental entity, then for so long as the Building is owned by a non-governmental entity, Tenant shall pay to the non-governmental Landlord Tenant's Share of the amount by which Tax Expenses in any property tax year exceed the Tax Expenses for the property tax year in which the reassessment due to transfer occurs (annualized to reflect a full property tax year of Tax Expenses at the tax rate in effect after the reassessment following the sale or change of ownership to the non-governmental entity). Notwithstanding anything else herein to the contrary, unless Landlord may pay any assessment included in Tax Expenses at a discount (in which case Landlord may elect to make such payment at such discount), Landlord agrees that if any such assessment can be paid by Landlord in installments, such assessment shall be paid in the maximum number of installments permitted by Governmental Rules and shall not be included as Tax Expenses except in the year in which the assessment installment is actually paid.

8. USE; RESTRICTIONS ON DELIVERIES; HAZARDOUS MATERIALS.

(a) Tenant shall use the Premises for the use set forth in Section 1(h) above subject to the limitations hereinafter set forth. Tenant shall use and occupy the Premises in compliance with all applicable federal, state and local laws, codes, rules, ordinances, statutes and other requirements (collectively, "Laws") (which Laws shall include, without limitation, the Americans with Disabilities Act, applicable fire-life safety codes of the City of Beverly Hills, and governmental requirements imposed in connection with the development or occupancy of the Building, including, without limitation, participation in any mandatory transportation management programs and compliance with any applicable air quality/trip reduction requirements), and shall, upon written notice from Landlord, discontinue any use of the Premises which is declared by any governmental authority having jurisdiction to be a violation of applicable Laws. Tenant shall make any and all alterations or improvements to the Premises required to comply with applicable Laws (including new Laws and changes in Laws but not existing Laws if any violation of such existing Laws exists as of the date of this Lease, which violation(s) shall be remedied by Landlord at Landlord's sole cost and expense), except that Tenant shall not be required to make structural or capital alterations or improvements to the Premises (including systems serving the Premises and structural portions of the Building surrounding or supporting the Premises) required to comply with applicable Laws unless such compliance is necessitated by the Tenant Improvements, Tenant Alterations, or particular non-general office use of the Premises, and (subject to the foregoing exception) all such alterations and improvements shall be made by Landlord at its sole cost subject to the terms of Section 7 above. Tenant shall comply with all Laws and all requirements of any insurance authority having jurisdiction over the Building or any present or future insurer relating to the Premises or the Building. Tenant shall promptly, within thirty (30) days after demand, reimburse Landlord for any additional premium charged for any existing insurance policy or endorsement required by reason of Tenant's failure to use the Premises for the Permitted Use and to comply with the provisions of this Section. Notwithstanding anything to the contrary set forth herein, Tenant shall not incur any expenses for the curing of any violations of Laws in or at the Premises, the Building or the Project, which violations exist as of the Delivery Date, subject to the following.

Nothing herein shall require Tenant to perform any alterations, additions or improvements which are necessary to comply with Laws with respect to the Common Areas, and nothing herein shall require Tenant to perform any alterations, additions or improvements to the Building Systems or Building structure **unless** such compliance relates to the Building Systems or Building structure in or serving the Premises and such compliance arises out of or is related to improvements made by or on behalf of Tenant in the Premises (including the Tenant Improvements) or Tenant's use and occupancy of the Premises for purposes other than general office use. Except as provided in the preceding sentence: (A) Landlord will, at Landlord's expense, perform all acts required to comply with such Laws with respect to the foregoing as the same affect the Building and the Common Areas, Building structure and Building systems to the extent necessary to allow Tenant to use and occupy the Premises; and (B) to the extent necessary to allow Tenant to use and occupy the Premises for office use. Landlord, at Landlord's expense, shall be responsible for complying with all Laws, including the Americans with Disabilities Act, with respect to (i) the Common Areas (including any common area corridors) and shall make all repairs, additions, alterations or improvements necessary to comply with Laws, (ii) Building and/or Project-wide required alterations or improvements or modifications of the Building Structure or Building Systems, and (iii) all Building systems and/or equipment not exclusively serving the Premises. Tenant shall not knowingly do or permit anything to be done in or about the Premises which will in any manner obstruct or interfere with the rights of other tenants of Landlord, or injure them, or use or allow the Premises to be used for any unlawful purpose, nor shall Tenant cause, maintain or permit any nuisance in, on or about the Premises. Tenant shall not commit or suffer to be committed any waste in or upon the Premises. Tenant shall not place a load upon the Premises exceeding the average pounds of live load per square foot of floor area (which is 80 pounds per useable square foot) without Landlord's prior written consent (in Landlord's sole and absolute discretion), and Landlord reserves the right to reasonably prescribe the weight and positions of all safes, files and heavy equipment which Tenant desires to place in the Premises so as to distribute properly the weight thereof.

(b) All deliveries (exclusive of United Parcel Service, U.S. Postal Service, Federal Express or other similar overnight or express courier services and food deliveries), loading, unloading and services to the Premises shall be conducted using the designated loading area, and shall not be permitted by any other route or means. Tenant shall use diligent and commercially reasonable efforts (which may require changing delivery service providers) to ensure that its delivery service(s) do not block, interfere with or restrict the use of any public street, right of way or alley providing access to the Building or Parking Structure.

(c) Except for supplies typically used in business offices in the ordinary course of business, such as ink and office cleaning products, for use in the manner for which they were designed and in accordance with applicable Laws, in such amounts as may be normal for the business operations conducted by Tenant in the Premises, neither Tenant nor any subtenant nor any of their respective employees, agents, representatives, contractors, licensees or invitees, shall use, handle, store or dispose of any Hazardous Materials in, on, under or about the Premises or Building. In the event of a breach of the covenant contained in the immediately preceding sentence, or in the event Hazardous Materials are released or otherwise caused to be located in, on, under or about the Premises or Building by Tenant, any of its subtenants, or any of their respective employees, agents, representatives, contractors, licensees or invitees, Tenant shall be solely responsible for and shall indemnify, defend and hold Landlord harmless from and against

any and all claims, judgments, damages, penalties, fines, costs, liabilities and losses (including, without limitation, diminution in valuation of the Premises or Building, and sums paid in settlement of claims and for reasonable attorneys' fees, consultant fees and expert fees) which arise during or after the Term to the extent as a result of any contamination directly or indirectly arising from the activities of Tenant or Tenant's subtenants, agents, contractors, employees, licensees or invitees which are the basis for such breach. This indemnification of Landlord by Tenant includes, without limitation, costs incurred in connection with any investigation of site conditions or any clean-up, remedial, removal or restoration work. Tenant shall promptly take all actions, at its sole cost and expense, as are necessary to return the Premises and/or Building to the condition existing prior to the introduction of any such Hazardous Materials, provided Landlord's approval of such actions shall first be obtained and Tenant shall reasonably cooperate in connection with any such clean-up, restoration or other work, at Tenant's sole cost and expense. Furthermore, Tenant shall promptly notify Landlord of any inquiry, test, investigation or enforcement proceeding by or against Tenant concerning the presence of any Hazardous Materials in the Premises, Building or Project. Tenant acknowledges that Landlord, at Landlord's election, shall have the sole right, at Tenant's expense, to negotiate, defend, approve and appeal any action taken or order issued by any governmental authority with regard to any Hazardous Materials contamination which Tenant is obligated hereunder to remediate. The covenants of Tenant under this Section shall survive the expiration of the Term or earlier termination of this Lease. Tenant shall have no obligation hereunder, including to investigate or remediate, with respect to any Hazardous Materials located in or as part of the Building (including the Premises) or in any areas located outside the Premises that were not placed thereon or therein, by Tenant or any of Tenant's subtenants, agents, contractors, employees, licensees or invitees. Landlord hereby represents and warrants to Tenant that, to Landlord's actual knowledge, Landlord has not received any notices from any governmental authorities identifying the presence of any Hazardous Material in, under or about the Building or the land on which the Building is located. Landlord further covenants that during the Term, Landlord shall not cause any Hazardous Materials to be introduced in, on or under the Building by Landlord, its agents, employees or contractors in violation of applicable Laws in effect at the time of such introduction. In addition, Operating Expenses shall not include the cost of remediation of any Hazardous Materials. In the event Hazardous Materials are released or otherwise caused to be located in, on, under or about the Premises or Building by Landlord, any of its subtenants, or any of their respective employees, agents, representatives, contractors, licensees or invitees, or to the extent that such Hazardous Materials exist in or under the Building or Parking Structure prior to the Commencement Date, Landlord shall be solely responsible for and shall indemnify, defend and hold Tenant harmless from and against any and all claims, judgments, damages, penalties, fines, costs, liabilities and losses (including, without limitation, sums paid in settlement of claims and for reasonable attorneys' fees, consultant fees and expert fees) which arise during or after the Term to the extent as a result of any contamination directly or indirectly arising from the activities of Landlord or Landlord's agents', contractors', employees', licensees or invitees, which are the basis for such breach. This indemnification of Tenant by Landlord includes, without limitation, costs incurred in connection with any investigation of site conditions or any clean-up, remedial, removal or restoration work. Tenant shall reasonably cooperate in connection with any clean-up, restoration or other work. Furthermore, Landlord shall promptly notify Tenant of any inquiry, test, investigation or enforcement proceeding by or against Landlord or the Premises concerning the presence of any Hazardous Materials introduced by

Landlord or Landlord's agents, contractors, employees, licensees or invitees, which may have a detrimental effect on Tenant, the Premises or the occupants of the Premises.

For purposes hereof, "costs of remediation" shall mean the costs associated with the investigation, testing, monitoring, containment, removal, remediation, cleanup and/or abatement of any release of any such Hazardous Materials described in the immediately preceding sentence as necessary to comply with any applicable Laws.

As used in this Lease, "Hazardous Materials" shall mean asbestos, petroleum fuel, natural gas or any fraction thereof, and any hazardous or toxic substance, material or waste which is or becomes regulated by any local governmental authority, the State of California or the United States Government, including, but not limited to, any material or substance defined as a "hazardous waste," "extremely hazardous waste," "restricted hazardous waste," "hazardous substance," "hazardous material" or "toxic pollutant" under state or federal Laws including, without limitation, the California Health and Safety Code and/or under the Comprehensive Environmental Response, Compensation and Liability Act, 42. U.S.C. §9601, et seq.

9. **TAXES ON TENANT'S PERSONAL PROPERTY.** Tenant shall be liable for and shall pay, before delinquency, all taxes levied against any personal property and/or trade fixtures placed by Tenant in or about the Premises. If any such taxes on Tenant's personal property or trade fixtures are levied against Landlord or Landlord's property or if the assessed value of the Premises or the Building is increased by Tenant's construction of any Alterations inclusion therein of a value placed upon such personal property or trade fixtures, Tenant shall pay the amount thereof as invoiced to Tenant by Landlord within thirty (30) days following Landlord's delivery of such invoice together with reasonable evidence of such allocation.

10. **CONDITION OF PREMISES.** Tenant acknowledges that (i) neither Landlord nor any employee, representative or agent of Landlord has made any representation or warranty (express or implied) with respect to the Premises or any other portion of the Building or the Parking Structure, and (ii) except for any express maintenance and repair obligations of Landlord set forth elsewhere in this Lease, Landlord shall have no obligation to improve or alter the Premises or the Building or the Parking Structure for the benefit of Tenant.

11. **INITIAL TENANT IMPROVEMENTS.** Tenant shall perform the Tenant Improvements, as provided in Exhibit B-2 attached hereto. The Tenant Improvements shall conform to the plans and specifications that, pursuant to the provisions of this Lease and Exhibit B-2, shall have been approved by Landlord in accordance with Exhibit B-2 prior to commencement thereof. The construction of the initial Tenant Improvements shall be governed by Exhibit B-2 to this Lease.

12. **ALTERATIONS; ROOF ANTENNAE/DISH.**

(a) After the initial Tenant Improvements are completed, Tenant shall not make or allow to be made any alterations, additions or other improvements (collectively, any "Alterations") of, in or to the Premises during the Term without obtaining Landlord's prior written consent (which consent shall not be unreasonably withheld or conditioned and shall be granted or denied within thirty (30) days); except, however, that Tenant may make interior, non-

structural Alterations to the Premises costing less than Fifty Thousand Dollars (\$50,000.00) per calendar year in the aggregate for all works of improvement which do not: (i) require the demolition of any Landlord Work, (ii) affect the roof of the Building, any structural portion of the Building or the mechanical or utility systems of the Building, or (iii) affect the exterior appearance of the Building, or (iv) which would necessitate increasing the level of Building services or utilities supplies to the Premises, without Landlord's prior consent provided that Tenant gives Landlord at least thirty (30) days' prior written notice describing the Alterations in reasonable detail and including comprehensive plans and specifications for any material alterations or improvements, as applicable. Landlord's consent shall not be required for any Alteration that satisfies all of the following criteria (each, a "Cosmetic Alteration"): (a) the Alteration is of a cosmetic nature such as painting, wallpapering, hanging pictures and installing carpeting, movable partition, computers and audio-visual equipment; (b) the Alteration is not visible from the exterior of the Premises or Building; and (c) the Alteration will not affect the Building Systems. Tenant shall also have the right without prior notice at any time to install phone, computer, internet wi-fi, and telecommunications lines and cabling that are located entirely within the Premises. Any request for consent to Alterations requiring consent shall be accompanied by three (3) complete sets of plans and specifications for the proposed Alterations suitable for submission to Landlord's architect for evaluation and a statement of the identity of the contractor who will perform such Alterations. If Landlord's consent is required for any Alterations, Tenant shall pay all reasonable out-of-pocket costs incurred by Landlord in the evaluation, as applicable, of the plans and specifications, including, but not limited to, Landlord's general contractor's, architects' and engineers' fees. In addition, as a condition to Landlord's granting of its consent to any Alterations, Landlord shall have the right to approve the architect, contractors, subcontractors designing or performing such Alterations, which approval shall not be unreasonably delayed, withheld or conditioned and shall be granted or denied within ten (10) business days (provided that in any event Building standard subcontractors shall be used for work affecting structural portions, or base building mechanical and fire and life safety systems and utility systems so long as such subcontractors are competitively priced and reasonably available), and Landlord shall have the right to require that Tenant furnish assurances reasonably satisfactory to Landlord that all contractors and subcontractors who will perform such work have in force workers' compensation insurance as required by Law and such other employer's and comprehensive general liability insurance in accordance with the standards set forth in Section 19(a) (but with a liability limit of not less than Two Million Dollars (\$2,000,000.00) for contractors and One Million Dollars (\$1,000,000.00) for subcontractors). All Alterations to be performed by Tenant in the Premises, including the delivery, storage and removal of materials, shall be reasonably scheduled through Landlord, and shall be performed in accordance with any reasonable non-discriminatory conditions or regulations imposed by Landlord. All Alterations to be performed by Tenant requiring the consent of Landlord, or affecting in any way the common areas of the Building, the premises of other tenants or other tenants of the Building shall be subject to Landlord's reasonable supervision and inspection (at no additional cost to Tenant, except for reasonable out-of-pocket costs for third party consultants). All Alterations (whether or not Landlord's consent is required therefor) shall be completed in a good and workmanlike manner and in accordance with all applicable Laws. All Alterations requiring Landlord's consent shall be completed in accordance with the approved plans and specifications therefor. Promptly following the completion of any Alterations where the preparation of "as-built" plans would be customary for the particular

Alterations performed, Tenant shall deliver to Landlord both a “hard” copy and a copy on CAD diskette of the “as-built” plans and specifications (including all working drawings) for such Alterations. Promptly following the completion of any Alterations for which any governmental permit, approval or sign-off is required under applicable Laws, Tenant shall deliver to Landlord a copy of signed-off permits, inspection cards or other documentation evidencing governmental approval of completion of the work. Promptly following the completion of any Alterations requiring Landlord’s consent, Tenant shall cause to be recorded in the Office of the County Recorder of the County of Los Angeles a Notice of Completion in accordance with Section 3093 of the California Civil Code or any successor statute with respect to the work, and deliver a copy thereof to Landlord. In the event Tenant fails to so record the Notice of Completion as required pursuant to this Section 12(a), then such failure shall not, in and of itself, constitute a default hereunder but Tenant shall indemnify, defend, protect and hold harmless Landlord and the Landlord Parties from any and all loss, cost, damage, expense and liability (including, without limitation, court costs and reasonable attorneys’ fees) in connection with such failure by Tenant to so record the Notice of Completion as required hereunder. Any inspection by Landlord of such Alterations shall in no event constitute Landlord’s approval of the work so performed, nor shall Landlord be responsible for or have any liability with respect to such inspections.

(b) The initial Tenant Improvements made by Tenant pursuant to this Lease and all Alterations shall be the sole property of Landlord and shall not be removed by Tenant from the Premises; provided, however that Landlord may elect to require that Tenant remove initial Tenant Improvements and Alterations that are not typical office improvements at the expiration or earlier termination of the Term by written notice to Tenant at the time Landlord consents to the plans for the Tenant Improvements or Alterations (or in the event no such consent is required, then reasonably promptly after Landlord’s receipt of written notice from Tenant of such Alterations). If Landlord requires Tenant to remove any Tenant Improvements or Alterations as provided above, then, Tenant, at its sole cost and expense, shall remove them on or before the expiration of the Term or promptly after any earlier termination of this Lease and repair any damage to the Premises caused by such removal and Landlord shall have the right to reasonably approve the manner, plans, specifications and workmanship of all such removal and repair, however, such approval shall not be unreasonably withheld or conditioned and shall be granted or denied within fifteen (15) business days.

(c) Notwithstanding the foregoing Section 12(b) or any other provision of this Lease, all articles of personal property and all business and trade fixtures (which are susceptible of removal without material damage to the Premises and which are not permanently affixed to the Premises), machinery, equipment, furniture and removable partitions that were not paid for with the Tenant Improvement Allowance and that were owned by Tenant or installed by Tenant at its expense in the Premises shall be and remain the sole property of Tenant and may be removed by Tenant at any time during the Term of this Lease and shall be removed by Tenant prior to the expiration of the Term or earlier termination of this Lease, provided that Tenant shall at its sole expense repair any damage caused by such removal. If Tenant shall fail to remove all of its property from the Premises upon the expiration of the Term or earlier termination of this Lease for any cause whatsoever, Landlord may, at its option, either treat such property as being conveyed to Landlord in which case the same shall automatically and without further action be deemed to be the sole property of Landlord, or remove the same in any reasonable manner that Landlord shall choose, and store or dispose of said property without liability to Tenant for loss

thereof, and Tenant agrees to pay to Landlord upon demand any and all expenses incurred in such removal, storage or disposal, including court costs, reasonable attorneys' fees and storage charges, for any length of time that the same shall be in Landlord's possession. In the alternative, Landlord may, at its option, sell said property, or any of the same, in such manner as Landlord determines to be appropriate in Landlord's good faith business judgment, for such prices as Landlord may obtain and apply the proceeds of such sale to any amounts due under this Lease from Tenant to Landlord and to the expense incident to the removal and sale of such property. Tenant waives the benefit of any statutory provisions governing the treatment by a landlord of a tenant's personal property left in leased premises following the expiration of the Lease, in the event Tenant fails to remove all of its property from the Premises upon the expiration of the Term or earlier termination of this Lease, the parties hereby agreeing that the provisions of this Lease constitute the express agreement of the parties with respect thereto and are intended to govern such situation.

(d) Tenant may, at its sole cost and expense (and not with proceeds of the Tenant Improvement Allowance), install on the roof of the Building an antenna or satellite dish for use by Tenant at the Premises subject to Landlord's approval of the size, method of installation and location thereof and compliance with all of the terms of this Section 12, which approval shall not be unreasonably withheld, conditioned or delayed. Tenant shall maintain the same as provided in Section 13. Notwithstanding the foregoing, any such installations shall be installed/affixed/shielded in a manner that the same will be reasonably shielded from view from outside the Building and shall be removed by Tenant at Tenant's expense prior to the expiration (or promptly after any earlier termination) of this Lease, and Tenant shall restore the affected areas to their condition prior to the installations. The foregoing obligations shall survive the expiration and any earlier termination of this Lease.

13. MAINTENANCE AND REPAIRS.

(a) By Tenant. Except as provided in Section 13(b), Tenant shall keep, maintain and preserve the interior non-structural portions of the Premises and the Tenant Improvements and Alterations thereon in a good condition and repair, and shall, as and when needed, at Tenant's sole cost and expense, make all repairs to the interior non-structural portions of the Premises and all personal property, trade fixtures and equipment within the Premises. Subject to the provisions of Section 12(c) above, upon the expiration of the Term or sooner termination of this Lease, Tenant shall surrender the Premises to Landlord in the same condition as when received, as subsequently improved by the Tenant Improvements and Alterations, except ordinary and reasonable wear and tear and casualty (except that the foregoing shall not relieve Tenant of responsibility or liability for uninsured casualty caused by Tenant or its contractors, employees, agents or invitees) and condemnation and repairs that are Landlord's responsibility under this Lease. Except as otherwise provided in this Lease, there shall be no abatement of Rent and no liability of Landlord by reason of any injury to or interference with Tenant's business arising from any maintenance, repairs, alterations or improvements made or required to be made by Tenant. Tenant waives the right to make repairs at Landlord's expense under any law, statute or ordinance now or hereafter in effect (including, without limitation, Sections 1941 and 1942 of the California Civil Code).

(b) By Landlord. Landlord shall keep, maintain and preserve in good condition and repair, the structural portions of the Building, including the foundation, decks/balconies, floor/ceiling slabs, roof, curtain wall, exterior glass and mullions, columns, beams, shafts (including elevator shafts), stairs, parking areas, stairwells (excluding internal stairwells), elevator cabs, plazas, pavement, sidewalks, curbs, entrances, landscaping, art work, sculptures, men's and women's public washrooms, Building mechanical, electrical and telephone closets (excluding wires and equipment installed by Tenant), and all common and public areas (collectively, "Building Structure") and the base building mechanical, electrical, life safety, plumbing, sprinkler systems and HVAC systems and other building systems and equipment which were not constructed by, and are not for the exclusive use of, Tenant or Tenant Parties (collectively, the "Building Systems"). Notwithstanding anything in this Lease to the contrary, Tenant shall be required to repair the Building Structure and/or the Building systems to the extent required because of (i) Tenant's use of the Premises for other than normal and customary business office operations, or (ii) the negligence or willful misconduct of Tenant or the Tenant Parties, unless and to the extent such damage is covered by insurance carried or required to be carried by Landlord pursuant to Section 19(b) and to which the waiver of subrogation is applicable.

14. **LIENS.** Tenant shall not permit any mechanics', materialmen's or other liens to be filed against the Building nor against Tenant's leasehold interest in the Premises on account of any work performed by or on behalf of Tenant or its employees, agents, invitees or contractors. Landlord shall have the right at all times necessary or advisable under applicable law to post and keep posted on the Premises any notices which it deems necessary for protection from such liens. If any such liens are filed and are not discharged by Tenant (by bonding or otherwise) within thirty (30) days following receipt of notice thereof from Landlord, Landlord may, without waiving its rights and remedies based on such breach by Tenant and without releasing Tenant from any of its obligations, cause such liens to be released by any means it shall deem proper, including payment in satisfaction of the claim giving rise to such liens. Tenant shall pay to Landlord at once, as additional rent, upon notice by Landlord, any sums paid by Landlord to remove such liens.

15. **ENTRY BY LANDLORD.** Landlord and its employees, agents, representatives, consultants and/or contractors, upon prior notice to Tenant, but in no event less than two (2) business days (except in an emergency, in which event no notice is required), delivered to Tenant at the Premises or communicated to Tenant's office manager by email (unless and until written notice of a change is given to Landlord) shall have the right from time to time to enter the Premises to inspect the same, to supply any service to be provided by Landlord to Tenant hereunder, and/or to alter, improve or repair the Building or in order to show the Premises to prospective purchasers or encumbrancers or to prospective tenants, during the last six (6) months of the Term. Landlord may make all such entries without being deemed guilty of any eviction of Tenant and without abatement of Rent, and may, in order to carry out such purposes, erect scaffolding and other necessary structures where required by the character of the work to be performed. Landlord shall use reasonable efforts to minimize any interference with the operation of Tenant's business from the Premises resulting from any such entry and to perform such entry in as expeditious a manner as possible (except in the event of an emergency). Tenant hereby waives any claim for damages for any injury or inconvenience to or interference with Tenant's business, any loss of occupancy or quiet enjoyment of the Premises, and any other loss in, upon

and about the Premises or the Building as a result of any permitted entry. Landlord shall at all times have and retain a key with which to unlock all doors to and in the Premises, excluding Tenant's vaults and safes, if any. Tenant shall have the right to install its own security system in the Premises, provided that installation of such system shall comply with all applicable Laws and shall be subject to all of the provisions of Section 12 of this Lease pertaining to Alterations. In the event of an emergency, Landlord shall have the right to use any and all means which Landlord may deem proper to open said doors in order to obtain entry to the Premises' provided, however, that Landlord shall, subject to Section 17 of this Lease and to the extent that such damage is not covered by insurance required to be carried by Tenant under this Lease or caused by any governmental agencies, repair any damage to the Premises caused by any such emergency entry into the Premises by Landlord. Any entry to the Premises obtained by Landlord by any of said means, or otherwise, shall not be construed or deemed to be a forcible or unlawful entry into the Premises, or an eviction of Tenant from the Premises or any portion thereof. It is understood and agreed that no provision of this Lease shall be construed as obligating Landlord to perform any alterations, improvements or decorations, except as otherwise expressly agreed in writing by Landlord.

16. HVAC; UTILITIES AND SERVICES.

(a) Subject to Force Majeure, Landlord shall provide heating, ventilation and air conditioning when necessary for normal comfort for normal office use in the Premises in accordance with the design standards set forth in Exhibit B-1 from 8:00 A.M. to 6:00 P.M. Monday through Friday, except for New Year's Day, Independence Day, Labor Day, Memorial Day, Thanksgiving Day, Christmas Day and, at Landlord's discretion, Martin Luther King Day ("Holidays"). Tenant shall have the right to program after-hours HVAC on Saturdays from 9:00 a.m. to 1:00 p.m. pursuant to DDC controls provided as a part of the Tenant Improvements and at Tenant's sole cost and expense (or as part of Tenant's improvement allowance). Tenant shall reimburse Landlord, as additional rent, for Landlord's actual costs (with no mark-ups or fees) for any other after-hours HVAC requested by Tenant or any of Tenant's employees, members, contractors, or agents, as demanded in writing from Landlord from time to time, within thirty (30) days after each such written demand. As used herein, the "actual cost" shall mean the actual cost incurred by Landlord without, however, any charge for profit, overhead or administration, which actual cost shall initially not exceed \$45.00 per hour, per zone, and such amount shall only increase by any actual increases in Landlord's actual cost (without mark-ups or fees) following the date of this Lease. Amounts payable by Tenant to Landlord for such use of additional utilities shall be deemed Additional Rent hereunder.

(b) Subject to Force Majeure, Landlord shall provide hot and cold city water twenty-four (24) hours per day, seven (7) days per week, for drinking, lavatory and toilet purposes in the Common Areas and for typical office kitchens (if included in the Premises), from the Building outlets designed for that purpose. Landlord shall provide for hot and cold water (capped and valved) and related waste and vent stub outs at the core on each floor of the Premises. Landlord shall provide adequate plumbing fixtures in the public restrooms in compliance with applicable law.

(c) Subject to Force Majeure, Landlord shall provide janitorial services to the Premises five (5) days per week (including restroom supplies) and window washing services in a manner consistent with Exhibit G attached hereto.

(d) Subject to Force Majeure, Landlord shall provide nonexclusive, non-attended automatic passenger elevator service twenty-four (24) hours per day, seven (7) days per week. Landlord will from time to time upon reasonable prior written notice schedule the use of one elevator by Tenant for move-in/move-out purposes and shall install temporary moving pads and protective temporary flooring in that elevator for such purpose.

(e) Subject to Force Majeure, Landlord shall provide reasonable access control services for the Building seven (7) days per week, twenty-four (24) hours per day. Notwithstanding the foregoing, Landlord shall in no case be liable for personal injury or property damage for any error with regard to the admission to or exclusion from the Building of any person. Tenant may, at its own expense, install its own security system ("Tenant's Security System") in the Premises; provided, however, that Tenant shall coordinate the installation and operation of Tenant's Security System with Landlord to assure that Tenant's Security System is compatible with Landlord's access system and Building systems. Tenant shall be solely responsible, at Tenant's sole cost and expense, for the installation, monitoring, operation and removal of Tenant's Security System. Tenant's Security System shall be installed by Tenant in accordance with terms of Section 12 (and the requirement that Landlord approve the plans and specifications therefor) or Exhibit B-2, as applicable.

(f) Access to the elevators and after-hours Building access shall be accomplished by the use of access cards provided by Landlord to Tenant and Tenant shall pay to Landlord, as additional rent, the actual cost to Landlord for all access cards. Tenant shall also be responsible for the cost of all replacement cards issued to Tenant (not to exceed the prevailing charge imposed by Landlord on its office tenants for such replacement costs).

(g) Subject to Force Majeure, Landlord shall provide electrical current twenty-four (24) hours per day, seven (7) days per week, through the electrical wiring and facilities for connection to Tenant's lighting fixtures and incidental use equipment, in accordance with the design standards set forth in Exhibit "B-1". Tenant acknowledges that Landlord contracts for electricity and does not create or supply electricity directly. Tenant shall bear the cost of replacement of lamps, starters and ballasts for non-Building standard lighting fixtures within the Premises; replacements of lamps, starters and ballasts for standard lighting fixtures shall be included in Operating Expenses. Tenant agrees not to connect any apparatus or device with wires, conduits or pipes, or other means by which utilities are supplied, for the purpose of using amounts of such services in excess of the capacity within the Premises. Landlord shall cooperate with Tenant to provide Tenant with such additional electrical capacity as Tenant requires for the Premises, provided that Tenant shall be responsible for the direct costs of such additional electricity and for all out-of-pocket costs actually incurred by Landlord to the extent the same are directly related to providing such additional power to the Premises.

(h) Regardless of the entity which supplies any of the utility services, Landlord shall not be liable for any failure or interruption of any utility or service. Except as otherwise provided herein, no failure or interruption of any utility or service shall entitle Tenant

to terminate this Lease or discontinue making payments of Rent payable by Tenant under this Lease; provided, however, that Landlord shall use commercially reasonable efforts to restore such service to the extent the restoration of the same is not the obligation of Tenant, the utility company or other third party.

(i) Landlord shall provide Tenant with appropriate contact information that Tenant may contact in the event of an emergency at the Premises or Building twenty-four (24) hours per day, seven (7) days per week (whether or not during Building Hours).

(j) Tenant shall have the right, at its sole cost and expense, to install supplemental HVAC systems within the Premises for the purpose of providing supplemental air-conditioning to the Premises (the "Tenant HVAC System") in accordance with the terms of Section 12 below, Exhibit B-2 and this Section 16(k), as applicable. All aspects of the Tenant HVAC System shall be subject to Landlord's prior written approval, which approval shall not be unreasonably withheld, conditioned or delayed. If required for such purpose, Tenant may connect into the Building's chilled water system. If Tenant connects into the Building's chilled water system pursuant to the terms of the foregoing sentence, then Tenant shall install, at Tenant's expense, a meter or sub meter (in the meter room) to measure Tenant's use of chilled water, and Tenant shall reimburse Landlord for Tenant's use of chilled water at the actual cost therefor (without markup). In connection with the foregoing, Tenant shall, at Tenant's sole cost and expense, separately meter the electricity utilized by the Tenant HVAC System, and Tenant shall promptly reimburse Landlord for the actual cost therefor. Tenant shall leave the Tenant HVAC System in the Premises and surrender the same to Landlord upon the expiration or earlier termination of this Lease, and Tenant shall thereafter have no further rights with respect thereto. Tenant shall be solely responsible, at Tenant's sole cost and expense, for the monitoring, operation, maintenance, repair, and replacement of the Tenant HVAC System. Any reimbursements owing by Tenant to Landlord pursuant to this Section 16(j) shall be payable by Tenant within thirty (30) days of Tenant's receipt of an invoice therefor and reasonable backup documentation.

(k) Subject to Tenant's compliance with all applicable Laws, Tenant shall be permitted, at its sole cost and expense, to contract with any telecommunications and/or internet provider(s) of its choice to provide telecommunications and/or internet service to the Premises. Landlord shall provide non-exclusive access to Tenant's pro-rata share of the Building's existing risers as shown on the Building Plans which extend from the Building's MPOE to the telephone and electrical closets serving the Premises so that the third-party provider may install reasonable cabling (including fiber optic cabling) and equipment necessary to provide such telecommunications and/or internet service from the electrical and telephone closets to the Premises.

17. INDEMNIFICATION.

(a) Subject to Section 19(b), Tenant shall indemnify, defend and hold Landlord harmless from and against, any and all claims, damages, judgments, suits, causes of action, losses, liabilities, penalties, fines, expenses and costs, including, without limitation, reasonable attorneys' fees and expense, (collectively, "Claims"), to the extent arising or resulting from: (i) the acts or negligent omissions of Tenant, its subtenants and/or assignees and their

respective agents, employees, representatives, licensees, contractors and/or invitees (collectively, the "Tenant Parties") in, the Premises; and (ii) any default by Tenant of any obligations on Tenant's part to be performed under the terms of this Lease, provided that the terms of the foregoing indemnity shall not apply to the negligence or willful misconduct of Landlord or the Landlord Parties in connection with the Landlord Parties' activities in the Building (except for damage to the Tenant Improvements, Alterations, and/or Tenant's personal property, fixtures, furniture and equipment in the Premises, to the extent Tenant is required to obtain the requisite insurance coverage pursuant to this Lease for any such Tenant Improvements, Alterations or personal property, fixtures, furniture or equipment).

(b) Landlord hereby agrees to indemnify, defend and hold harmless Tenant and the other Tenant Parties from and against any and all claims, damages, losses, liabilities, costs and expenses (including without limitation reasonable attorneys' fees and disbursements and court costs) of any kind or nature arising from or related to: (i) any breach or default by Landlord in the performance or observance of its covenants or obligations under this Lease; or (iii) the willful misconduct or negligent acts or omissions of Landlord or its contractors, employees and representatives.

(c) Notwithstanding anything in this Lease to the contrary Landlord shall not be liable for any lost income or profits suffered by Tenant arising out of Landlord's breach of this Lease or the acts or omissions of Landlord or any of the Landlord Parties in connection with this Lease or with respect to the Project.

(d) The provisions of this Section 17 shall survive the expiration or earlier termination of this Lease.

18. **DAMAGE TO TENANT'S PROPERTY; WAIVER.** Because Tenant is required to insure all of its Tenant Improvements and Alterations and its furniture, fixtures and equipment and because of the requirements to provide waivers of subrogation, Landlord or its agents and employees shall not be liable for (a) loss or damage to any property by theft or otherwise, or (b) any injury or damage to person or property resulting from fire, explosion, falling plaster, steam, gas, electricity, water or rain which may leak from any part of the Building or from pipes, appliances or plumbing work therein or from the roof, street, sub-surface or from any other place or resulting from dampness or any other cause whatsoever, except to the extent (i) resulting from the negligence or willful misconduct of Landlord or its contractors, agents, servants or employees ("Landlord Parties") or breach of this Lease by Landlord, (ii) not covered by the insurance maintained by Tenant (or which would not have been so covered if Tenant had maintained the insurance required to be maintained by Tenant pursuant to this Lease), and (iii) resulting from injury to persons to the extent caused by the negligence or willful misconduct of the Landlord Parties. Landlord or its agents shall not be liable for interference with light, air or other similar intangibles provided Landlord agrees not to place any signs or super-graphics over Tenant's windows. Tenant shall give prompt notice to Landlord in case of fire or accidents in the Premises or the Building.

19. **INSURANCE.**

(a) Tenant shall, during the Term hereof, at its sole cost and expense, keep in full force and effect the following insurance:

(i) With the exception of flood or earthquake coverage, All Risk property insurance (including a vandalism and malicious mischief endorsement and sprinkler leakage coverage) upon all of the Tenant Improvements and Alterations, if any, and all of Tenant's personal property, trade fixtures, furniture and equipment in the Premises, in an amount not less than one hundred percent (100%) of the full replacement cost thereof.

(ii) Commercial general liability insurance coverage, including personal injury, bodily injury, broad form property damage, Premises operations hazard, contractual liability (covering the indemnity contained in Section 17, excluding willful misconduct and intentional acts of the insured to the extent not typically covered by a standard CGL policy), and products and completed operations liability, with a combined single limit of not less than Three Million Dollars (\$3,000,000.00). Such insurance shall name Tenant as named insured thereunder and shall name Landlord as additional insured thereunder, shall contain a cross liability endorsement (which may exclude willful misconduct and intentional acts of the insured to the extent not typically covered by a standard CGL policy), and shall be primary and non-contributing with respect to any insurance maintained by Landlord. Such liability insurance shall insure Tenant and each additional insured for (1) the actions of Tenant and/or any of Tenant's employees, agents, representatives, contractors and/or invitees, (2) Alterations to, and occurrences in, the Premises, and (3) the use or operation of the Premises. Landlord shall have the right, from time to time, to require an increase in such liability insurance limit once every three (3) years.

(iii) Workers' Compensation Insurance coverage in form and amounts as required by applicable Law. Employer's Liability Insurance shall be maintained on the

Commencement Date, in an amount not less than \$1,000,000 per occurrence and in the aggregate.

(iv) Any other form or forms of insurance as Landlord reasonably may require in good faith from time to time (but not more than once every three years).

The minimum limits of insurance set forth in this Section are not intended to limit the liability of Tenant under this Lease. All policies of insurance maintained by Tenant under this Section, shall be taken out with insurance companies holding a General Policyholders Rating of "A-" and a Financial Rating of "VIII" or better, as set forth in the most current issue of Best's Insurance Reports. As soon as practicable after the placing of the required insurance, but prior to the date Tenant takes possession of all or any part of the Premises, Tenant shall deliver to Landlord certificates evidencing the existence of the amounts and forms of coverage required hereunder. Tenant shall reasonably endeavor to include in the policies a requirement that no such policy shall be cancelable or reducible in coverage below amounts required hereunder except after at least thirty (30) days' prior written notice to Landlord (or, if 30 days is not obtainable, then such lesser time as is reasonably obtainable from the insurer). Tenant shall, within five (5) days after the expiration of such policies, furnish Landlord with certificates of renewals or binders thereof; provided that if Tenant fails to furnish the same, Landlord may, after ten (10) days prior written notice to Tenant, obtain such insurance and Tenant shall reimburse Landlord for the cost thereof within thirty (30) days after written demand. Tenant may satisfy its insurance obligations under this Lease by blanket, umbrella and/or, as to liability coverage in excess of One Million Dollars (\$1,000,000), excess liability coverage, so long as the coverage afforded under the applicable policy is not reduced or diminished as a result thereof.

(b) Landlord and Tenant intend that their respective property loss risks shall be borne by their respective insurance carriers to the extent above provided, and Landlord and Tenant hereby agree to look solely to, and seek recovery only from, their respective insurance carriers in the event of a property loss to the extent that such coverage is agreed to be provided hereunder. The parties each hereby waive all rights and claims against each other for such losses, and waive all rights of subrogation of their respective insurers, provided such waiver of subrogation shall not affect the right to the insured to recover thereunder. The parties agree that their respective insurance policies are now, or shall be, endorsed such that the waiver of subrogation shall not affect the right of the insured to recover thereunder, so long as no material additional premium is charged therefor. If either party fails to carry the amounts and types of insurance required to be carried by it pursuant to this Section 19, in addition to any remedies the other party may have under this Lease, such failure shall be deemed to be a covenant and agreement by such party to self-insure with respect to the type and amount of insurance which such party so failed to carry, with full waiver of subrogation with respect thereto (provided that nothing contained herein shall be construed as granting Tenant the right to self insure the obligations set forth in this Section 19).

(c) Unless Landlord elects to self-insure (in which event Landlord shall be deemed to have self-insured with no deductibles and with a full waiver of subrogation), Landlord shall, at all times from and after delivery of the Premises to Tenant maintain in effect a policy or policies of insurance covering the Premises and the Building to provide protection against any and all perils generally included within the "All Risk" classification, together with insurance

against sprinkler damage, vandalism and malicious mischief, and, if available or if deemed necessary by Landlord, with a boiler and machinery endorsement, for full replacement of the Project in compliance with all then existing applicable Laws and with one (1) year of rental loss insurance. Unless Landlord elects to self-insure (in which event Landlord shall be deemed to have self-insured with no deductibles and with a full waiver of subrogation), Landlord shall also maintain commercial general liability insurance for personal injury, bodily injury, property damage, automobile, Building operations hazard and contractual liability in the amount of at least \$5,000,000.00. Landlord's insurance may be brought within the coverage of any blanket policy or policies of insurance carried and maintained by Landlord or may increase from time to time if Landlord shall deem same necessary for adequate protection, so long as the coverage afforded under the applicable policy is not reduced or diminished as a result thereof. No insurable interest is conferred upon Tenant under any policies of insurance carried by Landlord, and Tenant shall not be entitled to share or receive proceeds of any insurance policy carried by Landlord.

20. DAMAGE OR DESTRUCTION.

(a) If the Premises or the Building shall be damaged or destroyed by fire or other casualty so as to render all or a portion of the Premises untenable, and the damage or destruction was not caused by the gross negligence or willful misconduct of Tenant or its contractors, employees, officers, members or agents, then, for so long as Tenant is not occupying the untenable portion of the Premises and the portion remains untenable, Tenant shall be entitled to an abatement of Tenant's obligation for payment of Rent on a proportionate basis including, in the event that Tenant performs any necessary repairs (including during a commercially reasonable period of build-out time for tenant improvements and a weekend to move in). In the event of damage to the Parking Structure, parking fees shall be abated to the extent Tenant's parking spaces cannot be used, and Landlord shall use reasonable efforts to give or obtain comparable parking rights for Tenant in Landlord's Civic Center garage (or other parking facilities within walking distance from the Premises (to which service may be provided by Tenant's shuttle) and any such parking shall be provided at no greater charge than the charge for the parking spaces in the Parking Structure (or Landlord will reimburse the difference).

(b) In the event of the total destruction or material damage to the Premises and/or Building (i.e., "material" meaning that the extent of the damage is such that it will take more than one (1) year from the date of the casualty to restore the Premises and Building) and the destruction or damage was not caused by the gross negligence or willful misconduct of Landlord or Landlord's agents or employees, then Landlord shall have the right to elect to terminate this Lease by written notice to Tenant delivered within sixty (60) days following the occurrence of the casualty. The proceeds from any insurance paid by reason of damage to or destruction insured by Landlord, shall belong to and be paid to Landlord. Except for abatement of Rent, Tenant shall not be entitled to any compensation or damages from Landlord or Landlord's insurance provider for loss in the use of the whole or any part of the Premises and/or any inconvenience or annoyance by such damage, repair, reconstruction or restoration. Unless Landlord or Tenant elects to terminate this Lease as herein provided, Landlord shall use reasonable diligence to repair any casualty to the Premises, Common Areas and Building to substantially the same condition of the Premises, Building and the Common Areas prior to the casualty, except for modifications required by zoning and building codes and other applicable

Laws or any other modifications to the Common Areas deemed reasonably desirable by Landlord, which are consistent with the character of the Building, provided that access to the Premises, the Parking Structure and any common restrooms serving the Premises shall not be materially impaired, subject to delays and adjustment of insurance proceeds, excluding any damage to Tenant Improvements, Alterations, furniture, furnishings, equipment, trade fixtures or other personal property that does not belong to Landlord, all of which shall be repaired or replaced forthwith by Tenant at its own expense.

(c) In the event of material damage to the Premises and/or Building, Landlord shall deliver written notice to Tenant within sixty (60) days following such casualty damage or occurrence setting forth Landlord's good faith estimate of the time required for completion of repair and/or restoration of the Building, and if such estimated time exceeds one (1) year from the occurrence of the casualty, Tenant may terminate this Lease by written notice to Landlord within thirty (30) days following Tenant's receipt of such notice. Furthermore, if neither Landlord nor Tenant has terminated this Lease, and the repairs are not actually completed within one (1) year following the occurrence of the casualty, Tenant shall have the right to terminate this Lease prior to the completion of such repairs by notice to Landlord. At any time, from time to time, after the date occurring sixty (60) days after the date of the damage, Tenant may request that Landlord provide Tenant with a certificate from the architect or contractor described above setting forth such architect's or contractor's reasonable opinion of the date of completion of the repairs and Landlord shall respond to such request within fifteen (15) business days.

(d) In the event of any damage or destruction of all or any part of the Premises to the extent Landlord does not have actual knowledge of same, Tenant agrees to immediately notify Landlord thereof.

(e) Notwithstanding anything to the contrary contained herein, if the Building is wholly destroyed, or is partially damaged within the final twenty-four (24) months of the then-remaining Term of this Lease (as the same may theretofore have been extended pursuant to this Lease), and if as a result of partial damage Tenant is, or reasonably will be, denied access or use of a material portion of the Premises for the conduct of its business operations for a period of ninety (90) consecutive days (or such shorter period as is then remaining in the Term), then provided the damage was not caused by the gross negligence or willful misconduct of Tenant or Tenant's agents, employees or contractors, Tenant may, by giving written notice no later than sixty (60) days after the occurrence of such damage or destruction, elect to terminate this Lease.

(f) If Landlord has the right to terminate this Lease pursuant to this Section 20, Landlord agrees to exercise such right in a nondiscriminatory fashion among all office tenants in the Building.

(g) Landlord and Tenant hereby waive the provisions of any statutes (including, without limitation, Sections 1932(2) and 1933(4) of the California Civil Code) or court decisions which provide a party to a lease with a right to abatement of rent or termination of the Lease when leased property is damaged or destroyed and agree that such event shall be exclusively governed by the terms of this Lease.

21. **EMINENT DOMAIN.**

(a) If any material portion of the Premises or Building shall be taken for any public or quasi-public purpose by any lawful power or authority by exercise of the right of appropriation, condemnation or eminent domain, or sold to prevent such taking to such an extent as to render untenable the entirety of the Premises or such a material portion of the Premises that Tenant's operation from the remainder of the Premises is not reasonably practicable, either party shall have the right to terminate this Lease effective as of the date possession is required to be surrendered to said authority by written notice to the other party by the effective date of such taking. Except in the event of a condemnation by Landlord, Tenant shall not assert any claim against Landlord or the taking authority for any compensation because of such taking, other than a claim for any separate award attributable to the value of any personal property or trade fixtures of Tenant that were not paid for with the Tenant Improvement Allowance and which are taken, a separate award for costs of Tenant's relocation and moving expenses, and a separate award for Tenant's lost profits or good will (but not the value of Tenant's leasehold interest) and Tenant hereby assigns to Landlord all of Tenant's interest in, and Landlord shall be entitled to receive, the entire amount of any other award. If Landlord or a related entity claiming by or through Landlord is the condemning party, Tenant shall be entitled to make any and all claims available to Tenant for losses suffered as a result of such condemnation, including without limitation, a claim for one hundred percent (100%) of the "bonus value" of the leasehold estate. If neither Tenant nor Landlord so elects to terminate, Landlord shall, to the extent of proceeds received, commence to restore the Premises and Building to substantially their same condition prior to such partial taking, and a proportionate abatement of Rent shall be made for the time during which Tenant is deprived of use on account of such taking and restoration (including, in the event that Tenant performs any repairs, abatement during a commercially reasonable period of build-out time and a weekend to move-in).

(b) In the event of a taking of the Premises or any part thereof for temporary use, (i) this Lease shall be and remain unaffected thereby and Rent shall not abate, and (ii) Tenant shall be entitled to receive for itself such portion or portions of any award made for such use with respect to the period of the taking which is within the Term, provided that if such taking shall remain in force at the expiration of the Term or earlier termination of this Lease, Tenant shall then pay to Landlord a sum equal to the reasonable cost of performing Tenant's obligations under Section 12(c) with respect to surrender of the Premises and upon such payment shall be excused from such obligations.

(c) If any of the Parking Structure is taken such that Tenant cannot use the parking spaces allocated to Tenant, then the parking charges for the spaces not useable shall end, and Landlord shall use reasonable efforts to give or obtain comparable parking rights for Tenant in Landlord's other parking facilities (or other parking facilities) within a reasonable distance from the Premises (to which service may be provided by Tenant's shuttle) and any such parking shall be provided at no greater charge than the charge for the parking spaces in the Parking Structure (or Landlord will reimburse the difference).

(d) Landlord and Tenant hereby waive the provisions of any statutes (including, without limitation, Section 1265.130 of the California Code of Civil Procedure) or court decisions which provide a party to a lease with a right to abatement of rent or termination

of the Lease when leased property is condemned or taken and agree that such event shall be exclusively governed by the terms of this Lease.

22. ASSIGNMENT AND SUBLETTING.

(a) Except in connection with an assignment or sublease to a “Permitted Transferee” (as hereinafter defined) or as otherwise set forth herein, Tenant shall not voluntarily assign its interest in this Lease (an “assignment”) or sublease or permit occupancy by third parties of the Premises, without first obtaining Landlord’s prior written consent, which shall not be unreasonably withheld, delayed or conditioned (but Tenant acknowledges that Landlord’s consent must be given at a City Council meeting, the agenda for which must be finalized in accordance with applicable law). Tenant shall not under any circumstances mortgage, pledge or otherwise encumber this Lease or the Premises. Except as otherwise expressly provided herein, any assignment, sublease or encumbrance without Landlord’s prior written consent shall be voidable at Landlord’s election. Except as otherwise set forth herein, any transfer of fifty percent (50%) or more of Tenant’s ownership interests in one or more transfers shall constitute a voluntary assignment and shall be subject to the provisions of this Section 22. Notwithstanding anything to the contrary contained in this Lease, the transfer of outstanding capital stock or other listed equity interests, or the purchase of outstanding capital stock or other listed equity interests, or the purchase of equity interests issued in an initial public offering of stock, by persons or parties other than “insiders” within the meaning of the Securities Exchange Act of 1934, as amended, through the “over-the-counter” market or any recognized national or international securities exchange shall not be included in determining whether control has been transferred.

(b) Tenant hereby stipulates and agrees that all of the following conditions are reasonable conditions to Landlord’s consent to any subletting or assignment:

(i) If the assignee or subtenant has a net worth less than the net worth of Tenant as of the date of the assignment or sublease, Tenant provides an additional security deposit of one month’s Monthly Rent which shall be governed by Section 5 above.

(ii) The proposed subtenant or assignee is a governmental agency or unit (a) which is that of a foreign country, (b) which is of a character or reputation, is engaged in a business, or is of, or is associated with, a political orientation or faction, which is inconsistent with the quality of the Building, or which would otherwise reasonably offend a landlord of a comparable building located in the vicinity of the Building, (c) which is capable of exercising the power of eminent domain or condemnation, or (d) which would significantly increase the human traffic in, or the security threat to, the Premises and/or the Building.

(iii) Landlord has sufficient space available for lease in the Building at market rates to accommodate the proposed subtenant or assignee in the Building and such space is comparable to the portion of the Premises that Tenant desires to sublease or assign.

(c) No consent to an assignment or sublease shall constitute a waiver of any of the provisions of this Section 22 as to any other or further assignment or sublease. In the event Landlord’s consent is required, Tenant shall notify Landlord in writing of Tenant’s intent to assign this Lease or sublease the Premises, the name of the proposed assignee or subtenant,

information concerning the financial responsibility of the proposed assignee or subtenant and the economic and other material terms of the proposed assignment or subletting, and Landlord shall, in its reasonable discretion, after receipt of such written notice and the financial responsibility information and such other information as may be reasonably requested by Landlord concerning the proposed assignee or subtenant, elect one of the following: (i) consent to such proposed assignment or sublease; or (ii) refuse such consent.

(d) Any assignee of Tenant's interest in this Lease (whether or not under an assignment requiring Landlord's consent) hereby agrees that (and at Landlord's option, if Landlord's consent is required for such assignment pursuant to this Lease, it shall be a condition to such assignment that Landlord receive an instrument executed by such assignee and expressly enforceable by Landlord agreeing that) such assignee assumes and agrees to be bound by all of the terms and provisions of this Lease and to perform all of the obligations of Tenant hereunder. Any subtenant of all or any portion of the Premises hereby agrees that (and, at Landlord's option, it shall be a condition to such sublease that Landlord receive an instrument executed by such subtenant agreeing that) such sublease is subject and subordinate to this Lease and to all mortgages or deeds of trust; that Landlord may enforce the provisions of the sublease, including (following the occurrence of any default by Tenant under this Lease which is not cured within any applicable period for cure pursuant to Section 24 below) collection of rent; that in the event of termination of this Lease for any reason, including, without limitation, a voluntary surrender by Tenant, or in the event of any re-entry of repossession of the Premises by Landlord, Landlord may, at its option, to be exercised within thirty (30) days following such termination, either (i) terminate the sublease, or (ii) take over all of the right, title and interest of Tenant, as sublandlord, under such sublease, in which case such subtenant will attorn to Landlord, but that nevertheless Landlord will not (1) be liable for any previous act or omission of Tenant under such sublease, (2) be subject to any defense or offset previously accrued in favor of the subtenant against Tenant, or (3) be bound by any previous modification of any sublease made without Landlord's written consent, or by any previous prepayment by subtenant of more than one month's rent.

(e) In connection with any request for Landlord's consent to an assignment or sublease as required under the provisions of this Section, Tenant shall pay a processing fee to Landlord equal to \$1,000.

(f) Additionally, in the event any assignment or sublease requiring Landlord's consent is approved, Landlord shall receive as additional rent hereunder fifty percent (50%) of Tenant's "Excess Consideration" derived from such assignment or sublease. In the event of a sublease or assignment, "Excess Consideration" shall mean all rent, additional rent or other consideration actually received by Tenant from such subtenant and/or actually paid by such subtenant on behalf of Tenant in connection with the subletting in excess of the rent, additional rent and other sums payable by Tenant under this Lease during the term of the sublease on a per square foot basis if less than all of the Premises is subleased, less the sum of Tenant's reasonable (and reasonably documented) out-of-pocket costs incurred in connection with such sublease or assignment for: (i) changes, alterations and improvements to the Premises necessary for the transfer, (ii) brokerage commissions in connection with the transfer (which must be approved by Landlord to the extent required by this Lease), (iii) improvement allowances or other reasonable and bona fide cash allowances (space planning allowance, moving allowance, etc.) paid by

Tenant to the transferee in connection with such transfer; (iv) attorneys' fees incurred by Tenant, including attorneys' fees and/or processing fees paid to Landlord (collectively, "Subleasing Costs"). "Excess Consideration" shall also include, but not be limited to, key money, bonus money or other cash consideration paid by transferee to Tenant in connection with such transfer (as opposed to the sale of Tenant's business), and any payment in excess of fair market value for services rendered by Tenant to transferee or for assets, fixtures, inventory, equipment, or furniture transferred by Tenant to transferee in connection with such transfer. The determination of the amount of Landlord's applicable share of the Excess Consideration shall be made on a monthly basis as rent or other consideration is received by Tenant under the transfer. Notwithstanding anything contained herein to the contrary, under no circumstance shall Landlord be paid any Excess Consideration until Tenant has recovered all Subleasing Costs for such transferred space. If part of the Excess Consideration shall be payable by the assignee or subtenant other than in cash, then Landlord's share of such non-cash consideration shall be in such form as is reasonably satisfactory to Landlord. Landlord shall not be entitled to any Excess Consideration resulting from a Permitted Transfer or any other assignment, sublease or transfer that does not require Landlord's consent hereunder or is deemed consented to as provided above.

(g) Notwithstanding any permitted assignment or subletting, Tenant shall at all times remain directly, primarily and fully responsible and liable for all payments owed by Tenant under this Lease and for compliance with all obligations under the terms and conditions of this Lease. Landlord's waiver or consent to any assignment or subletting shall not relieve Tenant or any assignee or sublessee from any obligation under this Lease whether or not accrued and Tenant shall at all times remain directly, primarily and fully responsible and liable for all payments owed by Tenant under this Lease and for compliance with all obligations of Tenant under the terms and conditions of this Lease.

23. **DEFAULT BY TENANT.**

(a) The occurrence of any one or more of the following events shall constitute an "Event of Default" hereunder by Tenant:

(i) The failure by Tenant to make any payment of Rent as and when due where such failure shall continue for a period of five (5) business days after written notice thereof from Landlord to Tenant; provided however, that any such notice shall be in lieu of, and not in addition to, any notice required under California Code of Civil Procedure §1161 or any similar successor statute.

(ii) The failure by Tenant to observe or perform any of the express or implied covenants or provisions of this Lease to be observed or performed by Tenant, other than as specified in any other subsection of this Section 23(a), where such failure shall continue for a period of thirty (30) days after written notice thereof from Landlord to Tenant; PROVIDED, HOWEVER, that any such notice shall be in lieu of, and not in addition to, any notice required under California Code of Civil Procedure §1161 or any similar successor statute; PROVIDED, FURTHER, that if the nature of Tenant's default is such that more than thirty (30) days are reasonably required for its cure, then Tenant shall not be deemed to be in default if Tenant shall provide written notice to Landlord immediately, of the estimated cure period and promptly

commence such cure within such thirty (30) day period and thereafter continuously and diligently prosecute such cure to completion.

(iii) The making by Tenant of any general assignment for the benefit of creditors; the filing by or against Tenant of a petition to have Tenant adjudged a bankrupt or a petition for reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against Tenant, the same is dismissed within sixty (60) days); the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where possession is not restored to Tenant within sixty (60) days; the attachment, execution or other judicial seizure of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease where such seizure is not discharged within sixty (60) days; or if this Lease shall, by operation of law or otherwise, pass to any person or persons other than Tenant.

(iv) Any subletting or assignment in violation of Section 22 that is not cured within thirty (30) days after written notice from Landlord.

(b) In the event of any such Event of Default by Tenant, in addition to any other remedies available to Landlord at law or in equity, Landlord shall have the immediate option to terminate this Lease and all rights of Tenant hereunder. In the event that Landlord shall elect to so terminate this Lease, then Landlord may recover from Tenant: (i) the worth at the time of award of any unpaid Rent which had been earned at the time of such termination; plus (ii) the worth at the time of award of the amount by which the unpaid Rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus (iii) the worth at the time of award of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds the amount of such rental loss that Tenant proves could be reasonably avoided; plus (iv) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform Tenant's obligations under this Lease or which in the ordinary course of timings would be likely to result therefrom (specifically including but not limited to, brokerage commissions and advertising expenses incurred, expenses of remodeling the Premises or any portion thereof, whether for the same or a different tenant or use, and any reasonable concessions made to obtain a new tenant); plus (v) at Landlord's election and subject to Section 17(c) above, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable law.

(c) As used in Sections 23(b)(i) and (ii) above, the "worth at the time of award" is computed by allowing interest at the Interest Rate. As used in Section 23(b)(iii) above, the "worth at the time of award" is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

(d) In the event of any such Event of Default by Tenant, Landlord may also elect the remedy described in California Civil Code Section 1951.4 (lessor may continue lease in effect after lessee's breach and abandonment and recover rent as it becomes due, if lessee has the right to sublet or assign, subject only to reasonable limitations), in which case Landlord shall not unreasonably withhold its consent to assignment or subletting.

(e) TENANT HEREBY WAIVES, FOR ITSELF AND ALL PERSONS CLAIMING BY AND UNDER TENANT, ALL RIGHTS AND PRIVILEGES WHICH IT MIGHT HAVE UNDER ANY PRESENT OR FUTURE LAW TO REDEEM THE PREMISES OR TO CONTINUE THIS LEASE AFTER BEING DISPOSSESSED OR EJECTED FROM THE PREMISES.

(f) If Tenant fails to perform any covenant or condition to be performed by Tenant, Landlord shall have the right (but not the obligation) to perform such covenant or condition (i) immediately, in the event of an emergency situation of imminent risk of personal injury or material property damage, or (ii) following Tenant's failure to cure such failure to perform within the period provided for cure after Tenant's receipt of written notice from Landlord. All reasonable costs incurred by Landlord in so performing shall immediately be reimbursed to Landlord by Tenant, together with interest at the Interest Rate computed from the due date. Any performance by Landlord of Tenant's obligations shall not waive or cure such default. All costs and expenses (including reasonable attorneys' fees) incurred by Landlord in collecting Rent or enforcing the obligations of Tenant under the Lease pursuant to this Section shall be paid by Tenant to Landlord within thirty (30) days following written demand.

(g) All rights, options and remedies of Landlord contained in this Lease shall be construed and held to be cumulative to the extent permitted by law, and no one of them shall be exclusive of the other, and Landlord shall have the right to pursue any one or all of such remedies or any other remedy or relief which may be provided by law, whether or not stated in this Lease.

24. **DEFAULT BY LANDLORD; LIMITATION OF LIABILITY.** Landlord shall not be in default hereunder unless Landlord fails to perform the obligations required of Landlord within thirty (30) days after written notice by Tenant to Landlord specifying wherein Landlord has failed to perform such obligation; PROVIDED, HOWEVER, that if the nature of Landlord's obligation is such that more than thirty (30) days are required for performance, then Landlord shall not be in default if Landlord commences performance within such thirty (30) day period and thereafter diligently prosecutes the same to completion. Landlord's liability under this Lease shall, in any event, be limited to its interest in the Building and the proceeds thereof (including from any sale, transfer or insurance).

25. **ESTOPPEL CERTIFICATES.** Within thirty (30) days following any written request by either party to the other, the party receiving the request shall execute and deliver to the other a statement, in a form reasonably satisfactory to the parties, certifying: (i) the Commencement Date; (ii) that this Lease is unmodified and in full force and effect (or, if there have been modifications hereto, that this Lease is in full force and effect, as modified, and stating the date and nature of such modifications); (iii) the date to which the sums payable under this Lease have been paid; (iv) that, to such party's actual knowledge (which may, in the case of the Landlord, be the knowledge of the City Manager and in the case of Tenant, may be a single officer or employee of Tenant provided that employee or officer is the person who is responsible for Tenant's compliance with this Lease and the Premises), there are no current defaults under this Lease by either Landlord or Tenant except as specified in such statement; and (v) such other matters reasonably requested. Any statement delivered pursuant to this Section may be relied upon by any existing or prospective mortgagee, beneficiary, encumbrancer, transferee or

purchaser of the interest of Landlord in the Building or this Lease or by any purchaser, lender or assignee of the interest of Tenant under this Lease or by any subtenant of Tenant.

26. **DEFINITION OF LANDLORD.** The term "Landlord" as used in this Lease, so far as covenants or obligations on the part of Landlord are concerned, shall be limited to mean and include only the owner or owners, at the time in question, of the fee title to the Building. In the event of any transfer or assignment of such title, Landlord herein named (and in case of any subsequent transfers or conveyances, the then-grantor) shall be automatically freed and relieved from and after the date of such transfer, assignment or conveyance of all liability respecting the performance of any covenants or obligations on the part of Landlord contained in this Lease thereafter arising under this Lease.

27. **PARKING.**

(a) Tenant may increase or decrease the number of unreserved parking passes rented by Tenant upon not less than thirty (30) days notice to Landlord (provided that in no event shall Tenant be entitled to rent more than the amount of unreserved parking passes set forth in Section 1(i) except on a month to month basis if available, and, provided, further, that any decrease requested by Tenant shall not waive Tenant's right to later increase the number of unreserved parking spaces, subject to the limit in Section 1(i)).

(b) Landlord shall have the right, in Landlord's sole and absolute discretion, to modify or increase the charges for use of the Parking Structure (*i.e.*, for monthly parking passes) in a manner consistent with other parking structures owned by Landlord.

(c) Notwithstanding anything to the contrary contained in this Lease, Tenant understands and acknowledges that the Parking Structure is currently intended to be utilized, and shall at all times (in Landlord's sole and absolute discretion) be available and used as a public parking facility subject to Landlord's obligations under this Section 27.

(d) It is understood that the Rules and Regulations include parking rules and regulations, and that the Rules and Regulations may be amended or supplemented in a non-discriminatory manner by Landlord from time to time by written notice to Tenant. Landlord shall not enforce the rules and regulations against Tenant in a discriminatory manner without rational basis or adopt new rules and regulations that discriminate against Tenant without rational basis. The use by Tenant's visitors, invitees and customers of the Parking Structure shall be on the terms and conditions set forth herein as well as in the established parking rules and regulations. Landlord shall not be responsible to Tenant for the violation or non-performance by any other person or entity of any of the established Rules and Regulations. In the event of a conflict between this Lease and the Rules and Regulations, this Lease shall govern.

(e) Notwithstanding their status as members of the public, Tenant hereby agrees that Tenant and Tenant's partners, owners, supervisors, managers, contractors, employees and agents shall have no right to park in the Parking Structure except as expressly provided in this Lease. Tenant shall not permit or allow any delivery vehicles that belong to or are controlled by Tenant to be loaded or unloaded in the Parking Structure. Tenant shall reasonably cooperate with Landlord in implementing policies and procedures to prevent unauthorized parking by

Tenant's owners, supervisors, managers, employees, contractors and agents and to identify any of Tenant's owners, supervisors, managers, employees and agents that may be parking vehicles in the Parking Structure contrary to the terms herein. If Tenant permits or allows any of the activities prohibited herein or prohibited by the Rules and Regulations then, in addition to such other rights and remedies that it may have, Landlord shall have the right, without notice, to remove or tow away the vehicle involved (and charge the cost to the owner), which cost shall be immediately payable upon demand and/or Landlord may rescind the parking rights of the offender.

28. **SIGNAGE.** Tenant shall be entitled to its pro-rata share of signage on the Building directory and one slot on the Building's exterior monument sign upon Tenant's occupancy of the Premises after completion of the Tenant Improvements. Tenant shall install such signage at Tenant's cost and expense in accordance with applicable Laws and Exhibit "F" attached hereto. Tenant's identifying signage on such multi-tenant floor shall be Building standard signage as used by Landlord for other multi-tenant floors in the Building and shall comply with Landlord's then-current Building standard signage program. Tenant shall be required, at Tenant's sole cost and expense, to maintain all of Tenant's signage in good condition and repair, ordinary wear and tear excepted. Should Tenant fail at any time to maintain its signage as provided in this Section, Landlord, in its sole discretion, may give Tenant notice and thirty (30) days to cure such failure. Should Tenant fail to cure such failure within the thirty (30) day cure period, Landlord, in its sole discretion, may elect to maintain Tenant's signage in good condition and repair and Tenant shall be obligated to reimburse Landlord for all reasonable costs and expenses incurred by Landlord in connection with the same upon billing therefor and delivery of reasonable evidence of the costs incurred. Upon the expiration or earlier termination of this Lease, Tenant shall, at its sole cost and expense, promptly remove all of Tenant's signage and restore the portions of the Building affected thereby to their condition prior to the installation of such signage, and such obligations shall survive the expiration or earlier termination of this Lease.

29. **NOTICES.** Except as expressly provided otherwise in Section 15, 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 either served personally, or sent by overnight courier, or sent by certified mail, return receipt requested with postage prepaid, as follows: if to Tenant, addressed at the address(es) designated in Section 1(a), or if to Landlord, at the address(es) designated in Section 1(b) 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 other party. Such notices, demands, consents and approvals shall be deemed sufficiently served or given for all purposes hereunder, unless otherwise specified in this Lease, either (a) if personally served, upon such service, (b) if sent by reputable overnight courier providing proof of delivery, the following business day, or (c) if mailed, on the date of receipt (or refusal to accept) shown on the return receipt.

30. **HOLDING OVER.** If Tenant holds over in the Premises after the expiration of the Term or earlier termination of this Lease, then Tenant shall become a tenant at sufferance only, subject to the provisions of this Lease, except that Rent during such holding over shall equal one hundred fifty percent (150%) of the Monthly Rent in effect immediately prior to such

expiration or termination. Acceptance by Landlord of Monthly Rent after such expiration or earlier termination shall not result in a renewal or extension of this Lease.

31. **QUIET ENJOYMENT.** Landlord covenants and agrees with Tenant that upon Tenant paying the Rent required under this Lease and paying all other charges and performing all of the covenants and provisions on Tenant's part to be observed and performed under this Lease within all applicable notice and cure periods, Tenant shall and may peaceably and quietly have, hold and enjoy the Premises in accordance with and subject to the terms of this Lease and existing matters of record.

32. **BROKERS; LEASING COMMISSIONS.** Landlord and Tenant each represent and warrant that it has had no dealings with any real estate broker, or agent in connection with the negotiation of this Lease except for Avison Young (the "Broker"), and that it knows of no real estate broker or agent who is or might be entitled to a commission or fee in connection with this Lease except for the Broker. Landlord shall pay Broker a leasing commission of four percent (4%) of the Monthly Rent payable for the first five (5) years of the Term and two percent (2%) of the Base Rent payable for the second five (5) years of the Term (50% payable upon execution of this Lease and 50% upon Tenant's occupancy of the Premises) under a separate written agreement between Landlord and Broker, and if Landlord fails to do so, then Tenant may pay the Broker such sums to which Broker is entitled under such written agreement between Landlord and Broker, and upon prior written notice to Landlord that includes reasonable evidence of Tenant's payment of such sums, Tenant may then deduct the amount so paid by Tenant against the Monthly Rent and other sums payable by Tenant to Landlord under this Lease. Any amounts paid by Tenant to Broker pursuant to this Section shall be longer be owed by Landlord to Broker under Landlord's written agreement with the Broker. In the event of any other claim for Broker's or finder's fees or commissions in connection with this Lease, Landlord shall indemnify, hold harmless and defend Tenant from and against any and all liability, claims, demands, damages and costs (including, without limitation, reasonable attorneys' fees and other litigation expenses) on account of such claim if it shall be based upon any statement, representation or agreement claimed to have been made by Landlord, and Tenant shall indemnify, hold harmless and defend Landlord from and against any and all liability, claims, demands, damages and costs (including, without limitation, reasonable attorneys' fees and other litigation expenses) on account of such claim if it shall be based upon any statement, representation or agreement claimed to have been made by Tenant.

33. **MISCELLANEOUS.**

(a) Tenant shall faithfully observe and comply with the rules and regulations attached hereto as Exhibit "C", and all non-discriminatory modifications thereof and additions thereto from time to time delivered in writing to Tenant (the "Rules and Regulations"). Landlord shall not be responsible to Tenant for the violation or non-performance by any other person or entity or of any of said Rules and Regulations.

(b) This Lease shall be governed by the laws of the State of California.

(c) Except as otherwise provided in this Lease, all of the covenants, conditions and provisions of this Lease shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and assigns.

(d) In the event either party shall institute any action or proceeding against the other party relating to this Lease, the party not prevailing in such action or proceeding shall reimburse the prevailing party for its disbursements incurred in connection therewith and for its reasonable attorneys' fees and costs. In addition to the foregoing award of attorneys' fees and costs to the prevailing party, the prevailing party shall be entitled to its reasonable attorneys' fees and costs incurred in any post-judgment proceedings to collect or enforce the judgment. This provision is separate and several and shall survive the merger of this Lease into any judgment.

(e) The waiver by either party of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of any subsequent breach of the same or any term, covenant or condition herein contained, nor shall any custom or practice which may become established between the parties in the administration of the terms hereof be deemed a waiver of or in any way affect the right of either party to insist upon the performance by the other party in strict accordance with the terms of this Lease. The acceptance of Rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease, other than the failure of Tenant to pay the particular Rent so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such Rent. No acceptance by Landlord of a lesser sum than that owed and due pursuant to this Lease shall be deemed to be other than on account of the earliest installment of such Rent or other amount due, nor shall any endorsement or statement on any check or any letter accompanying any check be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such installment or other amount or pursue any other remedy provided in this Lease.

(f) Submission of this document for examination or signature by Tenant does not constitute a reservation of or option for lease, and it is not effective as a lease or otherwise until execution by and delivery to both Landlord and Tenant.

(g) Time is of the essence with respect to the performance of every provision of this Lease in which time of performance is a factor.

(h) If any term or provision of this Lease, or the application thereof to any persons or circumstances, shall to any extent be invalid or unenforceable, the remainder of this Lease, or the application of such provisions 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.

(i) Concurrently with its execution and delivery of this lease, Tenant shall execute and acknowledge a short form memorandum of this Lease for recording purposes in the form attached hereto as Exhibit "D". Upon the expiration or earlier termination of this Lease for any reason, Tenant shall within five (5) business days following written request by Landlord, deliver to Landlord an executed, acknowledged and recordable quitclaim deed conveying to Landlord any and all interest Tenant may have under this Lease.

(j) In consideration of the benefits accruing hereunder, and notwithstanding anything contained in this Lease to the contrary, Landlord and Tenant and all successors and assigns of each covenant and agree that, in the event of any actual or alleged failure, breach or default hereunder by Landlord or Tenant or in the event of any other action against Landlord or Tenant with respect to this Lease, their sole and exclusive remedy shall be against Landlord's interest in the Building, including rent, insurance, condemnation and sale proceeds, and Tenant's assets (as applicable). Landlord and Tenant and all such successors and assigns agree that the obligations of Landlord under this Lease do not constitute personal obligations of the directors or officers of Landlord or Tenant, and neither Landlord nor Tenant shall seek recourse against the other party's directors, officers or shareholders or any of their personal assets for satisfaction of any liability with respect to this Lease. Notwithstanding any contrary provision contained in this Lease, Landlord shall not be liable under any circumstances for any indirect or consequential damages or any injury or damage to, or interference with, Tenant's business, including, but not limited to, loss of profits, loss of rents or other revenues, loss of business opportunity, loss of goodwill or loss of use.

(k) This Lease may be executed in any number of counterparts, each of which shall be deemed to be an original, but any number of which, taken together, shall constitute one and the same instrument.

(l) This Lease contains all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Lease, and no prior agreement or understanding pertaining to any such matter shall be effective for any purpose. No provisions of this Lease may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successors-in-interest.

(m) Nothing contained herein shall be deemed to limit, restrict, amend or modify, or to constitute a waiver or release of, any ordinances, notices, orders, rules, regulations or requirements (now or hereafter enacted or adopted and/or as amended from time to time) of the City of Beverly Hills, or any of its departments, commissions, agencies and boards and the officers thereof, including any general plan or any zoning ordinances, or any of the duties, obligations, rights or remedies of the City of Beverly Hills or the general police powers, regulatory powers, rights, privileges and discretion of the City of Beverly Hills. For purposes of this Lease, and notwithstanding anything in this Lease which may be construed to the contrary, Landlord is acting in its capacity as an owner of property and not as a governmental agency.

(n) The City Manager of Landlord shall have the authority to give, in writing, all consents and approvals on behalf of the Landlord under this Lease.

(o) Time is of the essence with respect to the performance of every provision of this Lease in which time of performance is a factor. Whenever in this Lease a payment is required to be made by one party to the other, but a specific date for payment is not set forth or a specific number of days within which payment is to be made is not set forth, or the words "immediately," "promptly," and/or "on demand," or their equivalent, are used to specify when such payment is due, then such payment shall be due thirty (30) days after the date that the party which is entitled to such payment sends notice to the other party demanding such payment.

(p) As used in this Lease, the term “Force Majeure” shall mean any event or circumstance that is beyond the reasonable control of the party from whom performance is required (excluding inability to make a payment required under this Lease).

IN WITNESS WHEREOF, the parties have executed this Lease as of the date first above written.

TENANT:

UMRO REALTY CORP. (dba THE AGENCY),
a California corporation

By: 
Mauricio Umansky, ~~Billy Rose~~
President

LANDLORD:

ATTEST:

CITY OF BEVERLY HILLS,
a municipal corporation

(Seal)
Byron Pope
City Clerk

By: _____
William W. Brian, M.D.,
Mayor

APPROVED AS TO FORM:

APPROVED AS TO CONTENT:

By: 
Laurence S. Wiener
City Attorney

By: _____
Jeffrey Kolin, ICMA-CM,
City Manager

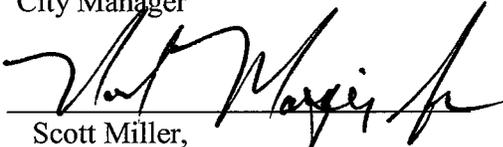
By: 
Scott Miller,
Director of Administrative Services/CFO

EXHIBIT A
DIAGRAM OF PREMISES

(Attached.)

A

A.6

B

B.2

B.4

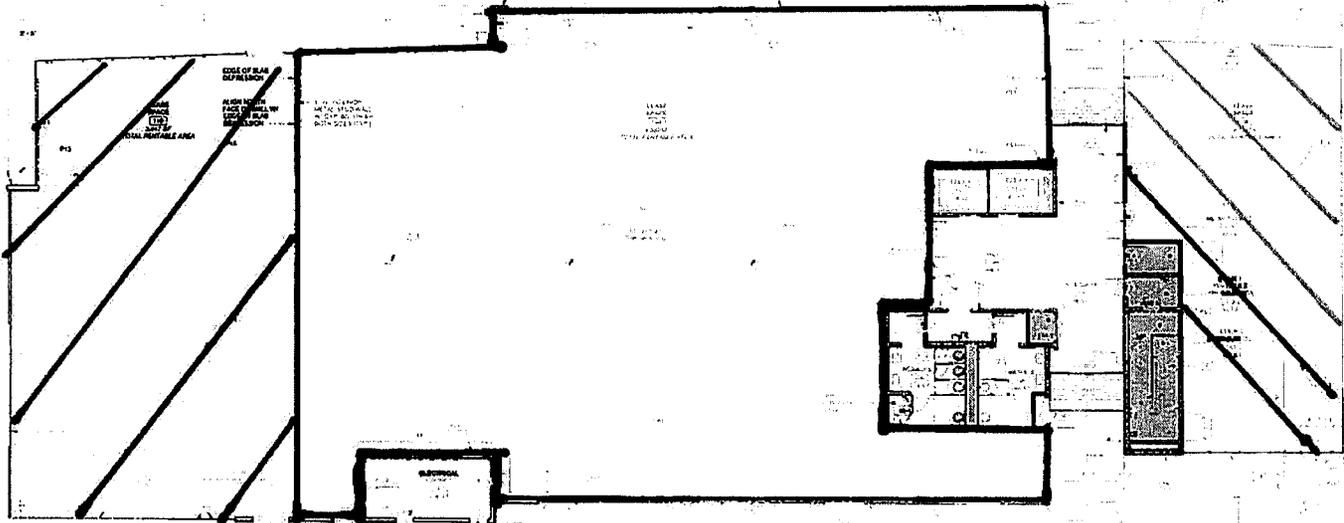
C

1

2

3

4



1 FLOOR LEVEL 1
1/8" = 1'-0"

EXHIBIT B-1

SHELL AND CORE FINISHES

Tenant hereby acknowledges that Tenant has inspected the Premises and Building and that the items described below have been constructed as Landlord's Work and are in good working order and condition, free of defects and in compliance with all applicable building, use and occupancy codes, regulations and laws applicable to the City of Beverly Hills.

1. The HVAC system that is part of the Building Systems is based upon the following office assumptions:
 - The lighting allowance is 1.2 watts/sf.
 - The occupancy is 1 person/100sf.
 - Ventilation provisions are based on 1 person/15 sf.
 - The power assumption is 1.5 watts/sf.
 - Should Tenant require additional cooling in excess of the above criteria, the shaft size, power, and roof space can accommodate Tenant-provided split systems up to a maximum of 10 tons per floor. All split system air conditioning units shall be rated R410 or R407c to meet building LEED certification requirements.
2. The central HVAC chiller located in the parking structure that serves variable air volume air handling units on the roof. Supply and return air ducts are provided to four vertical ducts. Distribution ducts and terminal VAV boxes are Tenant's responsibility.
3. The HVAC system can be lowered to 30% of capacity and chilled water to 20% of capacity so that after hours use is available. Typical Building hours of operation are 8am to 6pm. Monday through Friday, excluding Holidays (as defined in the Lease). Tenant shall make specific arrangements reasonable acceptable to Landlord for the provision of after-hours air conditioning at Tenant's cost by installing DDC controls compatible with the Building's energy management system.
4. When tying into Building HVAC water lines, Tenant's HVAC must be purged cleaned and certified by an independent agency at Tenant's cost to prevent contamination of the Building HVAC water.
5. The electrical system is based upon the following office assumptions:
 - Building capacity of 7.12 watt/sf (5.25 watts/sf at 110v, and 1.87 watts/sf at 277 v).
 - Electrical power is provided to an electrical room panel on each floor (150 Amps/3 breakers).
 - The lighting allowance for the Premises is 1.2 VA/sf.

- The pc power is 2.5 VA/sf.
 - Convenience power is 1.0 VA/sf.
 - Electrical power is provided to an electrical room panel on each floor. Tenant to provide the conduit from the panel to the Premises.
 - All Tenant circuitry shall run through emon demon meters. Emon demon meters shall be installed by Tenant.
6. The exterior perimeter is generally building standard vision glass and mullion storefront to a height of 10 feet. Above that is frosted spandrel glass that is backed by drywall.
 7. Corridor, core, perimeter and demising walls are steel studs and drywall, and insulated, tapped, sanded and prepared to receive new level-4 finish.
 8. Principal demising doors are double doors. Other doors that may be required for exiting or convenience shall be installed by Tenant and, if they can be seen from outside the Premises, the outside finished on the door shall meet the building standard specifications.
 9. Height from the floor to the underside of the floor above, excluding beams and utilities is 14'-5"; minimum ceiling clearance is to the top of the window line.
 10. Tenant's ductwork, plumbing, and electrical lines must be installed within Tenant's Premises. Landlord's written approval is required for all installations outside of the Premises.
 11. Hot and cold water is provided on each floor at the core for extension by Tenant.
 12. Landlord has constructed men's and women's common toilets on each floor near the elevators, with Building standard finishes.
 13. The Building is required to be sprinklered. Landlord has installed sprinkler mains as required by code. Distribution from sprinkler mains is to be installed by Tenant.
 14. There is an emergency generator which will provide emergency lighting and bring the elevators to the ground floor.
 15. Concrete floors have finished surfaces to the following tolerances, measured within 24 hours according to ASTM E 1155 for a randomly trafficked floor surface:
 - a. Specified overall values of flatness, F(F) 35; and levelness, F(L) 25; with minimum local values of flatness, F(F) 24; and levelness F(L) 17; for slabs on grade.

- b. Specified overall values of flatness, F(F) 30; and levelness, F(L) 20; with minimum local values of flatness, F(F) 24; and levelness, F(L) 15; for suspended slabs
- 16. Tenant shall install data/telecom lines from Building MPOE (on first floor) to Premises. There are data/telecom rooms on each floor of the Building and on the roof of the Building.
- 17. Pathway to roof and roof space is limited. Landlord's prior written approval is required for all installations on the roof.
- 18. Elevator cabs Parklex Façade, 8mmOnix finish panels.
- 19. Building Access Systems provides after Building hours access.
- 20. Tenant must utilize hot and cold water (capped and valved) and related waste and vent stub outs at the core of each floor.
- 21. All Tenant Improvements shall be performed in accordance will building LEED certification requirements, as generally described in "LEED-CS version 2.0 Reference Guide SS Credit 9".
- 22. Building standard mecco-shades are required for all perimeter windows by tenant.
- 23. All construction plans require Landlord's written approval prior to submission for permits.
- 24. If Tenant's lighting designer (or Tenant) includes lamps/bulbs that required "seasoning", Landlord is not responsible for replacing such lamps/bulbs.

NOTE:

- A. Tenant acknowledges receipt of the Building LEED requirements attached to Exhibit B-2. Landlord acknowledges that the Building LEED requirements do not impose requirements on Tenant but affect the shell and core of the Building. Tenant acknowledges that the building has received Gold LEED certification for the shell and core of the Building and agrees not to construct in a manner that would reduce the shell and core certification. Tenant shall not be obligated to have the Tenant Improvements LEED certified nor shall Tenant be required to hire an independent LEED Commissioning Authority.
- B. All construction plans for Tenant's improvements require Landlord's approval, as described in the attached Exhibit B-2.

EXHIBIT B-2

**TENANT IMPROVEMENTS AND
TENANT IMPROVEMENT ALLOWANCE**

A. GENERAL

Except for the payment of the Tenant Improvement Allowance by Landlord, the preparation of all design and working drawings and specifications relating to completion of the Premises for occupancy by Tenant and the letting of contracts relating to the Tenant Improvements and the supervision and completion of the Tenant Improvements and payment therefor shall be the responsibility of Tenant.

All Landlord approvals under this Lease and its exhibits must be obtained in writing from the City Manager of Landlord or his or her designee who is designated in writing by the City Manager. No approval by Landlord under the Lease and its exhibits shall relieve Tenant of the obligation to obtain any other required governmental permits or approvals (including such permits or approvals from the City of Beverly Hills). Tenant must obtain such permits or approvals for its work from the applicable building department of the City of Beverly Hills and other authorities having jurisdiction therefore. Tenant must submit evidence of these approvals (and reasonable evidence of its ability to pay projected costs in excess of the Tenant Improvement Allowance) to Landlord before commencing the Tenant Improvement work. Tenant shall be responsible for payment of all fees and charges incurred in obtaining said permits and approvals for the Tenant Improvements and for obtaining a certificate of occupancy for the Premises prior to commencing business in the Premises.

Tenant shall ensure that all the provisions and conditions contained or imposed in this Exhibit B-2 are observed and performed by all designers, contractors and trades engaged by Tenant.

B. PLANS AND SPECIFICATIONS FOR THE TENANT IMPROVEMENTS

So that the Tenant Improvements may proceed without delay and in an efficient manner, the following provisions shall apply:

1. Preliminary Work. All designers or engineers employed by Tenant shall be familiar with the plans for the Building made available to Tenant to the extent necessary to complete the required architectural, mechanical and electrical working drawings and specifications.

2. Approval of Preliminary Space Plans and Specifications. Within thirty (30) days after the execution of this Lease, Tenant shall provide Landlord with preliminary plans and specifications for the Tenant Improvements and Landlord shall approve or disapprove of them within ten (10) business days.

3. Submission of Final Plans and Specifications. Within sixty (60) days after Landlord's approval of Tenant's preliminary plans and specifications (or conditional approval), Tenant shall submit three (3) printed sets of final plans and specifications, finish material samples and such other information as may be reasonably necessary for the Tenant Improvements to be approved by Landlord. Tenant's final plans shall include a schedule and other documentation reasonably acceptable to Landlord identifying all trade fixtures and equipment (along with the costs thereof) that Tenant proposes to be reimbursed from the Tenant Improvement Allowance.

4. Approval of Final Plans and Specifications; Later Changes. Landlord within ten (10) business days following receipt of the final plans and specifications shall notify Tenant of its approval of Tenant's final plans and specifications, approval with conditions (which shall be stated in a reasonably clear matter) or disapprove the final plans and specifications and return them to Tenant with requested revisions. If Landlord disapproves the final plans and specifications, Tenant may resubmit the final plans and specifications to Landlord at any time, and Landlord shall approve or disapprove the resubmitted final plans and specifications within five (5) business days after Landlord receives such resubmitted final plans and specifications, and such procedure shall be repeated until the final plans and specifications are approved. If Landlord does not approve or disapprove within such time period, then to the extent the completion of the Tenant Improvements is delayed as a result of the delay (as shown by reasonable evidence delivered to Landlord), then the Commencement Date of the Lease shall be delayed by the delay in the completion of the Tenant Improvements.

5. Change Orders. In the event Tenant desires to materially change the approved final plans and specifications, Tenant shall deliver notice of the same to Landlord setting forth in detail the changes Tenant desires to make to the approved final plans and specifications. Landlord shall, within five (5) business days after Landlord receives a written notice from Tenant of such notice of a change order, approve the change or disapprove the change together with notice specifying the reasons for disapproval. If Landlord does not approve or disapprove within such time period, then to the extent the completion of the Tenant Improvements is delayed as a result of the delay (as shown by reasonable evidence delivered to Landlord), then the Commencement Date of the Lease shall be delayed by the delay in the completion of the Tenant Improvements.

6. Working Drawings and Specifications. Each set of working drawings and specifications shall be of uniform size to a minimum scale of 1/8" to each foot and shall include, but not be limited to, the following:

- (1) floor plans;
- (2) reflected ceiling plans (including planned access points for equipment service);

- for all plans and work;
- (3) specifications, identification and colors of materials
 - (4) interior elevations and finish schedule;
 - (5) engineered plans and specifications for all electrical, mechanical, and plumbing work, including details and performance information relating to all fixtures, equipment and any under-floor services, including conduit runs to be recessed or buried in the floor; and
 - (6) roof plan.

C. GENERAL REQUIREMENTS

1. **Architect, General Contractor and Subcontractor Approval.**

Tenant shall competitively bid the Tenant Improvements with no less than three (3) reputable, licensed and bonded general contractors. Landlord shall have the right to approve, which approval shall not be unreasonably withheld or conditioned and shall be granted or denied within five (5) business days, the architect and all contractors and subcontractors designing or performing construction of the Tenant Improvements and who will be working in the Building. All contractors and subcontractors who will perform such work must have in force workers' compensation insurance in the amount required by law and such other employer's and comprehensive general liability insurance in accordance with the standards set forth in Section 17(a) of the Lease (but with a liability limit of not less than Two Million Dollars (\$2,000,000.00) for contractors and One Million Dollars (\$1,000,000) for subcontractors), and such other insurance as Landlord reasonably deems necessary to supplement the insurance coverage provided for in Section 18(a) of the Lease.

2. Workmanship, Materials and Design and Construction Guidelines Compliance. All of the Tenant Improvements required by Tenant to complete the Premises for occupancy:

- a) shall be carried out with good workmanship and with first class materials consistent with those in use at the Building, which shall all be of a high quality and shall be conforming to the commercially reasonable standards of practice, and shall conform with applicable Laws.
- b) shall be constructed or performed in compliance with the Tenant Design and Construction Guidelines attached hereto.

3. Proof of Insurance. Before commencing Tenant Improvements, Tenant shall furnish written proof to Landlord that the insurance required under Section C1 above has been obtained and is in force. Landlord shall be named as an additional insured in such insurance.

4. Access and Rules. Unless other arrangements are proposed to and approved by Landlord in advance, Tenant's contractors shall access the Premises

through the Building stairs, only, in order to execute Tenant Improvements (and the delivery of materials for which elevator access shall be arranged with Landlord in advance), subject to compliance with all non-discriminatory rules, regulations and stipulations which Landlord may make from time to time. If Tenant desires after-hours access for its contractors, such access must be scheduled with Landlord in advance. These rules, regulations and stipulations may include, but shall not be limited to, matters relating to:

- a) the handling and storage of material and equipment;
- b) hours of work and coordination of activity so long as Tenant is provided reasonable access during normal construction hours (or other hours, if arranged with Landlord in advance);
- c) scheduling of work;
- d) deliveries; and
- e) clean-up of work and the disposition of refuse.

5. Refuse Removal. Tenant shall at all times keep the Premises and all other areas clear of all waste materials and refuse caused by itself, its suppliers, contractors or by their work. Tenant shall remove all waste materials and refuse directly from the Premises and shall deposit them in places or in receptacles provided by Tenant at Tenant's sole cost and expense specifically for the disposal of waste materials and refuse in connection with the Tenant Improvements (which receptacles shall be located at a place reasonably designated by Landlord). In no event shall Tenant's construction debris be placed in with the rubbish and trash of other tenants. Landlord may require Tenant to clean up on a daily basis, and after reasonable prior notice, shall be entitled to clean up at Tenant's expense if Tenant fails to comply with Landlord's reasonable requirements in this respect.

At the completion of Tenant Improvements, Tenant shall remove all waste material and refuse from the Premises and deposit them in places or in receptacles provided by Tenant. The final clean-up shall include the cleaning of all lighting fixtures, millwork units, windows, stairwells and space which may be affected by the Tenant Improvement work.

6. Damage by Tenant. Subject to the waiver of subrogation contained in the Lease, any damage caused by Tenant's contractor or subcontractors constructing the Tenant Improvements to the Building structure or the Building Systems or to any property of Landlord or of other tenants shall be repaired by Tenant to the reasonable satisfaction of Landlord.

7. Failure to Perform Work. If Tenant's contractor performs any work which does not substantially conform with the approved plans and specifications, then Landlord, after ten (10) business days' prior written notice to Tenant and Tenant's contractor, may without prejudice to any right or remedy Landlord may have, complete

the work, remedy the defaults or make good any such deficiencies and Tenant shall reimburse Landlord for such costs, as additional Rent, within thirty (30) days after written demand, or the same shall be deducted from the Tenant Improvement Allowance..

8. Security. Tenant shall be entirely responsible for the security of the Premises during construction and Landlord shall not be liable for any loss or damage suffered by Tenant or its contractors.

9. Fire Protection. Tenant shall maintain and keep on the Premises at all times during construction and the term of the Lease, a suitable portable fire extinguisher for Class A, B and C fires and shall comply with any additional requirements and regulations imposed by the fire marshal and all other appropriate governmental agencies.

10. Performance of Construction. Tenant shall diligently complete the Tenant Improvements.

11. Preparation of "As-built" Plans. Within sixty (60) days after the completion of the Tenant Improvements, Tenant shall deliver to Landlord both a "hard" copy and a copy on CAD diskette of the "as-built" plans and specifications (including all working drawings) for the Tenant Improvements.

D. Public Work; Prevailing Wage Requirement

Tenant acknowledges that the Tenant Improvements are a "public work" under Section 1720 of the California Labor Code and Tenant agrees that Tenant shall: (i) pay prevailing wages for all Tenant Improvement Work in accordance with Section 1720, et seq. of the California Labor Code; (ii) otherwise comply with the provisions of Sections 1773.8, 1775, 1776, 1777.5, 1777.6 and 1813 of the California Labor Code and all other applicable Laws and regulations with respect to prevailing wages; and (iii) obtain payment and performance bond(s) for the Tenant Improvement Work.

E. Tenant Improvement Allowance

1. Landlord agrees to contribute the sum of Five Hundred Forty Seven Thousand Two Hundred Sixty and No/100 Dollars (\$547,260.00) for the actual costs of design and construction of the Tenant Improvements, including without limitation, payment of the fees and costs of the architect, project manager and other consultants in connection with the design (including space planning and engineering costs) of the Tenant Improvements, costs of construction of the Tenant Improvements, and costs of permits for the Tenant Improvements, but not for Tenant's moving expenses, furniture or fixtures (the "Tenant Improvement Allowance"). In no event shall any unused portion of the Tenant Improvement Allowance be paid to Tenant or credited against any obligation payable by Tenant under this Lease.

2. Subject to Section 3 below, Landlord shall pay to Tenant the Tenant Improvement Allowance for the actual costs of Tenant Improvements in monthly

installments, within thirty (30) days after Tenant delivers written request to Landlord for payment describing the applicable Tenant Improvement Work completed by Tenant for which the funds are requested (together with any additional supporting documentation reasonably requested by Landlord), subject to the satisfaction of the following conditions:

a) All building permits for the Tenant Improvements have been issued by the applicable governmental authorities and copies of such building permits have been delivered to Landlord;

b) Tenant has submitted to Landlord (i) all invoices for that portion of the Tenant Improvements for which payment is requested; and (ii) appropriate conditional lien releases and waivers from any and all contractors and materialmen that provided services or installed supplies to or for the account of Tenant (unconditional as to any work for which a disbursement of the Tenant Improvement Allowance was previously made) (provided that no lien releases shall be required of the architect, project manager and other consultants unless they have filed a preliminary notice); and

c) Tenant has completed that portion of the Tenant Improvements described on the invoices submitted for which the installment payment is requested; and

d) Tenant is not in default of any provisions of this Lease (provided that once all defaults are cured, the disbursement will then be made, if Landlord has not terminated this Lease).

Notwithstanding anything to the contrary contained herein, in the event that the Tenant Improvement Allowance required to be paid by Landlord in accordance with this Exhibit is not timely paid when due and such failure shall continue for ten (10) business days following Landlord's receipt of Tenant's written notice thereof, then Tenant shall, in addition to any other remedies it may have, be entitled to deduct from Rent next payable by Tenant under the Lease the amount so paid by Tenant together with interest thereon, at the Interest Rate.

3. Landlord shall be entitled to retain ten percent (10%) of each requested installment for the hard costs of the Tenant Improvements (but not with respect to payments to the architect, project manager and other consultants).

4. Landlord shall pay a final payment of the Tenant Improvement Allowance equal to ten percent (10%) of the hard costs of the Tenant Improvements (i.e., the retention described in Paragraph 3 above) within thirty (30) days after Landlord's receipt of Tenant's written request thereof, together with documentation sufficient (in Landlord's reasonable determination) to establish that items (a) through (f) below have been satisfied:

a) All required inspections of the Tenant Improvements by the applicable governmental agencies have taken place and the completed Tenant Improvements have passed all such inspections;

- b) Tenant has completed the Tenant Improvements;
- c) Tenant has received a certificate of occupancy;
- d) Tenant has submitted to Landlord (i) all invoices and proof of payment for all of the Tenant Improvements evidencing expenditures by Tenant of any amount equal to or greater than the amount of the Tenant Improvement Allowance; and (ii) appropriate final lien releases and waivers, conditioned only upon final payment of the applicable sum specified therein, from any and all contractors and materialmen which provided services or installed supplies to or for the account of Tenant with respect to the Tenant Improvements;
- e) Tenant is not in monetary default of any provisions of the Lease beyond applicable notice and cure periods.

5. Within thirty (30) days after Landlord's final payment of the Tenant Improvement Allowance, Tenant shall submit to Landlord final, unconditional lien releases and waivers from any and all contractors and materialmen which provided services or installed supplies to or for the account of Tenant with respect to the Tenant Improvements.

6. All items of the Tenant Improvements paid for with the Tenant Improvement Allowance shall be deemed Landlord's property.

7. Landlord will not charge Tenant any supervisory or administrative fees in connection with Landlord's Work or Tenant's initial tenant improvement work, and Landlord will not charge any fee to review Tenant's plans and specifications (other than normal permit fees charged by Landlord in its governmental capacity).

8. Tenant shall be responsible for all utilities costs and parking costs during the design and construction of the Tenant Improvements.

F. NON-COMPLIANCE

1. **Non-Compliance.** If Tenant or Landlord does not comply with the provisions of the Lease or any other agreement relative to the construction or occupation of the Premises, including this Exhibit, the non-defaulting party, in addition to and not in lieu of any other rights or remedies, may (subject to applicable notice and cure provisions) declare and treat such noncompliance as a default or breach of covenant under this Lease and exercise any right available under the provisions of this Lease, including the right of termination.

2. **Termination; Retention or Demolition of Tenant Improvements.** In any event of termination pursuant to the above provision by Landlord, Landlord may further elect either to:

a) retain for its own use without payment therefor all or any of the Tenant Improvements which has been commenced, installed or completed to the date of such termination; or

b) forthwith demolish or remove all or any work and restore the Premises to the condition in which the same were prior to the commencement, installation or completion of all or such of the Tenant Improvements and recover the cost of so doing from Tenant.

Tenant Design and Construction Guidelines

Project Introduction

331 Foothill Road, a City of Beverly Hills development, has been designed and built to meet the standards set forth in the LEED-CS (Core & Shell) Green Building rating system Version 2.0. As part of The City of Beverly Hills' sustainability commitment, we have recognized that energy conservation, sensitive site development, use of recycled materials and implementing new sources of energy efficiency are the responsibility of our developments and aim to provide the highest quality environment.

The following Design and Construction Guidelines have been developed to support our continuing practice to provide an environmentally sensitive development with the health of the tenant and the environment at the center of our mission. We encourage future tenants to use this document as a non-binding guiding principle for the design and construction of all tenant build-out projects. These Guidelines should be used by future tenants to provide project-specific best practices for Tenant Build-Out Design and Construction decisions, but shall not be deemed requirements for any build-out such that violation of any such guidelines shall be a default under the Lease.

LEED-CS Achieved Credits B-2 (p. 10)

LEED-CI Coordination B-2 (p. 15)

Appendix A B-2 (p. 27)

Appendix B B-2 (p. 29)

LEED-CS Achieved Credits

Credits achieved for 331 Foothill Road under LEED Core and Shell are highlighted below with methods of compliance. The purpose of this portion of the Tenant Design and Construction Guidelines is to provide future tenants with the information required to efficiently coordinate the build-out with the core and shell project, and are not requirements of the Lease. Credits achieved under LEED-CS are listed below in the following categories: Prerequisites; Sustainable Sites; Water Efficiency; Energy and Atmosphere; Materials and Resources; Indoor Environmental Quality; and Innovation and Design. The LEED-CS Checklist can be seen in **APPENDIX A**.

PREREQUISITES

- SSp1: Construction Activity Pollution Prevention

An Erosion and Sedimentation Control Plan were implemented onsite during construction to comply with Phase I and II of the NPDES program. A Sand bag perimeter, catch basin and stabilized construction entrance served as three of the control techniques used.

- EAp1: Fundamental Commissioning of the Building Energy Systems

Commissioning of the HVAC system and controls, lighting system and controls, and the domestic hot water system were all tested to ensure that both the Basis of Design and Owner's Project Requirements were met. VAV units, lighting, occupancy sensors, and domestic hot water were all subject to pre-functional and functional testing. Engineering Economics Inc. is Commissioning Agent for the project.

- EAp2: Minimum Energy Performance

The HVAC and envelope design contributed to the achievement of ASHRAE/IESNA 90.1-2004. Chilled and Hot Water pumps are premium efficiency and variable speed drive motors. Fan motors in the cooling tower are also premium efficiency and variable speed drive. VAV Boxes, Occupancy Sensors and Skylight Time Switches are installed to further optimize energy efficiency.

- EAp3: Fundamental Refrigerant Management

R134a is used in the two Water Cooled Chillers. This refrigerant has relatively low ozone depletion and global warming potentials.

- MRp1: Storage and Collection of Recyclables

1,000 sf of the site is dedicated to the recycling of plastics, metals, paper, cardboard and glass to the northwest corner of the building.

- EQp1: Minimum IAQ Performance

Three Built-up Variable Air Volume systems, one Built-up Single Zone system and one split DX system supply sufficient outdoor air to meet ASHRAE 62.1-2004.

- EQp2: Environmental Tobacco Smoke Control

Per California State law, smoking is prohibited within the public building. Smoking is not permitted on the property.

SUSTAINABLE SITES

- SSc1: Site Selection

331 Foothill Road complies with all site requirements for this credit without any special circumstances.

- SSc2: Development Density & Community Connectivity

Project is located within ten local public services including: bank, grocery store, library, post office, restaurant, pharmacy, community center and pharmacy.

- SSc4.1: Alternative Transportation - Public Transportation

Local Bus routes 4, 14, 16/31 6, and 704 all stop within 1/4 mile of the building entrance, providing public transportation opportunities for building tenants.

- SSc4.4: Alternative Transportation - Parking Capacity

No new parking is available, thus encouraging building occupants to use alternative methods of transportation.

- SSc5.2: Site Development, Maximize Open Space

Open space for the project exceeds local zoning requirements by 143%, providing 8,853 sf of vegetated open space.

- SSc6.2: Stormwater Design, Quality Control

100% of roof runoff is routed to hard-bottom planters with added mulch. This not only minimizes potable water required to maintain landscape but also filters the water by removing debris, organic matter, bacteria and sediments.

- SSc7. 1: Heat Island Effect - Non-Roof

New Gray Concrete with an SRI value of 38 constitutes almost 60% of the 11,147 sf total non-roof hardscape surface for the project.

- SSc7.2: Heat Island Effect - Roof

A single ply roofing membrane with an SRI of 104 has been installed over 97% of the total roof area in order to reduce the building's impact on the Heat-Island Effect.

- SSc8: Light Pollution Reduction

The LZ3 project lighting is designed so that the angle of maximum candela of each interior does not exit through any windows. Site Lighting Power is 3,071 Watts, with no façade or landscape lighting. Lastly, the percentage of Site Lamp Lumens above 90 degrees Nadir is only 0.70%.

- SSc9: Tenant Design and Construction Guidelines

The "331 Foothill Road: Design and Construction Guidelines for Tenant Improvements" has been provided to all prospective tenants to act as a guide in achieving LEED for Commercial Interiors (LEED-CI) if desired by the tenant.

WATER EFFICIENCY

- WEc1: Water Efficient Landscaping

Potable water use has been reduced by 59% through the use of xeriscaping, drip and bubbler emitters, an automated timer with rain shut-off. Low and medium water-use plants and rock land cover instead of turf were specified to achieve water savings.

- WEc3: Water Use Reduction

A 31% total water savings was estimated based on a comparison of baseline versus design cases. Sloan Dual-Flush Flushometers (1.1 and 1.6 gpf) were installed.

ENERGY & ATMOSPHERE

- EAc1: Optimize Energy Performance

The HVAC and envelope design contributed to the achievement of ASHRAE/IESNA 90.1-2004. Chilled and Hot Water pumps are premium efficiency and variable speed drive motors. Fan motors in the cooling tower are also premium efficiency and variable speed drive. VAV Boxes, Occupancy Sensors and Skylight Time Switches are installed to further optimize energy efficiency. Proposed Design exceeds Title-24 standards by 5.8%.

- EAc2: Onsite Renewable Energy

Solar panels were designed and installed on the roof to offset a portion of the annual building energy use.

- EAc3: Enhanced Commissioning

Commissioning of the HVAC system and controls, lighting system and controls, and the domestic hot water system were all tested to ensure that both the Basis Of Design and Owner's Project Requirements were met. VAV units, lighting, occupancy sensors, and

domestic hot water were all subject to pre-functional and functional testing. The Commissioning Agent conducted the following activities to complete an enhanced building system examination: Commissioning Design Review of CD docs; review of contractor submittals; develop systems manual for systems; verify completion of the requirements for training; and review building operation within 10 months. Engineering Economics Inc. was the Commissioning Agent for the project

- EAc5: Enhanced Refrigerant Management

The two Cold Water chillers installed for the HVAC system use R134a. The Average Refrigerant Atmospheric Impact for the two Chillers using R134a complies with this credit.

- EAc6: Green Power

The City of Beverly Hills purchased 180,000 kWh, 100% of the project's annual energy use, over 2 years from the Carbon Solutions Group.

MATERIALS & RESOURCES

- MRc2: Construction Waste Management

Crown Disposal served as the project waste hauler and diverter. More than 75% of all waste from the construction process was diverted from the landfill.

- MRc4: Recycled Content: 10%

More than 10% of the total materials cost was recycled content.

INDOOR ENVIRONMENTAL QUALITY

- EQc1: Outdoor Air Delivery Monitoring

Each air handling unit has a full economizer cycle with outdoor air monitors. Each monitor is connected directly to the Building Automation System which provides trend logging and alarms when conditions change more than 10% then the initial set point.

- EQc2: Increased Ventilation

The installed ventilation system has been designed to exceed ASHRAE 62.1-2004 standard for outdoor air by 30%. Core and shell spaces were broken down into General Office, Retail, TV Studio, Edit Suite, Restaurant, Lobby and Corridor.

- EQc3: Construction IAQ Management Plan

SMACNA Guidelines were executed throughout construction to ensure the health and safety of construction workers, occupants and the environment. A Construction Indoor Air Quality Management Plan was developed, signed by the General Contractor and Photo documentation was recorded.

- EQc4: Low-Emitting Materials

All adhesives, sealants, paints and coatings satisfy VOC limits as defined by the South Coast Air Quality Management District and Green Seal. Carpet Systems all consist of Green Label Plus carpets and Green Label padding. All adhesives used for carpeting complied with SCAQMD standards. 100% of composite woods for this project contained no added urea-formaldehyde.

- EQc5: Indoor Chemical and Pollutant Source Control

Permanent entryway systems are installed in all main entries. Spaces containing hazardous gases and/or chemicals are fully sealed and exhausted. MERV 13 filters have been installed in all air handling units.

- EQc7: Thermal Comfort, Design

Central VAV units supply conditioned air to meet conditions desired by client. Design set points are 78°F /74°F in summer and 74°F/68°F in winter. Maximum indoor space design humidity is 60%.

- EQc8.1: Daylight & Views, Daylight 75% of Spaces

Glazing with a 56% Visible Transmittance and substantial fenestration grant daylight to over 94% of all regularly-occupied spaces within the Core and Shell (2% Glazing Factor).

- EQc8.2: Daylight & Views, Views for 90% of Spaces

53,907 sf of the total 59,563 sf of regularly occupied area have views to the exterior. This equates to 90.5% of all regularly-occupied spaces.

INNOVATION IN DESIGN

- IDc1.1: Exemplary Performance - Green Power

The City of Beverly Hills purchased 180,000 kWh, 100% of the project's annual energy use, over 2 years from the Carbon Solutions Group.

- IDc2: LEED Accredited Professional

A member of the design team from Steven Ehrlich Architects served as the LEED Accredited Professional for this project.

LEED-CI Coordination

The following information is for use in pursuing LEED Certification under Commercial Interiors Version 2.0, if desired by the tenants. This section should be used in coordination with LEED-CS Achieved Credits of this document to aid in selecting appropriate options and pathways of satisfying credit requirements. Recommendations and instructions for individual credit achievement are listed in the following categories: Prerequisites; Sustainable Sites; Water Efficiency; Energy and Atmosphere; Materials and Resources; Indoor Environmental Quality; and Innovation and Design. Final LEED-CS checklist for 331 Foothill Road and a Proposed LEED-CI checklist for future tenants can be found in **Appendix A & Appendix B (respectively)**.

PREREQUISITES

If Certification is pursued by the Tenant, construction and operations shall comply with the following prerequisites per the LEED-C1v2.0 rating system:

- EAp1: Fundamental Commissioning
 - **Credit Requirement:** Tenant shall hire an independent Commissioning Authority to provide fundamental commissioning services on the tenant build out to ensure the building energy related systems operate per the owner's project requirement and the basis of design requirements. At a minimum commission: HVAC & R equipment and associated controls; lighting controls including day lighting; domestic hot water system; and other energy using systems on the project.
 - **LEED-CI Coordination:** Tenant should hire same Commissioning Agent that conducted commissioning for Core and Shell portion of the building, Engineering Economics Inc. Familiarity with installed systems should improve consistency within testing and reporting.
- EAp2: Minimum Energy Performance
 - **Credit Requirement:** Tenant shall provide a TI design that will exceed Title 24 minimum energy code requirements. HVAC is provided with the Core & Shell building - although zoning may require modifications to fit build out. Consider high efficiency air handling units and/or lighting fixtures with lighting controls to maintain the building's energy efficient Core & Shell construction. *Two points under EA1 are required for LEED-CI Certification as of June 26, 2007. These two points may be achieved through any combination of the four EA1 subcredits.*
 - **LEED-CI Coordination:** Installed Variable Air Volume supply fans, premium efficiency and variable speed drive motors and occupancy sensors contribute to energy savings that would be inherited by tenant. Daylighting control methods and fan coils with premium efficiency motors should be utilized to improve energy performance.

- EAp3: CFC Reduction in HVAC&R Equipment
 - **Credit Requirement:** Any HVAC&R equipment installed by the tenant shall contain non-CFC refrigerants.
 - **LEED-CI Coordination:** Install air handling units that use R134a, R410a or non-CFC refrigerant using system to tie into existing air handling units.
- MRp1: Storage and Collection of Recyclables
 - **Credit Requirement:** The tenant shall provide recycling bins throughout tenant space and encourage occupants to recycle by providing signage and accessibility.
 - **LEED-CI Coordination:** A recycling collection area stands to the northwest corner of the building for use by tenants. [INHERITED CREDIT]
- EQp1: Minimum IAQ Performance
 - **Credit Requirement:** The Core & Shell building was designed to deliver a minimum of 30% higher than ASHRAE 62.1-2004 ventilation rates to provide superior indoor air quality. Tenant shall maintain minimum outdoor ventilation rates in all TI build outs as defined in ASH RAE 62.1-2004.
 - **LEED-CI Coordination:** Fan Coils should be designed and installed throughout Tenant Spaces to tie into Core and Shell VAV system and meet ASH RAE 62.1-2004 outdoor air requirements. All spaces should be provided with outdoor air volumes equal to this standard. Conference Rooms and other high density spaces should be designed with increased airflow supply to compensate for maximum loads.
- EQp2: Environmental Tobacco Smoke (ETS) Control
 - **Credit Requirement:** Prohibit smoking within the building and 25 feet away from all building openings and air intakes.
 - **LEED-CI Coordination:** Compliance with the State of California's smoking policy for public grounds ensures achievement of this prerequisite. [INHERITED CREDIT]

SUSTAINABLE SITES

- SScl: Select LEED Certified Building
 - **Credit Requirement:** Locate tenant space within a LEED Certified Core & Shell building.
 - **LEED-CI Coordination:** 331 Foothill Road is a LEED Core & Shell Certified project and qualifies all future tenants for this credit. [INHERITED CREDIT]

- SSc2: Community Connectivity
 - **Credit Requirement:** Locate the tenant space within walking distance to 10 community services, as defined by LEED.
 - **LEED-CI Coordination:** Project is located within ten local public services including: bank, grocery store, library, post office, restaurant, pharmacy, community center and pharmacy. [INHERITED CREDIT]
- SSc3: Alternative Transportation
 - **Credit Requirement:** CI projects that offer transportation alternatives are available for 3 points under this category. Public transportation, bicycle storage and changing rooms, and carpool parking stalls provide credit achievement.
 - **LEED-CI Coordination:** Local Bus routes 4, 14, 16/316, and 704 all stop within 1/4 mile of the building entrance, providing public transportation opportunities for building tenants. Bicycle storage and showers (quantity determined by Tenant Space "Full Time Equivalent") can be installed by tenants to meet 55c4.2. [INHERITED CREDIT]

WATER EFFICIENCY

- WEc1: Water Use Reduction
 - **Credit Requirement:** Show reductions of 20% and 30% in water usage of tenant plumbing fixtures over the baseline case as established in the EPAct of 1992. Tenant can provide water reductions through selection of water efficient showerheads, toilets, urinals, water closets, faucets and aerators.
 - **LEED-CI Coordination:** Core and Shell plumbing fixtures were selected for water efficiency and will apply towards the total water use of the tenant space. Tenant's selection of water conserving fixtures will aid in maximum credit achievement. Tenant may refer to the Watersense website for a list of acceptable fixtures for the building. Suggested fixtures: ZURN Z5738 Pint Flush Urinal ZURN Z5665 1.28 gpf Toilet Chicago 3300-CPAND 0.5 gpm Lavatory can further minimize potable water usage. <http://www.epa.ciov/watersense/pubs/label.htm>.

ENERGY & ATMOSPHERE

- EAc1.1: Optimize Energy Performance, Lighting Power
 - **Credit Requirement:** Tenant shall design build-out lighting plan to reduce the overall lighting power density (LPD W/sf) by 15% versus the ASHRAE Std. 90.1-2004 standard lighting power density. It is mandatory for tenants to comply with reducing lighting power density by 15% below the standard. *Two points under EAc1 are required for LEED-CI Certification as of June 26, 2007. These two points may be achieved through any combination of the four EAc 1 subcredits.*

- **LEED-CI Coordination:** High efficiency luminaires such as LEDs can emit the same amount of light as traditional incandescent with less energy. http://www.energystar.gov/index.cfm?c=lighting.pr_lighting
- EAc1.2: Optimize Energy Performance, Lighting Controls
 - **Credit Requirement:** Limit the amount of artificial light used by occupants within 15 feet of windows and skylights through installation of photosensors, dimming and switching devices. *Two points under EAc1 are required for LEED-CI Certification as of June 26, 2007. These two points may be achieved through any combination of the four EAc1 subcredits.*
 - **LEED-CI Coordination:** Install daylight responsive controls in all regularly occupied spaces within 15 feet of windows, doors, and under skylights. Spaces around perimeter glazing should be equipped with occupancy sensors, photocells and daylight-responsive controls.
- EAc1.3: Optimize Energy Performance, HVAC
 - **Credit Requirement:** Tenant space HVAC design should achieve significant equipment efficiency and zoning/controls. *Two points under EAc1 are required for LEED-CI Certification as of June 26, 2007. These two points may be achieved through any combination of the four EAc1 subcredits. One of the following options should be pursued:*
 - **Option A:** Comply with efficiency requirements of “Advanced Buildings: Energy Benchmark for High Performance Buildings” and provide separate and active zone controls.
 - **Option B:** Demonstrate a 15% (30% for 2 points) improvement over minimum compliance system under ANSI/ASHRAE/IESNA Standard 90.1-2004.
 - **LEED-CI Coordination:** HVAC is provided with the Core & Shell building - although zoning may require modifications to fit build out. Rooftop Air Handling Units, Variable Air Volume boxes, premium efficiency and variable speed drive motors all contribute to energy savings that would be inherited by tenant. Fan coils with high-efficiency fan motors can contribute further to energy savings when tying into CS system.
- EAc1.4: Optimize Energy Performance, Equipment and Appliances
 - **Credit Requirement:** Depending on tenants’ need for appliances and equipment used in TI space, 70% of the devices shall be ENERGYSTAR® rated wherever appropriate. *Two points under EAc1 are required for LEED-CI Certification as of June 26, 2007. These two points may be achieved through any combination of the four EAc1 subcredits.*

- **LEED-CI Coordination:** Office equipment such as computers, monitor, copiers, and fax machines are all to be ENERGYSTAR® efficient. Kitchen appliances such as Refrigerators, Freezers and Dishwashers can also be specified as ENERGYSTAR®. Preferred ENERGYSTAR® equipment and appliances can be found at www.energystar.gov
- EAc2: Enhanced Commissioning
 - **Credit Requirement:** In addition to the Fundamental Commissioning requirements, the Commissioning Authority and Design Team should conduct the following activities: Contract an individual Commissioning Authority independent of firms represented in design and construction team to lead commissioning review activities; conduct a review of tenant space's energy related systems contractor submittals; develop a recommissioning manual containing information of building's energy related systems; verify completion of requirements for training operating personnel and tenant space occupants; review tenant space operation with O&M staff and occupants including a plan for resolution of outstanding items within 10 months.
 - **LEED-CI Coordination:** Tenant should hire same Commissioning Agent that conducted commissioning for Core and Shell portion of the building, Engineering Economics Inc, to perform enhanced commissioning. Familiarity with installed systems should improve consistency within testing and reporting.
- EAc3: Energy Use, Measurement & Payment Accountability
 - **Credit Requirement:** Install sub-metering equipment to measure and record energy uses within the tenant space (1 point). Lease should include clause stating energy costs are paid for by the tenant and not included in the base rent (1 point).
 - **LEED-CI Coordination:** Tenants do not qualify for this credit as the Core and Shell portion of the building does not meet credit requirements.

MATERIALS & RESOURCES

- MRc2: Construction Waste Management, Divert 75% from Landfill
 - **Credit Requirement:** For TI construction, the tenant would be responsible for documenting that at least 75% of the construction waste would be diverted from landfill. Items required to be recycled and/or diverted from landfill are: Paper, cardboard, glass, plastics and metals. Other materials that can be diverted from landfill are wood, gypsum, and organic waste.
 - **LEED-CI Coordination:** Crown Disposal served as the project waste hauler and diverter for the Core and Shell project. More than 75% of all waste from the construction process was diverted from the landfill.
- MRc4: Recycled Content

- **Credit Requirement:** Tenant shall select TI materials that have a high recycled content where appropriate. Recycled content material should amount to 10% (post-consumer + 1/2 pre-consumer) of the total material cost. Material calculations should not include mechanical, electrical, or plumbing elements.
- **LEED-CI Coordination:** Metal framing, insulation, carpeting, ceiling tiles and tile structuring often contain recycled content and offer a high percentage of the materials cost. (Recommended Manufactures: Johns Manville, Knauf, Georgia Pacific, Bentley Prince Street, Armstrong, USG).
- MRC5: Regional Materials
 - **Credit Requirement:** Tenant shall select materials that can be sourced within 500 miles from the building. 10% of materials should be extracted and manufactured within 500 miles of the project site (20% for 2 points).
 - **LEED-CI Coordination:** Metal framing, insulation, carpeting, ceiling tiles and tile often contain regional content and offer a high percentage of the materials cost. (Recommended Manufactures: Johns Manville, Frazee Paint, Knauf, Bentley Prince Street, USG).
- MRC6: Rapidly Renewable Materials
 - **Credit Requirement:** Tenant shall select materials and products made with a 10-year or less harvesting cycle. A minimum of 5% of the total materials cost must qualify under this definition of rapidly renewable materials in order to achieve on point.
 - **LEED-CI Coordination:** Products that contribute to the achievement of this credit include: bamboo flooring, wool carpets, cotton batt insulation, linoleum flooring, poplar Oriented Strand Board, sun flower seed board, and wheatgrass cabinetry. (Recommended Manufactures: Plyboo, Forbo, Oregon Door, Knauf, Kirei USA).
- MRC7: FSC-Certified Wood
 - **Credit Requirement:** Tenant shall select Forest Stewardship Council Certified wood for a minimum of 50% for all wood purchased for project.
 - **LEED-CI Coordination:** Materials that can be FSC Certified include: carpentry, doors and frames, veneers, tables, furniture, moldings and countertops. (Recommended Manufactures: Oregon Door, Plyboo, Architectural Millwork).

INDOOR ENVIRONMENTAL QUALITY

- EQc1: Outdoor Air Delivery Monitoring

- **Credit Requirement:** Install CO2 monitors in all air handling units that maintain ventilation requirements to densely occupied spaces (Occupant density is equal to or greater than 25 people per 1000 sf).
- **LEED-CI Coordination:** Tenant shall install and connect CO2 monitors to main air handling units. Two rooftop air handling units (delivering approximately 50,000 cfm total) are each equipped with outdoor air monitoring devices. Conference Rooms and high density spaces should be equipped with fan coils providing increased airflow supply to compensate for maximum loads.
- EQc2: Increased Ventilation
 - **Credit Requirement:** Exceed minimum air rates required by ASHRAE 62.1-2004 by 30%. Spaces should be broken down into appropriate Occupant Categories (as defined by ASHRAE 62.1) and considered appropriate levels of outdoor air should be designed to meet these levels.
 - **LEED-CI Coordination:** Tenant shall maintain the Core & Shell's ventilation design in all TI build outs. Conference Rooms and high density spaces should be equipped with fan coils providing increased airflow supply to compensate for maximum loads
- EQc3.1: Construction IAQ Management Plan, During Construction
 - **Credit Requirement:** Tenant must develop and execute an IAQ Management Plan that meets or exceeds the recommended design approach of the Sheet Metal and Air Conditioning National Contractors Association (SMACNA). Requirements fall under the following categories: HVAC Protection; Pollutant Source Control; Pathway Interruption; Housekeeping; Scheduling.
 - **LEED-CI Coordination:** Protect on-site and installed absorptive materials, ductwork from moisture damage and pollutants. If air handlers must be used during construction, filters with a Minimum Efficiency Reporting Value of 8 must be used on all return openings to the units. Replace all filtration media immediately prior to occupancy of the TI space. Document execution of the SMACNA requirements with photos taken throughout construction.
- EQc4.1: Low-Emitting Materials, Adhesives and Sealants
 - **Credit Requirement:** All materials listed below that are used in the building interior must not exceed the following requirements:
 - Adhesives, Sealants and Sealant Primers: South Coast Air Quality Management District (SCAQMD) Rule #1168 requirements in effect on January 1, 2003 and rule amendment dated October 3, 2003.
 - Aerosol Adhesives: Green Seal Standard GC-36 requirements in effect on October 19, 2000.

- **LEED-CI Coordination:**
 - Acceptable Adhesives, Sealants:
<http://www.agmd.gov/prdas/Coatings/super-compliantlist.htm>
 - Acceptable Aerosol Adhesives:
<http://www.greenseal.org/findaproduct/index.cfm>
- EQc4.2: Low-Emitting Materials, Paints and Coatings
 - **Credit Requirement:** Interior paints and coating applied on-site must meet the limitations and restrictions concerning chemical components set by the following standards:
 - Topcoat Paints: Green Seal Standard GS-11.
 - Anti-Corrosive and Anti-Rust Paints: Green Seal Standard GS-03, Anti-Corrosive Paints.
 - All other Architectural Coatings, Primers and Undercoats: South Coast Air Quality Management District (SCAQMD) Rule 1113
 - **LEED-CI Coordination:**
 - Acceptable Topcoat Paints:
<http://www.greenseal.org/findaproduct/index.cfm>
 - Acceptable Anti-Corrosive and Anti-Rust Paints:
<http://www.greenseal.org/findaproduct/index.cfm>
 - Acceptable Architectural Coatings, Primers and Undercoats:
<http://www.aqmd.gov/prdas/Coatings/super-compliantlist.htm>
- EQc4.3: Low-Emitting Materials, Carpet Systems
 - **Credit Requirement:** Tenants must use carpet systems that meet or exceed the Carpet and Rug Institute's (CRI) Green Label Plus (GLP). Carpet pads must meet the requirements CR1 Green Label Program. Note that GLP does not address backer or adhesive. Backer or adhesives must meet EQ credit 4.1.
 - **LEED-CI Coordination:**
 - Acceptable Carpets: <http://www.carpet-rug.org/commercial-customers/greenbuilding-and-the-environment/green-label-plus/green-label-plus-carpet-list.cfm>

- Acceptable Cushion: <http://www.carpet-rug.orci/commercial-customers/greenbuilding-and-the-environment/green-label-plus/green-label-cushion-list.cfm>
 - Acceptable Adhesive: <http://www.carpet-rug.org/commercial-customers/greenbuilding-and-the-environment/cireen-label-plus/cireen-label-adhesive-list.cfm>
- EQc4.4: Low-Emitting Materials, Composite Wood and Laminate Adhesives
 - **Credit Requirement:** Composite wood and agrifiber products, including core materials, must contain no added urea-formaldehyde resins. Laminate Adhesives used to fabricate on-site and shop applied assemblies containing these laminate adhesives must contain no added urea-formaldehyde. Preferred Low-emitting materials in **Table 1**. NOTE: If Products covered by EQ Credit 4.5, Low-Emitting Materials, System Furniture and Seating shall be excluded from these requirements.
 - **LEED-CI Coordination:** Plywood, OSB, MDF, strawboard, wheatboard, and door cores are all examples of composites where urea-formaldehyde can be found. Confirm with supplier that all composites contain no added urea-formaldehyde.
 - EQc4.5: Low-Emitting Materials, Systems Furniture and Seating
 - **Credit Requirement:** Any furniture that is brought into the TI space which was manufactured, refurbished, or refinished within one year prior to moving it space must be Greenguard Indoor Air Quality Certified. Calculated indoor air concentrations that are less than or equal to those established in **Table 1**: “Indoor Air Concentrations for furniture systems and seating”. Salvaged or used furniture that is more than one year old at time of occupancy is excluded from the credit requirements.
 - **LEED-CI Coordination:** Acceptable Furnishings that comply with this credit can be found at: <http://www.greenguard.orci/default.aspx?tabId=12>
 - EQc5: Indoor Chemical and Pollutant Source Control
 - **Credit Requirement:** Install permanent entryway systems in all main entries; fully seal and exhaust all spaces containing hazardous gases and/or chemicals. Install MERV 13 filters in all air handling units.
 - **LEED-CI Coordination:** Precautions to control sources and spread of airborne pollutants/toxins should be taken at all opportunities. MERV 13 filters in all air handling units, fully sealing spaces containing chemical gases or materials and installing and maintaining entryway systems can all help minimize health risks. These steps are mandatory for this credit and should be implemented in accordance with the Core and Shell portion of the building.

- EQc6.1: Controllability of Systems, Lighting
 - **Credit Requirement:** Provide individual controls for a minimum of 90% for the building occupants to adjust lighting to satisfy needs and preferences. Lighting system controls must also be provided for all shared multi-occupant spaces.
 - **LEED-CI Coordination:** Design lighting to include controls in most individual spaces and all shared spaces. Although additional up-front costs come with controls, improving occupants' comfort and well-being can promote increased productivity and efficiency.

- EQc6.2: Controllability of Systems, Thermal Comfort
 - **Credit Requirement:** Provide individual controls for a minimum of 50% for the building occupants to adjust the thermal environment to satisfy needs and preferences. Comfort system controls must also be provided for all shared multi-occupant spaces.
 - **LEED-CI Coordination:** Design HVAC system to include thermostats in most individual spaces and all shared spaces. Although additional up-front costs come with thermostats, improving occupants' thermal comfort and well-being can promote increased productivity and efficiency. Air handling units installed into tenant spaces as part of build-out should serve specific zones with similar space types within each zone.

- EQc7: Thermal Comfort, Design
 - **Credit Requirement:** Design HVAC system and building envelope to meet ASHRAE Std.55-2004, Thermal Comfort Conditions for Human Occupancy.
 - **LEED-CI Coordination:** Central air handling units supply conditioned air to meet conditions desired by client. Design set points are 78°F /74°F in summer and 74°F/68°F in winter. Maximum indoor space design humidity is 60%. Tenant build-out should maintain conditions as set by central units.

- EQc8.1: Daylight & Views, Daylight 75% of Spaces
 - **Credit Requirement:** Achieve a glazing factor of at least 2% for a minimum of 75% of all regularly occupied spaces. Window and floor areas, window geometry, visible transmittance of the glazing and the window height factor are all used in calculating the glazing factor of each space.
 - **LEED-CI Coordination:** Glazing with a 56% Visible Transmittance and substantial fenestration grant daylight to over 94% of all regularly-occupied spaces within the Core and Shell (2% Glazing Factor). Open floor layouts with private offices and conference rooms situated towards the center of the floor plan allow for maximum light penetration into the tenant space.

- EQc8.2: Daylight & Views, Views for 90% of Spaces
 - **Credit Requirement:** Achieve a direct line-of-site to the outdoor environment by designing glazing between 2'-6" and 7'-6" above the finished floor. Tenant built-out design should meet the above criteria for 90% of all regularly-occupied spaces.
 - **LEED-CI Coordination:** 53,907 sf of the total 59,563 sf of regularly occupied area has views to the exterior. This equates to 90.5% of all regularly-occupied spaces. Although this percentage cannot increase by tenant build-out design, efficient use of space can ensure that views to most spaces cannot be lost. Place private offices towards the center of the floor plan and maintain open offices, with relatively low desk heights. Shelving units and partitions should also be considered when designing the space as these can block existing views.

INNOVATION & DESIGN

While ID credits can be substituted, the following are listed for the tenant's convenience.

- IDcl.1: Innovation in Design, Green Housekeeping
 - **Credit Requirement:** Maintain a healthy indoor environment by practicing low-impact sanitation techniques. Cleaning techniques should minimize or eliminate any risks to occupants or the environment.
 - **LEED-CI Coordination:** Tenant should contract sustainable cleaners to maintain sanitation within the building. Company should practice with the environment and the health and safety of building occupants as priority one.
- IDcl.2: Innovation in Design, Exemplary Performance - 40% Water Use Reduction
 - **Credit Requirement:** provide an additional 10% water use savings beyond WEc3 by installing water efficient fixtures.
 - **LEED-CI Coordination:** Low-flow lavatories, faucets and showerheads, dual-flush or low-flush toilets, pint urinals all contribute to valuable water savings. Refer to WEc3 for additional information.
- IDcl.3: Innovation in Design, Educational Siginacie
 - **Credit Requirement:** Create an environment of open access to sustainable design education. Signage, tours, brochures and seminars can be offered within the tenant space to promote environmental awareness to both tenants and visitors to the space.
 - **LEED-CI Coordination:** Place educational plaques throughout office highlighting sustainable design features. Achievements in any of the six LEED categories can be demonstrated. Office tours and educational tools encouraging environmental awareness should also be conducted.

- IDcl.4: Innovation in Design, Low-Mercury Lighting
 - **Credit Requirement:** Develop a low-mercury lighting purchasing plan that sets an overall target of 90 picograms per lumen-hour or less for at least 90% of mercury-containing lamps. The plan and purchasing records should be documented during a designated performance period.
 - **LEED-CI Coordination:** Specify low-mercury containing lamps for lighting fixtures. T-5 and T-8 fluorescents have low mercury content without compromising lamp life or light output. (Recommended Manufactures: *Ecologic* by OSRAM Sylvania, *Alto* by Philips, *ECOLUX* by GE).

Yes ? No

Project Checklist

1			c Credit 3	Enhanced Commissioning	1
1			d Credit 4	Enhanced Refrigerant Management	1
		1	d Credit 5.1	Measurement & Verification – Base Building	1
		1	d Credit 5.2	Measurement & Verification – Tenant Sub-metering	1
1			c Credit 6	Green Power	

3	4	4	Material & Resources	11 Pts
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Y			d Pricing 1	Storage & Collection of Recyclables	Required
		1	c Credit 1.1	Building Reused: Maintain 25% of Existing Walls, Floors and Roof	1
		1	c Credit 1.2	Building Reused: Maintain 50% of Existing Walls, Floors and Roof	1
		1	c Credit 1.3	Building Reused: Maintain 75% of Existing Walls, Floors and Roof	1
1			c Credit 2.1	Construction Waste Management: Divert 50% from Disposal	1
1			c Credit 2.2	Construction Waste Management: Divert 75% from Disposal	1
		1	c Credit 3	Material Reuse: 1%	1
1			c Credit 4.1	Recycled Content: 10% (post-consumer + 1/2 pre-consumer)	1
	1		c Credit 4.2	Recycled Content: 20% (post-consumer + 1/2 pre-consumer)	1
	1		c Credit 5.1	Regional Materials: 10% Extracted, Processed & Manufactured Regla	
	1		c Credit 5.2	Regional Materials: 20% Extracted, Processed & Manufactured Regla	1
			c Credit 6	Certified Wood	1

11	0	1	Indoor Environmental Quality	11 Pts
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Y			d Pricing 1	Minimum IAQ Performance	Required
Y			d Pricing 2	Environmental Tobacco Smoke (ETS) Control	Required
1			d Credit 1	Outdoor Air Delivery Monitoring	1
1			d Credit 2	Increased Ventilation	1
1			c Credit 3	Construction IAQ Management Plan: During Construction	1
1			c Credit 4.1	Low-Emitting Materials: Adhesives & Sealants	1
1			c Credit 4.2	Low-Emitting Materials: Paints & Coatings	1
1			c Credit 4.3	Low-Emitting Materials: Carpet Systems	1
1			c Credit 4.4	Low-Emitting Materials: Composite Wood & Agrifiber Products	1
1			d Credit 5	Indoor Chemical & Pollutant Source Control	1
		1	d Credit 6	Controllability of Systems: Thermal Comfort	1
1			d Credit 7	Thermal Comfort: Design	1
1			d Credit 8.1	Daylight & Views: Daylight 75% of Spaces	1
1			d Credit 8.2	Daylight & Views: Views for 90% of Spaces	1

2	0	4	Innovative & Design Process	5 Pts
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1		1	d Credit 1.1	Innovation In Design: Green Power	1
		1	d Credit 1.2	Innovation In Design: Provide Specific Title	1
		1	d Credit 1.3	Innovation In Design: Provide Specific Title	1
		1	d Credit 1.4	Innovation In Design: Provide Specific Title	1
1			Credit 2	LEED® Accredited Professional	1

33	4	19	Totals (pre-certification estimates)	61
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APPENDIX B

LEED for Commercial Interiors v2.0
Registered Project Checklist

Project Name: 331 N Foothill Rd - Future Tenant Build-Out
Date: March 30, 200B

d/c Yes ? No

Project Checklist

d	6	0	1	Sustainable Sites	7 Points
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d	3			Credit 1	1 to 3
			3	Select a LEED Certified Building OR Locate the tenant space in a building with following characteristics: Option 1A Brownfield Redevelopment Option 1B Stormwater Management: Rate and Quantity Option 1C Stormwater Management: Treatment Option 1D Heat Island Reduction: Non-Roof Option 1E Heat-Island Reduction: Roof Option 1F Light Pollution Reduction Option 1G Water Efficient Irrigation: Reduce by 50% Option 1H Water Efficient Irrigation: No Potable Use or No Irrigation Option 1I Innovative Wastewater Technologies Option 1J Water Use Reduction: 20% Reduction Option 1K Onsite Renewable Energy Option 1L Other Quantifiable Environmental Performance	3 1 to 3 1/2 1/2 1/2 1/2 to 1 1/2 1/2 1/2 1/2 1/2 1/2 1/2 1/2 to 1 1/2 to 3
d	1			Credit 2 Development Density and Community Connectivity	1
d	1			Credit 3.1 Alternative Transportation: Public Transportation Access	1
d			1	Credit 3.2 Alternative Transportation: Bicycle Storage & Changing Rooms	1
d	1			Credit 3.3 Alternative Transportation: Parking Availability	1

Yes ? No

1	1	0	Water Efficiency	2 Points
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d	1			Credit 1.1 Water Use Reduction – 20% Reduction	1
d		1		Credit 1.2 Water Use Reduction – 30% Reduction	1

Yes ? No

2	8	2	Energy & Atmosphere	12 Points
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c	Y			Prereq 1 Fundamental Commissioning	Required
d	Y			Prereq 2 Minimum Energy Performance	Required
d	Y			Prereq 3 CFC Reduction in HVAC&R Equipment	Required

* NOTE for EAct: All LEED for Commercial Interiors projects are required to achieve at least two (2) points under EAct. Projects may earn 2 points from achieving any combination of the 4 sub-credits under EAct.

d	1	2	Credit 1.1	Optimize Energy Performance – Lighting Power	1 to 3
				1 Option A: Reduce lighting power density to 15% below the standard	1
				Option B: Reduce lighting power density to 25% below the standard	2
				Option C: Reduce lighting power density to 35% below the standard	3
d	1		Credit 1.2	Optimize Energy Performance – Lighting Controls	1
d		2	Credit 1.3	Optimize Energy Performance – HVAC	1 to 2
				Option A: Equipment Efficiency and Zoning & Controls	1 to 2
				Option B: Reduce Design Energy Cost	1 to 2
d		2	Credit 1.4	Optimize Energy Performance – Equipment and Appliances	1 to 2
				70% of ENERGY STAR eligible equipment is ENERGY STAR rated	1
				90% of ENERGY STAR eligible equipment is ENERGY STAR rated	2
c		1	Credit 2	Enhanced Commissioning	1
d		2	Credit 3	Energy Use, Measurement & Payment Accountability	1 to 2
				Case A: Projects with area less than 75% of total building area	1 to 2
				Case B: Projects with area 75% or more of total building area	2
c		1	Credit 4	Green Power	1

Yes ? No

5	7	2	Materials & Resources	14 Points
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d	Y		Prereq 1	Storage and Collection of Recyclables	Required
d	1		Credit 1.1	Tenant Space, Long Term Commitment	1
d		1	Credit 1.2	Building Reuse, Maintain 40% of Interior Non-Structural Components	1
d		1	Credit 1.3	Building Reuse, Maintain 60% of Interior Non-Structural Components	1
c		1	Credit 2.1	Construction Waste Management, Divert 50% From Landfill	1
c		1	Credit 2.2	Construction Waste Management, Divert 75% From Landfill	1
d	1		Credit 3.1	Resource Reuse, 5%	1
d		1	Credit 3.2	Resource Reuse, 10%	1
d		1	Credit 3.3	Resource Reuse, 30% Furniture and Furnishings	1
c	1		Credit 4.1	Recycled Content, 10% (post-consumer + 1/2 pre-consumer)	1
c		1	Credit 4.2	Recycled Content, 20% (post-consumer + 1/2 pre-consumer)	1
c	1		Credit 5.1	Regional Materials, 20% Manufactured Regionally	1
c		1	Credit 5.2	Regional Materials, 10% Extracted and Manufactured Regionally	1
c	1		Credit 6	Rapidly Renewable Materials	1
c		1	Credit 7	Certified Wood	1

Yes ? No

4	11	1	Indoor Environmental Quality	17 Points
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d	Y		Prereq 1	Minimum IAQ Performance	Required
d	Y		Prereq 2	Environmental Tobacco Smoke (ETS) Control	Required
d		1	Credit 1	Outside Air Delivery Monitoring	1
d		1	Credit 2	Increased Ventilation	1
c		1	Credit 3.1	Construction IAQ Management Plan, During Construction	1

c			1	Credit 3.2	Construction IAQ Management Plan, Before Occupancy	1
c	1			Credit 4.1	Low-Emitting Materials, Adhesives and Sealants	1
c	1			Credit 4.2	Low-Emitting Materials, Paints and Coatings	1
c	1			Credit 4.3	Low-Emitting Materials, Carpet Systems	1
c	1			Credit 4.4	Low-Emitting Materials, Composite Wood and Laminate Adhesives	1
c	1			Credit 4.5	Low-Emitting Materials, Systems Furniture and Seating	1
c		1		Credit 5	Indoor Chemical and Pollutant Source Control	1
d		1		Credit 6.1	Controllability of Systems, Lighting	1
d		1		Credit 6.2	Controllability of Systems, Temperature and Ventilation	1
d		1		Credit 7.1	Thermal Comfort - Compliance	1
d		1		Credit 7.2	Thermal Comfort – Monitoring	1
d		1		Credit 8.1	Daylight & Views – Daylight 75% of Spaces	1
d		1		Credit 8.2	Daylight & Views – Daylight 90% of Spaces	1
d		1		Credit 8.3	Daylight & Views – Views for 90% of Seated Spaces	1

Yes ? No

5	0	0	Innovation & Design Process	5 Points
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d	1			Credit 1.1	Innovation in Design: Green Housekeeping	1
d	1			Credit 1.2	Innovation in Design: Exemplary Performance WEc1 Water Use Reduction 40%	1
d	1			Credit 1.3	Innovation in Design: Educational Signage	1
d	1			Credit 1.4	Innovation in Design: Low-Mercury Lighting	1
d	1			Credit 2	LEED™ Accredited Professional	1

Yes ? No

23	27	6	Project Totals (pre-certification estimates)	57 Points
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EXHIBIT B-3

BUILDING PLANS

The Building plans in existence as of the date of this Lease that have been provided to Tenant's architect.

EXHIBIT C

RULES AND REGULATIONS

1. Except as may be specifically provided in the Lease to which these Rules and Regulations are attached, no sign, placard, picture, advertisement, name or notice shall be installed or displayed on any part of the outside or inside of the Building (except within the Premises) without the prior written consent of Landlord. Tenant shall not place anything against or near exterior windows or doors which may appear unsightly from outside the Premises or which are visible from the exterior of the Premises (other than approved window coverings). Landlord shall have the right to remove, at Tenant's expense and without notice, any sign installed or displayed in violation of this rule.

2. Tenant shall not obstruct any sidewalks, halls, passages, exits, entrances, elevators, escalators or stairways of the Building. Landlord shall in all cases retain the right to control and prevent access thereto of all persons whose presence in the judgment of Landlord would be prejudicial to the safety and interest of the Building. Without Landlord's written consent, neither Tenant nor any employee or invitee of Tenant shall go upon the roof of the Building or enter any other areas restricted by Landlord.

3. As a part of the Tenant Improvements, Tenant shall install new locks in, and re-key, the Premises, and in such event, Tenant shall deliver a copy of a key to all such locks to Landlord upon installation thereof. In addition, upon the termination of its tenancy, Tenant shall deliver to Landlord all keys in Tenant's possession to all doors and locks in the Premises.

4. All contractors and technicians performing Alterations after completion of the Tenant Improvements shall be referred to Landlord for approval (which approval shall not be unreasonably withheld, conditioned or delayed) prior to performing any such service. This applies to all Alterations performed in the Building, including but not limited to, installation of data and telecommunications cabling and installations affecting floors, walls, woodwork, windows, ceilings and any other physical portion of the Building. None of Tenant's contractors or subcontractors shall be entitled to (1) display identification or other signage at the Building, or (2) park anywhere in the Parking Structure except in the area reasonably designated by Landlord or as permitted with respect to public parking.

5. Without limiting Landlord's approval rights of Tenant Improvements, Landlord also shall have the right after completion of Tenant Improvements to prescribe the weight, size and position of all equipment, materials, furniture or other property brought into the Building that exceed the maximum floor load weight. Heavy objects shall, if considered reasonably necessary by Landlord, stand on such platforms as reasonably determined by Landlord to be necessary to properly distribute the weight, which platforms shall be provided at Tenant's expense. The persons employed to move such equipment in or out of the Building must be approved by Landlord which approval shall not be unreasonably withheld, delayed or conditioned. Landlord will not be responsible for loss of, or damage to, any such equipment or other property from any

cause, and (subject to Section 19(b)) all damage done to the Building by maintaining or moving such equipment or other property shall be repaired at the expense of Tenant.

6. Tenant shall not use or keep in the Premises any kerosene, gasoline or inflammable or combustible fluid or material other than those limited quantities necessary for office cleaning or office supplies. Tenant shall not use or permit to be used in the Premises any foul or noxious gas or substance, or permit or allow the Premises to be occupied or used in a manner which allows noise, odors or vibrations to emanate from the Premises, nor shall Tenant bring into or keep in or about the Premises any birds or animals other than assist animals.

7. Except as set forth in the Lease, Tenant shall not use any method of heating or air conditioning other than that installed by Landlord unless approved by Landlord in writing.

8. Tenant agrees to use commercially reasonable efforts to cooperate with Landlord to assure the most effective operation of the Building's heating and air conditioning and to comply with any governmental energy-saving rules, laws or regulations. Tenant shall keep corridor doors closed.

9. Landlord reserves the right, upon prior written notice to Tenant, to change the name and/or street address of the Building.

10. Landlord reserves the right to exclude from the Building during hours other than Building hours of operation, any person unless that person is known to the person or employee in charge of the Building or has a pass or is properly identified. Tenant shall be responsible for all persons for whom it requests passes and shall be liable to Landlord for all acts of such persons. Landlord shall not be liable for damages for any error with regard to the admission to or exclusion from the Building of any person. Landlord reserves the right to prevent access to the Building in case of invasion, mob, riot, public excitement or other commotion by closing the doors or by other appropriate action.

11. Tenant shall close and lock the doors of its Premises before Tenant and its employees leave the Premises.

12. The toilet rooms, toilets, urinals, wash bowls and other apparatus shall not be used for my purpose other than that for which they were constructed and no foreign substance of any kind whatsoever shall be thrown therein. The expense of any breakage, stoppage or damage resulting from the violation of this rule shall be borne by the tenant who, or whose employees or invitees, shall have caused it.

13. Tenant shall not install any radio or television antenna, loudspeaker or other devices on the roof(s) (except as expressly permitted by the Lease) or on exterior walls of the Building. Tenant shall not knowingly interfere with radio or television broadcasting or reception from or in the Building or elsewhere and if such interference occurs, Tenant shall take reasonable steps to correct the same upon written notice by Landlord to Tenant.

14. Tenant shall not affix any floor covering to the floor of the Premises in any manner except as reasonably approved by Landlord to the extent required by the provisions of the Lease pertaining to Tenant Improvements or Alterations. Tenant shall repair any damage resulting from noncompliance with this rule.

15. Canvassing, soliciting and distribution of handbills or any other written material, and peddling in the Building or Common Areas (collectively, the "Project") are prohibited, and Tenant shall reasonably cooperate to prevent such activities.

16. Landlord reserves the right to exclude or expel from the Project any person who, in Landlord's judgment, is intoxicated or under the influence of liquor or drugs or who is in violation of any of these Rules and Regulations.

17. Tenant shall store all its trash and garbage within its Premises or in other facilities provided by Landlord. Tenant shall not place in any trash box or receptacle any material which cannot be disposed of in the ordinary and customary manner of trash and garbage disposal. All garbage and refuse disposal shall be made in accordance with reasonable directions issued from time to time by Landlord.

18. Tenant shall comply with all reasonable safety, fire protection and evacuation procedures and regulations established by Landlord or any governmental agency.

19. There shall be no smoking within the Building or immediately adjacent to Building entrances (except in areas, if any, expressly designated therefor by Landlord).

20. Upon written notice to Tenant, Landlord reserves the right to rescind any of these Rules and Regulations and to make future Rules and Regulations as, in its judgment, may from time to time be needed for safety, comfort and security, for care and cleanliness of the Building and for the preservation of good order therein, which Rules and Regulations shall not be unreasonably or discriminatorily modified or enforced in a manner which shall materially interfere with the conduct of Tenant's Permitted Use from the Premises or Tenant's use of or access to the Premises or the Parking Structure. In the event of a conflict between any Rules and Regulations and the Lease, the term of the Lease shall govern.

21. Tenant shall use commercially reasonable efforts to ensure the observance of all of the foregoing rules by Tenant's employees, agents, customers, invitees and guests.

22. Landlord reserves the right to charge as additional Rent to Tenant, any extra costs incurred by Landlord as a result of the violation of these Rules and Regulations by Tenant or by Tenant's employees, agents, customers, invitees and guests.

VISITOR PARKING

1. Unassigned parking is in the adjacent self parking structure. Monthly parkers can enter and exit by card.
2. Visitors will draw a ticket and exit using the same ticket after paying at the pay-by-foot machine near the pedestrian path to the garage. Validation of the tickets will be possible, but equipment will be the Tenant's responsibility (i.e., Tenant may either buy "scrip" or "valometer" from Landlord).
3. Access to the Building will be into the Building lobby.

EXHIBIT D

FORM OF MEMORANDUM OF LEASE

RECORDING REQUESTED BY:
WHEN RECORDED RETURN TO:

City of Beverly Hills
455 North Rexford Drive
Beverly Hills, California 90210

Attention: City Clerk

[Space Above For Recorder's Use Only]

The undersigned declare that this Memorandum of Lease is exempt from Recording Fees pursuant to California Government Code Section 27383 and exempt from Documentary Transfer Tax pursuant to California Revenue and Taxation Code Section 11922.

MEMORANDUM OF LEASE

THIS MEMORANDUM OF LEASE (this "**Memorandum**") is dated as of September 11, 2012, and is entered into by and between the CITY OF BEVERLY HILLS ("Landlord"), and UMRO REALTY CORP. (dba THE AGENCY), a California corporation ("Tenant").

RECITALS

A. Tenant and Landlord have entered into that certain Office Lease dated September 11, 2012 (the "Lease"), pursuant to which Landlord has agreed to lease and demise to Tenant, and Tenant has agreed to lease and accept from Landlord, a portion (the "Premises") of that certain building located in the City of Beverly Hills, County of Los Angeles, State of California, commonly known as 331 Foothill Road. The Building is located on the land more particularly described on Exhibit A attached hereto (the "Property"). The Premises are more particularly described in the Lease.

B. Tenant and Landlord now desire to enter into this Memorandum to provide record notice of the Lease.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Tenant and Landlord agree as follows:

1. Lease. Landlord hereby leases and demises to Tenant, and Tenant hereby leases and accepts from Landlord, the portion of the Property defined as the "Premises" in the Lease for a term of ten (10) years at the rental rate and upon the other terms and conditions set forth in the Lease, which are incorporated herein by this reference.

2. Purpose. This Memorandum is prepared for the purposes of recordation only and in no way modifies the terms and conditions of the Lease. In the event any provision of this Memorandum is inconsistent with any term or condition of the Lease, the term or condition of the Lease shall prevail.

3. Counterparts. This Memorandum may be executed in any number of counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, taken together, shall be deemed to be one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Memorandum of Lease as of the date first written above.

LANDLORD:

CITY OF BEVERLY HILLS

By: _____
William W. Brien, M.D.
Mayor

TENANT:

UMRO REALTY CORP. (dba THE AGENCY), a California corporation

By: _____
Mauricio Umansky,
President

ATTEST:

_____ (SEAL)

By: _____
Byron Pope
City Clerk

ACKNOWLEDGMENT

State of California)
)
County of _____)

On _____ before me, _____

(insert name and title of the officer)

personally appeared _____,

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

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____
Signature of Notary Public

(Seal)

ACKNOWLEDGMENT

State of California)
)
County of _____)

On _____ before me, _____

(insert name and title of the officer)

personally appeared _____,

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

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____
Signature of Notary Public

(Seal)

EXHIBIT A to EXHIBIT D

LEGAL DESCRIPTION OF LAND

A PORTION OF LOT 1 OF TRACT NO. 13349, IN THE CITY OF BEVERLY HILLS, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AS PER MAP RECORDED IN BOOK 311, PAGE 14 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY AND A PORTION OF LOT 1 OF BLOCK 17 OF TRACT NO. 5647, IN SAID CITY, AS PER MAP RECORDED IN BOOK 60, PAGE 88 OF MAPS, IN SAID OFFICE OF THE COUNTY RECORDER OF SAID COUNTY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE EAST LINE OF SAID LOT 1 OF TRACT NO. 13349, DISTANT THEREON SOUTH 0°09'01" EAST 263.51 FEET FROM THE NORTHEASTERLY CORNER OF SAID LOT 1; THENCE SOUTH 89°51'04" WEST 120.00 FEET; THENCE SOUTH 0°09'01" EAST 240.00 FEET TO THE NORTH LINE OF 3RD STREET, 60.00 FEET WIDE, AS SHOWN ON SAID TRACT NO. 13349; THENCE EASTERLY ALONG SAID NORTH LINE, NORTH 88°42'51" EAST 120.00 FEET TO THE EAST LINE OF SAID LOT 1 OF SAID TRACT NO. 5647; THENCE NORTHERLY ALONG SAID EAST LINE, NORTH 0°09'01" WEST 237.62 FEET TO THE POINT OF BEGINNING.

EXHIBIT E

NOTICE OF LEASE TERM DATES

To: Umro Realty Corp. (dba The Agency)
331 Foothill Road, Suite ____
Beverly Hills, California 90210

Re: Office Lease dated September 11, 2012 between the City of Beverly Hills ("Landlord"), and Umro Realty Corp. dba The Agency ("Tenant") for Suite(s) ____ of the office building located at 331 Foothill Road, Beverly Hills, California.

Gentlemen:

In accordance with the Office Lease (the "Lease"), we wish to advise you and/or confirm as follows:

1. The Lease Term shall commence on or has commenced on _____ for a term of _____ ending on _____.
2. Rent commenced to accrue on _____, and is in the amount of _____.
3. Your rent checks should be made payable to City of Beverly Hills at 455 N. Rexford Drive, Cashier's Office, Beverly Hills, California 90210.

"Landlord":

CITY OF BEVERLY HILLS

By: _____
Print Name: _____
Title: _____

Agreed to and Accepted
as of _____, 20__.

"Tenant":

UMRO REALTY CORP. (dba THE
AGENCY), a California corporation

By: _____
Print Name: _____
Title: _____

EXHIBIT F

MONUMENT SIGNAGE GUIDELINES

[ATTACHED]

EXHIBIT G

JANITORIAL SPECIFICATIONS

1. OFFICE AREAS (All Floors)

a. Nightly Services (Five (5) nights per week)

i. General Offices

1. Empty all waste and recycling receptacles and sort for recyclable versus non-recyclable. Clean, and reline when needed. Remove material to designated areas.
2. Vacuum all carpeted areas (moving only light furniture (desks, file cabinets, etc. not to be moved)), including conference rooms, reception areas, interior stairwells, hallways, corridors and individual offices. All hard surfaced flooring to be swept using approved dustdown preparation and damp mopped.
3. Wash and sanitize all drinking fountains and coolers.
4. Damp mop all hard surface areas that have been cleared of personal property by Tenant.
5. Spot clean carpets to remove light spillage. Report large spills and stains to supervisor.
6. Assure all designated locked doors are closed after area has been cleaned.
7. Activate all alarm systems as instructed by occupant (if applicable).
8. Arrange chairs at desk and conference room tables and turn off lights upon exiting.
9. Clean conference room tables that have been cleared of personal property by Tenant and remove any remaining food items.
10. Clean and sweep all lunchroom/eating areas. Wash and wipe tables that have been cleared of personal property by Tenant and counter tops that have been cleared of personal property by Tenant and clean sinks.
11. Remove scuff marks on floor as needed.
12. Hand dust and wipe clean all furniture, fixtures and window sills.
13. Sweep all private stairways.

ii. Lavatories

1. Sweep and wash all floors, using proper disinfectants.
2. Wash and polish all mirrors, shelves, bright work and enameled surfaces.
3. Wash and disinfect all basins, bowls and urinals.
4. Disinfect and wash all toilet seats.
5. Hand dust and clean all partitions, tile walls, dispensers and receptacles in lavatories and restrooms.
6. Empty paper receptacles, fill receptacles from tenant supply and remove wastepaper.
7. Fill toilet tissue holders from tenant supply.
8. Empty and clean sanitary disposal receptacles.

b. Weekly Services

1. Remove recycling and trash material from designated areas when containers are full.
2. Dust and wipe clean with damp or treated cloth all office furniture, file cabinets, and cubicle partition tops that have been cleared of personal property by Tenant.

3. Remove all finger marks and smudges from all vertical surfaces, including doors, door frames, around light switches, private entrance glass, and partitions.
4. Damp wipe and polish all glass furniture tops that have been cleared of personal property by Tenant.
5. Damp mop hard surfaced floors and/or uncarpeted surface floors.
6. Sweep uncarpeted floors employing dust control techniques with exception of lunchroom (which is to be performed nightly)
7. Dust all door louvers and other ventilating louvers within a person's normal reach.
8. Wipe clean all brass and other bright work that have been cleared of personal property by Tenant.

c. Monthly Services

1. Dust and wipe clean chair bases and arms, telephones, cubicle shelves, window sills, relite ledges and all other horizontal surfaces as needed to maintain clean appearance. The foregoing is limited to surfaces that have been cleared of personal property by Tenant.
2. Edge vacuum all carpeted areas, as needed.
3. High dust premises complete including the following:
 - Dust all pictures, frames, charts, graphs and similar wall hangings not reached in nightly cleaning.
 - Dust all vertical surfaces, such as walls, partitions, doors, bucks and other surfaces not reached in nightly cleaning.
 - Dust all venetian blinds.
 - Wash all exterior windows.

Attachment 2

RECORDING REQUESTED BY:
WHEN RECORDED RETURN TO:

City of Beverly Hills
455 North Rexford Drive
Beverly Hills, California 90210
Attention: City Clerk

[Space Above For Recorder's Use Only]

The undersigned declare that this Memorandum of Lease is exempt from Recording Fees pursuant to California Government Code Section 27383 and exempt from Documentary Transfer Tax pursuant to California Revenue and Taxation Code Section 11922.

MEMORANDUM OF LEASE

THIS MEMORANDUM OF LEASE (this "**Memorandum**") is dated as of September 11, 2012, and is entered into by and between the CITY OF BEVERLY HILLS ("Landlord"), and UMRO REALTY CORP. (dba THE AGENCY), a California corporation ("Tenant").

RECITALS

- A. Tenant and Landlord have entered into that certain Office Lease dated September 11, 2012 (the "Lease"), pursuant to which Landlord has agreed to lease and demise to Tenant, and Tenant has agreed to lease and accept from Landlord, a portion (the "Premises") of that certain building located in the City of Beverly Hills, County of Los Angeles, State of California, commonly known as 331 Foothill Road. The Building is located on the land more particularly described on Exhibit A attached hereto (the "Property"). The Premises are more particularly described in the Lease.
- B. Tenant and Landlord now desire to enter into this Memorandum to provide record notice of the Lease.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Tenant and Landlord agree as follows:

1. Lease. Landlord hereby leases and demises to Tenant, and Tenant hereby leases and accepts from Landlord, the portion of the Property defined as the "Premises" in the Lease for a term of ten (10) years at the rental rate and upon the other terms and conditions set forth in the Lease, which are incorporated herein by this reference.

2. Purpose. This Memorandum is prepared for the purposes of recordation only and in no way modifies the terms and conditions of the Lease. In the event any provision of this Memorandum is inconsistent with any term or condition of the Lease, the term or condition of the Lease shall prevail.

3. Counterparts. This Memorandum may be executed in any number of counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, taken together, shall be deemed to be one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Memorandum of Lease as of the date first written above.

LANDLORD:

CITY OF BEVERLY HILLS

By: _____
William W. Brien, M.D.
Mayor

TENANT:

UMRO REALTY CORP. (dba THE AGENCY), a California corporation

By: _____

~~Mauricio Umansky~~, *BILLY ROSE*
President

ATTEST:

_____ (SEAL)

By: _____
Byron Pope
City Clerk

ACKNOWLEDGMENT

State of California)

County of Los Angeles)

On 9/5/12 before me, ERIN KING, NOTARY Public

(insert name and title of the officer)

personally appeared Billy Rose

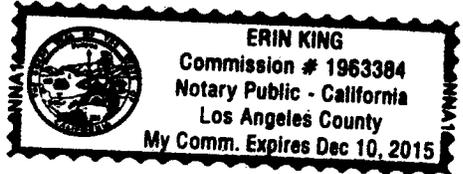
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s),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

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature *Erin King*
Signature of Notary Public

(Seal)



ACKNOWLEDGMENT

State of California)
)
County of _____)

On _____ before me, _____

(insert name and title of the officer)

personally appeared _____,

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

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

(Seal)

Signature of Notary Public

EXHIBIT A

LEGAL DESCRIPTION OF LAND

A PORTION OF LOT 1 OF TRACT NO. 13349, IN THE CITY OF BEVERLY HILLS, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA AS PER MAP RECORDED IN BOOK 311, PAGE 14 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY AND A PORTION OF LOT 1 OF BLOCK 17 OF TRACT NO. 5647, IN SAID CITY, AS PER MAP RECORDED IN BOOK 60, PAGE 88 OF MAPS, IN SAID OFFICE OF THE COUNTY RECORDER OF SAID COUNTY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT ON THE EAST LINE OF SAID LOT 1 OF TRACT NO. 13349, DISTANT THEREON SOUTH 0°09'01" EAST 263.51 FEET FROM THE NORTHEASTERLY CORNER OF SAID LOT 1; THENCE SOUTH 89°51'04" WEST 120.00 FEET; THENCE SOUTH 0°09'01" EAST 240.00 FEET TO THE NORTH LINE OF 3RD STREET, 60.00 FEET WIDE, AS SHOWN ON SAID TRACT NO. 13349; THENCE EASTERLY ALONG SAID NORTH LINE, NORTH 88°42'51" EAST 120.00 FEET TO THE EAST LINE OF SAID LOT 1 OF SAID TRACT NO. 5647; THENCE NORTHERLY ALONG SAID EAST LINE, NORTH 0°09'01" WEST 237.62 FEET TO THE POINT OF BEGINNING.

Attachment 3

COMMISSION AGREEMENT

This COMMISSION AGREEMENT (this "Agreement") is made and entered into effective as of September 11, 2012 by and between CITY OF BEVERLY HILLS ("Landlord"), and Avison Young – Southern California, LTD. A California Corporation ("Broker"), with reference to a contemplated Lease agreement for UMRO Realty Corp (DBA The Agency) ("Tenant ") at 331 Foothill Road, Ground Floor, Beverly Hills, CA ("Building").

In the event that a lease agreement is executed between Tenant and Landlord for Premises in the above referenced Building, Landlord shall pay to Broker a commission pursuant to the following schedule:

Four percent (4%) of the total base gross rent below for months 1-60 of the Lease Term in which is to be paid, and two percent (2%) of the total base gross rent below for months 61-120 of the Lease Term in which rent is to be paid, which is as follows:

		\$/SF	Monthly	Annual	Commission
Months	1-12	\$3.80	\$ 34,659.80	\$ 415,917.60	
Months	13-24	\$3.90	\$ 35,526.30	\$ 426,315.54	
Months	25-36	\$3.99	\$ 36,414.45	\$ 436,973.43	
Months	37-48	\$4.09	\$ 37,324.81	\$ 447,897.76	
Months	49-60	\$4.19	\$ 38,257.93	\$ 459,095.21	\$81,902.41
Months	61-72	\$4.30	\$ 39,214.38	\$ 470,572.59	
Months	73-84	\$4.41	\$ 40,194.74	\$ 482,336.90	
Months	85-96	\$4.52	\$ 41,199.61	\$ 494,395.33	
Months	97-108	\$4.63	\$ 42,229.60	\$ 506,755.21	
Months	109-120	\$4.75	\$ 43,285.34	\$ 519,424.09	\$49,469.68
Lease Term Value				\$4,659,684	

Fifty percent (50%) of this commission shall be due upon lease execution and delivery by both Landlord and Tenant, and fifty percent (50%) shall be paid upon Tenant's occupancy of the space. Landlord and Tenant each represent and warrant to the other that other than Avison Young, no broker, agent, or finder negotiated or was instrumental in negotiating or consummating this lease on Tenant's behalf and that it knows of no broker, agent, or finder, other the Broker, who is, or might be entitled to a commission or compensation in connection with the lease.

No fee shall be due Avison Young for any future expansion or extension by the Tenant within this Property.

If the **City of Beverly Hills** fails to make any payments in accordance with this Agreement, **City of Beverly Hills** agrees that Avison Young will be entitled to recover all of its reasonable attorneys' fees and other costs so incurred, including without limitation a collection agency or by instigating a legal action, up through and including any appeal. Any portion of a commission not paid to Avison Young when due will bear interest from the due date until paid at the lesser of the interest rate of 2 percent per annum or the maximum amount allowable by law.

This agreement (i) expresses the parties' entire agreement on the matters covered hereinabove; (ii) supersedes all prior understandings between them on such matters; (iii) shall be governed by the laws of California, (iv) shall be binding on their lawful successors, designees, and assigns; and (v) shall not be altered, supplemented, or terminated except in writing signed by each party.

AGREED TO:

LANDLORD/CITY

BROKER

THE CITY OF BEVERLY HILLS:

AVISION YOUNG SOUTHERN CALIFORNIA,
LTD, a California Corporation

By: _____
William W. Brien, MD,
Mayor

By: _____
Christopher V. Bonbright
Principal / Broker

ATTEST:

CA Broker ID # 00823957

_____(SEAL)
By: _____
Byron Pope,
City Clerk