

OPEN SESSION AGENDA ITEM

41 JANUARY 2017

DATE: January 27, 2018

TO: Members, Board of Trustees

FROM: Leah T. Wilson, Executive Director

SUBJECT: Executive Director's Report

At your meeting today you will be asked to approve the State Bar's 2018 Final Budget. This budget reflects the impact of transformative changes to the State Bar, with an emphasis on effectiveness, transparency, and good governance. The budget also reflects challenges that will need to be addressed if the Bar is to successfully continue on its course of reform.

Nearly two decades without a licensing fee increase has caught up to the State Bar. As you will see, the budget relies on deficit spending, most notably in the General Fund; General Fund reserves are anticipated to fall slightly below the 17 percent minimum reserve floor established by the Board as a result of the proposed budget. Although this is certainly cause for concern, I strongly believe that the State Bar must make the reserve-funded investments supported by the budget. One factor for the Board to consider is the conservative nature of the Bar's budgeting practices – for example, the Bar does not budget salary savings, assuming all funded positions are filled for the entire year. This approach effectively provides a cushion; notwithstanding this fact however, the underlying structural fiscal challenges facing the Bar should not be overlooked.

Ever increasing expectations for improved attorney discipline system performance, the realities of the lack of a permanent revenue stream to support capital and information technology projects that cannot be sustainably funded by the Bar's regular operating budget alone, and the impact of new events, such as the separation of the State Bar Sections and attorney re-fingerprinting, have created a dire need for a licensing fee increase.

I look forward to spending three full days with you; in preparation for a dense agenda encompassing more than just the budget, I offer some highlights and general updates below.

Admissions and Discipline System Training

While this training has its genesis in prior years' Discipline Days, it marks a significant departure from those events, which primarily focused on the Office of the Chief Trial Counsel and State Bar Court and targeted new members of the Board of Trustees. This year's training will provide the Board with a comprehensive overview of the Admissions system as well as each of the key functional areas that comprise the attorney discipline system. It is designed to be valuable for Trustees both new and "old". Staff is planning a similar training covering the third prong of the State Bar's mission statement, access to justice, for later this year.

Strategic Planning

Staff and assigned Trustees have worked hard to develop three panels addressing disparate yet equally important aspects of the State Bar's internal and external performance. The first panel will focus on improving employee morale and engagement at the Bar, in recognition of the fact that the health of our *human capital*, the Bar's primary resource, will ultimately determine our success. The second panel takes on a broad array of issues under the header of access: defining the justice gap in California and identifying specific approaches that the Board might take to address that gap, particularly in the areas of student loan forgiveness and modifying the attorney regulatory framework. The last panel will address prevention, with the goal of identifying concrete steps that the Board might direct in this regard. At the conclusion of the planning session the Board should have updated the 2017-2022 Strategic Plan to reflect new objectives informed in part by the panel discussions.

Board of Trustees Meeting

Attorney Re-Fingerprinting

The Board will review a summary of the over 2,400 comments received regarding the fingerprinting rule circulated for comment on November 9, 2017, as well as revisions to the rule being proposed in response to those comments. The scope of these changes necessitates a new public comment period; the Board will be asked to circulate the revised rule for a 30-day period.

In addition, staff has prepared an update regarding the operational steps the Bar has (and will) taken to implement the fingerprinting requirement.

Productive Mindset Intervention

The Board will be asked to approve the execution of a Memorandum of Understanding with a team of researchers who will partner with the State Bar to deliver a mindset intervention for the 2018 California Bar Exam. Productive mindset interventions help reframe challenges as common and surmountable; in the Bar Exam context the intervention is expected to assist applicants in reinterpreting their struggles as signs of

learning (not failure) that indicate where effort and attention are needed. The State Bar's partnership in this innovative effort will support the access and inclusion prong of our mission.

Admissions Information Management System

The Board will receive the business case for an Admissions Information Management System (AIMS) and will be asked to authorize staff to enter into a contract with the selected vendor. The Board item reflects the culmination of a multi-year effort; the final vendor selection process comprised a full-day session that included representatives from the Board, the Committee of Bar Examiners and the California Board of Legal Specialization.

Other Updates

Executive Director Transition

The Board's Ad Hoc Transition Committee met on December 19, 2017. I have since scheduled meetings with each Office within the Bar to discuss transition activities and findings, share my 2018 Performance Plan, and update staff regarding key 2018 initiatives. The first of these meetings will take place in early February.

Separation of the State Bar Sections

At its December 1, 2017, meeting, the Board of Trustees reviewed three draft agreements relating to the separation of the Sections from the State Bar into a new independent organization, the California Lawyers Association (CLA): (1) a Memorandum of Understanding detailing the terms of separation and establishing a framework for future collection of dues for CLA by the State Bar on the State Bar's annual licensing fee statement; (2) an office lease agreement to allow CLA to rent space from the State Bar for a transitional six-month to one-year period; and (3) an employee leasing agreement to allow State Bar employees who previously supported the Sections to work in support of CLA during the transition period while maintaining their status and benefits as State Bar employees.

The Board directed staff to finalize negotiations and execute the agreements and report back to the board. Attached to this report are the final executed agreements with CLA. The 2018 Final Budget reflects the terms of these agreements.

On January 1, 2018, the State Bar officially separated the Sections by transferring legal control of CLA to a board of directors comprised of one representative from each of the former State Bar Sections.

At its January 18, 2018, inaugural board meeting, the CLA board elected former State Bar Trustee Heather Rosing as the first CLA President. CLA has also hired former State Bar Office of Education Senior Director Pam Wilson to serve as Interim Executive

Director and State Bar attorney Saul Bercovitch to be CLA's Government Affairs Director.

Legislative Relations

Michael and I will begin a new round of legislative meetings in early February as we launch discussions regarding the 2019 fee bill.

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MEMORANDUM OF UNDERSTANDING BETWEEN THE STATE BAR OF CALIFORNIA AND CALIFORNIA LAWYERS ASSOCIATION

This Memorandum of Understanding (hereinafter "MOU") is made and entered into by and between The State Bar of California, a public corporation with its principal place of business at 180 Howard Street, San Francisco, California 94105 and the California Lawyers Association ("CLA"), a mutual benefit corporation with its principal place of business at 180 Howard Street, Suite 410, San Francisco, California 94105.

WHEREAS, recently enacted legislation, Senate Bill 36 (2017) ("SB 36"), mandates the separation of the Sections from the State Bar into an independent private non-profit corporation, to be called the California Lawyers Association ("CLA");

WHEREAS, SB 36 provides that the State Bar shall transfer the Sections' financial reserves, contracts, and intellectual property assets to CLA;

WHEREAS, SB 36 provides that the State Bar shall collect membership dues on behalf of the Association provided that the State Bar determines that CLA is continuing to comply with certain requirements set forth in SB 36;

NOW, THEREFORE, the State Bar and CLA agree to this Memorandum of Understanding:

GENERAL PROVISIONS

1. State Bar Sections to Become California Lawyers Association

The State Bar has incorporated CLA and will transfer control of CLA no later than January 1, 2018 to a board of directors designated by the State Bar Council of Sections. The State Bar recognizes CLA as the entity defined as the "Association" in Article 3 of SB 36 (2017) (amended Cal. Bus. & Prof. Code § 6056(a)).

2. Transfer of Sections Financial Assets to CLA

On or before January 31, 2018, the State Bar shall remit to CLA the "Transfer Amount", which is defined as the remaining balance in the Sections funds less withholdings for known expenses and liabilities previously incurred by the State Bar Sections that have not been yet been fully paid ("Known Liabilities"). The State Bar will concurrently provide CLA with an accounting of and documentation relating to the Known Liabilities. The State Bar will provide CLA with an accounting that specifies which funds are attributable to each individual section of CLA.

CLA acknowledges that State Bar's 2017 year-end accounting is subject to adjustment during annual audit by the State Bar's independent financial auditor, which takes place in the ordinary course in the spring of each year and will conclude no later than May 31, 2018. Promptly after the annual financial audit is completed, the State Bar will inform CLA of any variance in the

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Sections balances between the Transfer Amount and the audited amounts and will provide CLA a final accounting of the monies previously withheld to cover Known Liabilities. In the event of a variance resulting in additional monies owed to CLA by the State Bar, the State Bar will pay the variance amount to CLA promptly. In the event of a variance indicating that the Transfer Amount exceeded the amount actually due to CLA, CLA will pay the variance amount to the State Bar promptly. No interest will be charged to either party as a result of any variance between the Transfer Amount and audited amounts.

In the event that the parties have a dispute regarding the amount of funds to be transferred by the State Bar to CLA pursuant to this section, including the variance amount, the parties agree that such dispute shall be resolved through binding arbitration. Either party may serve notice to the other party on or after January 31, 2018, to commence arbitration proceedings. The parties agree that the arbitration shall be governed by Cal. Code Civ. Proc. § 1282 et seq., including Section 1283.5, except that the selection of an arbitrator and the allocation of costs will be governed by Cal. Bus. & Prof. Code § 6056.3(f), which states: “If the parties cannot agree on a neutral arbitrator, each shall select a neutral arbitrator and the two neutral arbitrators shall select a single neutral arbitrator to determine the amount. The neutral arbitrator chosen to oversee the matter may hire an auditor to assist in this task. The fees charged by the arbitrator, including any auditor fees, shall be borne equally by the State Bar and the Association.” The State Bar shall transfer to CLA the undisputed portion of the Transfer Amount no later than January 31, 2018.

3. Assignment of Sections Contracts to CLA

On or before January 1, 2018, the State Bar will assign to CLA contracts previously entered into by the State Bar on behalf of the State Bar Sections for services to be rendered or events occurring on or after January 1, 2018, transferring to CLA all of the State Bar’s rights and obligations under those contracts. The State Bar will provide to CLA an inventory identifying each contract, a copy of each contract, and a copy of each assignment notice.

4. Transfer of Intellectual Property

No later than January 1, 2018, the State Bar will transfer to CLA all intellectual property created by the State Bar Sections, including ownership rights in publications, educational materials, online education, membership lists of section members, and products. On or before December 21, 2017, the State Bar and CLA will execute a separate asset transfer agreement further detailing terms.

5. Collection of CLA Membership Fees by the State Bar

The State Bar shall collect fees for CLA by including an option on the annual licensing fee statement sent to California attorneys, in a manner similar to that in which the State Bar has historically collected fees for the State Bar Sections, provided that CLA submits to the State Bar no later than September 1 of each year the results of a performance audit conducted by an independent auditor who is either a certified public accountant or a certified internal auditor that certifies that CLA is in compliance with the statutory requirements listed in subsections (a) and (b) below. The audit report must describe with particularity the methodology used in the audit

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and the information evaluated and obtained by the auditor that informed the audit's conclusion. CLA must commission and pay for the audit.

CLA must also provide to the State Bar no later than October 1 of each year the schedule of fees for membership in CLA Sections to be included on the State Bar's annual licensing fee statement.

a. Governance Structure

The performance audit must certify that CLA maintains and adheres to a governance structure that complies with Section 24 of SB 36 (amended Cal. Bus. & Prof. Code § 6056 (b)), which states:

“The Association shall be governed in accordance with the bylaws of the Association, which shall ensure that all of the [CLA] Sections and the California Young Lawyers Association are adequately represented and are able to make decisions in a fair and representative manner that complies with all provisions of state and federal law governing private nonprofit corporations organized under Section 501(c)(6) of the Internal Revenue Code. The bylaws of the Association shall ensure that the governing board of the Association includes one representative of each of the 16 sections of the State Bar [CLA] Sections and one representative from the California Young Lawyers Association. The bylaws shall ensure that each of these 17 governing board members have equal voting power on the governing board. The bylaws shall ensure that the governing board may terminate individual sections or add individual sections by a two-thirds vote of the governing board.”

No later than January 31, 2018 the State Bar will request from the attorneys retained to prepare bylaws for CLA a determination as to whether the bylaws comply with the requirements set forth in Cal. Bus. & Prof. Code § 6056 (b) that the CLA sections and CYLA are adequately represented on CYLA's governing board and are able to make decisions in a fair and representative manner that complies with all provisions of state and federal law governing private nonprofit corporations organized under § 501(c)(6) of the Internal Revenue Code (the “Initial Certification”). If the drafting attorneys certify that CLA's bylaws do so comply, no future certification of such compliance will be required unless the bylaws are materially amended or the applicable law is changed in a manner that affects the requirements of § 6056 (b).

No later than March 30, 2018, the State Bar's Executive Director (or her designee), acting under the authority of the State Bar Board of Trustees, will review the bylaws and governance structure of CLA, along with the Initial Certification provided pursuant to the preceding paragraph, and will provide CLA a written determination (“Initial Determination”) as to whether CLA is in compliance with Cal. Bus. & Prof. Code § 6056 (b).

If the initial determination certifies that CLA is then in compliance with Cal. Bus. & Prof. Code § 6056 (b), future performance audits conducted under this section may rely on the initial determination as a factor in determining whether CLA remains in compliance if the bylaws and governance structure and the applicable law have not changed materially from the bylaws and

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governance structure and law in effect at the time of the State Bar's initial determination. The performance audit must also determine the following: (1) that CLA's governing board includes one representative of each section of CLA and one representative of the California Young Lawyers Association; (2) that all section and CYLA representatives on CLA's governing board have equal voting power; and (3) as a result of such representation and equal voting power, all CLA sections and the CYLA are adequately represented and are able to make decisions in a fair and representative manner. Satisfaction of (1) and (2) shall be deemed to satisfy (3) unless evidence to the contrary is brought to the attention of the auditor, in which event (a) the contrary information will be relayed to CLA's Executive Director and to the State Bar's Executive Director, and (b) if either Executive Director so decides, the auditor will investigate the matter and make a further determination. At least seven (7) days prior to the scheduled commencement of the annual performance audit, each member of CLA's governing board will receive notice of the pending audit with an opportunity to bring to the auditor's attention concerns, if any, about CLA's compliance with (1), (2) or (3) above.

b. Legal Education

The performance audit must certify that CLA is continuing to provide legal education on the terms stated in Cal. Bus. & Prof. Code § 6070 (d), which states:

"The Association shall provide and encourage the development of low-cost programs and materials by which members of the State Bar may satisfy their continuing education requirements. Special emphasis shall be placed upon the use of internet capabilities and computer technology in the development and provision of no-cost and low-cost programs and materials. Towards this purpose, as a condition of the State Bar's collection of membership fees on behalf of the Association pursuant to subdivision (b) of Section 6031.5, the Association shall ensure that any member possessing or having access to the Internet or specified generally available computer technology shall be capable of satisfying the full self-study portion of his or her MCLE requirement at a cost of twenty dollars (\$20) per hour or less."

c. Notice of Determination and Opportunity to Cure

Within ten (10) days of receiving the results of the performance audit required by this Section, the State Bar will provide CLA with its written determination as to whether the audit demonstrates CLA's compliance with Cal. Bus. & Prof. Code §§ 6056 (b) and 6070 (d). If the State Bar determines that the audit report fails to demonstrate such compliance, the State Bar will provide CLA with detailed reasons for that determination and will give CLA not less than thirty (30) days in which to cure the cited deficiencies ("Cure Period").

If the State Bar determines that a lack of compliance with Bus. & Prof. Code § 6056 (b) or § 6070 (d) prevents it from collecting CLA membership fees by including an option on the annual licensing fee statement sent to California attorneys, the State Bar will notify CLA of that determination, with a detailed explanation, no later than ten (10) days after expiration of the Cure Period.

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Any dispute relating to the State Bar's decision not to collect dues for CLA may be resolved by a court of competent jurisdiction. The resolution of such dispute may include any appropriate relief, including injunctive relief.

d. CLA Membership Fees Held Separately in Trust

Beginning January 1, 2018, all monies received by the State Bar for membership in CLA will be placed within a separate account within the State Bar's general ledger. The State Bar agrees to hold those funds in trust for the benefit of CLA.

6. Information from Association to the State Bar

Cal. Bus. & Prof. Code § 6056 (f)(2) requires CLA to provide "expertise and information to the State Bar, as requested."

Pursuant to that Section, the State Bar requires that CLA provide the following information to the State Bar: (1) the performance audit results described in Section 5 of this MOU; and (2) no later than September 1 of each year, a letter from the President of the CLA to the Chair of the State Bar Board of Trustees describing generally the status of CLA and activities of CLA over the preceding year.

7. Remittance of CLA Membership Fees

The State Bar will remit funds collected on behalf of CLA to CLA as soon as practicable and no less than once monthly unless otherwise agreed to in writing between the State Bar and CLA.

8. Costs of Collection

Cal. Bus. & Prof. Code § 6031.5(b) mandates that CLA "shall pay for the actual costs of the collection" of CLA's membership fees by the State Bar.

a. Collection Fee

The State Bar's actual costs of collecting CLA membership fees, reflecting only the necessary costs of membership billing and not including the costs of maintaining online membership records or the costs of other ancillary services shall be computed by adding the Administrative Collection Costs and Checking Collection Costs (collectively, "Total Collection Costs") defined below:

- Administrative Collection Costs – The ratio of the total amount of voluntary contributions collected by the State Bar in support of CLA over the total amount of funds collected by the State Bar annual licensing fee statement will be applied to the costs related to collection within the Office of Finance and the costs related to billing within the State Bar's Attorney Regulation and Consumer Resources Department to compute the "Administrative Collection Costs."

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- Checking Collection Costs – The “Checking Reimbursement Ratio,” defined as the ratio of voluntary contributions collected by check in support of CLA over the total amount of funds collected by check by the State Bar from the annual licensing fee statement, will be applied to the State Bar’s bank fees for processing check collections [lockbox fees] to compute the “Checking Collection Costs.”

The State Bar shall deduct the Total Collection Costs from CLA funds collected by the State Bar.

b. Audits and Periodic Re-Evaluation

The State Bar shall ensure that its annual financial audit and the financial audit required by Business and Professions Code Section 6145 are required to confirm that the amount of Total Collection Costs charged to CLA reimburses the full costs, and no more than the full costs, of collecting CLA membership fees. No later than fifteen (15) days after receiving the results of the audits, the State Bar will provide those results to CLA with a detailed explanation of the cost allocation methodology used to determine each element of the Total Collection Costs, an itemization of the costs included in the cost pool, and supporting documentation. The State Bar will re-assess the Total Collection Costs based on the results of the audit(s) and no later than October 1 of each year the State Bar will inform CLA of any change to the Administrative Collection Costs, Checking Collection Costs or Total Collection Costs. CLA and the State Bar will be responsible for paying the difference to the other party in the event that the audit determines that CLA was either overcharged or undercharged for the actual costs of collection.

Nothing in this MOU will restrict the ability of CLA to dispute the collection costs or the soundness of the methodology used to determine those costs, including the methodology described in subsection (a) above.

9. CLA Membership Records

To ensure that CLA receives CLA Section membership information from the State Bar in a timely manner and a usable format, the State Bar will continue to maintain CLA Section membership information in the State Bar’s internal attorney information database and will transmit that information electronically to CLA’s membership database, InfusionSoft, using the currently existing interface that links the two systems. The State Bar will be responsible for updating the interface if the State Bar changes to a different internal attorney information database in the future.

CLA is responsible for maintaining its own membership database. If CLA changes its database system from InfusionSoft or causes any other changes that necessitate an update to the interface, CLA will be responsible for updating or developing a new interface to the State Bar’s then-existing attorney information database, and CLA will be responsible for bearing any associated costs.

The State Bar will continue to identify membership of CLA Sections as an attribute on public attorney profiles on the State Bar website with a notation that CLA is an independent organization and is not part of the State Bar. CLA acknowledges that the State Bar is a

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government entity subject to the California Public Records Act, and that records of membership in CLA Sections maintained by the State Bar may be disclosable to the public.

CLA agrees to pay the State Bar an amount equal to 0.3% of the amount of funds collected on behalf of CLA by the State Bar as the cost of the State Bar's provision of this service ("Records Fee"). CLA agrees that the State Bar may deduct the Records Fee from the funds remitted to CLA by the State Bar. The Records Fee will be re-assessed annually pursuant to the approach outlined in Section 8b.

10. Partnerships

The State Bar will provide assistance upon request in support of CLA's efforts to join the American Bar Association (ABA) House of Delegates and to establish a partnership with Continuing Education of the Bar (CEB), including by writing letters of support and making State Bar leadership personnel reasonably available to discuss the State Bar's support of CLA with officials at those agencies.

11. Benefit Program Revenues

Cal. Bus. & Prof. Code § 6141.3(a)(2)(A) requires the State Bar to transfer to CLA fifty (50) percent of the revenue received by the State Bar between January 1, 2018 and December 31, 2018, from insurance benefit programs. The State Bar and CLA will enter into a separate agreement no later than March 31, 2018, further detailing the terms and timetable of the State Bar's required transfer to CLA of these funds.

12. Effect of Statutory Amendment

Sections 5 (except subsection (d)), 6, 8, and 9 of this MOU will remain in effect so long as the provisions of the California Business and Professions Code requiring the collection of CLA fees by the State Bar on behalf of CLA, provided that CLA performs the obligations required by statute, remain operative.

In the event of any material amendments to the sections of the California Business and Professions Code cited in Section 5 of this MOU or any statutory changes that alter the duties or obligations of CLA or the State Bar, such statutory changes will supersede any provisions of this MOU that are in conflict with the new or revised statutes. In addition, the State Bar and CLA must meet and confer no later than 60 days following the date that any such bill is signed into law by the governor to amend this MOU.

13. Amendments to this MOU

No amendments, alteration or variation of the terms of this MOU will be valid unless made in writing and signed by both of the parties herein.

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Either party may request to meet and confer for the purpose of seeking modifications to this MOU by delivering written notice to the other party under Section 14. The meet and confer must occur within 30 days of the notice.

14. Entire Agreement

This MOU supersedes any and all other agreements pertaining to the subject matter of this MOU, either oral or written, which may exist between the parties, and contains all of the covenants and agreements between the parties as of the last date written below. By signing below, each party acknowledges that no representations, inducements, promises or agreements which are not embodied herein have been made by any party and that no agreement, statement or promise pertaining to mandatory duties and obligations under SB 36 not contained herein will be binding on the parties.

15. Notice

Any notices to be given by either party to the other shall be in writing, either by personal delivery, email, or overnight delivery. Notices delivered personally shall be deemed received as of actual receipt; emailed notice shall be deemed received immediately unless a rejection notice is received; and overnight delivery shall be deemed received as of the next business day. Mailed notices to the State Bar will be addressed to General Counsel, 180 Howard Street, San Francisco, California 94105. Emailed notices to the State Bar will be addressed to Vanessa.Holton@calbar.ca.gov. Mailed notices to CLA will be addressed to Executive Director, 180 Howard Street, Suite 410, San Francisco, California 94105. Emailed notices to CLA will be addressed to Tricia.Horan@cla.legal. Each party may change the address by written notice in accordance with this Section.

16. Jurisdiction and Venue

This MOU is deemed to have been made and entered into by the parties at San Francisco, California, and will be construed according to the laws of the State of California. Any litigation arising out of this agreement will be filed in the appropriate court in the county or judicial district where either the State Bar or CLA's principal place of business is located, except that disputes arising out of Section 2 of this MOU shall be resolved in accordance with the procedures specified in that Section.

17. Titles

The titles used herein are not part of this MOU and are included solely for convenience and have no bearing upon and do not in any way limit the application of the terms and conditions of this MOU.

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18. Severability

If any provision of this MOU is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions will nevertheless continue in full force without being impaired or invalidated in any way.

19. Assignment

Neither party shall assign all or any partial rights or obligations under this MOU.

20. Waiver

No term or provision herein shall be deemed waived and no breach excused unless such waiver or consent is in writing and signed by the party claimed to have waived or consented. Any consent to or waiver of a breach by any party to the other, whether express or implied, shall not constitute a consent to, waiver of, or excuse for any other different or subsequent breach.

21. Authority

Each party hereby represents and warrants that it has full power and authority to enter into and perform its respective obligations under this agreement and that the person signing this MOU has been properly authorized and empowered to enter into this MOU. The Council of State Bar Sections, as the predecessor to CLA, has full power and authority to agree to and bind CLA to this MOU.

22. Counterparts

This MOU may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which, when taken together, shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Memorandum of Understanding as of the last day and year written below.

THE STATE BAR OF CALIFORNIA

By: Leah J. Wilson

Name: Leah Wilson, Executive Director

Dated: December 15, 2017

CALIFORNIA LAWYERS ASSOCIATION

By: Perry L. Segal

Name: Perry L. Segal, Co-Chair, Council of Sections

Dated: 12-18-2017

By: _____

Name: Mark Ressa, Co-Chair, Council of Sections

Dated: _____

EXECUTION VERSION

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THE STATE BAR OF CALIFORNIA

By: Leah J. Wilson

Name: Leah Wilson, Executive Director

Dated: December 15, 2017

CALIFORNIA LAWYERS ASSOCIATION

By: _____

Name: Perry L. Segal, Co-Chair, Council of Sections

Dated: _____

By: Mark Ressa

Name: Mark Ressa, Co-Chair, Council of Sections

Dated: 12/18/2017

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OFFICE LEASE AGREEMENT
BETWEEN
THE STATE BAR OF CALIFORNIA,
AS LANDLORD
AND
CALIFORNIA LAWYERS ASSOCIATION,
AS TENANT
180 HOWARD STREET
SAN FRANCISCO, CALIFORNIA 94105

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December 4, 2017

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LEASE SUMMARY

Lease Date: December 4, 2017

Landlord: THE STATE BAR OF CALIFORNIA,
a public corporation

**Landlord's Notice Address
and Address for Payment
of Rent:** THE STATE BAR OF CALIFORNIA
c/o CBRE
180 Howard Street

San Francisco, CA 94105
Attention: Property Manager

with a copy to:

THE STATE BAR OF CALIFORNIA
180 Howard Street
San Francisco, CA 94105
Attention: General Counsel

Tenant: CALIFORNIA LAWYERS ASSOCIATION,
a mutual benefit corporation

Tenant's Notice Address: California Lawyers Association
180 Howard Street, Suite 410
San Francisco, CA 94105
Attention: Executive Director

For notices on or prior to 12/31/2017, with copies to:

Perry L. Segal

303 Twin Dolphin Drive, Suite 600
Redwood City, CA 94065-1422

Rob Harris

Binder & Malter

2775 Park Avenue

Santa Clara, CA 95050

Building: The building in which the Premises are located, having an address of 180 Howard Street, San Francisco, California 94105.

Project: The Building, the Common Areas and the other improvements designated by Landlord as comprising the development of which the Building is a part, together with the parcel or parcels of real property (the "**Land**") on which the same are situated.

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Premises: Suite 410 of the Building, containing approximately 4,308 rentable square feet (“**rentable square feet**” or “**RSF**”), as shown on the floor plan attached hereto as **Exhibit A**.

Permitted Use: General Office Use

Term: Approximately six (6) months, subject to the provisions of **Article 2**

Commencement Date: January 1, 2018

Expiration Date: June 30, 2018

Base Rent:

Base Rent for Summary section:

Period	Rentable Square Footage	Annual Rate/RSF	Annual Amount	Monthly Amount
1/1/2018-6/30/2018	4,308	\$48.00	\$206,784.00	\$17,232.00

Security Deposit: \$17,232, subject to the provisions of **Section 5.1**

Demising Fee: \$4,000.00

Brokers: Landlord’s Broker: None.
Tenant’s Broker: None.

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OFFICE LEASE AGREEMENT

This **OFFICE LEASE AGREEMENT** (this “**Lease Agreement**”) is made and entered into by and between Landlord and Tenant as of the Lease Date. Terms that are not defined in the body of this Lease Agreement shall have the meanings set forth in the preceding Lease Summary (the “**Summary**”). The Summary, this Lease Agreement, and all Exhibits attached hereto, are and shall be construed as a single instrument, and are collectively referred to herein as this “**Lease.**” If there is any conflict between the Lease Agreement and the Summary or any Exhibits hereto, the provisions of this Lease Agreement shall control except to the extent otherwise expressly provided in any Exhibit.

1. PREMISES

1.1 Lease of Premises

(a) Premises

Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord the Premises, for the Term and upon the terms and subject to the conditions of this Lease. Tenant shall have the non-exclusive right during the Term, in common with all other persons permitted use thereof by Landlord, to use the Common Areas and the Floor Common Areas.

(b) Common Areas

The term “**Common Areas**” means all areas and facilities outside the Premises and within the exterior boundary line of the Project that are, from time to time, provided and designated by Landlord for the non-exclusive use of Landlord, Tenant, other tenants of the Building and their respective employees, guests and invitees.

(c) Floor Common Areas

The term “**Floor Common Areas**” means all areas and facilities outside the Premises and within the exterior boundary line of the Project that are, from time to time, provided and designated by Landlord for the non-exclusive use of Landlord and Tenant on the fourth (4th) floor of the Building and their respective employees, guests and invitees. The Floor Common Areas are depicted on the floor plan attached to this Lease as **Exhibit A** (the “**Floor Plan**”). For the avoidance of doubt, the Floor Common Areas shall not include Conference Rooms 4A-E and the conference center kitchen located on the fourth (4th) floor of the Building.

1.2 Premises Description

(a) Premises Size

The approximate dimensions and general location of the Premises are depicted on the Floor Plan. The rentable square footage of the Premises has been determined in accordance with BOMA’s Standard Method of Measuring Floor Area in Office Buildings (ANSI/BOMA Z.65.1-1996), as modified by Landlord for uniform use in the Building (the

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“**BOMA Modified Standard**”). All statements of square footage set forth in this Lease, or that may have been used in calculating any of the economic terms hereof, are approximations that Landlord and Tenant agree are reasonable. The parties acknowledge that the general expressions “**rentable square feet**,” “**RSF**,” and “**Rentable Area**,” as used in this Lease, refer to the determination of “**rentable square footage**” in accordance with the BOMA Modified Standard (“**Rentable Areas**”). The square footage figures contained in this Lease shall be final and binding on the parties.

(b) Condition of Premises

(i) Tenant acknowledges that it is leasing the Premises in its AS IS, WHERE IS condition, without any obligation on the part of Landlord to make or pay for any improvements therein. Effective as of the Commencement Date, and subject to the terms of Article 6 below, Tenant shall be deemed to have accepted possession of the Premises, including, without limitation, all Base Building Systems serving and located in the Premises (including standard ceiling, lighting, electrical outlets, and HVAC) in its AS IS, WHERE IS condition.

(ii) Without limiting the generality of the foregoing, no representation or warranty, express or implied, has been made by Landlord or any of its agents, employees, contractors or invitees (the “**Landlord Parties**”) with respect to any matter whatsoever, including the condition of the Premises, the Building or the Project, the suitability of the Premises, the Building or the Project for Tenant’s particular use, or any other conditions that may affect Tenant’s use and enjoyment of the Premises, the Building or the Project. No Future Building Improvements or other construction conducted on, and/or development of, any adjoining property, whether or not performed or developed under the direction of Landlord or other persons, including any attendant noise and dust associated with such activity, shall affect the obligations of Tenant under this Lease or constitute a constructive eviction or a breach of the covenant of quiet enjoyment. No rights to any view or to light or air over any other portion of the Project or any other property, whether belonging to Landlord or any other person, are granted to Tenant by this Lease or is deemed an appurtenance to Tenant’s use and/or occupancy of the Premises.

2. TERM

2.1 Commencement

The Term shall commence on the Commencement Date provided in the Summary (the “**Commencement Date**”). This Lease shall not be void or voidable, no obligation of Tenant shall be affected, and Landlord shall have no liability to Tenant for any Claims arising out of or resulting from any failure of Landlord to tender possession of the Premises to Tenant on the Commencement Date, and Tenant’s sole remedy as a consequence of any such delay shall be the postponement of the Commencement Date.

2.2 Delivery of Premises

Landlord shall tender possession of the Premises to Tenant on the Commencement Date, and Tenant shall accept delivery of the Premises, which acceptance shall

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constitute Tenant's agreement that Tenant waives any and all defects (latent or otherwise) in the Premises.

2.3 Expiration Date

The Term shall end and expire, as to the entire Premises, on the Expiration Date provided in the Summary.

3. RENT

3.1 Payments of Base Rent

Tenant's obligation to pay Base Rent shall commence, as to the Premises, on the later of (i) the Commencement Date, and (ii) the date the demising wall to be installed by Landlord is complete so that the Premises is separately demised. If the Commencement Date is, or the Term ends, on a day other than the first or last day of a calendar month, then the Rent for such partial month shall be prorated based on a thirty (30) day calendar month. Subject to the foregoing, all monthly installments of Base Rent shall be payable to Landlord in advance, on or before the first day of each calendar month of the Term, without any invoice, Notice or other demand therefor, and without any abatement, deduction, credit or offset whatsoever. Any Rent not received by Landlord on or before the date due shall be deemed to be late, and any Rent not received by Landlord within five (5) days following the date due shall be subject to late charges and interest as provided in **Sections 3.3 and 3.4** and all other legal remedies. All sums of money required to be paid by Tenant to Landlord under this Lease are deemed to be obligations in the nature of rent whether or not such obligations are expressly so designated, and are collectively referred to herein as "**Rent**." All Rent other than Base Rent is sometimes referred to herein as "**Additional Rent**." Except for Base Rent and late charges and interest (which are payable as described in **Sections 3.3 and 3.4**), all Rent is due and payable within thirty (30) days following Landlord's invoice therefor. All Rent shall be paid by check in lawful money of the United States of America to Landlord (or to any other Person designated by Landlord in a Notice to Tenant) at Landlord's Address for Payment of Rent, or by ACH wire transfer pursuant to Notice from Landlord to Tenant of Landlord's wire transfer instructions. No Rent payment shall be made in cash. Tenant shall not pay any Rent more than one (1) month in advance without the prior written consent of Landlord and any Superior Interest Holder of which Tenant has notice and whose consent to such payment is required. Tenant shall pay Landlord, as Additional Rent, in addition to any interest and late charges payable by Tenant, the sum of One Hundred Dollars (\$100.00) for each check that is returned to Landlord for non-sufficient funds or that is otherwise dishonored.

3.2 Acceptance of Rent

No writing on any check, or statement in any letter or other document accompanying any payment of Rent from Tenant, and no acceptance by Landlord of less than the full amount of Rent owing, shall effect any accord and satisfaction. Any such partial payment shall be treated as a payment on account, and Landlord may accept such payment without prejudice to Landlord's right to recover any balance due or to pursue any other remedy permitted by this Lease. Accordingly, Tenant hereby waives the provisions of California Uniform

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Commercial Code Section 3311 (and any similar Law that would permit an accord and satisfaction contrary to the provisions of this **Section 3.2**). Tenant waives any right to specify the items against which any Rent paid is to be credited, and Landlord may apply such payments to any Rent due or past due under this Lease. No payment, receipt or acceptance of Rent following (a) any Event of Default; (b) the commencement of any action against Tenant; (c) termination of this Lease or the entry of judgment against Tenant for possession of the Premises; or (d) the exercise of any other remedy by Landlord, shall cure the Event of Default, reinstate this Lease, grant any relief from forfeiture, continue or extend the Term, or otherwise affect or constitute a waiver of Landlord's right to or exercise of any remedy, including Landlord's right to terminate this Lease and recover possession of the Premises; provided, however, the full payment of all amounts required to cure any monetary Event of Default shall operate to cure said default if paid within the time period provided in California Code of Civil Procedure §1161(2). Tenant acknowledges and agrees that the foregoing constitutes actual notice to Tenant of the provisions of California Code of Civil Procedure §1161.1(c). In order to give effect to the foregoing provisions, Landlord may keep or return to Tenant, at any time within fifteen (15) days after receiving same, any payment of Rent (x) made following any Event of Default (irrespective of whether Landlord has commenced the exercise of any remedy), or (y) that is less than the amount due. Each such returned payment (whether made by returning Tenant's actual check, or by issuing a refund in the event Tenant's check was deposited) shall be conclusively presumed not to have been received or approved by Landlord.

3.3 Late Charges

If any payment of Rent is not received by Landlord within five (5) business days after such Rent is due, Tenant shall pay to Landlord, in lieu of actual damages, a late charge equal to the greater of (a) Five Hundred Dollars (\$500.00), or (b) five percent (5%) of such overdue amount; provided that, if Rent is not paid when due more than once in any twelve (12) month period, then thereafter Tenant shall not be entitled to such five (5) day grace period, and such late charge shall be assessed on any Rent not paid by 5:00 p.m. (Pacific time) on the date due. The parties agree that such late charge represents a reasonable estimate of the expenses that Landlord will incur because of any late payment of Rent, the exact amount of which are unascertainable and difficult to prove. Landlord and Tenant further acknowledge that the late charges described in this Section do not include interest under **Section 3.4**, or attorney fees and costs under **Section 29.1**, all of which are recoverable by Landlord in addition to each late charge. No acceptance by Landlord of any late charge shall constitute an election of remedies or a waiver of any default by Tenant with respect to the payment of any Rent or the performance of any other obligation, nor shall it estop Landlord from exercising any of its other rights and remedies available under the Law or expressly provided for in this Lease. Any late charge incurred by Tenant shall be due and payable, as Additional Rent, with the next installment of Base Rent payable following the date such late charge is incurred. Landlord's acceptance of any liquidated damages shall not constitute a waiver of any Event of Default by Tenant, or prevent Landlord from exercising any of the rights and remedies available to Landlord under this Lease.

3.4 Interest

Any Rent not received by Landlord within five (5) calendar days of the due date shall accrue interest, payable as Additional Rent, from the date such Rent was due through the

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date paid; provided, however, not more than once during each twelve (12) month period, Landlord shall give Tenant a Notice of delinquency with respect to such late payment of Rent, and a five (5) calendar day grace period to cure such delinquency before accruing interest on the unpaid Rent amount (with the effect that if the delinquent payment of Rent is not received by Landlord prior to the expiration of the foregoing grace period, if applicable, interest shall accrue on said delinquent Rent as otherwise required by this **Section 3.4**), retroactive to the date such Rent was due, and the interest shall be deemed immediately due and payable as Additional Rent. Such interest shall be calculated monthly, and shall be payable at a rate (the “**Interest Rate**”) equal to the greater of: (a) five percent (5%) over the prime rate as quoted in *The Wall Street Journal* as the base rate charged by the nation’s largest banks on corporate loans as of the date such Rent payment was due; or (b) eight percent (8%) per annum. Notwithstanding the foregoing, interest shall not be charged on late charges or accrued interest, and the aggregate liability for any interest accruing under this Lease shall not exceed the limits, if any, imposed by applicable Laws. Any interest paid in excess of such limits shall be credited to Tenant by application of the amount of excess interest paid against any outstanding Rent obligations in any order that Landlord elects. If the amount of excess interest paid exceeds the amount of outstanding Rent, such excess portion shall be refunded to Tenant by Landlord. To ascertain whether any interest payable exceeds the limits imposed, any non-principal payment (including late charges) shall be considered to the extent permitted by Law to be an expense or a fee, premium or penalty, rather than interest.

3.5 Demising Fee

Tenant shall pay to Landlord a demising fee in the amount of Four Thousand Dollars (\$4,000.00) no later than the Commencement Date.

4. POSSESSORY INTEREST

4.1 [Intentionally Omitted]

4.2 Possessory Interest

Tenant acknowledges that its possessory interest vested in the Premises pursuant to this Lease may become subject to real estate taxes and assessments. Should any real estate taxes and assessments be levied on Tenant’s possessory interest in the Premises, Tenant shall pay, before delinquency, any and all such real estate taxes and assessments. Tenant acknowledges that this **Section 4.2** shall constitute a sufficient statement required by Section 107.6 of the California Revenue and Taxation Code, as amended, if such section shall be interpreted to apply to the Premises, the Building or the Project.

5. SECURITY DEPOSIT

5.1 Amount and Form of Security Deposit

On execution of this Lease, Tenant shall deposit with Landlord the Security Deposit set forth in the Summary (the “**Security Deposit**”). By its execution of this Lease, Tenant acknowledges and agrees that the Security Deposit shall serve as security for the faithful

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performance by Tenant of all of the provisions of this Lease to be performed or observed by Tenant.

5.2 Application of Security Deposit to Cure Default

If Tenant fails to pay any Rent, or otherwise defaults with respect to any provision of this Lease, and such failure results in an Event of Default, Landlord may (but shall not be obligated to) use, apply or retain all or any portion of the Security Deposit for the payment of any Rent in default or for the payment of any other sum to which Landlord may become entitled by reason of Tenant's default, or to compensate Landlord for any loss or damage which Landlord may suffer thereby. If Landlord so uses or applies all or any portion of the Security Deposit, Tenant shall within ten (10) days after demand therefor deposit immediately available funds with Landlord in an amount sufficient to restore the Security Deposit to the full amount thereof. Landlord's application of all or any portion of the Security Deposit to any obligation of Tenant hereunder shall not limit Landlord's damages or constitute a waiver by Landlord of any claims against or obligations of Tenant, other than the specific monetary obligations to which the Security Deposit is applied, and then only to the extent such obligations are thereby satisfied. Landlord shall not be required to keep the Security Deposit separate from its general funds, Tenant shall not be entitled to interest thereon, and Tenant waives the benefit of any Law to the contrary.

5.3 Return of Security Deposit

Provided Tenant is not in default at the expiration or sooner termination of this Lease, and except to the extent necessary to cure any defaults by Tenant hereunder, the Security Deposit shall be returned, without payment of interest or other increment for its use, to Tenant (or, at Landlord's option, to the last assignee, if any, of Tenant's interest hereunder), within thirty (30) days following the later of the expiration of the Term or Tenant's surrender of the Premises in the condition required under this Lease; If Landlord disposes of its interest in the Premises, Landlord may deliver or credit the Security Deposit to Landlord's successor in interest in the Premises, whereupon the transferring Landlord shall be relieved of further responsibility with respect to the claims therefor. Landlord's return of the Security Deposit, or any part thereof, shall not be construed as an admission that Tenant has performed all of its obligations under this Lease. No trust relationship is created herein between Landlord and Tenant with respect to the Security Deposit. If Landlord disposes of its interest in the Premises, Landlord shall deliver or credit the Security Deposit to Landlord's successor in interest in the Premises and give written notice thereof to Tenant, and the transferring Landlord shall thereupon be relieved of further responsibility with respect to the Security Deposit, and Tenant shall look solely to the successor Landlord for any claims therefor.

5.4 Application of Security Deposit Following Default

Landlord may retain, use or apply all or any part of the Security Deposit to compensate Landlord for any expense, loss or damage suffered by Landlord as a result of any Events of Default by Tenant under this Lease, including any amounts Landlord is obligated or elects to spend in order to cure any such Events of Default or to mitigate its damages following an Event of Default. Tenant waives the provisions of California Civil Code §1950.7 (which

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restricts application of a security deposit only to those sums reasonably necessary to remedy defaults in the payment of rent, to repair damage caused by Tenant, or to clean premises) and all similar Laws now in force or subsequently adopted which restrict application of security deposits to specific purposes.

6. USE OF PREMISES

6.1 Permitted Use

Tenant shall use the Premises solely for Tenant's Permitted Use and for no other purpose whatsoever without Landlord's prior written consent, which may be withheld in Landlord's sole discretion. Without limiting the generality of the foregoing, uses prohibited under this Lease include use of the Premises or any portion thereof for (a) offices of any agency or bureau of the United States, any state or municipality, or any political subdivision thereof; (b) offices or agencies of any foreign government or political subdivision thereof; (c) offices of any health care professionals; (d) schools or other training facilities that are not ancillary to corporate, executive or professional office use; (e) retail or restaurant uses; (f) communications firms such as radio and/or television stations; (g) telemarketing or customer order/reservation services for third parties; or (h) any use that would result in an occupancy density in the Premises that is greater than the average occupancy density of the other tenants of the Building. Tenant shall not create any nuisance or permit any waste in the Premises or elsewhere in the Project, nor shall Tenant permit any odor, smoke, dust, gas, noise or vibration to emanate from the Premises. Tenant shall not use or permit the use of the Premises for any purpose or in any manner that would invalidate coverage or increase premiums for any insurance covering the Premises, the Building or the Project; or that would interfere with any other tenant's use or occupancy of the Project. Tenant shall, at its sole cost and expense, comply with any and all reasonable requirements of Landlord's and Tenant's insurers. Tenant shall pay Landlord, as Additional Rent, any increases in insurance premiums resulting from any use of the Premises for any purpose other than Tenant's Permitted Use.

6.2 Compliance with Rules and Laws

Tenant shall, at Tenant's expense, faithfully observe and comply with, and shall cause all Tenant Parties to so observe and comply with, (a) all laws, statutes, codes, rules, regulations, ordinances, requirements, guidelines and orders, now in force or hereafter promulgated or adopted, by any Governmental Authority (collectively, "**Laws**") that are applicable to the occupancy of the Premises, the conduct of Tenant's business therein, and the use by Tenant or any Tenant Party of the Premises or any other portion of the Project; (b) all recorded covenants, conditions and restrictions affecting the Project, whether presently existing or subsequently recorded (collectively, "**CC&Rs**") of which Tenant has Notice; (c) all current and future requirements of any applicable fire rating bureau or other body exercising similar functions (collectively, "**Requirements**"); and (d) all of the Rules and Regulations attached hereto as **Exhibit C**, along with any other rules and regulations adopted by Landlord from time to time for the Building or the Project, as any of the foregoing may be amended or supplemented from time to time (collectively, the "**Rules**") in each case regardless of cost, the permanency of any required improvements to comply therewith and/or the ability of the parties hereto to contemplate the enactment of said Laws. Tenant acknowledges that Landlord may develop

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Rules covering environmental sustainable practices in interior design, Tenant construction and Building operations and maintenance activities, including, energy efficiency and waste management, and adherence thereto shall be binding on Tenant in accordance with the terms of this **Section 6.2**. All subsequently adopted Rules shall be binding upon Tenant upon delivery of a copy thereof to Tenant. Landlord shall not be responsible to Tenant for the failure of any other person to observe or abide by any Rules. “**Tenant Parties**” means Tenant, any Transferee of Tenant, and each of their respective agents, employees, contractors and invitees.

6.3 Required Alterations; Violations of Law

Tenant shall be responsible, at its sole cost and expense, for the making of all alterations, additions or improvements to the Premises, as are required to comply with applicable Laws (including without limitation, the Americans With Disabilities Act, as amended from time to time, along with all regulations promulgated in connection therewith) to the extent the compliance obligation relates to or is triggered by (a) Tenant’s particular use of the Premises (for other than general office use), or (b) any Premises Improvements (for other than general office use) other than Landlord’s initial installation of the demising wall to segregate the Premises from the remainder of the Building, whether now in effect or enacted in the future and whether or not now foreseeable. In no event shall Tenant be responsible to perform, or pay for, any alterations, additions or improvements to any Base Building Improvements, as may be required to comply with applicable Laws. The judgment of any court of competent jurisdiction or the admission of Tenant in any judicial action, regardless of whether Landlord is a party thereto, that Tenant has violated any Laws, shall be conclusive of that fact as between Landlord and Tenant. Tenant shall advise Landlord in writing, with copies of all notices and other correspondence, within ten (10) days following the date Tenant first has knowledge of any claim, action or investigation (whether oral or written, actual or threatened) by any person or Governmental Authority, with respect to any real or alleged noncompliance by Landlord or Tenant with any Law relating to the Premises, the Building or the Project. “**Governmental Authority**” means any federal, state or local legislative, executive or judicial or regulatory authority agency with jurisdiction to regulate, determine or otherwise affect the ownership, construction, use, occupancy, possession, operation, maintenance, alteration, repair, demolition or reconstruction of any portion or element of the Project.

6.4 Asbestos-Containing Materials Notification

Tenant acknowledges that the Building was constructed before 1979 and that there is ACM in certain areas of the Building. Attached hereto as **Exhibit D** is an Asbestos Disclosure Statement describing such matters as the location of ACM in the Building. Tenant acknowledges that such Asbestos Disclosure Statement complies with the requirements of California Health & Safety Code §§ 25915 *et seq.*, and Tenant shall in turn provide all such notices required by such Law to all Tenant Parties who work in the Building. Tenant shall comply, and cause all Tenant Parties to comply, with all Laws applicable to ACM, including without limitation work practice and notification regulations, and with all Rules (including any ACM management programs) that may be adopted by Landlord with respect thereto. There shall be no abatement or other diminution of Rent as a result of the presence of ACM in the Building or as a result of any asbestos-related work performed by Landlord or others, nor shall Landlord be liable for any annoyance, inconvenience or injury to business, persons or property resulting

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from any of the foregoing, unless such annoyance or inconvenience occurs in the Premises during the Term. Tenant hereby waives and releases any claim against Landlord that Tenant may now or hereafter have or acquire arising in connection with the presence of ACM in the Building or the Project.

6.5 Future Building Improvements

Tenant acknowledges that Landlord intends to have the Future Building Improvements performed with regard to the Building. Tenant hereby expressly agrees as follows: (a) the construction and/or performance of the Future Building Improvements (and any portion thereof), including without limitation, any attendant noise and dust associated with such activity, shall not affect the obligations of Tenant under this Lease or constitute a constructive eviction or a breach of the covenant of quiet enjoyment; and (b) to the fullest extent permitted by law, Tenant hereby waives and releases all Claims against Landlord and Landlord Protected Parties with respect to the construction and/or performance of the Future Building Improvements (and any portion thereof), including without limitation, any Claim related to disruption to Tenant's business conducted in the Premises. Tenant hereby agrees, represents and warrants that the matters released herein are not limited to matters which are known or disclosed, and hereby waives any and all rights and benefits which it now has, or in the future may have, conferred upon it by virtue of the provisions of Section 1542 of the Civil Code of the State of California which provides as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

The provisions of this **Section 6.5** shall survive the expiration or termination of this Lease.

7. UTILITIES AND SERVICES

7.1 Provided by Landlord

Subject to applicable Laws, and the rules or actions of any public utility furnishing such service and any other limitations set forth in this Lease, Landlord shall provide the following utilities and services to the Premises: (a) heating, ventilation and air-conditioning ("**HVAC**") as necessary for normal comfort under conditions of normal office use in the Premises, as reasonably determined by Landlord, during Normal Hours on Mondays through Fridays from 8:00 a.m. to 6:00 p.m. ("**Normal Hours**"), except for the dates of observation of New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day and other locally or nationally recognized holidays ("**Holidays**"); (b) city water from regular Building outlets for drinking, lavatory, and toilet purposes; and (c) electricity for light and power in the Premises; (d) nonexclusive automatic passenger service, with elevators in service (subject to normal maintenance and repair) during Normal Hours and at least one elevator per elevator bank during non-Normal Hours, (e) nonexclusive freight elevator service, subject to reasonable scheduling (and payment of Landlord's charges for providing freight

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elevator service during non- Normal Hours), and (f) exterior window washing. Landlord shall also provide regular janitorial services to the Building and Premises, including restrooms and Common Areas; however, Landlord shall not be required to provide janitorial services for non-Building Standard Tenant Improvements such as metallic trim, wood floor covering, glass panels, interior windows, kitchens, executive workrooms, and shower facilities. Landlord may, in Landlord's sole discretion, at any time and from time to time, contract, or require Tenant to contract, for any or all Utilities (including generation, transmission, or delivery thereof) with utility service providers of Landlord's choosing (each, a "**Utility Service Provider**"). Tenant shall fully cooperate with Landlord and its Utility Service Provider(s). Tenant shall permit Landlord and its Utility Service Provider(s) to have reasonable access to the Premises and the utility equipment serving the Premises, including lines, feeders, risers, wiring, pipes, and meters. Tenant shall fully cooperate with all requirements of any Utility Service Provider imposed on Landlord relating to the use or conservation of Utilities.

7.2 Excess Use

Tenant's use of electricity shall not exceed the capacity of the feeders, risers or wiring serving the Premises. Specifically, Tenant agrees that (a) its connected electrical load for lighting shall not exceed an average of one and one-half (1.5) watt per square foot of the Premises during Normal Hours on a monthly basis; and (b) its connected electrical load for all other power purposes shall not exceed an average of four (4) watts per square foot of the Premises during Normal Hours on a monthly basis (exclusive of any load for HVAC, Excess HVAC or Supplemental Equipment). Electricity for Tenant's lighting and other power purposes shall be at a nominal two hundred seventy-seven (277) volts. No electrical circuit for the supply of power shall require a current capacity exceeding twenty (20) amperes. Tenant shall not, without Landlord's prior written consent, use heat-generating machines, machines other than normal fractional horsepower office machines, or equipment or lighting other than Building Standard lights in the Premises, that individually or collectively may affect the temperature otherwise maintained by the HVAC system or increase the amount of HVAC or water normally furnished to the Premises (including, without limitation, HVAC and chilled water to operate office machines and equipment that operate on a continuous or semi-continuous basis) ("**Excess HVAC**"), or use any machines or equipment that are operated by Tenant substantially on an uninterrupted basis during both Normal Hours and non-Normal Hours, ("**Supplemental Equipment**"). If such consent is given, Landlord shall supply such utilities to Tenant for Excess HVAC as Landlord is reasonably able, given the expected demands of other tenants and the then existing capacity and configuration of such utilities serving the floor on which the Premises is located and, in addition, Landlord shall have the right to install supplementary air-conditioning units or other facilities in the Premises, including additional metering devices, in locations reasonably acceptable to Tenant. In addition, Tenant shall pay Landlord for all costs for such supplementary facilities, including the costs of: (a) installation, operation, and maintenance; (b) increased wear and tear on existing equipment; and (c) other similar charges (including, Landlord's project management fee). If Tenant uses water, electricity, heat, or HVAC in excess of that required to be supplied by Landlord under this **Section 7.2** (including the use of dedicated HVAC services at any time other than Normal Hours, or the use Supplemental Equipment), Tenant shall pay Landlord for all costs of: (x) the excess utility service (based on actual amounts chargeable to Landlord); and (y) increased wear and tear on, and additional costs of operation of, existing equipment caused by Tenant's excess consumption. Landlord may install devices to

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separately meter or submeter any increased use, and Tenant shall pay Landlord for all such costs, including the cost of purchasing the additional metering devices and the expense of reading same. If Tenant wishes to use HVAC during hours other than Normal Hours, Tenant shall give Landlord such prior Notice as Landlord shall from time to time establish as appropriate, and Landlord shall supply such HVAC to Tenant at a cost determined by Landlord to cover all costs of such service, including any overhead and other expenses incurred by Landlord in connection therewith. All amounts payable by Tenant pursuant to this **Section 7.2** shall be paid to Landlord as Additional Rent within thirty (30) days following Landlord's invoice therefor.

7.3 Interruption of Utilities

Landlord shall not be liable for any Claim arising out of any failure to furnish, delay in furnishing, interruption of, or defect in any Utilities or services (including telephone and telecommunication services) for the Premises or Project, or for diminution in the quality or quantity thereof (each of such events, an "**Interruption**") when the Interruption is entirely or partially caused by (a) breakage, damage or destruction beyond Landlord's control; (b) the making of repairs, replacements, or improvements or testing any Building systems; (c) strike, lockout, or other labor trouble; (d) inability to secure reasonably affordable Utilities or services of any kind at the Project after reasonable effort to do so; (e) Casualty or Condemnation; (f) any act or omission of Tenant or of any other party; (g) changes in Utility Service Providers or the providers of other services; (h) failure of any Utility Service Provider to provide adequate services; or (i) any other Force Majeure event or cause beyond Landlord's reasonable control. No such Interruption shall constitute an actual or constructive eviction of Tenant or relieve Tenant of any of its obligations under this Lease. Landlord shall not be liable under any circumstances for loss of or injury to property, or for injury to or interference with Tenant's business, including any loss of profits, as a result thereof.

8. ACCESS CONTROL; PROJECT SAFETY

8.1 Access Control and Other Landlord Rights

Landlord shall have the right to implement any and all access control or other security measures that Landlord, in the exercise of its sole discretion, deems necessary or appropriate for the protection of the Building or Project and Landlord's interests therein (including the right to disallow any person from entering the Building), and Tenant acknowledges that such measures, if any, are undertaken by Landlord solely for the protection of Landlord and its interest in the Building and the Project. No interruption of Tenant's business or loss of access to the Premises resulting from Landlord's exercise of any such measures shall constitute an eviction of Tenant or a disturbance of Tenant's right of quiet enjoyment. Tenant acknowledges that (a) no person performing access control or other security services for Landlord at the Project is or will be an on-duty law enforcement officer; (b) no such person is authorized by any Governmental Authority to exercise police powers; and (c) Landlord makes no representation or warranty whatsoever that any access control or other security requirements of Landlord, whether required by this Lease or discretionary on the part of Landlord, will be sufficient to protect Tenant, any Tenant Party, or any other person, or to deter or prevent bodily injury (including death resulting therefrom) or the loss of or damage to property from any cause (including the commission or attempted commission of any crime or terrorist act). Accordingly,

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no failure or inadequacy of any security measures undertaken by Landlord or any Landlord Party shall relieve Tenant of any of its obligations under this Lease, or give rise to any liability on the part of Landlord or any Landlord Party, and Tenant hereby waives any and all Claims and defenses against Landlord and any Landlord Party arising therefrom.

8.2 Tenant's Obligation to Cooperate

Tenant shall at all times fully submit to and comply, and shall cause all Tenant Parties to so submit to and comply, with all access control and any other security measures implemented by Landlord from time to time during the Term. Such measures may include, by way of example only, any or all of the following: (a) the evacuation of, or denial of access to, all or any portion of the Building or Project for cause, suspected cause or for drill purposes; (b) closure of the Building or Project during periods other than Normal Hours (provided, however, that Tenant's employees shall be permitted access to the Premises twenty-four (24) hours a day, seven (7) days a week, subject to the requirements of Governmental Authorities, applicable Laws, and Landlord's Rules governing non-Normal Hours access); (c) monitoring or recording, by closed circuit television or otherwise, persons entering or leaving the Building or Project; (d) requiring proof of identity (by electronic or other means) of any such persons; (e) recording (through the use of sign in sheets or otherwise) the time of arrival and departure of any such persons; and (f) such other measures as Landlord considers desirable, in the exercise of its sole discretion.

8.3 Access Limitations Attributable to Tenant

In the event of any picketing, public demonstration or other threat to the security of the Building that is attributable in whole or in part to Tenant, Tenant shall reimburse Landlord for any costs incurred by Landlord in connection with such picketing, demonstration or other threat in order to protect the security of the Building, and Tenant shall indemnify and hold Landlord harmless from and protect and defend Landlord against any and all claims, demands, suits, liability, damage or loss and against all costs and expenses, including reasonable attorneys' fees incurred in connection therewith, arising out of or relating to any such picketing, demonstration or other threat. Tenant agrees not to employ any person, entity or contractor for any work in the Premises (including moving Tenant's equipment and furnishings in, out or around the Premises) whose presence may give rise to a labor or other disturbance in the Building and, if necessary to prevent such a disturbance in a particular situation, Landlord may require Tenant to employ union labor for the work.

9. ALTERATIONS AND ADDITIONS

9.1 No Alterations Without Consent

"**Alterations**" means all alterations, additions or improvements to the Premises made by or at the request of Tenant during the Term. Tenant shall not make, or permit to be made, any Alterations without the prior written consent of Landlord. All Alterations shall be undertaken and completed at Tenant's sole cost and expense. Landlord shall not unreasonably withhold its consent to any proposed Alterations; however, Landlord's consent shall be deemed to have been reasonably withheld if the proposed Alterations could (a) affect any structural

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component of the Building; (b) be visible from or otherwise affect any portion of the Project other than the interior of the Premises; (c) affect any Base Building Systems; (d) result in Landlord being required under any Laws to perform any work that Landlord could otherwise avoid or defer; (e) result in an increase in the demand for Utilities or services that Landlord is required to provide (whether to Tenant or to any other tenant in the Project); (f) cause an increase in any Insurance Expenses; (g) result in the disturbance or exposure of, or damage to, any ACM or other Hazardous Material; or (h) violate or result in a violation of any Law, Rule or Requirement. All permanent Alterations, including HVAC, lighting, electrical, fixed partitioning, drapery, floor coverings, wall coverings and built-in cabinetry, shall at once be and become the property of Landlord, and shall not be a part of Tenant's Property; provided, however, Landlord shall have the right to require that Tenant remove such Alterations from the Premises upon the expiration or sooner termination of this Lease if (i) Landlord conditioned (in writing) its approval of the making of such Alteration on the removal thereof by Tenant upon the expiration of the Term, or (ii) the Alteration was performed by Tenant without the prior approval of Landlord.

9.2 Pre-Construction Requirements

(a) Any request for consent to Alterations shall be accompanied by detailed plans and specifications prepared by a duly licensed architect or engineer. Prior to commencing construction of any Alterations, Tenant shall have obtained Landlord's prior written approval of (i) all plans and specifications for the Alterations, (ii) the architect and engineer(s), as applicable, engaged by Tenant to design and supervise the Alterations, (iii) the general contractor engaged by Tenant to construct the Alterations, and (iv) the general contract for construction of the Alterations. No work in connection with any Alterations shall commence until Tenant has furnished Landlord with complete copies of all building permits and licenses required by Law, and original certificates of insurance evidencing all of the coverage required under **Section 14.3**. Landlord shall endeavor to respond to any requests for its approval of any of the items referred to in paragraphs (i) through (iii) of this Section within ten (10) business days after receiving the same, and shall endeavor to respond to requests for its approval of changes to these items (including any change orders) within five (5) business days after receiving same.

(b) Tenant agrees that the construction contract for the Alterations shall require (i) the general contractor and each principal subcontractor and supplier to provide lien waivers for the work performed and materials supplied for the Alterations as of the date of any payments made by Tenant thereunder, and (ii) the general contractor to acknowledge in writing in form and substance satisfactory to Landlord that Landlord shall have the right, but not the obligation, to inspect and monitor the construction of the Alterations from time to time. Tenant agrees to provide Landlord with true and complete copies of all payment information to, and lien waivers from, contractors no less frequently than monthly, and in all events within five (5) days after the same are disbursed or received.

(c) Landlord shall have the right to require work on the Alterations to cease if Landlord reasonably determines that the cost of the Alterations are not being timely paid or the Alterations are not being constructed in accordance with the construction contract or plans and specifications approved by Landlord, any applicable Law, or the terms of this Lease. If any such failures exist, such stop work order shall be deemed to have been issued with just cause. In such

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case, the work shall be stopped until such violations are rectified to Landlord's reasonable satisfaction.

(d) Landlord may condition its consent to any Alterations on the requirement that Tenant provide Landlord with a surety bond, letter of credit, or other financial assurance to ensure that the Alterations will be promptly completed, that all costs of the Alterations will be fully and timely paid, and that Landlord will be protected from any liability for mechanic's and materialmen's liens.

9.3 Construction; Contractors

Tenant shall cause all Alterations and all construction activities in connection therewith to comply with all applicable Laws, Rules and Requirements, including any construction Rules adopted by Landlord. All Alterations shall be constructed entirely within the Premises, in a good and workmanlike manner, and shall be constructed using materials and installation procedures approved by Landlord in its sole discretion. All work shall be diligently performed and promptly completed, in a manner that does not obstruct access anywhere in the Project, disrupt the business activities of other tenants, or interfere with any other work being undertaken by Landlord or others in the Project. Tenant shall promptly pay all costs of Alterations, as and when required by the terms of the contracts for such work. Within twenty (20) days after substantial completion of any Alterations, Tenant shall deliver to Landlord a reproducible plan of the as-built Alterations, only to the extent produced as part of any future Alterations. The Alterations shall be constructed only by duly licensed, reputable contractors and subcontractors reasonably acceptable to Landlord. Tenant acknowledges that Landlord may require the use of union labor in the performance of any Alterations if necessary or desirable, in Landlord's judgment, for the maintenance of labor peace. Tenant shall not employ or permit the employment of any contractor, subcontractor or laborer in the Premises if it is reasonably foreseeable that such employment will cause conflict or interference with other contractors, subcontractors or laborers engaged in the performance of work at the Project. In the event of any such interference or conflict, Tenant, upon demand of Landlord, shall require all contractors, subcontractors or laborers causing such interference or conflict to leave the Project immediately. Tenant shall not permit any contractor or subcontractor to perform any work on the Premises until acceptable evidence of all insurance required of Tenant's contractors under **Section 14.3** has been furnished to Landlord.

9.4 Plan Review; Construction Monitoring

Tenant shall pay Landlord, as Additional Rent, within ten (10) days following Landlord's invoice therefor, all fees and costs of Landlord's architects, engineers or other consultants in connection with the review of plans and specifications in connection with any proposed Alteration, whether or not approved, as well as a fee of 2.5% of total project costs for Landlord's management and supervision of the progress of the work (the "**Construction Management Fee**"). Landlord may, in the exercise of its reasonable discretion, require a deposit of its estimated fees in advance of performing any review. Neither the payment of any such fees or costs, nor the monitoring, administration or control by Landlord of any contractor or any part of the Alterations shall be deemed to constitute any express or implied warranty or representation that any Alteration was properly designed or constructed, nor shall it create any liability on the

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part of Landlord. Tenant acknowledges that such monitoring, administration or control by Landlord, if any, and the payment of any such fees or costs, is solely for the benefit of Landlord and the Project. Landlord's approval of the plans, specifications and working drawings in connection with any Alterations shall create no responsibility or liability to Tenant on the part of Landlord or Landlord's consultants for the design sufficiency of such plans, or their compliance with any Laws.

9.5 Liens and Notices

Tenant shall not allow any liens to exist, attach to, be placed on, or encumber Landlord's or Tenant's interest in the Premises, Building, or Project by operation of Law or otherwise, including any lien of mechanics, material suppliers, or others with respect to work or services performed or claimed to have been performed for, or materials furnished or claimed to have been furnished to, Tenant or the Premises. Landlord has the right at all times to post and keep posted on the Premises any notice that it considers necessary for protection from such liens, and Tenant shall give Landlord at least seven (7) days prior Notice of the date any Alterations work is expected to commence, to permit Landlord to post and record a notice of nonresponsibility. If any such lien attaches or Tenant receives notice of any such lien, Tenant shall cause the lien to be immediately released and removed of record, either by payment of the claim or by posting of a proper bond. If any such lien is not released and removed of record within ten (10) days following Notice from Landlord to do so, Landlord may take any and all action necessary to release and remove the lien of record (including payment of the claim), without any duty to investigate the validity thereof or to provide any further notice to Tenant, and all expenses (including attorney fees and costs) incurred by Landlord in connection therewith shall be payable by Tenant as Additional Rent within ten (10) days following Landlord's Notice therefor. Upon substantial completion of any Alteration, Tenant shall (a) cause a timely notice of completion to be recorded in the Office of the Recorder of the county in which the Project is located, in accordance with California Civil Code §3093 or any successor statute; and (b) deliver to Landlord evidence of full payment and unconditional final lien waivers for all labor, services and materials furnished in connection therewith.

10. TELECOMMUNICATIONS SERVICES AND EQUIPMENT

10.1 Consent Required

Neither Tenant nor any Tenant Party shall, without Landlord's prior written consent, which consent shall not be unreasonably withheld, install, maintain, operate, alter, repair, or replace (collectively, "**installation or use**") any wire, cable, lines or conduit (collectively, "**Wiring**") for use in connection with any telephone, television, telecommunications, computer, Internet, or other communications or electronic systems or services in, on, or about the Building, except for installations of Wiring wholly within the Premises (all of which installations shall constitute Alterations and be subject to the requirements of **Section 9.1**). Tenant shall have no right to install any antenna, satellite, or other electromagnetic frequency transmission and/or reception devices ("**Telecommunications Equipment**") anywhere outside the Premises, and any such device installed by Tenant in the Premises shall be subject to all of the terms of this Lease, including compliance with all applicable Laws concerning frequency interference. Landlord shall have the right to adopt Rules

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governing the installation or use of Telecommunications Equipment, and to limit the number of carriers, vendors, or other operators (“**Telecommunications Providers**”) providing services and/or equipment in or to the Building, as deemed necessary or appropriate by Landlord for the orderly and efficient management and operation of the Building.

10.2 Communications Pathways

Tenant acknowledges that there is limited space in the Building to accommodate Wiring and Telecommunications Equipment, and agrees to reasonably cooperate with Landlord and with other providers and users of Telecommunications Equipment to share the available space and facilities and to coordinate the efficient co-location of Telecommunications Equipment in the Building. Access to and use of space within conduit, utility closets, risers, raceways, switching rooms, the roof, and other facilities in the Building for the installation, maintenance, operation, alteration, repair, or replacement of Telecommunications Equipment or Wiring (collectively, the “**Communications Pathways**”) shall be subject to Landlord’s approval, in its sole and absolute discretion, and to such Rules as may be promulgated by Landlord from time to time. Without limiting the generality of the foregoing, if Landlord determines that any Communications Pathways in the Building are inadequate to accommodate any Telecommunications Equipment or Wiring proposed by Tenant (when considered along with the existing or prospective needs of other occupants and users of the Building), Landlord may condition Landlord’s approval of Tenant’s Telecommunications Equipment and/or Wiring on the construction of additional Communications Pathways as required by Landlord at Tenant’s expense.

10.3 Installation and Use

Any and all Telecommunications Equipment and Wiring serving Tenant and the Premises and connecting to or from any intermediate distribution frame of the Building’s riser system (“**IDF**”) or the main distribution frame in the Building (and the main point of entry established for telecommunications services) (the “**MPOE**”) shall be located solely in the Premises, and Tenant shall only be permitted to access the IDF with prior notice to Landlord and for purposes of confirming interconnection with the Building’s riser system. Only Landlord and/or a licensed telecommunications service provider approved by Landlord (and performing such work as the agent of Tenant) is authorized to install and/or connect additional telecommunications lines (including, voice, data, video, cable and other) from the MPOE and/or the IDF. Any such work performed at the request of Tenant shall be at Tenant’s sole cost and expense. Tenant shall cause all Wiring connected to any Telecommunications Equipment used or installed by Tenant to be clearly and accurately labeled at each end. Tenant shall be liable to Landlord for any direct and consequential damage to the telecommunications cabling and Wiring in the Building due to the act (negligent or otherwise) of Tenant or any employee, agent or contractor of Tenant. Tenant hereby waives all Claims against Landlord arising out of or resulting from any interruption of, damage to, or interference with Tenant’s telecommunications services or equipment. No Telecommunications Equipment installed by or for Tenant shall create an electromagnetic field exceeding the normal insulation ratings of ordinary twisted pair riser cable, or cause radiation higher than normal background radiation. Tenant shall install and use all Telecommunications Equipment in accordance with all applicable Laws, including those relating to frequency interference. Without limiting the generality of the foregoing, no

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installation or use of Telecommunications Equipment by Tenant shall cause interference with any Base Building Systems or with any Telecommunications Equipment of other occupants of the Project being operated within the technical and frequency transmission and reception parameters specified by its manufacturer and any applicable governmental license or Law. Tenant shall immediately remove, on demand by Landlord, any Telecommunications Equipment installed or used in violation of any provision of this Lease. No approval by Landlord of Tenant's installation of any Telecommunications Equipment shall constitute a representation that such Telecommunications Equipment will function effectively or in compliance with this **Section 10.3**.

10.4 Provider Access

Landlord reserves the right to limit the number of local exchange carriers and alternative Telecommunications Providers granted access to the Building's riser system and infrastructure, to charge Telecommunications Providers for access to the Building and use of Landlord's telecommunications riser system and infrastructure, and/or to install a proprietary cable distribution system (collectively such infrastructure, riser system and cable distribution system being referred to herein as the "**Riser**") to which Tenant and Telecommunications Providers may choose to interconnect for telecommunications services, and to charge Telecommunications Providers and Tenant for the use of the Riser; provided, however, in all cases, Landlord will provide Building and Riser access to at least one Telecommunications Provider for dial tone telecommunications service over copper-based intrabuilding network cabling for service to tenants of the Building and shall not charge Tenant any access or other riser fee for access to said intrabuilding network cabling. Subject to the foregoing, Landlord shall have no obligation to provide any particular Telecommunications services through any particular Telecommunications Provider, or allow any particular Telecommunications Provider access to the Building or Project; or continue to grant access to any Telecommunications Provider who has previously been given access.

11. SURRENDER

On or before the Expiration Date or sooner termination date of this Lease, Tenant shall surrender the Premises to Landlord in broom clean condition, normal wear and tear excepted, and otherwise in the condition required under this **Article 11**. The term "normal wear and tear" does not, and shall not be deemed to, include any damage or deterioration that could have been prevented through proper maintenance, or by Tenant's full and timely performance of all its obligations under this Lease. On or before the expiration or sooner termination of this Lease (or such later date following any earlier termination of this Lease as hereinafter provided), Tenant shall (a) remove (i) all of Tenant's Property and Wiring from the Project; (ii) all Premises Systems which were installed by or on behalf of Tenant and which Landlord has required in writing to be removed at the time of Landlord's approval thereof, and (iii) any Alterations which Landlord has required in writing to be removed in accordance with **Section 9.1**, but specifically excluding the demising wall installed by Landlord and any general, standard office improvements; and (b) fully repair any damage to the Premises or other portions of the Project caused by the removal of any of the foregoing items. Landlord may, by Notice to Tenant given at any time prior to the Expiration Date (or, in the event of a termination of this Lease prior to the scheduled Expiration Date, at any time within thirty (30) days following Notice of such

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termination), confirm the obligation of Tenant to either remove or leave in place any or all of Premises Systems and Alterations (to the extent provided above), but failure to provide any such Notice shall not change any of Tenant's obligations with respect to the removal of Tenant's Property and the other matters hereinabove provided in accordance with this **Article 11**. Any of Tenant's Property not removed from the Project by Tenant as required herein shall be deemed abandoned and may be retained, used, stored, removed or disposed of by Landlord as Landlord sees fit in the exercise of its sole discretion, and Tenant waives all Claims against Landlord resulting therefrom. Without limiting the generality of the foregoing, Tenant waives any of the rights and benefits under Civil Code Sections 1980-1993 relating to the disposition of abandoned personal property and agrees that title to any such personal property, shall pass to Landlord upon Notice to Tenant of Landlord's exercise of its right to retain any such personal property. Within ten (10) days following Landlord's invoice therefor, Tenant shall reimburse Landlord for the actual costs incurred by Landlord in (x) storing, removing or disposing of any abandoned Tenant's Property; and (y) repairing any damage to the Premises or Project caused by Tenant, but only to the extent the making of (or payment for) such repairs is the responsibility of Tenant under this Lease; and (z) removing any Premises Improvements that Tenant was required to remove, and all repair and restoration work necessitated by such removal. All Tenant's obligations under this **Article 11** shall survive the expiration or sooner termination of this Lease.

12. MAINTENANCE AND REPAIRS

"Base Building Systems" means all HVAC, electrical, plumbing, mechanical, elevator, escalator, sprinklers, sewer, drainage, fire/life safety, security, communications, and energy management systems and equipment (collectively, **"Systems"**) serving the Building or other areas of the Project, except for any Premises Systems. **"Premises Systems"** means any Systems that serve only the Premises, regardless of whether all or any portions of such Systems are located within or outside of the Premises. Subject to the provisions of **Article 19**, Landlord shall maintain, repair, and keep in good order, condition and repair (a) all Project Improvements; (b) Base Building Systems; (c) Base Building Improvements, and (d) the exterior structural elements of the Building (to the extent not included in Base Building Improvements). Except for normal wear and tear, and damage to the extent caused by any Uninsured Landlord Casualty or Landlord Insured Casualty, Tenant shall, at all times and at its sole cost and expense, maintain, repair and keep in good and sanitary order, condition and repair (a) all portions of the Premises (including all Premises Improvements and Tenant's Property); and (b) all Premises Systems. Tenant shall cause any repair or maintenance work affecting the Base Building Systems to be performed solely by contractors approved by Landlord for the performance of such work. If Landlord performs any of Tenant's maintenance or repair obligations hereunder, whether at Tenant's request or because of any defaults by Tenant in the performance thereof, Tenant shall reimburse Landlord all Landlord's actual costs in connection therewith in accordance with the terms of **Article 25**. Subject to the provisions of **Section 14.6**, Tenant shall reimburse Landlord upon demand for all the actual costs and expenses incurred by Landlord for the repair of any damage to the Premises or the Project caused by the negligence or willful misconduct of Tenant or any Tenant Party. Tenant shall promptly report in writing to Landlord any defective condition known to Tenant that Landlord is required to repair. Tenant waives all rights to make repairs at the expense of Landlord or to terminate this Lease, as provided in California Civil Code §§1941 and 1942, and 1932(1), respectively, and any similar Law.

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13. ASSIGNMENT AND SUBLETTING

13.1 Definitions

“**Transfer**” means any assignment, sale, mortgage, pledge, encumbrance, conveyance, or other transfer of all or any part of the leasehold estate granted to Tenant under this Lease; any sublease of the Premises or any portion thereof; any granting of permission to any person other than Tenant to occupy the Premises.

Unless Tenant is a publicly held company, that is to say, a company whose stock or other voting membership interests is regularly traded on a national stock exchange, or is regularly traded in the over-the-counter market and quoted on NASDAQ, any merger, consolidation or other reorganization (including, without limitation, liquidation or the sale of substantially all of the unencumbered assets) or the sale or other transfer of any of the voting stock, partnership or membership interests, of Tenant or of any direct or indirect parent company that owns a controlling interest in Tenant, whether in one or more transactions, that, in the aggregate, results in a change in control of Tenant or in said parent company, or the dissolution by Tenant or any such parent company, shall be deemed to be an assignment and transfer of this Lease. The term “**control**” as used in this **Article 13** shall mean the right to exercise, directly or indirectly, more than fifty percent (50%) of the voting or equity rights attributable to the interest of the controlled entity or the right or power to direct or cause the direction of the management or policies of the controlled person, if the controlling party exercises less than such amount of voting or equity rights.

If Tenant is a partnership, a transfer of the interest of any general partner or of any person that controls said general partner, a withdrawal of one or more general partner(s) from the partnership, or the dissolution of the partnership or of any person that controls said general partner, shall be deemed to be an assignment of this Lease. If Tenant is currently a partnership (either general or limited), joint venture, co-tenancy, joint tenancy or an individual, the conversion of the Tenant entity or person into any type of entity which possesses the characteristics of limited liability such as, by way of example only, a corporation, a limited liability company, limited liability partnership, or limited liability limited partnership, shall be deemed an assignment for purposes of this Lease.

“**Transferee**” means any person to whom Tenant Transfers any right or interest hereunder. The word “**person**” means an individual, partnership, trust, corporation or other form of entity.

13.2 No Transfer Without Consent

Tenant shall not make or permit to be effected any Transfer without Landlord’s prior written consent, which consent may be withheld in Landlord’s sole and absolute discretion.

13.3 Conditions to Consideration of Request to Transfer

Landlord shall have thirty (30) days (the “**Review Period**”), to respond to any request for consent to any proposed Transfer, during which period Landlord may consent, refuse consent, consent conditionally, or exercise its rights under **Section 13.5**. Landlord’s failure to

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respond within the Review Period shall constitute Landlord's refusal to consent to the proposed Transfer. The Review Period shall commence upon delivery to Landlord of all the following documents, information and payments:

(a) Business Information

Tenant shall provide Landlord with a statement containing (i) the name and address of the proposed Transferee; (ii) the proposed Transferee's bank and credit references; (iii) the proposed Transferee's financial statements, prepared in accordance with generally accepted accounting principles ("GAAP"); (iv) all of the material terms and conditions of the proposed Transfer, including the proposed commencement and expiration dates, the precise area of the Premises subject thereto; (v) an itemized statement detailing all costs and expenses Tenant expects to incur in connection with the proposed Transfer; and (vi) an itemized statement detailing all monetary and non-monetary consideration to be received by Tenant or any other party in connection with the Proposed Transfer.

(b) Transfer Documentation

Tenant shall deliver to Landlord an original assignment or sublease executed by Tenant, the proposed Transferee, and all Guarantors, if any, of Tenant's obligations under this Lease. Such document shall be in form and substance acceptable to Landlord, and shall expressly provide, among other things, that: (i) the Transferee assumes all of Tenant's obligations under this Lease, whether arising prior to or after the effective date thereof (other than in the case of a sublease, where such assumption shall be only to those portions of the Premises that are subject to such sublease and for the term of the sublease) for the direct benefit of Landlord, including, without limitation, the insurance and indemnification covenants of this Lease; (ii) neither the current Transfer nor any subsequent Transfer (irrespective of whether Tenant is a party thereto) shall relieve Tenant or any Guarantor of any obligation or liability arising out of this Lease; and (iii) the Transfer shall not be deemed effective for any purpose unless and until Landlord's written consent thereto is obtained; and (iv) if the Transfer is an assignment, no modification of the terms of this Lease between Landlord and the Transferee (including the extension of time for performance or the waiver of any obligation to be performed by the Transferee) will operate to release Tenant or any Guarantor of its obligations with respect to this Lease, and, in the case of an assignment, all of the Tenant's rights in the Security Deposit are, as of the effective date of the Transfer, the sole property of the Transferee.

(c) Payment of Expenses

Tenant shall deliver to Landlord the sum of One Thousand Five Hundred Dollars (\$1,500.00) as a processing fee to reimburse Landlord for the administrative costs of reviewing the information provided under **Section 13.3(a)**, and, in addition, shall pay for any reasonable and actual legal, accounting and other professional fees and costs that Landlord may incur in connection with the review and negotiation of documents provided under **Section 13.3(b)**. Tenant's payment of the actual amount of all such fees and costs shall be a condition precedent to the effectiveness of the proposed Transfer.

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13.4 Effect of Transfer

Neither any Transfer (including any subsequent Transfer, irrespective of whether Tenant, any Transferee or any Guarantor is a party thereto), nor any consent of Landlord thereto, shall operate to relieve Tenant or any Guarantor of such party's primary liability for the payment of all Rent and the performance of all other obligations under or arising out of this Lease. With respect to any Transfer that is an assignment of this Lease, no modification of the terms of this Lease between Landlord and any Transferee (including any extension of time for performance or any waiver of any obligation to be performed) will operate to so release Tenant or any Guarantor.

13.5 Recapture Rights

In the event of a Transfer that is an assignment of this Lease or a sublease of all or substantially all of the Premises for substantially all of the remaining Term, Landlord shall have the option, to be exercised by Notice to Tenant prior to expiration of the Review Period, to (a) terminate this Lease effective as of the commencement date of the proposed Transfer (provided, that if the proposed Transfer is a sublease, such termination shall be limited to the area of the Premises proposed to be sublet); or (b) sublease or take an assignment, as the case may be, from Tenant of the interest, or any portion thereof, in this Lease or the Premises that Tenant proposes to Transfer, on the same terms and conditions as stated in the proposed Transfer agreement, and no such subleasing or assignment to Landlord shall work a merger. If Landlord makes an election described under clause (a) or (b) above, then Landlord shall have the right (but not the obligation) to negotiate directly with the proposed Transferee and to enter into any agreement with such party on such terms as may be acceptable to Landlord in its sole discretion, and Tenant waives any and all Claims against Landlord related thereto.

13.6 Transfer Premium

As a condition to Landlord's consent to any Transfers, Tenant shall pay Landlord, as Additional Rent, fifty percent (50%) of any Transfer Premium. "**Transfer Premium**" means all Base Rent, additional rent, and all other consideration relating directly to this Lease or the Premises and payable by each Transferee in connection with its respective Transfer (including key money, bonus money, and any payment in excess of fair market value for goodwill, services rendered by Tenant to Transferee, or any of Tenant's Property), after deducting therefrom the Base Rent and Expense Increases payable by Tenant under this Lease for the portion of the Premises to be transferred during the period subject to the Transfer and the amortized portion (amortized over the term of the applicable sublease or assignment on a straight line basis) of actual and reasonable leasing commissions and improvement costs, whether paid for by Tenant or as an allowance, if any, paid by Tenant in connection with the Transfer. The Transfer Premium shall be calculated and paid by Tenant monthly on a cash basis, along with Tenant's payment of Base Rent. Within ten (10) days following the effective date of the Transfer, Tenant shall furnish a complete statement, certified by an independent certified public accountant or Tenant's chief financial officer, and sworn to by Tenant, describing in detail the consideration payable by the Transferee in connection with the Transfer and the computation of the Transfer Premium payable by Tenant to Landlord, all of which shall be determined in accordance with generally accepted accounting principles. All books and records of Tenant that are reasonably

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necessary in order to perform an audit to determine whether the Transfer Premium was correctly calculated shall be made available to Landlord for review or audit upon request. If Landlord's independent certified public accountant finds that the Transfer Premium for any Transfer has been understated, Tenant shall, within thirty (30) days following Notice from Landlord, pay the deficiency and Landlord's costs of such audit.

13.7 Right to Collect Rent Directly

If this Lease is assigned, whether or not in violation of the provisions of this Lease, Landlord may collect Rent from the assignee. If the Premises or any part thereof is sublet or used or occupied by anyone other than Tenant, whether or not in violation of this Lease, Landlord may, after any defaults by Tenant (or if Tenant becomes insolvent), collect from the subtenant or occupant all amounts due from such party to Tenant. Tenant hereby authorizes and directs any Transferee to make payments of rent or other consideration directly to Landlord upon receipt of any Notice from Landlord requesting such action. Landlord may apply all such amounts collected to Rent due or coming due hereunder, and no such collection or application shall be deemed a waiver of any of Landlord's rights or remedies hereunder, or the acceptance by Landlord of such party as a permitted Transferee, or the release of Tenant or any Guarantor from any of its obligations under or in connection with this Lease. The consent by Landlord to any Transfer shall not relieve Tenant from obtaining the express written consent of Landlord to any other Transfer. The listing of any name other than that of Tenant on any door of the Premises or on any directory or in any elevator in the Building, or otherwise, or the acceptance of Rent for the Premises from any entity other than Tenant shall not operate to vest in the person so named any right or interest in this Lease or in the Premises, or be deemed to constitute, or serve as a substitute for, or any waiver of, any consent of Landlord required under this **Section**.

14. RISK ALLOCATION AND INSURANCE

14.1 Definitions

The following terms are hereby defined as follows. "**Claims**" means claims, demands, suits, actions, causes of action (whether in contract or in tort, at law or in equity, or otherwise), liabilities, injuries, losses, damages, proceedings, judgments, liens, charges, assessments, fines, penalties, costs and expenses (including attorney and expert witness fees and costs, including those incurred in connection with matters on appeal). "**Tenant Protected Parties**" means Tenant, its partners, shareholders, members, managers, directors, officers, employees, agents, contractors, invitees, permitted sublessees, and permitted assignees. "**Landlord Protected Parties**" means Landlord (and if Landlord is a land trust, its trustees and beneficiaries), and Landlord's investment advisors and agents for asset and property management, and all of such parties' respective partners, shareholders, members, managers, directors, officers, employees and agents.

14.2 Risk Allocation Intent

The parties desire, to the extent permitted by Law, to allocate certain risks of personal injury, bodily injury or property damage, and risks of loss of real or personal property by reason of fire, explosion or other casualty, and to provide for the responsibility for insuring

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such risks. To the extent any Claim arising out of or resulting from any accident, event, casualty or other occurrence (each, an “**Event**”) is actually insured or required under the terms of this Lease to be insured, it is the intent of the parties that such Claim be covered by insurance, without regard to the fault of any Tenant Protected Parties or Landlord Protected Parties, except as otherwise expressly provided in **Section 15.1**. Accordingly, as between the Landlord Protected Parties and the Tenant Protected Parties, such risks are allocated as follows:

(a) Tenant shall bear the risk of bodily injury (including death), personal injury, and damage to property of third persons arising out of or resulting from Events occurring within the Premises or within any other area of the Building that is leased to or otherwise exclusively occupied by Tenant, irrespective of the fault or active or passive negligence of any Landlord Protected Party. Such risks shall be insured as provided in **Section 14.3**.

(b) Tenant shall bear the risk of loss of, damage to, or destruction of all contents, trade fixtures, machinery, equipment, furniture, furnishings and other personal property in the Premises (or elsewhere in or about the Building) including property that is the property of third parties but that are in the care, custody or control of Tenant, including, without limitation, any Telecommunications Equipment (collectively, “**Tenant’s Property**”) arising out of or resulting from any Event required to be insured against by Tenant as provided in **Section 14.3**.

Notwithstanding the foregoing, provided the party required to bear the risk described in paragraph (a) or of this **Section** (the “**At Risk Party**”) does not default in its obligation to carry the insurance coverage required under this Lease, if the other party (the “**At Fault Party**”) is at fault (including, without limitation, is negligent in whole or in part) for any actual loss suffered by the At Risk Party, then to the extent that such loss (i) is occasioned by an Event of the type described in paragraph (a) or (b) of this **Section**, and exceeds the amount of insurance coverage required to be carried by the At Risk Party (or the amount of insurance actually carried, if greater than the amount required), or (ii) results from an Event neither required to be insured against nor actually insured against by the At Risk Party, the At Fault Party shall pay for the uncovered portion of such loss.

14.3 Tenant’s Insurance

During the Term, Tenant shall, at Tenant’s sole cost and expense, obtain and keep in full force and effect all of the following insurance coverages:

(a) Commercial general liability insurance, written on an occurrence basis, with coverage no less broad than that provided under ISO 2001 form CG 00 01 (without any endorsement which would have the effect of reducing or eliminating the contractual liability, cross-liability, insured employee, or any other coverage provided under such form which applies to the use or occupancy of the Premises by Tenant, unless a separate policy or endorsement providing equal or greater coverage to that eliminated is maintained in effect by Tenant), together with “**host liquor liability**” coverage, in an amount not less than One Million Dollars (\$1,000,000.00) combined single limit per occurrence. Umbrella liability insurance may be used to achieve the above minimum liability limits, provided that the policy coverages are absolutely concurrent;

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(b) Worker's compensation insurance as required by law, and employers' liability insurance with minimum limits of at least One Million Dollars (\$1,000,000.00); and

14.4 Policy Requirements

Each policy of insurance required to be carried by Tenant shall be written on a form satisfactory to Landlord; and shall be issued by a company rated not less than A-VII in Best's Insurance Guide and authorized to do insurance business in the State where the Building is located. All of Tenant's commercial general liability and automobile policies shall name as additional insureds (a) Landlord, (b) Landlord's agents for asset and property management, (c) any Superior Interest Holders of which Tenant has been given notice, and (d) all Tenant Protected Parties who are not automatically included as additional insureds under such policies. Any Superior Interest Holders designated by Landlord shall be named as additional insureds (or as mortgagee, as required), as their interests may appear. Tenant may provide any of its required insurance coverage under blanket policies, but only upon furnishing Landlord with a "per location" endorsement confirming that such coverage shall not be limited, diminished, or reduced as a result thereof. Tenant shall structure its property and business income insurance policies so that no coinsurance penalty shall be imposed and no valuation shortfalls shall occur. If Tenant fails to procure or maintain insurance coverages as provided above, or fails to timely deliver any certificates or policies as required by this Lease, Landlord shall have the right (but not the obligation) to procure and maintain coverage, and Tenant shall pay Landlord all costs in connection therewith as Additional Rent within thirty (30) days following Landlord's invoice therefor. Tenant shall, at its own expense, procure and maintain any additional insurance coverage that Landlord or the holder of any Superior Interest may reasonably require from time to time; provided, however, Landlord shall not require any subsequent modification to Tenant's insurance coverage that would result in such coverage exceeding the scope or amount of coverage typically being required by institutional landlords for comparable tenants entering into new leases for comparable amounts of space for comparable uses in the greater metropolitan area in which the Building is located. All of Tenant's commercial general liability and automobile policies shall be primary, and any liability insurance carried by Landlord, any Landlord Protected Party, and the holder of any Superior Interest shall be strictly excess, secondary, and noncontributing with any insurance carried by Tenant. No insurance coverage limits shall limit the liability of Tenant. Tenant shall be solely responsible for the payment of all premiums for its insurance policies and no additional insured, loss payee or mortgagee shall have any obligation therefor.

14.5 Evidence of Coverage

Certificates of insurance evidencing Tenant's insurance and issued by a duly authorized agent shall be delivered to Landlord not less than ten (10) days prior to the earlier of the Commencement Date or the date Tenant enters the Premises for the purpose of performing any installations or other work therein. No insurance policy required to be carried by Tenant shall be subject to cancellation except upon thirty (30) days prior written notice from the insurance carrier to Landlord (except that ten (10) days' prior notice shall apply in the event of cancellation for non-payment of premium), and to all other parties named in such policy as additional insured, loss payee, mortgagee, or any other designation. In the event policies are not endorsed to provide Landlord with thirty (30) days' prior written notice of cancellation, Tenant

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shall provide immediate written notification of such cancellation to Landlord. Tenant shall furnish Landlord with a replacement certificate (and, at Landlord's option, evidence of premium payment) evidencing the uninterrupted continuation of each insurance policy not more than ten (10) days following renewal thereof.

14.6 Waivers of Subrogation

Landlord and Tenant each waive and release all Claims and all rights of recovery against the other for any loss or damage that may occur to the Premises, the Project, and the parties' respective fixtures and personal property, arising from any cause that (i) is required to be insured against under the terms of this Lease by the party suffering the loss, regardless of whether such insurance is actually carried; or (ii) is actually insured against under any insurance carried by such party, regardless of whether such insurance is required hereunder. To the fullest extent permitted by law, each party's waiver and release shall apply irrespective of the cause or origin of the claim, including the negligence of the other party or of any person acting at the direction or under the control of such party. The parties agree that the foregoing waiver shall be binding upon their respective property and business income insurance carriers, and (except for any insurance policy that provides that the insured thereunder may effectively waive subrogation without further action on the part of the insured) each party shall obtain endorsements or take such other action as may be required to effect such insurer's waiver of subrogation under each such policy. Notwithstanding the foregoing, if such Landlord Insured Casualty is caused by the negligence or willful misconduct of Tenant or any Tenant Parties, Tenant shall reimburse Landlord, as Additional Rent, within thirty (30) days following Landlord's invoice therefor, all deductible amounts and other expenses payable by Landlord in connection with such Landlord Insured Casualty that are not covered by the proceeds of Landlord's property or business income insurance.

15. INDEMNIFICATION AND RELEASE; WAIVER OF CONSEQUENTIAL DAMAGES

15.1 Indemnification and Release by Tenant

Except to the extent directly arising out of the gross negligence or willful misconduct of Landlord, Tenant shall defend, protect, indemnify and hold harmless Landlord and each of the Landlord Protected Parties from and against any and all Claims from any cause (including, without limitation, except to the extent excluded herein, Claims based in whole or in part on the negligence of Landlord or any Landlord Protected Party) arising out of or relating (directly or indirectly) to this Lease, the tenancy created under this Lease, or the Premises, including (a) the use or occupancy, or manner of use or occupancy, of the Premises during the Term (including any period following expiration or termination of this Lease but prior to Tenant's vacating of the Premises); (b) any negligent or willfully wrongful act or omission of Tenant, any Tenant Protected Party, or by anyone else acting at the direction, with the permission, or under the control of Tenant at or around the Premises; (c) any breach of or default under this Lease by Tenant; (d) the conduct of Tenant's business at the Premises, including the use of the Premises or any part thereof for storage or shipment of goods not belonging to Tenant; and (e) any action or proceeding brought on account of Tenant's use of the Premises or this Lease. To the fullest extent permitted by law, and as a material part of the consideration to

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Landlord for this Lease, except to the extent directly arising out of the gross negligence or willful misconduct of Landlord, Tenant hereby releases Landlord and all Landlord Protected Parties from responsibility for, waives as against Landlord and all Landlord Protected Parties, and assumes all risk of all Claims from any cause (including, without limitation, except to the extent excluded herein, Claims based in whole or in part of the negligence of Landlord or any Landlord Protected Party) arising out of or relating (directly or indirectly) to: (y) damage to property or injury to persons (including death) in the Premises from any cause whatsoever, and (z) damage to property or injury to persons (including death) as a result of Events occurring outside the Premises, except to the extent the risk thereof is assumed by Landlord under the provisions of **Section 14.2** of this Lease. Without limiting the generality of the foregoing, except to the extent of any Landlord Protected Party's liability for the acts and omissions of its own agents and employees acting within the scope of their agency or employment, no Landlord Protected Party shall be deemed to have assumed any liability for the acts or omissions of any other Landlord Protected Party. No defense, indemnification or hold harmless obligations hereunder shall relieve any insurance carrier of its obligations under any insurance policies carried by either party pursuant to this Lease. The prevailing party shall be entitled to recover its actual attorney fees and court costs incurred in enforcing such indemnification and release obligations.

15.2 Limitation on Landlord's Liability

Notwithstanding anything to the contrary in this Lease, in no event and under no theory of allocation of risk or liability shall either Landlord or Tenant be responsible for, and each party hereby releases and waives as against the other and all Landlord Protected Parties and Tenant Protected Parties, as the case may be, from, any and all Claims for any consequential, indirect, special or punitive damages, whether arising out of any injury or damage to, or interference with, business, loss of rents or other revenues, loss of business opportunity, loss of goodwill or loss of use; provided, however, nothing here shall limit Landlord's rights under **Article 24** to seek any and all damages, whether or not the same would otherwise be deemed consequential damages, upon termination of this Lease following an Event of Default, including, without limitation, damages under Civil Code Section 1951.2.

15.3 Indemnification by Landlord

Landlord shall defend, protect, indemnify and hold harmless Tenant from and against any and all Claims, including without limitation reasonable attorneys' fees and costs, for any injury or damages to any person or property whatsoever, when such injury or damage occurs in any of the Common Areas and arises out of or is attributable, in whole or in part, to the negligence or willful misconduct of Landlord, except to the extent arising out of the negligence or willful misconduct of Tenant or any Tenant's Party, or by anyone else acting at the direction, with the permission, or under the control, of Tenant. This indemnity shall not require payment as a condition precedent to recovery.

15.4 Survival

The indemnification obligations of Tenant and Landlord hereunder shall survive the expiration or earlier termination of this Lease until all Claims involving any of the

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indemnified matters are fully, finally, and absolutely barred by the applicable statutes of limitations.

16. DAMAGE AND DESTRUCTION

16.1 Definitions

(a) “**Casualty Damage**” means any damage or destruction of property owned by Landlord or Tenant and resulting from fire, earthquake, or any other identifiable event of a sudden, unexpected or unusual nature (each, a “**Casualty**”).

(b) “**Insured Casualty**” means any Casualty Damage that (a) is required by the terms of this Lease to be insured against, regardless of whether such insurance is actually carried; or (b) is actually insured against, regardless of whether such insurance is required hereunder. “**Landlord Insured Casualty**” means any Casualty Damage insured against or required to be insured against by Landlord; and “**Tenant Insured Casualty**” means any Casualty Damage insured against or required to be insured against by Tenant. “**Uninsured Landlord Casualty**” means any Casualty Damage for which Landlord does not (and is not required by the terms of this Lease to) maintain insurance coverage.

(c) “**Base Building Improvements**” means the following: (i) the Building shell and exterior, (ii) the Building core area, including necessary Base Building Systems within the core, stubbed out to the face of the core wall at locations determined by Landlord, (iii) finished core area toilet rooms, including necessary plumbing fixtures, ceramic tile floors, accessories, ceilings and lighting, (iv) unpainted exterior dry wall or lath and plaster covering the exposed side of all exposed core walls, core and perimeter columns, and the interior exposed side of all exterior building wall areas except at the under windows, (v) public stairways and corridors, (vi) passenger and freight elevators, and finished elevator lobbies, (vii) ground floor lobbies, (viii) loading docks, and (ix) drinking fountains required by applicable building codes. “**Base Building Improvements**” does not include any Premises Systems, any Premises Improvements (whether Building Standard or otherwise), or any item or improvement that was not part of the Base Building Improvements prior to the occurrence of a Casualty except to the extent any Governmental Authority requires the installation of such additional item or improvement as a condition to permitting or approving any portion of Landlord’s Restoration Work.

(d) “**Project Improvements**” means exterior plazas, sidewalks, driveways, landscaping, lighting, amenities and all other improvements within the Project that are not located within the Building.

(e) “**Premises Improvements**” means all Alterations, Premises Systems, and other improvements in the Premises (irrespective of whether the cost thereof was originally borne by Landlord or Tenant) that are not Base Building Improvements, including the following: (i) ceilings and lighting in the Premises; (ii) floor finish in the Premises (except elevator lobbies and public corridors on single-tenant floors and core area toilet rooms); (iii) interior finishes of any kind within the Premises (except elevator lobbies, public corridors and core area toilet rooms on multi-tenant floors); (iv) interior partitions, doors, and hardware within the Premises; (v)

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terminal boxes and reheat coils or other HVAC or air distribution devices, including distribution ductwork and controls beyond the core of the Building; (vi) Tenant's furniture, fixtures and equipment, including telephones, computers and cabling therefor; (vii) distribution of electrical, plumbing, or other utility services from the Building core (including sprinklers); (viii) domestic hot water heater and associated hot water piping; (ix) any and all signs for Tenant and the power therefor; (x) security, fire and life-safety systems throughout the Premises, including exit signs, intercoms and extinguishers; and (xi) window coverings.

(f) **"Landlord's Restoration Work"** means all repair and restoration required under this Lease to be performed at Landlord's expense following the occurrence of any Casualty. **"Tenant's Restoration Work"** means all repair and restoration required under this Lease to be performed at Tenant's expense following the occurrence of any Casualty.

16.2 Notices of Casualty Damage and Repair Periods

Tenant shall promptly give Notice to Landlord of any Casualty Damage affecting the Premises or Tenant's access thereto. Within (a) thirty (30) days thereafter, Landlord shall provide Notice to Tenant (the **"Repair Period Notice"**) indicating the estimated time required (from the date of the Casualty) for Substantial Completion of Landlord's and Tenant's Restoration Work (the **"Repair Period"**). If Landlord has a right to terminate this Lease as a result of the Casualty Damage, the Repair Period Notice shall confirm Landlord's election to either exercise such termination right or to continue this Lease in effect. If neither Landlord nor Tenant elects to terminate this Lease as permitted under **Section 16.3** or **Section 16.4**, respectively, this Lease shall remain in full force and effect, and Landlord shall (subject to Force Majeure Delays) promptly commence and diligently complete Landlord's Restoration Work. If this Lease is so terminated by either party, the termination shall be effective thirty (30) days following Notice of such election. Subject to the terms of **Section 16.5**, Tenant shall pay Base Rent and Tenant's Share of Expense Increases through the date of termination. Landlord and Tenant hereby waive the provisions of California Civil Code Sections 1932(2), 1933(4), 1941 and 1942, and the provisions of any similar Law now or hereinafter in effect that would permit termination of a lease or the right to make repairs at the Landlord's expense upon destruction of or damage to leased premises, and agree that the provisions of this **Article 16** shall govern exclusively in the event of any Casualty Damage.

16.3 Landlord's Option To Terminate or Repair

Landlord may terminate this Lease as a result of any Casualty Damage to the Building, or any portion thereof, if (a) in Landlord's reasonable estimation, the Repair Period would exceed one hundred eighty (180) days (calculated without overtime labor) from the date of the Casualty Damage; (b) such Casualty Damage resulted from an event that was not either required to be insured by Landlord under this Lease or was not actually insured by Landlord at the time of the Casualty, and the estimated cost of Landlord's Restoration Work exceeds 115% of available proceeds under Landlord's property insurance; (c) the estimated cost of Landlord's Restoration Work, irrespective of whether such Casualty Damage is covered by insurance, exceeds twenty-five percent (25%) of the full replacement cost of the Building (provided, however, that if the Casualty Damage is covered by Landlord's property insurance, Landlord exercises such termination right in a non-discriminatory manner); (d) the Building cannot be

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restored except in a substantially different structural or architectural form; (e) Project Improvements necessary to the efficient operation of the Building cannot be adequately restored to their necessary function; (f) any Superior Interest Holder does not allow Landlord to use sufficient insurance proceeds to perform Landlord's Restoration Work; (g) despite Landlord's reasonable efforts, the proceeds of Landlord's property insurance are not paid by the insurer; or (h) the Casualty occurs within the twelve (12) month period preceding the Expiration Date, unless Tenant has timely exercised any applicable Option to Extend.

16.4 Tenant's Option To Terminate

(a) Provided the Casualty Damage is not the fault of Tenant, Tenant may elect to terminate this Lease as a result of any Casualty Damage materially and adversely affecting Tenant's ability to conduct business in or gain access to the Premises if (a) the Repair Period Notice indicates that Landlord's Restoration Work cannot reasonably be expected to be Substantially Completed within sixty (60) days from the date of the Casualty; or (b) the Casualty occurs within one hundred and twenty (120) days preceding the Expiration Date and would result in Tenant being unable to gain access to or conduct business in the Premises for a period of at least thirty (30) consecutive days. Tenant shall provide Landlord with Notice of any such election by Tenant to terminate this Lease ("**Tenant's Repair Period Termination Notice**") within fifteen (15) business days following Tenant's receipt of the Repair Period Notice from Landlord.

16.5 Rent Abatement Due to Casualty

If, as a result of any Casualty Damage not caused by the negligence or willful misconduct of Tenant or any Tenant Party, Tenant is unable to gain access to and conduct business in the Premises, Tenant shall be entitled to a proportionate abatement of Base Rent from the date of the Landlord Insured Casualty through the date this Lease is terminated or the earlier of (i) the date Tenant occupies the Premises; or (ii) the date Landlord's and Tenant's Restoration Work is Substantially Completed (or, in the event of any Tenant Delay, the date all such work would have been so completed in the absence of such Tenant Delay) (the "**Restoration Work Completion Date**"). The amount of such abatement shall be equal to the product of the Base Rent payable during the restoration period, multiplied by a fraction, the numerator of which is the rentable square feet of that portion of the Premises that is rendered unusable by the Landlord Insured Casualty, and the denominator of which is the rentable square feet of the entire Premises. In the case of any temporary space provided by Landlord pursuant to this Article, such abatement shall be equal to the amount by which the Base Rent payable for the Premises from the Casualty Notice Date through the Restoration Work Completion Date, exceeds the fair market Base Rental value of such temporary space for such period of time. Tenant's right to an abatement of Base Rent as described in this **Section 16.5** shall be Tenant's sole remedy in connection with any Casualty Damage described in this **Article 16** and the repair thereof, and Tenant shall have no claim for, and hereby releases Landlord and all Landlord Parties from all Claims arising out of any Casualty Damage to the Premises, the Building or the Project or the repair or restoration thereof, including any cost, loss or expense resulting from any loss of use or any inconvenience or annoyance thereby occasioned.

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16.6 General Repair and Restoration Obligations

(a) In the event of any Casualty Damage, provided this Lease is not terminated by either party pursuant to the terms of this **Article 16**, Landlord shall (subject to Force Majeure Delays) promptly commence and diligently complete, at Landlord's expense (subject to Landlord's right to include Landlord Deductible Amounts in Expenses), the repair and restoration of those Base Building Improvements and Project Improvements located in or directly serving the Premises (including those Base Building Improvements and Project Improvements that are reasonably necessary for access to the Premises). Such repair or restoration shall be to substantially the same condition as existed prior to the occurrence of the Casualty; provided, however, Landlord may make any modifications that are (i) required by Laws, (ii) required by any Superior Interest Holder (provided the Premises is not materially adversely affected), or (iii) deemed by Landlord to be necessary or desirable and approved by Tenant, which approval shall not be unreasonably withheld, conditioned or delayed, and provided that, upon completion, access to the Premises is not materially impaired. Upon the occurrence of any Casualty Damage to the Premises Improvements, if this Lease is not terminated, Tenant shall deposit into a third party escrow account reasonably acceptable to Landlord all insurance proceeds payable to Tenant under Tenant's property insurance covering loss of or damage to Tenant's Premises Improvements, and Landlord shall repair such Casualty Damage and return the Premises Improvements to their original condition; provided, that if the cost of such repairs exceeds the amount of insurance proceeds received by Landlord from Tenant's insurance carrier, the portion of the repair costs not covered by such insurance proceeds (including any deductible or self-insured retention amounts under such policies) shall be paid by Tenant to Landlord prior to Landlord's commencement of repair of such Casualty Damage. Landlord and Tenant shall each pay one half of the costs of such escrow, and funds therefrom shall be disbursed to Landlord (or to any party designated by Landlord) on a progress payment basis following receipt of conditional or unconditional lien releases (as appropriate), for all costs and expenses incurred by Landlord in connection with the repair of Casualty Damage to the Premises Improvements pursuant to a disbursement procedure approved by Landlord and Tenant, which approval shall not be withheld so long as such procedure reflects commercially reasonable disbursement standards for construction loans. Notwithstanding the foregoing, Landlord may elect, by Notice to Tenant given within sixty (60) days following the date Landlord has actual knowledge of the Casualty, that Tenant, at its sole cost and expense (subject to application of Tenant's insurance proceeds), repair all Casualty Damage to the Premises Improvements and return the Premises Improvements to their original condition; however, in such case Tenant shall not be required to deposit any insurance proceeds or any other funds into a third party escrow as described above. Irrespective of whether Landlord or Tenant makes such repairs, prior to the commencement of construction, Tenant shall submit to Landlord, for Landlord's review and approval (in accordance with the requirements governing the making of Alterations), all plans, specifications and working drawings relating to the Premises Improvements. Any such repairs performed by Tenant shall be subject to all requirements of this Lease governing the making of Alterations. Landlord shall not be liable for any inconvenience or annoyance to Tenant or any Tenant Parties, or injury to Tenant's business resulting in any way from such damage or the repair thereof; provided however, Tenant shall be entitled to a proportionate abatement of Base Rent and Expenses as provided in **Section 16.5**.

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(b) Within thirty (30) days following completion of restoration of the Premises, if this Lease is not terminated by either party as a result of the Casualty, and provided that Landlord (rather than Tenant) repaired the Premises Improvements, Tenant shall be entitled to receive Tenant's Excess Restoration Proceeds, if any, where "**Tenant's Excess Restoration Proceeds**" means the difference between (i) the sum of all proceeds of Tenant's property insurance and all uninsured costs of restoring the Premises Improvements paid by Tenant, including any deductible and self-insured retention amounts; and (ii) all actual costs incurred in connection with the restoration (including any replacements) to their original condition of the Premises Improvements. If, as a result of any Casualty, Tenant is entitled to and elects to terminate this Lease, then Landlord shall be entitled to all proceeds of Tenant's property insurance covering the Premises Improvements. If, as a result of any Casualty, Landlord is entitled to and elects to terminate this Lease, then Tenant shall be entitled to all proceeds of Tenant's property insurance covering the Premises Improvements. Tenant's obligations with respect to the assignment of insurance proceeds shall survive the expiration or termination of this Lease.

16.7 Damage Prior to Commencement Date

If a Casualty Damage occurs prior to the Commencement Date, the terms of this **Article 16** shall control; provided, however, (a) Tenant's right of termination under **Section 16.4** shall not apply except to the extent the Commencement Date would be delayed by the lesser of (i) more than one hundred eighty (180) days, or (ii) one (1) year from the date of the Casualty Damage, regardless of whether the Premises sustains Casualty Damage that results in the unavailability thereof; and (b) nothing herein shall relieve Landlord from performing Landlord's Restoration Work as to the Premises as otherwise required by the terms of **Section 16.6**.

17. CONDEMNATION

17.1 Termination as to Portion Taken

Subject to the Temporary Taking provisions of this Lease, if all or a part of the Premises is taken by any public or quasi-public authority (collectively, "**Condemnor**"), whether under the power of eminent domain or a conveyance by Landlord in lieu thereof (collectively, "**Condemnation**"), this Lease shall terminate as to any portion of the Premises so taken or conveyed on the date title or the right to possession vests in the Condemnor. Tenant waives the benefit of Sections 1265.110 through 1265.160 of the California Code of Civil Procedure, and agrees that the provisions of this **Article 17** shall govern in the event of any Condemnation.

17.2 Partial Taking of Premises

If a portion of the Premises is taken by Condemnation and neither party exercises its right, if any, under this **Article 17** to terminate this Lease as a result thereof, Landlord shall restore the remaining portion of the Premises to an architectural whole, this Lease shall remain in effect as to the remaining portion of the Premises and the Base Rent for the Premises shall be reduced by an amount equal to the product of the monthly Base Rent in effect during the restoration period, multiplied by a fraction, the numerator of which is the rentable square footage of that portion of the Premises that is taken in the Condemnation, and the denominator of which

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is the rentable square footage of the Premises immediately prior to such Condemnation. Tenant's Share shall also be proportionately reduced. If, after a partial Condemnation resulting in the taking of at least thirty-five percent (35%) of the Premises, Tenant is not reasonably able to continue the operation of its business in the Premises or if Landlord elects not to restore the remaining portion of the Premises to an architectural whole, this Lease may be terminated by either Landlord or Tenant upon Notice to the other within thirty (30) days following the Condemnation. Such Notice shall specify the date of termination, which shall be not less than thirty (30) or more than sixty (60) days after the giving of such Notice. If such Notice of termination is given, this Lease and all interest of Tenant in the Premises shall terminate as of the date specified in the Notice. "**Temporary Taking**" means a Condemnation of all or a portion of the Premises on a temporary basis, the duration of which will expire prior to the Expiration Date. Notwithstanding any other provision to the contrary in this **Article 17**, this Lease shall not terminate by reason of any Temporary Taking, but Tenant's obligation to pay monthly Base Rent and Expenses for the portion of the Premises subject to such Temporary Taking shall abate for the period during which such Temporary Taking is in effect.

17.3 Partial Taking of Project

If any portion of the Project is taken by Condemnation, whether any portion of the Premises is taken or not, and Landlord (or any Superior Interest Holder) determines that it is not economically feasible to continue operating the Project or the Building, then Landlord shall have the option, for a period of sixty (60) days following the Condemnation, to elect to terminate this Lease. If Landlord determines that it is economically feasible to continue operating such Building or Buildings following such Condemnation, then this Lease shall remain in effect, and Landlord shall, at Landlord's expense, restore the remaining portions of the Project to an architectural whole. Any Notice by Landlord of its election to terminate this Lease pursuant to this Section shall specify the date of termination, which shall be not less than thirty (30) or more than sixty (60) days after the giving of such Notice. If such Notice of termination is given, this Lease and all interest of Tenant in the Premises shall terminate as of the date specified in the Notice.

17.4 Allocation of Compensation

Landlord shall be entitled to any and all compensation, damages, income, rent, awards, or any interest therein whatsoever that may be paid in connection with any Condemnation. Without limiting the generality of the foregoing, Tenant agrees that it shall have no claim against Landlord or the Condemnor for the value of any unexpired portion of the Term or for the value of any Premises Improvements, and Tenant hereby assigns all such claims to Landlord. Notwithstanding the foregoing, Tenant shall be entitled to make a separate claim directly to the Condemnor for Tenant's relocation expenses and for any loss of or damage to Tenant's Property, provided Landlord's recovery for such Condemnation is not thereby diminished.

18. SIGNS

Upon request by Tenant, Landlord shall provide, at Tenant's expense, Building Standard identification signage on the directory of each floor of the Building on which the Premises is

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located and at the entrance to each Suite comprising the Premises, and shall include the name of Tenant in any ground floor Building directory (which may be an electronic display directory) available to visitors of the Building. Any changes or additions to the foregoing signage or listings shall be at Tenant's cost and expense. Tenant shall not place or permit to be placed any lights, decorations, banners, signs, window or door lettering, advertising media, or any other item that can be viewed from the exterior of the Premises without obtaining Landlord's prior written consent, which may be withheld in Landlord's sole discretion. If any items hereinabove provided are installed without Landlord's consent, or are not timely removed, or repairs are not timely made, Landlord shall have the right (but not the obligation) to remove any or all of such items and/or repair any such damage or injury, all at Tenant's sole cost and expense.

19. RIGHTS OF LANDLORD

19.1 Inspection

Landlord, its agents, employees and contractors, shall have the right to enter the Premises at all reasonable times and upon one (1) business days' prior notice (except in case of an emergency) to: (a) make inspections; (b) exhibit the Premises to prospective purchasers, lenders or tenants; (c) determine whether Tenant is complying with all of its obligations under this Lease; (d) supply janitorial and other services to be provided by Landlord to Tenant under this Lease; (e) post notices of non-responsibility; and (f) make repairs or improvements in or to the Building or the Premises. Tenant 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 or any other loss occasioned by such entry. Landlord shall at all times have and retain a key with which to unlock all of the doors in, on or about the Premises (excluding Tenant's approved vaults, safes and similar areas designated by Tenant in writing in advance), and Landlord shall have the right to use any and all means that Landlord may deem proper to open such doors to obtain entry to the Premises, and any entry to the Premises obtained by Landlord by any such means, or otherwise, shall not under any circumstances be deemed or construed to be a forcible or unlawful entry into or a detainer of the Premises or an eviction, actual or constructive, of Tenant from any part of the Premises. Such entry by Landlord shall not constitute a termination, or give rise to any right of abatement, of Tenant's obligations under this Lease. If Landlord shall be required to obtain entry by means other than a key provided by Tenant, the cost of such entry shall be payable by Tenant to Landlord as Additional Rent within thirty (30) days following Landlord's demand therefor.

19.2 Landlord Rights

Landlord reserves the following rights, exercisable without Notice and without being deemed an eviction or disturbance of Tenant's use or possession of the Premises or giving rise to any claim for offset or abatement of Rent, to (a) designate and/or approve prior to installation, all types of signs, window shades, blinds, drapes, awnings or other similar items, and all internal lighting that may be visible from the exterior of the Premises and the general appearance of all areas of the Premises visible from the exterior; (b) grant any party the exclusive right to conduct any business or render any service in the Building or Project, provided such exclusive right shall not operate to prohibit Tenant from using the Premises for the purposes permitted under this Lease; (c) prohibit the placement of vending machines and video or other

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electronic games in the Premises; and (d) retain at all times master keys or pass keys to the Premises.

19.3 Control of Project

All of the outside walls, windows and roof areas of the Project, and all space within the Premises used for shafts, stacks, pipes, conduits, ducts, electric or other utilities, Project facilities and Base Building Systems, along with the use thereof and access thereto, are reserved to Landlord. Landlord reserves the right from time to time to install, use, maintain, repair, relocate and replace, at Landlord's expense, pipes, ducts, conduits, wires, and appurtenant meters and equipment for service to the Premises or to other parts of the Project that are above the ceiling surfaces, below the floor surfaces, within the walls and in the central core areas of the Building whether located within the Premises or elsewhere in the Project. Landlord shall have the right in its sole discretion, at any time and from time to time, without the same constituting a breach of Landlord's covenant of quiet enjoyment or an actual or constructive eviction, and without incurring any liability to Tenant or otherwise affecting Tenant's obligations under this Lease: (a) to change the location, size, shape and number of the Project's driveways, entrances, hallways, corridors, lobby areas, walkways and other Common Areas; (b) to change the manner of ingress and egress and the direction of driveways; (c) to close temporarily any of the Common Areas for maintenance purposes so long as reasonable access to the Building and the Premises remains available; (d) to construct additional improvements in the Common Areas or remove existing improvements therefrom; (e) to use the Common Areas while engaged in making improvements, repairs or alterations to the Project or any portion thereof; (f) to construct additional buildings, signs or other structures upon the Project; and (g) to make any other changes in, to or with respect to the Project or any portion thereof as Landlord may deem to be appropriate. Landlord may temporarily close any of the Common Areas or other portions of the Project under any circumstances that Landlord reasonably perceives to constitute an emergency or when Landlord otherwise deems such closure necessary. Landlord shall be permitted to grant such easements, grants, dedications and other consents or permissions as Landlord may deem necessary or desirable. Landlord may at any time and from time to time, change the name and address of the Building or Project. Landlord reserves the absolute right to effect such other tenancies in the Project as Landlord in the exercise of its sole business judgment determines best promotes the interest of Landlord in the Project. Tenant does not rely on the fact, nor does Landlord represent, that any specific tenant or type or number of tenants shall, during the Term, occupy any space in the Project.

19.4 [Intentionally Omitted]

20. REPRESENTATIONS AND WARRANTIES OF TENANT

20.1 Representations and Warranties of Tenant

Tenant makes the following representations and warranties, each of which is material and is being relied upon by Landlord, is true in all respects as of the date of this Lease, and shall survive the expiration or termination of this Lease:

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(a) If Tenant is an entity, Tenant is duly organized, validly existing and in good standing under the Laws of the state in which it was organized, and is qualified to do business and in good standing in the State. The persons executing this Lease on behalf of Tenant have been duly authorized and directed to do so on behalf of Tenant and to bind Tenant without the necessity for consent or approval of any other person. Tenant has full power, capacity, authority and legal right to execute and deliver this Lease and to perform all of its obligations hereunder. This Lease is a legal, valid and binding obligation of Tenant, enforceable in accordance with its terms. The execution hereof or performance hereunder by Tenant does not and will not cause Tenant to be in default under any other agreement to which Tenant is a party.

(b) Tenant has not: (i) made a general assignment for the benefit of creditors; (ii) filed any voluntary petition in bankruptcy or suffered the filing of an involuntary petition by any creditors; (iii) suffered the appointment of a receiver to take possession of all or substantially all of its assets; (iv) suffered the attachment or other judicial seizure of all or substantially all of its assets; (v) admitted in writing its inability to pay its debts as they come due; or (vi) made any offer of settlement, extension or composition to its creditors generally.

(c) Tenant represents, warrants and covenants that Tenant is in compliance with the requirements of Executive Order No. 13224, 66 Fed. Reg. 49079 (September 25, 2001) (the “**Order**”), and other similar requirements contained in the rules and regulations of the Office of Foreign Asset Control, Department of the Treasury (“**OFAC**”), and in enabling legislation or other Executive Orders in respect thereof (the Order and such other rules, regulations, legislation or orders are collectively called the “**Orders**”). Without limiting the generality of the foregoing, Tenant represents, warrants and covenants that Tenant is not: (i) listed on the Specially Designated Nationals and Blocked Persons List maintained by OFAC pursuant to the Order and/or on any other list of terrorists or terrorist organizations maintained pursuant to any of the rules and regulations of OFAC pursuant to any other applicable Orders (such lists being collectively referred to as the “**Lists**”), (ii) a person who has been determined by competent authority to be subject to the prohibitions contained in the Orders; or (iii) owned or controlled by, or acts for or on behalf of, any person on the Lists or any other persons who have been determined by competent authority to be subject to the prohibitions contained in the Orders. Tenant agrees to execute such certificates as may be reasonably requested by Landlord from time to time to enable Landlord to comply with the Orders and/or any anti-money laundering laws as relates to this Lease.

21. ESTOPPEL CERTIFICATES

Within ten (10) business days following Landlord’s request therefor, Tenant shall execute, acknowledge and deliver to Landlord (or to its designee), an Estoppel Certificate, in a form reasonably satisfactory to Landlord, certifying: (a) as to the Commencement Date; (b) the fact 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); (c) the date to which Base Rent and other sums payable under this Lease have been paid; (d) that, to Tenant’s knowledge, there are no current defaults under this Lease by either Landlord or Tenant except as specified in such statement; and (e) such other statements as reasonably requested by Landlord. Any such Estoppel Certificate may be relied upon by Landlord, any current or prospective Superior Interest Holder, and any prospective purchaser of

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any interest of Landlord in the Building or the Project. Within ten (10) days following Tenant's request therefor, Landlord shall execute, acknowledge and deliver to Tenant (or to its designee), a commercially reasonable estoppel certificate with respect to this Lease certifying as to such facts, if true, as are reasonably agreed to by Landlord. Any such estoppel certificate from Landlord may be relied upon by Tenant, any current or prospective lender of Tenant, any prospective assignee of Tenant's interest in this Lease, and any prospective subtenant of the Premises.

22. QUIET ENJOYMENT; MORTGAGEE PROTECTION

22.1 Covenant of Quiet Enjoyment

Landlord covenants that Tenant shall peaceably and quietly have, hold and enjoy the Premises during the Term, subject to all of the terms and conditions of this Lease, without disturbance by Landlord or any person lawfully claiming by, through or under Landlord, provided that Tenant (a) timely and properly pays all Rent due under this Lease; and (b) timely keeps, observes and fully satisfies all other covenants, obligations and agreements of Tenant under this Lease.

22.2 Subordination and Attornment

This Lease, along with all rights of Tenant hereunder, is and shall be subject and subordinate to: (a) all ground leases encumbering all or any portion of the Project (each, a **"Superior Lease"**); (b) all mortgages or deeds of trust encumbering all or any portion of the Project (each, a **"Superior Mortgage"**), whether or not affecting properties or interests other than the Premises or the Project; (c) each and every advance made or hereafter to be made under each Superior Mortgage; (d) all renewals, modifications, replacements and extensions of any Superior Lease; and (e) all renewals, modifications, replacements, extensions, spreaders and consolidations of any Superior Mortgage (all such interests in clauses (a) through (e) collectively, whether in existence as of the date of this Lease, or first encumbering all or any portion of the Project after the date of this Lease, being referred to as the **"Superior Interests,"** and each holder of any such Superior Interest including its successors in interest, a **"Superior Interest Holder"**). Notwithstanding the foregoing, any Superior Interest Holder may elect, at any time, to subordinate its Superior Interest to the lien of this Lease. If any Superior Interest Holder succeeds to the rights of Landlord under this Lease, whether through possession or foreclosure action or delivery of a new lease or deed (such party so succeeding to Landlord's rights herein called **"Successor Landlord"**), then Tenant shall attorn to and recognize such Successor Landlord as Landlord under this Lease, and this Lease shall continue in full force and effect as a direct lease between the Successor Landlord and Tenant, and Successor Landlord shall not disturb Tenant's quiet enjoyment and possession of the Premises for so long as Tenant faithfully performs its obligations under this Lease. No Successor Landlord shall be (w) deemed to have assumed or to otherwise have liability for any default, act or omission of any Landlord having an interest in the Project prior to the date such Successor Landlord acquires title thereto; (x) subject to any defense that accrued to Tenant prior to such date, or (y) bound by any modification of this Lease (as amended to such date) made without the prior written consent of such Successor Landlord; or (z) bound by any Rent paid more than one month in advance, unless such Rent is actually received by Successor Landlord. The agreements set forth in this **Section**

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22.2 shall be self-operative and no further agreement of Tenant shall be necessary in order to effect any such subordination and attornment.

22.3 Cure Rights

Tenant shall give each Superior Interest Holder of which Tenant has Notice, in the manner provided for in **Section 29.1**, a copy of every Notice of default given by Tenant to Landlord, concurrently with the giving of such Notice to Landlord. If Landlord fails to cure such default within the time provided for in this Lease, then such Superior Interest Holder shall have an additional reasonable period within which to cure such default, or if such default cannot be cured without the Superior Interest Holder pursuing its remedies against Landlord, then such additional time as may be reasonably necessary, provided the Superior Interest Holder commences and thereafter diligently pursues the remedies necessary to cure such default (including commencement of foreclosure proceedings, if necessary to effect such cure) up to a maximum of one hundred eighty (180) days.

23. TENANT'S DEFAULT

The occurrence of any of the following shall constitute an event of default on the part of Tenant ("**Event of Default**"), permitting Landlord to exercise the remedies specified in **Article 24**:

23.1 Failure to Pay Rent

Tenant's failure to pay any Rent required to be paid under this Lease within five (5) days following Notice from Landlord that such Rent is due and unpaid and such failure continues for more than three (3) business days after Landlord gives written notice thereof to Tenant; provided, however, that after the second such failure in a calendar year, only the passage of time, but no further notice, shall be required to establish an Event of Default in the same calendar year.

23.2 General Non-Monetary Defaults

Tenant's failure to perform any of Tenant's covenants, agreements or obligations under this Lease, to the extent a time for performance is not otherwise specified in this **Article 23** within thirty (30) days following Notice from Landlord to do so. However, if such default is of a nature that could not reasonably be considered curable within such thirty (30) day period despite Tenant's diligent efforts, then the thirty (30) day cure period shall be increased to that number of days as may be reasonably required under the circumstances, not to exceed a total of ninety (90) days following Landlord's Notice, provided that Tenant commences to cure such default within the original thirty (30) day period and thereafter diligently and continuously pursues a course of action to complete such cure.

23.3 Special Non-Monetary Defaults

Tenant's failure, within ten (10) business days following Notice from Landlord, (i) to timely execute, acknowledge where requested, and deliver any financial statements or Estoppel Certificate in the manner and within the time required by **Articles 19.4** and **21**, respectively; (ii) to timely remove any lien as required by **Section 9.4**; or (iii) to timely restore

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any insurance required to be maintained by Tenant pursuant to this Lease if any such insurance expires or is canceled, reduced or materially changed; or (iv) any Transfer without the prior written consent of Landlord if such consent is required by the terms of **Article 13**.

23.4 Assignment for Creditors; Bankruptcy

A general assignment by Tenant for the benefit of creditors, the filing of a voluntary or involuntary petition in bankruptcy by or against Tenant that remains undischarged for a period of sixty (60) days; or the receivership, attachment, or other judicial seizure of substantially all of Tenant's assets, which attachment or other seizure remains undismissed or undischarged for a period of sixty (60) days after the levy thereof.

Tenant agrees that any Notice of default described above, including any Notice required in order for Landlord to commence an unlawful detainer proceeding, shall replace and satisfy any statutory notice requirement, including any notices required by California Code of Civil Procedure §1161. When a statute requires service of a notice in a particular manner, service of such notice in the manner required by this Lease shall replace and satisfy the statutory service of notice procedures, including those required by California Code of Civil Procedure §1162.

24. LANDLORD'S REMEDIES

Upon the occurrence of any Event of Default by Tenant, Landlord shall have the right to pursue any one or more of the following remedies in addition to any other remedies available to Landlord at law or in equity, all of which remedies shall be deemed to be cumulative and not exclusive:

24.1 Termination

Landlord may terminate this Lease and recover possession of the Premises, and Tenant shall thereupon immediately surrender the Premises to Landlord. If Landlord elects to terminate this Lease, Landlord may recover from Tenant all of the following:

(a) the worth at the time of award of any Rent that, at the time of such termination, is due and unpaid; plus

(b) the worth at the time of award of the amount by which the unpaid Base Rent and Additional Rent due and payable that would have been earned after termination until the time of award exceeds the amount of such rental loss Tenant proves could have been reasonably avoided; plus

(c) the worth at the time of award of the amount by which the unpaid Base Rent and Additional Rent due and payable 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

(d) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or that in the ordinary course would be likely to result therefrom, including (i) any costs or expenses incurred

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by Landlord (A) in retaking possession of the Premises; (B) in maintaining, repairing, preserving, restoring, replacing, cleaning, altering, remodeling or rehabilitating the Premises or any affected portions of the Building or the Project, including such actions undertaken in connection with the reletting or attempted reletting of the Premises to a new tenant or tenants; (C) for leasing commissions, advertising costs and other expenses of reletting the Premises; or (D) in carrying the Premises, including taxes, insurance premiums, utilities and security precautions; (ii) any unearned brokerage commissions paid in connection with this Lease; (iii) reimbursement of any previously waived or abated Base Rent or Additional Rent or any free rent or reduced rental rate granted hereunder; and (iv) any concession made by Landlord to or for the benefit of Tenant in consideration of this Lease including any moving allowances, contributions, payments or loans by Landlord for tenant improvements or build-out allowances, if any, or assumptions by Landlord of any of Tenant's previous lease obligations; plus

(e) reasonable attorneys' fees incurred by Landlord as a result of Tenant's default and any exercise by Landlord of its remedies, along with all costs if suit is filed by Landlord to enforce such remedy (including all such fees and costs for any matters on appeal); plus

(f) at Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted by Law.

As used in paragraphs (a) and (b) of this Section, the "worth at the time of award" is computed by allowing interest at an annual rate equal to twelve percent (12%) per annum or the maximum rate permitted by law, whichever is less. As used in paragraph (c) of this Section, the "worth at the time of award" is computed by discounting such amount at the discount rate of Federal Reserve Bank of San Francisco at the time of award, plus one percent (1%). For purposes of computing Expense Increases for the Comparison Year in which this Lease is terminated and each future Comparison Year in the Term, Expenses for the Comparison Year in which this Lease is terminated shall be annualized based on the then current statement of estimated Expense Increases provided to Tenant by Landlord, and said amount shall be increased for each subsequent Comparison Year of the Term by an amount equal to the average rate of increase in Expenses for the prior three (3) years (including the Comparison Year in which this Lease is terminated).

24.2 Mitigation of Damages

If Landlord terminates this Lease or Tenant's right to possession of the Premises, Landlord shall have no obligation to mitigate Landlord's damages except to the extent required by Law. If Landlord has not terminated this Lease or Tenant's right to possession of the Premises, Landlord shall have no obligation to mitigate under any circumstances (except to the extent required by Law) and may permit the Premises to remain vacant or abandoned. If Landlord is required to mitigate damages as provided herein: (a) Landlord shall be required only to use reasonable efforts to mitigate, which shall not exceed such efforts as Landlord generally uses to lease other space in the Building, (b) Landlord will not be deemed to have failed to mitigate if Landlord leases any other portions of the Building before reletting all or any portion of the Premises; and (c) any failure to mitigate as described herein with respect to any period of time shall only reduce the Rent and other amounts to which Landlord is entitled hereunder by the

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reasonable rental value of the Premises during such period. In recognition that the value of the Building depends on the rental rates and terms of leases therein, Landlord's rejection of a prospective replacement tenant based on an offer of rentals below Landlord's published rates for new leases of comparable space at the Building at the time in question, or (at Landlord's option) below the rates provided in this Lease, or containing terms less favorable than those contained herein, shall not give rise to a claim by Tenant that Landlord failed to mitigate Landlord's damages.

24.3 Cumulative Remedies

The remedies herein provided are not exclusive and Landlord shall have any and all other remedies provided herein or by law or in equity, including the right to all provisional remedies such as specific performance, injunction, and declaratory relief. No act or omission of Landlord pursuant to this **Article 24** shall be construed as an election to terminate this Lease unless Landlord provides Tenant with express Notice of such intention or unless such termination is decreed by a court of competent jurisdiction.

24.4 No Surrender

No act of Landlord or of any Landlord Party, including Landlord's acceptance of the keys to the Premises, shall constitute Landlord's acceptance of a surrender or abandonment of the Premises by Tenant prior to the expiration of the Term unless such acceptance is expressly acknowledged by Landlord in a written agreement executed by both parties. At Landlord's option, a surrender and termination of this Lease shall operate either (a) as an assignment to Landlord of any or all subleases of the Premises (without effecting a merger); or (b) as a merger resulting in the termination of any or all such subleases. Landlord's option may be exercised as to each such sublease by written notice to each subtenant given at any time within thirty (30) days following the effective date of the surrender and termination. Landlord's failure to provide such notice to any individual subtenant shall constitute an election by Landlord that the surrender and termination of this Lease shall not operate as a merger resulting in the termination of such sublease.

24.5 No Counterclaims; Waiver of Redemption

Tenant acknowledges that its obligation to pay Rent hereunder is a condition as well as a covenant, and that such obligation is independent of any and all covenants of Landlord hereunder. Tenant shall not interpose any counterclaim of whatever nature or description in any summary proceeding commenced by Landlord for non-payment of Rent. Tenant waives any rights of redemption or relief from forfeiture under California Civil Code Section 3275 and California Code of Civil Procedure Sections 1174 and 1179, or under any other applicable present or future Law, if Tenant is evicted or Landlord takes possession of the Premises by reason of any Event of Default.

25. LANDLORD'S RIGHT TO PERFORM

Without limiting the rights and remedies of Landlord described in **Article 24**, if Tenant is in default in the performance of any of its obligations hereunder (irrespective of whether any Event of Default has occurred), Landlord may, but shall not be required to, upon three (3)

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business days' Notice to Tenant, perform any such obligation (including the making of any payment), and Landlord shall not be responsible for any loss or damage sustained by Tenant or any Tenant Party as a result thereof. Notwithstanding the foregoing, Landlord may perform any of Tenant's obligations under this Lease without Notice to Tenant under any circumstances that Landlord reasonably perceives to constitute an emergency, or if Landlord otherwise determines in its sole discretion that such performance is necessary or desirable for the proper management and operation of the Building or the Project or for the preservation of the rights and interests or safety of other tenants therein; however, in any case, Landlord shall promptly provide Notice to Tenant of Landlord's actions. If Landlord performs any such obligations of Tenant, Tenant shall pay to Landlord, as Additional Rent, within thirty (30) days following written demand, all costs and expenses incurred by Landlord in connection with such performance, with interest thereon at the Interest Rate.

26. LIABILITY OF LANDLORD

26.1 Landlord's Default

Landlord shall not be in default under this Lease unless Landlord has failed to perform any obligation required to be performed by Landlord hereunder within thirty (30) days following Notice from Tenant specifying in detail Landlord's failure to perform; provided, however, that if the nature of Landlord's obligation is such that more than thirty (30) days is required to effect such cure, then Landlord shall not be in default unless Landlord fails to commence such cure within such thirty (30) day period and thereafter diligently pursue such cure to completion. Tenant shall have no right to terminate or rescind this Lease, or the right to make repairs at the expense of Landlord (through deductions against Rent or otherwise), in the event of any default by Landlord. Tenant acknowledges and agrees that its sole remedy in the event of any failure by Landlord to grant consent under any circumstances where Landlord's consent is required shall be an action for declaratory relief; and that Tenant's sole remedies in the event of any other default by Landlord shall be limited to actions for damages or injunctive relief.

26.2 Limitation of Liability

Landlord's liability for damages in connection with any matters arising out of this Lease shall be limited to an amount equal to Landlord's actual equity interest in the Building provided that in no event shall such liability extend to any insurance proceeds received by Landlord or any Landlord Parties. The provisions of this Article are intended to benefit Landlord and the Landlord Parties only, shall not be applied for the benefit of any insurer or third party, and shall survive the expiration or sooner termination of this Lease.

26.3 Effect of Conveyance

The term "**Landlord**" means the then current owner of the property of which the Premises are a part. In the event of any sale or transfer of Landlord's interest in such property, the transferring Landlord shall be and hereby is entirely freed and relieved of all covenants and obligations of Landlord hereunder arising as of the effective date of such transfer, and Tenant shall look solely to the transferee of Landlord's interest for the performance of all covenants and obligations of Landlord hereunder. Tenant waives the benefit of any Law that gives or purports

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to give Tenant any right to terminate this Lease or surrender possession of the Premises upon the transfer of any interest of Landlord in the Project or in this Lease.

27. HOLDING OVER

If Tenant holds over in possession of the Premises or any portion thereof after the expiration or sooner termination of this Lease, such holding over shall, at Landlord's option and without limiting any of Landlord's remedies, be construed as a tenancy at will, terminable on no less than thirty (30) days' Notice. Landlord shall provide Tenant with Notice prior to the expiration or sooner termination of this Lease of Landlord's election that such holding over be construed as a tenancy at sufferance; if Landlord fails to provide such Notice, such holding over shall be deemed to be a tenancy at will. Tenant's use of the Premises during any such holdover period shall be at a Base Rent equal to the greater of (i) one hundred fifty percent (150%) of the Base Rent due in the last full month of the Term (without considering any abatement of such amount to which Tenant may have been entitled in such month as a result of any event for which the terms of this Lease expressly provide abatement or otherwise), or (ii) Landlord's then-prevailing market rate for similar space in the Building, and otherwise be on the terms and conditions herein specified; provided, however, that all renewal, expansion or other optional rights of Tenant contained in this Lease, if any, shall be deemed void during any such holdover tenancy. No ongoing negotiation regarding the extension or renewal of this Lease (or any occupancy rights of Tenant in the Project) shall constitute a waiver by Landlord of Tenant's holdover status or a consent by Landlord to any such holdover, or any waiver of Landlord's right to receive or Tenant's obligation to pay such increased Base Rent during any such holdover period or Landlord's exercise of other legal remedies. Tenant shall indemnify, protect, defend and hold Landlord harmless from and against any and all Claims resulting from any holding over by Tenant, including any consequential damages arising out of any Claims against Landlord by any succeeding or prospective tenant and losses suffered by Landlord due to lost opportunities to lease any portion of the Premises to any succeeding or prospective tenant.

28. HAZARDOUS MATERIALS

28.1 Definitions

"Environmental Laws" means all Laws pertaining to (a) protection of health against environmental hazards; (b) the protection of the environment, including air, soils, wetlands, and surface and underground water, from contamination by any substance that may have any adverse health effect; (c) underground storage tank regulation or removal; (d) protection or regulation of natural resources; (e) protection of wetlands or wildlife; (f) management, regulation and disposal of solid and hazardous wastes; (g) radioactive materials; (h) biologically hazardous materials; (i) indoor air quality; (j) the manufacture, possession, presence, use, generation, storage, transportation, treatment, release, emission, discharge, disposal, abatement, cleanup, removal, remediation or handling of any Hazardous Substances. Environmental Laws include the Comprehensive Environmental Response, Compensation, and Liability Act, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. §9601 *et seq.* ("**CERCLA**"); the Resource Conservation and Recovery Act, 42 U.S.C. §6901 *et seq.* ("**RCRA**"); the Federal Water Pollution Control Act, as amended by the Clean Water Act, 33 U.S.C. §1251 *et seq.*; the Clean Air Act, 42 U.S.C. §7401 *et seq.*, and the Toxic

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Substances Control Act, 15 U.S.C. §2601 *et seq.*, as well as all similar state and local Laws. “**Hazardous Material**” means any substance the release of or the exposure to which is prohibited, limited or regulated by any Environmental Law, or which poses a hazard to human health because of its toxicity or other adverse effect, including (a) any “oil,” as defined by the Federal Water Pollution Control Act and regulations promulgated thereunder (including crude oil or any fraction of crude oil); (b) any radioactive material, including any source, special nuclear, or byproduct material as defined in 42 United States Code §2011 *et seq.*; (c) *Stachybotris chartarum* and other molds; (d) asbestos containing materials (“**ACM**”) in any form or condition; and (e) polychlorinated biphenyls (“**PCBs**”) and any substances or compounds containing PCBs.

28.2 Use of Hazardous Materials

Tenant shall not use, store or permit Hazardous Materials to be present on or about the Premises. Notwithstanding the foregoing, Tenant may keep and use, solely for maintenance and administrative purposes, small amounts of ordinary cleaning and office supplies customarily used in business offices (such as, for example, glass cleaner, carpet spot remover, and toner for Tenant’s business equipment in use on the Premises), provided that Tenant complies with all Environmental Laws relating to the use, storage or disposal of all such supplies.

28.3 Obligation to Remediate

If the use, storage or possession of Hazardous Materials by Tenant or any Tenant Party on or about the Premises results in a release, discharge or disposal of Hazardous Materials on, in, at, under, or emanating from, the Premises or the Project, Tenant agrees to investigate, clean up, remove or remediate such Hazardous Materials in full compliance with (a) the requirements of all Environmental Laws, and any Governmental Authority responsible for the enforcement of any Environmental Laws; and (b) any additional requirements of Landlord that are necessary, in Landlord’s sole discretion, to protect the value of the Premises and the Project. Landlord shall also have the right, but not the obligation, to take whatever action with respect to any such Hazardous Materials that it deems necessary, in Landlord’s sole discretion, to protect the value of the Premises and the Project. All costs and expenses paid or incurred by Landlord in the exercise of such right shall be payable by Tenant upon demand.

28.4 Inspection Rights; Condition on Surrender

Upon one (1) business days’ Notice to Tenant (excepting emergencies), Landlord may inspect the Premises for the purpose of determining whether there exists on the Premises any Hazardous Materials or other condition or activity that is in violation of the requirements of this Lease or of any Environmental Laws. The right granted to Landlord herein to perform inspections shall not create a duty on Landlord’s part to inspect the Premises, or liability on the part of Landlord for Tenant’s use, storage or disposal of Hazardous Materials, it being understood that Tenant shall be solely responsible for all liability in connection therewith. Tenant shall surrender the Premises to Landlord upon the expiration or earlier termination of this Lease free of debris, waste or Hazardous Materials placed on or about the Premises by Tenant or any Tenant Party.

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28.5 Indemnification

(a) Tenant Indemnification

Tenant shall indemnify, defend, protect and hold harmless Landlord from and against any and all claims, damages, liabilities, fines, judgments, penalties, costs, losses (including loss in value of the Premises or the Project, the loss of rentable or usable space, any adverse effect on marketability of the Project or space therein, and all sums paid for settlement of claims), costs incurred in connection with any site investigation or any cleanup, removal or restoration mandated by any Governmental Authority, and expenses (including attorneys' fees, consultant and expert fees) to the extent attributable to (i) any Hazardous Materials placed on or about the Project by Tenant or any Tenant Party, or on or about the Premises by any party other than Landlord, at any time during the Term, or (ii) Tenant's failure to comply with any of its obligations under this **Article 28**, all of which shall survive the expiration or earlier termination of this Lease.

(b) Landlord Indemnification

Subject to the terms of **Section 15.2**, Landlord shall indemnify, defend, protect and hold harmless Tenant from and against any and all claims, liabilities, fines, damages, penalties, costs and expenses, including reasonable attorneys' fees, arising from any actions by any governmental agency for clean up or remediation of Hazardous Materials in, on or under the Project or any portion thereof (including, without limitation, the Premises), including costs of legal proceedings, investigation, clean up, remediation, monitoring, and restoration, if, and only to the extent: (i) the initial release, disposal, use or storage of Hazardous Materials occurred in, on or under the Project; (ii) the Hazardous Material was not possessed, released or disposed of by Tenant or by any agent, employee, contractor, licensees or subtenant of Tenant; and (iii) the contamination was caused by Landlord (or any predecessor in interest that at the time was an entity that can trace the ownership of its equity ownership interests to a common parent with Landlord), its employees, agents, contractors or licensees. For the purposes of this **Section 28.5(b)**, Landlord shall not be deemed to have released, disposed of, used or stored any Hazardous Material which was first brought onto the Project by any person or entity or means other than solely by an act of Landlord, its employees, agents, contractors or licensees.

29. MISCELLANEOUS PROVISIONS

29.1 Notices

No demand, consent, approval or other communication of either party shall be deemed effective under the terms of this Lease until notice thereof, meeting all of the requirements of this **Section 29.1** ("**Notice**") has been given to the other party. All Notices must be in writing, delivered to the Notice Address of the recipient, and given by one of the following methods: (a) delivered by hand; (b) sent by certified mail, postage prepaid, return receipt requested; or (c) sent by reputable overnight courier service, delivery charges prepaid. Notice delivered by hand shall be deemed given when actually received, or, if delivery is refused, upon such refusal. Notice sent by certified mail shall be deemed given on the date of the first attempted delivery thereof (whether or not actually received). Notice sent by overnight courier

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service shall be deemed given one (1) business day following deposit of the Notice with such courier, provided such deposit is evidenced by a written receipt. Any party may change its Notice Address (and Landlord may change its Address for Payment of Rent) at any time, and from time to time, upon at least ten (10) days' prior Notice given in the manner provided herein.

29.2 Attorney Fees

If any dispute arises between the parties hereto concerning the breach, enforcement or interpretation of any provision of this Lease, then the party not prevailing in such dispute shall pay any and all court costs, reasonable attorney and expert witness fees and disbursements, and all other costs and expenses incurred by the other party on account thereof, including those incurred in connection with any matters on appeal. Any such fees and other expenses incurred by either party in enforcing a judgment in its favor under this Lease shall be recoverable separately from and in addition to any other amount included in such judgment, and such obligation is intended to be severable from the other provisions of this Lease and to survive and not be merged into any such judgment. If any such work is performed by in-house counsel for Landlord, the value of such work shall be determined at a reasonable hourly rate for comparable outside counsel; provided, however, the parties hereby confirm that such fees shall be recoverable with respect to legal work performed by Landlord's in-house counsel only to the extent that such work is not duplicative of legal work performed by outside counsel representing Landlord in such matter.

29.3 Joint And Several Liability

If Tenant comprises more than one person, all such persons shall be jointly and severally liable for payment of Rent and the performance of Tenant's obligations hereunder. If Tenant is a partnership, all current and future general partners of Tenant shall be jointly and severally liable for such obligations. No individual partner or other person shall be deemed to be released from its obligations hereunder except to the extent any such release is expressly set forth in a written agreement executed by Landlord in the exercise of its sole discretion.

29.4 Waiver

Neither the failure of either party to insist upon the performance or satisfaction by the other party of any obligation or condition under this Lease, nor the failure of either party to exercise any right or remedy available to it, shall constitute a waiver of any such obligation, condition, right or remedy. No such obligation, condition, right or remedy may be waived except pursuant to the express terms of a written instrument, executed by the waiving party, and unconditionally confirming such waiver. No waiver or waivers of any obligation, condition, right or remedy shall be construed as a waiver of the same or any other subsequently arising obligation, condition, right or remedy.

29.5 No Third Party Beneficiaries; Relationship

This Lease is made and entered into solely for the benefit of Landlord and Tenant, and does not confer any rights or benefits on any other person. Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third party to create the relationship

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of principal and agent, partnership, joint venturer or any association between Landlord and Tenant.

29.6 Time

Time is of the essence of each and every term, condition and provision of this Lease in which time of performance is a factor. The parties agree that notwithstanding any Law to the contrary, Landlord has no duty to notify Tenant that Tenant has failed to give any notice that Tenant has the right to give under this Lease, including notice of the exercise of any option.

29.7 Brokers

Landlord and Tenant each represents and warrants to the other that it has had no dealings with any real estate broker or agent in connection with the negotiation or making of this Lease, except for the Broker(s) specified in the Summary. Each party shall indemnify, protect, defend, and hold harmless the other party from all Claims, including attorney fees, arising out of any leasing commission, finder's fee, or equivalent compensation alleged to be owing to any person on account of the indemnifying party's dealings with any real estate broker or agent other than the Brokers. No broker or agent (including the Brokers) shall be deemed to have earned, or be entitled to receive, any commission or fee as a result of the making of this Lease or the occupancy by Tenant of any space in the Project, except in accordance with the express terms of a separate written agreement, if any, executed by the Broker entitled to receive such commission or fee and the party obligated to pay it. Landlord shall be responsible for the payment of any and all leasing commissions to the Brokers named herein in connection with this Lease and pursuant to separate written agreement. The terms of this **Section 29.7** shall survive the expiration or earlier termination of this Lease.

29.8 Governing Law

This Lease shall be governed, enforced and construed under the laws of the State of California, without regard to any choice of law principles requiring the application of the law of another jurisdiction. Each party hereby submits to local jurisdiction in such State and agrees that any action by either party against the other shall be instituted in the State and that each of them shall have personal jurisdiction over the other for any action brought by either of them in the State.

29.9 Consent to Jurisdiction

Tenant irrevocably submits to the jurisdiction of any state or federal court sitting in San Francisco County, California over any suit, action, or proceeding, arising out of or relating to this Lease. Tenant irrevocably waives, to the fullest extent permitted by law: (a) any objection that Tenant may now or hereafter have to the laying of venue of any such suit, action, or proceeding brought in any such court; (b) any claim that any such suit, action, or proceeding, brought in any such court, has been brought in an inconvenient forum; and (c) any claim that any such suit, action, or proceeding, brought in any such court does not have jurisdiction over Tenant.

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29.10 Consent to Service of Process

Tenant agrees and consents that, in addition to any methods of service of process provided for under applicable law, all service of process in any proceeding in any California State or United States court sitting in the county where the Premises are located, may be made by certified or registered mail, return receipt requested, to the Tenant's Notice Address as specified in the Lease Summary hereof, and service so made shall be complete upon receipt; except that if Tenant shall refuse to accept delivery, service shall be deemed complete on the date such delivery was attempted and refused.

29.11 Interpretation

This Lease has been negotiated at arms' length between persons knowledgeable in business and real estate matters who have had the opportunity to confer with counsel in the negotiation hereof. Accordingly, any rule of law or legal decision that would require interpretation of this Lease against the party that drafted it is not applicable and is waived, and this Lease shall be given a fair and reasonable interpretation in accordance with the meaning of its terms. References in this Lease to Articles, Sections, paragraphs or exhibits pertain to Articles, Sections, paragraphs and exhibits of this Lease unless otherwise specified. The word "including" means "including, without limitation." The word "or" means "and/or" unless the context clearly indicates an obligation to choose one of two or more alternatives. The word "person" includes legal entities as well as natural persons. The word "may" means "may, but shall not be required to." Unless otherwise expressly specified in the applicable provisions, the phrase "at any time" means "at any time and from time to time." The Article, Section and paragraph headings in this Lease are solely for convenience of reference and shall not constitute a part of this Lease, nor shall they affect the meaning, construction or effect hereof. All terms and words used in this Lease, regardless of the number or gender in which they are used, shall be deemed to include the appropriate number and gender, as the context may require. Any reference to any specific statute, ordinance or other Law shall be deemed to include any amendments thereto, or any successor or similar Law addressing the same subject matter.

29.12 Recordation

Neither this Lease, nor any memorandum, affidavit or other writing with respect thereto, shall be recorded by Tenant, by any Tenant Party, or by any other person except Landlord. Any such recording in violation of this **Section 29.12** shall constitute a default by Tenant.

29.13 Severability

If any provision of this Lease is found to be unenforceable, the remainder of this Lease shall not be affected, and any provision found to be invalid shall be enforceable to the extent permitted by Law. The parties agree that if two different interpretations may be given to any provision hereunder, one of which will render the provision unenforceable, and one of which will render the provision enforceable, the interpretation rendering the provision enforceable shall be adopted.

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29.14 Force Majeure

“**Force Majeure Delay**” means any delay in the timely performance of any obligation required under this Lease caused by (a) strike, lockout or other labor or industrial dispute or disturbance; (b) civil commotion, terrorism or threat thereof, act of a public enemy, war, riot, sabotage, blockade or embargo; (c) inability to secure building permits or other required approvals by any Governmental Authority despite diligent efforts to do so; (d) changes in Laws, or changes in the interpretation thereof by any Governmental Authority; (e) lightning, earthquake, fire, storm, hurricane, tornado, flood, washout, explosion or act of God; or (f) any other cause beyond the reasonable control of the party obligated to perform. To the extent any obligation required under this Lease cannot timely be performed because of any Force Majeure Delay, the time for performance of such obligation shall be extended by a period equal to the period of such Force Majeure Delay. Notwithstanding the foregoing, however, under no circumstances shall any Force Majeure Delay operate to (x) excuse or postpone any obligation of Tenant to timely pay Rent under this Lease; (y) postpone the Commencement Date or relieve Tenant of any liability or obligation under this Lease as a result of Tenant’s inability to qualify for or obtain any license, approval, conditional use permit, or other permission required by any Governmental Authority in order for Tenant to occupy or conduct any particular business in the Premises; or (z) excuse or postpone any obligation of Tenant, the non-performance of which would cause Landlord to be in breach of any obligation to any Superior Interest Holder.

29.15 Non-Disclosure

The terms of this Lease and the details of its negotiation constitute confidential information pertaining to the Project that is proprietary to Landlord. Tenant acknowledges that its disclosure of any of such information could adversely affect the ability of Landlord to negotiate other leases and impair Landlord’s relationship with other tenants. Accordingly, Tenant agrees that it shall keep (and shall cause its employees, agents, principals and all other Tenant Parties to keep) all such information confidential and shall not disclose all or any portion thereof to any person except: (a) as and to the extent required by Law; and (b) to *bona fide* prospective assignees or sublessees of Tenant, or to Tenant’s attorneys, tax and financial advisors, real estate brokers, accountants, lenders and investors, to the extent such persons have a need to know and as necessary for the conduct of Tenant’s business, provided that such persons also first agree in writing to keep all such information confidential for the benefit of Landlord.

29.16 Acceptance; Counterparts

The submission of this Lease by Landlord to Tenant, or to its broker or other agent, does not constitute an offer from Landlord to Tenant for the lease of the Premises. Execution and delivery of this Lease by Tenant to Landlord shall, in consideration of the time and expense incurred by Landlord in reviewing this Lease and Tenant’s credit, constitute an offer by Tenant to lease the Premises upon the terms and conditions set forth herein (which offer to Lease shall be irrevocable for twenty (20) business days following the date of delivery). This Lease shall only become effective and binding upon full execution hereof by Landlord and delivery of a signed copy to Tenant. This Lease may be executed in one or more counterparts, and each of which, so executed, shall be deemed to be an original, and all such counterparts together shall constitute one and the same instrument.

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29.17 Right to Lease

Landlord reserves the absolute right to effect such other tenancies in the Project as Landlord in its sole discretion shall determine, and Tenant is not relying on any representation that any specific tenant, type of tenant, or number of tenants will occupy the Project.

29.18 Entire Agreement

This Lease constitutes the final, complete and exclusive statement among the parties hereto, supersedes all prior and contemporaneous understandings or agreements of the parties, and is binding on and, subject to the provisions of **Article 13**, inures to the benefit of their respective heirs, representatives, successors and assigns. No party has been induced to enter into this Lease by, nor is any party relying on, any representation or warranty outside those expressly set forth in this Lease. Any agreement made after the date of this Lease is ineffective to modify, waive, or terminate this Lease, in whole or in part, unless such agreement is in writing, signed by the parties to this Lease, and specifically states that such agreement modifies this Lease.

30. OPTION TO EXTEND

30.1 Grant of Option

Landlord hereby grants to Tenant one (1) option (the “**Option**”) to extend the term of this Lease for an additional period of six (6) months (the “**Option Term**”) as to the entire Premises, subject to the following terms and conditions:

(a) The Option must be exercised, if at all, by written notice irrevocably exercising the Option (“**Option Notice**”) delivered by Tenant to Landlord by no later than April 30, 2018. Further, the Option shall not be deemed to be properly exercised if, as of the date of the Option Notice or at the Expiration Date (i) an Event of Default has occurred and is continuing, (ii) Tenant has assigned this Lease or its interest therein, or (iii) Tenant is occupying less than one hundred percent (100%) of the Rentable Square Footage of the Premises. Provided Tenant has properly and timely exercised the Option, the term of this Lease shall be extended for the period of the Option Term and all other terms, covenants and conditions of this Lease shall remain unmodified and in full force and effect.

(b) The Option is personal to the named Tenant under this Lease and may not be exercised by or Transferred to any person or entity without the prior written consent of Landlord, which consent may be withheld in Landlord’s sole discretion.

31. DISABILITY ACCESS

31.1 Tenant Acknowledgments.

Tenant hereby acknowledges, confirms and agrees, as of the date of this Lease, as follows: (a) Landlord has provided Tenant notice, as required by Section 38.3 of the San Francisco Administrative Code, that the Building may not currently meet all applicable construction-related accessibility standards, including standards for public restrooms and ground

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floor entrances and exits; (b) Landlord has provided Tenant a copy of the San Francisco Small Business Commission's "Access Information Notice"; and (c) Tenant has executed and delivered to Landlord the "Disability Access Obligations Notice Under San Francisco Administrative Code Chapter 38" in the form of **Exhibit E** hereto.

31.2 Required Alterations.

As provided in **Section 6.3** hereof, Tenant shall be responsible, at its sole cost and expense, for the making of all alterations, additions or improvements to the Premises and/or to any Base Building Improvements, as are required to comply with applicable Laws (including without limitation, the Americans With Disabilities Act, as amended from time to time, along with all regulations promulgated in connection therewith) to the extent the compliance obligation relates to or is triggered by (a) Tenant's particular use of the Premises (for other than general office use), or (b) any Premises Improvements (for other than general office use) other than Landlord's initial installation of the demising wall to segregate the Premises from the remainder of the Building, whether now in effect or enacted in the future and whether or not now foreseeable.

31.3 Notice.

Landlord and Tenant hereby agree to use reasonable efforts to notify the other party if they make alterations, additions or improvements to the Premises and/or Project which might impact accessibility under Federal and State disability access laws.

31.4 CASp Report.

Tenant also hereby acknowledges, confirms and agrees, as of the date of this Lease, as follows: (i) Tenant has been advised that the Building has been inspected by a Certified Access Specialist ("**CASp**"), as certified by the State of California; (ii) Tenant has been given the opportunity to review the CASp report dated April 28, 2014 prepared by the CASp (the "**CASp Report**"); and (iii) the CASp Report provides that, as of the date of the CASp Report, the Building does not meet all applicable construction-related accessibility standards with respect to the Building.

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31.5 Personal Property Lease.

Subject to the terms and conditions below, Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, the office furniture described on **Schedule 2** hereto (the "**Leased Personal Property**"), at no additional Rent, for a term commencing on the Commencement Date and expiring on the Expiration Date. During the Term, Tenant shall keep and maintain the Leased Personal Property in good condition and repair, all at Tenant's sole cost and expense. On the Expiration Date or upon earlier termination of this Lease, Tenant shall surrender the Leased Personal Property to Landlord at the Premises in the same condition as received on the Commencement Date, ordinary wear and tear excepted. Tenant hereby acknowledges and agrees that Landlord's leasing of the Leased Personal Property to Tenant is in its "as is", "where is" condition with all faults and without warranties, express or implied, including without limitation, any warranty of fitness for a particular purpose.

IN WITNESS WHEREOF, the parties hereto have entered into this Lease as of the date first set forth above.

LANDLORD

**THE STATE BAR OF CALIFORNIA,
a public corporation**

By: Leah T. Wilson

Name: Leah T. Wilson

Its: Executive Director

TENANT

**CALIFORNIA LAWYERS
ASSOCIATION,
a mutual benefit corporation**

By: Perry L. Segal

Name: Perry L. Segal

Its: Co-Chair, Council of Sections




By: Mark Ressa

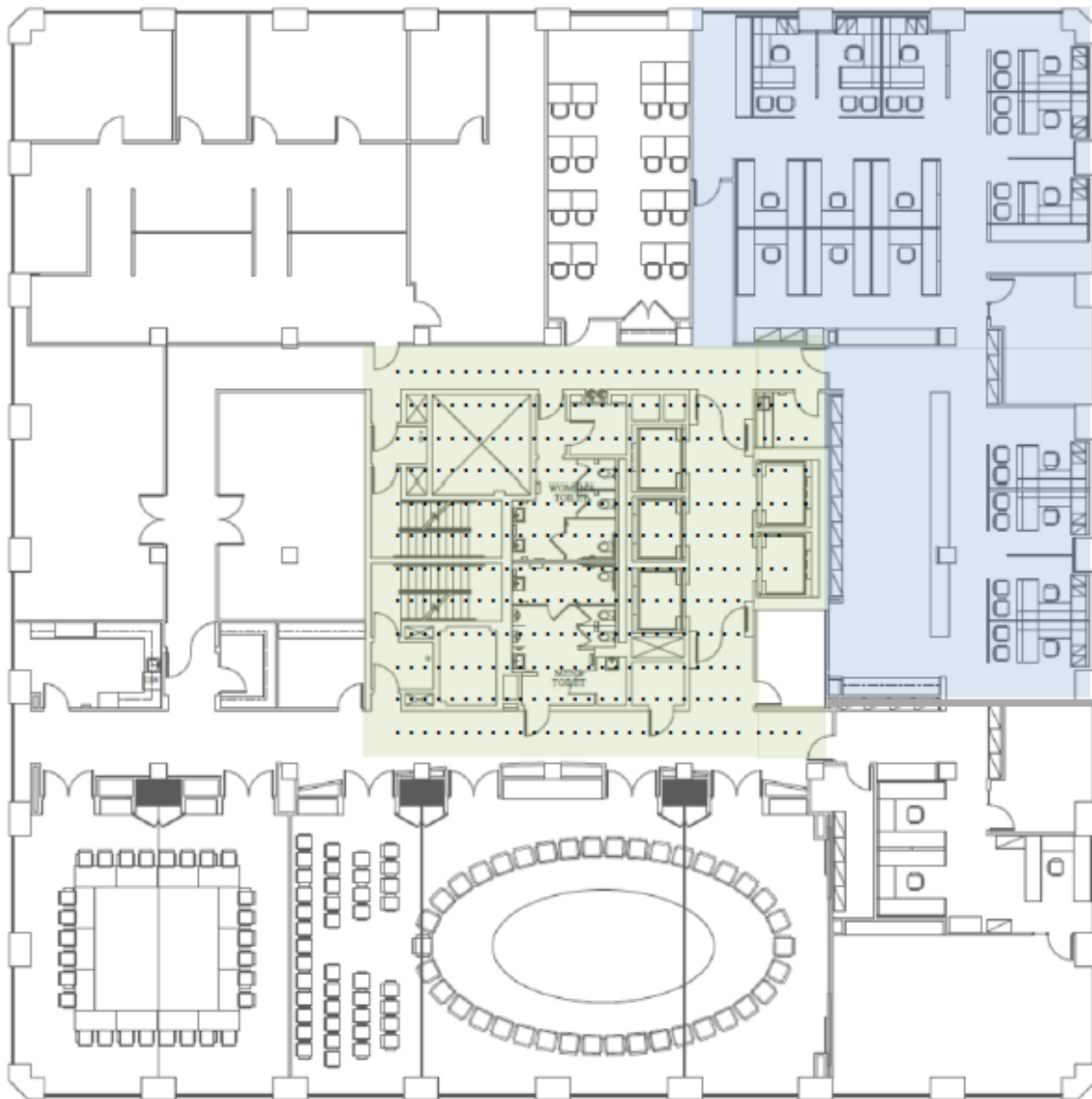
Name: Mark Ressa

Its: Co-Chair, Council of Sections

EXECUTION VERSION

EXHIBIT A FLOOR PLAN

-  Shaded area = Suite 410
-  Shaded and checked area = Floor Common Area
-  Unshaded area = State Bar office space, no access permitted.



EXECUTION VERSION

EXHIBIT B

[RESERVED]

EXECUTION VERSION

EXHIBIT C

RULES AND REGULATIONS

1. No sign, advertisement, name or notice shall be installed or displayed on any part of the outside or inside of the Building without the prior written consent of Landlord. Landlord shall have the right to remove, at Tenant's expense and without notice, any sign installed or displayed in violation of this rule. All approved signs or lettering on doors and walls shall be printed, painted, affixed or inscribed at the expense of Tenant by a person approved by Landlord, using materials and in a style and format approved by Landlord.
2. Tenant shall not place anything or allow anything to be placed near the glass of any window, door, partition or wall which may appear unsightly from outside the Premises. No awnings or other projection shall be attached to the outside walls of the Building without the prior written consent of Landlord. No curtains, blinds, shades or screens shall be attached to or hung in, or used in connection with, any window or door of the Premises, other than Building Standard materials, without the prior written consent of Landlord.
3. Tenant shall not obstruct any sidewalks, halls, passages, exits or entrances of the Building. The passages, exits, and entrances are not for the general public, and 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, character, reputation and interests of the Building and its tenants.
4. The directory of the Building, if any, will be provided exclusively for the display of the name and location of tenants only, and Landlord reserves the right to exclude any other names therefrom.
5. Landlord shall clean the Premises as provided in the Lease, and except upon the prior written consent of Landlord, no other person or persons shall be employed by Tenant or permitted to enter the Building for the purpose of cleaning any part thereof. Tenant shall not cause any unnecessary labor by carelessness or indifference to the good order and cleanliness of the Premises.
6. Landlord may impose a charge for any additional keys to the Premises. Tenant may not make or have made additional keys, and Tenant shall not alter any lock or install a new additional lock or bolt on any door or window of its Premises. Tenant, upon termination of its tenancy, shall deliver to Landlord the keys of all doors which have been furnished to, or otherwise procured by Tenant, and, in the event of loss of any keys, shall pay Landlord the cost of replacing the same or of changing the lock or locks opened by such lost key if Landlord shall deem it necessary to make such change.
7. No furniture, freight, or equipment of any kind shall be brought into the Building without prior Notice to Landlord and all moving of the same into or out of the Building shall be done at such time and in such manner as Landlord shall designate. Deliveries during normal office hours shall be limited to normal office supplies and other small items. No

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deliveries shall be made which impede or interfere with other tenants or the operation of the Building.

8. Tenant shall not lay linoleum, tile, carpet or other similar floor covering so that the same shall be affixed to the floor of the Premises in any manner except by a paste, or other material which may easily be removed with water, the use of cement or other similar adhesive materials being prohibited. The method of affixing any such linoleum, tile, carpet or other similar floor covering shall be subject to the approval of Landlord. The expense of repairing any damage resulting from a violation of this rule shall be borne by Tenant.
9. Tenant shall not place a load upon any floor of the Premises which exceeds the load per square foot which such floor was designed to carry and which is allowed by law. Landlord shall have the right to prescribe the weight, size and position of all equipment, materials, furniture or other property brought into the Building. Heavy objects, if such objects are considered necessary by Tenant, as determined by Landlord, shall stand on such platforms as determined by Landlord to be necessary to properly distribute the weight. Business machines and mechanical equipment which cause noise or vibration that may be transmitted to the structure of the Building or to any space outside the Premises to such a degree as to be objectionable to Landlord or to any tenants in the Building, shall be placed and maintained by Tenant, at Tenant's expense, on vibration eliminators or other devices sufficient to eliminate noise or vibration. Landlord will not be responsible for loss of, or damage to, any such equipment or other property from any cause, and all damage done to the Building by maintaining or moving such equipment or other property shall be repaired at the expense of Tenant.
10. 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 the operation or maintenance of office equipment. 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 offensive or objectionable to Landlord or other occupants of the Project by reason of noise, odors or vibrations, nor shall Tenant bring into or keep in or about the Premises any birds or animals.
11. Tenant shall not use any method of heating or air-conditioning other than that supplied by Landlord except upon Landlord's prior written approval.
12. Tenant shall not waste electricity, water or air-conditioning and agrees to cooperate fully with Landlord to assure the most effective operation of the Building's heating and air-conditioning and to comply with all Laws, Rules and Requirements governing energy conservation. Tenant shall not adjust any controls other than room thermostats installed for Tenant's use. Tenant shall keep corridor doors closed and shall close window coverings at the end of each business day.
13. Landlord reserves the right from time to time, in Landlord's sole discretion, exercisable without prior notice and without liability to Tenant, to: (a) name or change the name of

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- the Building or Project; change the address of the Building or Project, and/or (c) install, replace or change any signs in, on or about the Common Areas, the Building or Project.
14. Landlord reserves the right to exclude from the Building between the hours of 6:00 p.m. and 7:00 a.m., or such other hours as may be established from time to time by Landlord, and on legal holidays, any person unless that person is known to the person or employee in charge of the Building and has a pass or is properly identified. Landlord shall not be liable for damages for any error with regard to the admission to or exclusion from the Building of any person. 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 reserves the right to prevent access to the Building in case of invasion, mob, riot, public excitement or other commotion or threat thereof by closing the doors or by other appropriate action.
 15. Tenant shall close and lock all doors of its Premises and entirely shut off all water faucets or other water apparatus, and, except with regard to Tenant's computers and other equipment which reasonably require electricity on a 24-hour basis, all electricity, gas or air outlets before Tenant and its employees leave the Premises.
 16. The toilet rooms, toilets, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed, and no foreign substances of any kind whatsoever shall be thrown therein.
 17. Tenant shall not sell, or permit the sale at retail, of newspapers, magazines, periodicals, theater tickets, or any other goods or merchandise to the general public in or on the Premises. Tenant shall not solicit business from other tenants in the Project. Tenant shall not use the Premises for any business or activity other than that specifically provided for in the Lease.
 18. Tenant shall not install any radio or television antenna, loudspeaker or other device on the roof or exterior walls of the Building. Tenant shall not interfere with radio or television broadcasting or reception from or in the Building or elsewhere.
 19. Except as expressly permitted in the Lease, Tenant shall not mark, drive nails, screw or drill into the partitions, window mullions, woodwork, plaster or ceilings, or in any way deface the Premises or any part thereof, except to install normal wall hangings.
 20. Tenant shall not install, maintain or operate upon the Premises any vending machines without the prior written consent of Landlord, which shall not be unreasonably withheld.
 21. Canvassing, soliciting and distribution of handbills or any other written material, and peddling in and around the Project or the Building are prohibited, and each tenant shall cooperate to prevent same.
 22. Tenant shall not sell, store, consume or serve any alcoholic beverages (or permit any of such activities) on the Premises without the express prior written consent of Landlord, which consent may be withheld or conditioned in Landlord's sole discretion. Notwithstanding the foregoing, subject to the terms of the Lease, Tenant shall be

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permitted to conduct occasional social events in the Premises where Tenant may serve alcohol to its employees (e.g., wine tasting).

23. Landlord reserves the right to exclude or expel from the Project or the Building 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 the Rules and Regulations of the Project.
24. Tenant shall store all its trash and garbage within its Premises. 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 directions reasonably issued from time to time by Landlord.
25. The Premises shall not be used for the storage of merchandise held for sale to the general public, or for lodging or for manufacturing of any kind. No cooking shall be done or permitted by Tenant on the Premises, except that Tenant shall be permitted to use a small microwave oven for heating foods, and small appliances for brewing coffee, tea, and similar beverages, provided that all such equipment and use is in accordance with all applicable Laws.
26. Tenant shall not use in any space, or in the public halls of the Building, any hand trucks except those equipped with rubber tires and side guards, or such other material-handling equipment as Landlord may approve. Tenant shall not bring any vehicles of any kind into the Building.
27. Tenant shall not use the name of the Project or Building in connection with, or in promoting or advertising, the business of Tenant, except for Tenant's address.
28. Tenant shall not overload the floor of the Premises. At no time during the Term shall Tenant have access to or be entitled to the use of any roof areas of the Project for any purpose, nor shall Tenant have any right to install, operate, maintain, modify or remove any antenna, satellite dish, or other telecommunications equipment anywhere in the Project.
29. Tenant agrees that it shall comply with all fire, safety and security regulations that may be issued from time to time by Landlord, and Tenant also shall provide Landlord with the name of a designated responsible employee to represent Tenant in all matters pertaining to such regulations. Tenant shall cooperate fully with Landlord in all matters concerning fire and other emergency procedures.
30. Tenant assumes any and all responsibility for protecting its Premises from theft, robbery and pilferage. Such responsibility shall include keeping doors locked and other means of entry to the Premises closed.
31. Landlord may waive any one or more of these Rules and Regulations for the benefit of Tenant or any other tenant, but no such waiver by Landlord shall be construed as a waiver of such Rules and Regulations in favor of any other tenant, nor prevent Landlord from thereafter enforcing any such Rules and Regulations against any and all of the tenants in the Building.

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32. These Rules and Regulations are in addition to, and shall not be construed to in any way modify or amend, in whole or in part, the terms, covenants, agreements and conditions of any lease of premises in the Project or Building.
33. Landlord reserves the right to make such other and reasonable Rules and Regulations as, in its judgment, may from time to time be needed for safety, security, care and cleanliness of the Project and/or Building and for the preservation of good order therein. Tenant shall abide by all such Rules and Regulations hereinabove stated and any additional rules and regulations which are adopted.
34. Tenant shall be responsible for the observance of all of the foregoing rules by Tenant's employees, agents, clients, customers, invitees or guests.
35. No person shall bring a firearm or lethal weapon to any portion of the Building, except for such persons as are expressly authorized by Landlord.
36. In the event of any conflict or inconsistency between the terms of the Lease (other than the terms of this Exhibit D), and the Rules and Regulations contained in this Exhibit D, the terms of the Lease shall control.

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EXHIBIT D

ASBESTOS DISCLOSURE STATEMENT

ASBESTOS DISCLOSURE STATEMENT AND PROPOSITION 65 WARNING

CALIFORNIA LAW REQUIRES LANDLORDS AND TENANTS OF COMMERCIAL BUILDINGS CONSTRUCTED PRIOR TO 1979 TO NOTIFY CERTAIN PEOPLE, INCLUDING EACH OTHER AND THEIR RESPECTIVE EMPLOYEES WORKING WITHIN SUCH BUILDING, OF ANY KNOWLEDGE THEY MAY HAVE REGARDING ANY ASBESTOS-CONTAINING MATERIALS (“ACM”) IN SUCH BUILDING.

LANDLORD HAS PREPARED A WRITTEN ASBESTOS OPERATIONS AND MAINTENANCE PLAN (THE “**ASBESTOS MANAGEMENT PLAN**”) FOR EACH BUILDING COVERED BY THIS NOTICE. EACH TENANT IN THE BUILDING AND ANY OTHER PERSON (INCLUDING A CONTRACTOR) PERFORMING WORK IN THE BUILDING IS REQUIRED TO REVIEW THE ASBESTOS MANAGEMENT PLAN LOCATED IN THE MANAGEMENT OFFICE AT 180 HOWARD STREET, SAN FRANCISCO, CA.

California law also requires persons in the course of doing business where activities may result in exposure to asbestos and other substances regulated under the Safe Drinking Water and Toxic Enforcement Act of 1986, commonly referred to as Proposition 65, to be provided a clear and reasonable warning. Accordingly, you are advised as follows:

WARNING: Areas of the Building contain a substance known to the State of California to cause cancer, or reproductive toxicity.

Landlord has prepared and implemented an Asbestos Management Plan, which, among other things, sets forth the responsibilities of Landlord, Landlord’s industrial hygienist, building tenants, and contractors and workers performing work in or to areas of the building where ACM is located. The description below is not intended to be a substitute for review of the Asbestos Management Plan.

ACM has been found in floor tiles on the sixth (6th) and eleventh (11th) floors of the Building, as well as in the floor tile mastic on the sixth (6th) floor of the Building. ACM may be present in other areas in the Building.

We have no reason to believe, based upon the Asbestos Management Plan, that ACM in the Building is currently in a condition to release asbestos fibers that would pose a significant health hazard to the Building’s occupants. You should take into consideration that our knowledge as to the absence of health risks is based solely upon general information and the information contained in the Asbestos Management Program, and that we have no special knowledge concerning potential health risks resulting from exposure to asbestos in the Building. We encourage you to contact local or state public agencies if you wish to obtain a better understanding of the potential impacts resulting from exposure to asbestos.

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Because any tenant alterations or other work at the Building could disturb ACM and possibly release asbestos fibers in the air, we must require that you obtain our written approval prior to beginning such projects. This includes major alterations, but might also include such activities as drilling or boring holes, installing electrical, telecommunications or computer lines, sanding floors, removing ceiling tiles or other work which disturbs ACM. In many cases, such activities will not affect ACM, but, nevertheless you must check with the property manager, in advance, because any release of ACM due to any of these activities may present a health risk. You should check with the property manager at the address set forth above. **In the areas specified in Asbestos Management Plan, you should avoid touching or disturbing the ACM in any way. An individual or contractor who is not qualified to handle ACM should not attempt any work in such areas. If you observe any activity that has the potential to disturb the ACM, please report the same to the property manager immediately**

EXHIBIT E

**DISABILITY ACCESS OBLIGATIONS UNDER
SAN FRANCISCO ADMINISTRATIVE CODE CHAPTER 38**

Before you, as the Tenant, enter into a lease with us, the Landlord, for the following property, 180 Howard Street, San Francisco, CA 94105 (the “Property”), please be aware of the following important information about the lease:

You May Be Held Liable for Disability Access Violations on the Property. Even though you are not the owner of the Property, you, as the tenant, as well as the Property owner, may still be subject to legal and financial liabilities if the leased Property does not comply with applicable Federal and State disability access laws. You may wish to consult with an attorney prior to entering this lease to make sure that you understand your obligations under Federal and State disability access laws. The Landlord must provide you with a copy of the Small Business Commission Access Information Notice under Section 38.6 of the Administrative Code in your requested language. For more information about disability access laws applicable to small businesses, you may wish to visit the website of the San Francisco Office of Small Business or call 415-554-6134.

The Lease Must Specify Who Is Responsible for Making Any Required Disability Access Improvements to the Property. Under City law, the lease must include a provision in which you, the Tenant, and the Landlord agree upon your respective obligations and liabilities for making and paying for requirement disability access improvements on the leased Property. The lease must also require you and the Landlord to use reasonable efforts to notify each other if they make alterations to the leased Property that might impact accessibility under federal and state disability access laws. You may wish to review those provisions with your attorney prior to entering this lease to make sure that you understand your obligations under the lease.

PLEASE NOTE: The Property may not currently meet all applicable construction-related accessibility standards, including standards for public restrooms and ground floor entrances and exits.

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EXECUTION VERSION

By signing below I confirm that I have read and understood this Disability Access Obligations Notice.

LANDLORD

**THE STATE BAR OF CALIFORNIA,
a public corporation**

By: Leah T. Wilson

Name: Leah T. Wilson

Its: Executive Director

TENANT

**CALIFORNIA LAWYERS
ASSOCIATION,
a mutual benefit corporation**

By: Perry L. Segal

Name: Perry L. Segal

Its: Co-Chair, Council of Sections

By: Mark Ressa

Name: Mark Ressa

Its: Co-Chair, Council of Sections

SCHEDULE 1

FUTURE BUILDING IMPROVEMENTS

Landlord intends to make the following improvements to the Building and/or Project:

Emergency Generator replacement
Elevator systems upgrade
HVAC system upgrades
Fire/Life Safety system Upgrades
Electrical system Upgrades

SCHEDULE 2

LEASED PERSONAL PROPERTY

1 set of installed private office furniture
19 cubicles
20 desk chairs with wheels
20 side chairs
18 file cabinets
2 USB drive duplicators
2 or more LCD projectors

EMPLOYEE LEASING AGREEMENT

This EMPLOYEE LEASING AGREEMENT ("Agreement") is entered into as of the last date signed below, and is effective as of January 1, 2018, by and between the California Lawyers Association ("CLA"), a California mutual benefit corporation, and The State Bar of California ("State Bar"), a California public corporation.

RECITALS

WHEREAS, recently enacted legislation, Senate Bill 36 (2017) ("SB 36"), mandates the separation of the Sections from the State Bar into an independent private non-profit corporation, which will be called the California Lawyers Association ("CLA");

WHEREAS, SB 36 permits the State Bar to provide services to CLA provided that CLA reimburses the State Bar for the full actual costs of those services;

WHEREAS, the Council of State Bar Sections, as predecessor to CLA, has requested that the State Bar lease some or all State Bar Office of Education employees to CLA to assist it during the temporary transition period and the State Bar is agreeable to leasing Office of Education employees to CLA on the terms stated herein;

NOW, THEREFORE, in consideration for the foregoing recitals and the mutual promises and covenants contained herein, the parties agree as follows:

AGREEMENT

1. Leased Employees. During the term of and subject to the provisions of this Agreement, the State Bar shall lease to CLA the services of its current State Bar Education employees who desire to work with CLA ("Leased Employees").

- (a) Exhibit A identifies each and every State Bar Office of Education Employee currently eligible to be leased to CLA and each employee's job position.
- (b) The State Bar represents that each Leased Employee is currently employed within the State Bar's Office of Education and in that capacity has gained experience with supporting the State Bar Sections.
- (c) The parties acknowledge that the State Bar will lease to CLA only those Leased Employees among those eligible and named in Exhibit A and that other than from among those Leased Employees, CLA has no right to lease any other State Bar employee.

- (d) CLA acknowledges that those Office of Education employees who agree to become Leased Employees for CLA do so voluntarily, and that such Leased Employees have the right to end their voluntary participation at any time at their option.
- (e) CLA acknowledges that the State Bar will not replace any Leased Employee who voluntarily elects to end his or her participation or whose employment with the State Bar ends, and that the State Bar shall not be liable to CLA for any damages or losses resulting therefrom.

2. Noninterference with Leased Employees Rights. The parties acknowledge and agree that Leased Employees retain all rights granted to them under state and federal law and the State Bar's policies, rules, regulations and memoranda of understanding ("State Bar Rights"), including but not limited to any memorandum of understanding existing between the State Bar and the employees' exclusive bargaining representative. CLA agrees that it will not interfere with or otherwise impair Leased Employees exercising State Bar Rights and further agrees that it will cooperate with the State Bar in ensuring Leased Employees' enjoyment of their State Bar Rights.

3. Control of Work. During the term of and subject to the provisions of this Agreement, CLA has the right of direction and control over Leased Employees and their work. CLA agrees that it must and will exercise control over the work of Leased Employees through the State Bar's Director of Education, Patricia Horan, a Leased Employee. Despite CLA's control over the day-to-day work of Leased Employees, the State Bar retains the right to evaluate, discipline and terminate Leased Employees.

4. CLA's Compliance with Laws. As part of this Agreement, CLA agrees and acknowledges:

- (a) CLA shall comply with the Safety Orders of Cal-OSHA and all other health and safety laws, regulations, ordinances, directives and rules applicable to the Leased Employees or their place of work. The State Bar and the State Bar's workers' compensation carrier shall have the right to enter and inspect CLA's premises to ensure that Leased Employees are not exposed to an unsafe workplace.
- (b) CLA shall comply with all applicable employment-related laws and regulations, including but not limited to, Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act, the Age Discrimination in Employment Act, the Equal Pay Act of 1963; the Family Medical Leave

Act, the California Fair Employment and Housing Act, the California Family Rights Act, and any other federal, state or local law, statute, ordinance, order, regulation policy or decision that apply to Leased Employees.

- (c) CLA shall report to the State Bar any injury to any Leased Employee of which it has knowledge promptly and no later than within twenty-four (24) hours of acquiring such knowledge. CLA also agrees to cooperate with the State Bar and its workers' compensation carrier regarding reporting, investigating, adjusting and resolving workplace injury claims.

5. Payment Terms. On a mutually agreeable schedule, but no less often than each applicable payroll period, the State Bar shall issue an invoice to CLA specifying the amount the State Bar is to be reimbursed (the "Reimbursable Amount") for the then concluding payroll period for the Leased Employees.

6. Reimbursable Amount. The term "Reimbursable Amount" is an amount equal to the following costs paid or expenses accrued by the State Bar for the Leased Employees during such period of employment by the State Bar of the Leased Employees while in service to CLA:

- (a) the salaries and wages for each Leased Employee, as may be adjusted from time to time in accordance with the State Bar's compensation policies;
- (b) the State Bar's share of social security taxes, Medicare taxes, California state withholdings, and all other payroll taxes;
- (c) premiums, contributions and other amounts paid by the State Bar on behalf of Leased Employees for coverage by any existing health, dental, vision insurance plans, sponsored pension plans or other benefit plans;
- (d) premiums for workers' compensation insurance for the Leased Employees;
- (e) any vacation pay, holiday pay, sick pay, overtime pay, any other benefits paid, accrued or otherwise provided to Leased Employees during the term of this Agreement, including but not limited to any severance payments paid to any Leased Employee under any voluntary Reduction-in-Force Agreement such as any Leased Employee may have with the State Bar or

under the State Bar's Rules and Regulations pertaining to the Employment of Executive Employees.

7. Responsibility for Compensation/Reimbursement. During the term of and subject to the provisions of this Agreement, the State Bar shall be solely responsible for each Leased Employee's compensation and benefits. CLA's sole responsibility shall be to reimburse the State Bar the Reimbursable Amount for the period that the Leased Employees provide services to CLA.

8. Methods of Reimbursement. CLA shall pay to the State Bar the amount of each invoice within 30 days of that invoice being issued by the State Bar. In the event of failure of CLA to timely pay invoices as they become due, CLA hereby authorizes the State Bar, in its sole discretion, to deduct the Reimbursement Amount associated with each unpaid invoice from CLA membership fees that the State Bar collects on behalf of CLA pursuant to the separate Memorandum of Understanding between the State Bar and CLA.

9. Timekeeping. Leased Employees shall report actual time worked and travel time for CLA in the manner consistent with their employment with the State Bar. Leased Employees who are classified as exempt shall be required to maintain a weekly time report, to include travel time spent on CLA activities. Further, to the extent that any Leased Employee is classified as a non-exempt employee and paid on an hourly basis, the State Bar shall instruct such non-exempt Leased Employees to record accurately and report all actual hours spent providing services to CLA, and separately maintain a time report of all travel time spent for CLA related activities. The Leased Employee's time records and weekly time reports shall be submitted to Patricia Horan, who will submit such time records to the State Bar. The State Bar will maintain such records as required under applicable state and federal wage and hour laws. CLA shall be entitled to maintain a copy of the exempt and non-exempt employees' time records in addition to requiring Leased Employees to separately document their time as to an allocation of time to Section activities. The State Bar time records and the CLA time records will be mutually available to the other for inspection. To the extent that there are discrepancies between the time submitted by a Leased Employee whose services were billed on an hourly basis and the time calculated by CLA, the parties shall review their respective records and mutually determine and agree upon the actual time spent by the Leased Employee in providing services to CLA.

10. Insurance. CLA will provide and keep in full force and effect during the term of this Agreement, at CLA's own cost and expense, the following insurance policies for the joint benefit of CLA and the State Bar:

- (a) **Commercial General Liability Insurance** with a general aggregate limit of at least One Million Dollars (\$1,000,000.00).

- (b) **Non-Owned/Hired Automobile Liability Insurance** with at least One Million Dollars (\$1,000,000.00) combined single limit.
- (c) **Umbrella Liability Insurance**, in an amount not less than Five Million Dollars (\$5,000,000).
- (d) **Employment Practices Liability Insurance** in an amount not less than Five Million Dollars (\$5,000,000).
- (e) **Directors & Officers Liability Insurance** in an amount not less than Five Million Dollars (\$5,000,000).

All insurance required to be maintained pursuant to this Agreement will name the State Bar, its Board of Trustees, directors, officers, and employees, as additional insureds, will be primary and non-contributing with respect to any other insurance maintained by or available to the State Bar, and will be with carrier(s) acceptable to the State Bar.

CLA will deliver to the State Bar offices at 180 Howard Street, San Francisco, CA 94105, Attn: Risk Management, certificates of insurance evidencing compliance with the requirements in this Article within ten (10) days from the effective date of this Agreement. Each certificate will provide that the issuing company (the insurer) will endeavor to mail to the State Bar thirty (30) days' prior written notice of any cancellation of the policies or reduction in coverage or amount. In addition, notwithstanding any notices sent to the State Bar by the insurer, CLA will immediately notify the State Bar when it becomes aware of any cancellation or material change in the amounts of or type of coverage of the insurance policies required. If CLA fails to secure and maintain insurance policies complying with the provisions of this Agreement, the State Bar may, at its discretion, purchase the required insurance coverage with CLA responsible to the State Bar for all associated costs, or terminate this Leasing Agreement immediately. In the event the State Bar must purchase the required insurance coverage, it may in its discretion deduct the associated costs from CLA membership fees that the State Bar collects on behalf of CLA pursuant to the separate Memorandum of Understanding between the State Bar and CLA.

11. Term/Termination. This Agreement shall become effective on January 1, 2018, and continue for a period of six (6) months until June 30, 2018. CLA may extend the term of this Agreement for one additional six (6) month term ("Renewal Term"), provided that CLA represents that it will maintain its offices at 180 Howard Street, San Francisco, CA through the Renewal Term, by giving notice to the State Bar no later than April 30, 2018. If CLA does not represent that it will remain located at 180 Howard Street through the Renewal Term, then the term of this Agreement may be extended only upon mutual written agreement between the State Bar and CLA. This Agreement may be terminated earlier in the event any of the following occur:

- (a) CLA fails to pay the Reimbursement Amount required under this Agreement. Prior to terminating this Agreement because of CLA's failure to pay, the State Bar shall first provide CLA with a notice of the delinquency, and five calendar days after the date of such notice as an opportunity to cure.
- (b) If either party materially breaches this Agreement, the non-breaching party shall give the breaching party emailed notice of its intent to terminate this Agreement for such breach. The breaching party then shall have five (5) calendar days in which to cure the breach. If the breach is not cured at the expiration of the fifth calendar day from the date of the notice, the non-breaching party shall have the right to immediately terminate the Agreement.
- (c) The parties may mutually agree in writing to terminate this Agreement for any reason.
- (d) There are no longer any Leased Employees available to perform the work, in which case the Agreement will terminate on the last day of work of the last Leased Employee available to perform the work.

12. Indemnification by CLA. CLA agrees to indemnify, defend and hold the State Bar, its agents, representatives or employees harmless from and against all claims, liabilities, damages, attorney fees, costs and expenses that (i) arise out of CLA's breach of its obligations under this Agreement, or (ii) that arise from any act or omission on the part of CLA, its agents, representatives, employees, volunteers, contractors, business invitees, taken or not taken with respect to the Leased Employees during the term of this Agreement. This indemnification provision shall survive the expiration or other termination of this Agreement.

13. No Liability to State Bar. CLA acknowledges that the State Bar cannot guarantee that the Leased Employees will be available through the full term of this Agreement. CLA agrees that the State Bar shall not be held liable for any reduction in services or any resulting consequential damages to CLA arising from the absence of any or all Leased Employees as a result of (i) any or all Leased Employees no longer wishing to temporarily work for CLA; (ii) a natural disaster that impairs Leased Employees from reporting to their CLA workplace; (iii) a labor work stoppage; (iv) an act of terrorism or war. CLA agrees that it will bear the cost and be responsible for any damages to its operations resulting from Leased Employees leaving State Bar employment, being reassigned to other State Bar work, or otherwise being unavailable to support CLA.

14. Entire Agreement. This Agreement, including its exhibits (all of which are incorporated herein by this express reference) represents the entire understanding of the parties with respect to the subject matter hereof, and shall not be amended, altered or changed except by a written agreement signed by the parties hereto.

15. Choice of Laws. This Agreement is deemed to have been made and entered into in the State of California, and will be construed according to the laws of the State of California.

16. Dispute Resolution. Any dispute arising out of this agreement shall be resolved in binding arbitration conducted by JAMS in San Francisco by an arbitrator with experience in labor and employment matters selected according to the JAMS Comprehensive Arbitration Rules and Procedures. The arbitrators' expenses and fees will be borne equally by the parties. Each party will be responsible for its own attorney's fees.

17. Modifications. No amendment, alteration or variation of the terms of this Agreement will be valid unless made in writing and signed by both of the parties.

18. Severability. If any provision in this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions will nevertheless continue in full force without being impaired or invalidated in any way.

19. Authority to Contract. Each party represents and warrants that it has full power to enter into and perform its respective obligations under this Agreement and that the person signing this Agreement has been properly authorized and empowered to enter into this Agreement. Each party acknowledges that it has read, understands, and will be bound by this Agreement.

20. Notices. Whenever under the terms of this Agreement written notice is required or permitted to be given by any party to any other party, such notice shall be in writing and shall be deemed to have been sufficiently given if transmitted by electronic mail ("email"). The parties may also give notice via personal delivery, overnight courier service, U.S. Mail, electronic facsimile, at the following addresses:

The State Bar of California
Office of General Counsel
180 Howard Street
San Francisco, CA 94105
Facsimile: 415-538-2321

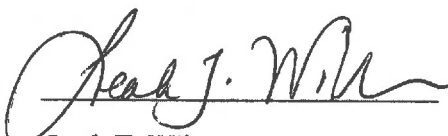
California Lawyers Association
180 Howard Street, Suite 410
San Francisco, CA 94105

EXECUTION VERSION (2017-12-05)

21. Counterparts. This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original, and all of which together will constitute one and the same instrument. Delivery of an executed counterpart of this Agreement by facsimile, email or any other reliable means will be effective for all purposes as delivery of a manually executed original counterpart. Either party may maintain a copy of this Agreement in electronic form. The parties further agree that a copy produced from the delivered counterpart or electronic form by any reliable means (for example, photocopy, facsimile or printed image) will in all respects be considered an original.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the last date signed below.

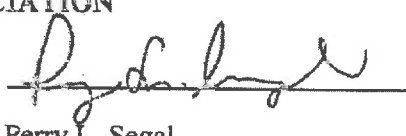
THE STATE BAR OF CALIFORNIA

By: 
Name: Leah T. Wilson

Title: Executive Director

Date: 12/5/17

CALIFORNIA LAWYERS
ASSOCIATION

By: 
Name: Perry L. Segal

Title: Co-Chair, Council of Sections

Date: 12-05-2017

By: 
Name: Mark Ressa

Title: Co-Chair, Council of Sections

Date: 12/05/2017

EXHIBIT A

ELIGIBLE LEASED EMPLOYEE LIST

Name	Title
HORAN, PATRICIA A	PROGRAM DIRECTOR I
FOLEY, BRIAN R.	WEB ADMINISTRATOR
ROBLEDO, KRISTINA M	SECTION COORDINATOR
MULLEN, MICHAEL C	SECTION COORDINATOR
BUELTER, JOHN A	SECTION COORDINATOR
AVILA, VICTORIA	SR ADMINISTRATIVE ASSISTANT
CASTILLO, ANA	ADMINISTRATIVE ASSISTANT II
TSAI, ANNIE	ADMINISTRATIVE ASSISTANT II

Following the public disclosure of this draft agreement, the State Bar will request that each individual employee listed above notify the State Bar whether he or she would elect to become a Leased Employee under this Agreement if executed and the State Bar will promptly share that information with CLA.