DEC 13 2013
HUMAN RESOURCES

# LEASE AGREEMENT

# (FIRESTONE BUILDING CONDOMINIUM UNIT AND FIRESTONE COURTYARD COMMON AREA AT THE FOX THEATRE COMPLEX)

by and between

FULLERTON SUCCESSOR AGENCY ("Landlord")

and

DRIPP, INC. ("Tenant")

Dated November 20, 2013

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# GLOSSARY

### LEASE

THIS LEASE AGREEMENT ("Lease") is made and entered into to be effective as of the day of November, 2013 ("Effective Date"), by and between the FULLERTON SUCCESSOR AGENCY, a public agency pursuant to Health and Safety Code section 34173 ("Successor Agency" or "Landlord"), and DRIPP, INC., a California corporation ("Tenant"). Landlord and Tenant are sometimes collectively referred to herein as the "parties" and individually as a "party."

### RECITALS

On or about October 19, 2004, Successor Agency's predecessor in interest, the Fullerton Redevelopment Agency ("RDA") and the Fullerton Historic Theater Foundation ("Foundation") entered into that certain Disposition and Development Agreement ("Original DDA"), as amended by that certain (i) First Amendment to Disposition and Development Agreement on or about September 19, 2006 ("First Amendment") and (ii) Second Amendment to Disposition and Development Agreement on or about August 5, 2009 ("Second Amendment"). The Original DDA, the First Amendment and the Second Amendment are collectively referred to as the "DDA." The DDA sets forth terms and conditions for the redevelopment of certain real property located on the northeast corner of Harbor Boulevard and Chapman Avenue in the City of Fullerton, defined in the Second Amendment as the "Site."

Pursuant to the Second Amendment, the RDA and Foundation approved and adopted that certain Condominium Plan Parcel Map No. 2009-138 recorded as Instrument No. 2011000050999 ("Condominium Plan") in the Official Records of Orange County, California. A copy of the Condominium Plan is Exhibit "A1" attached hereto for reference. Pursuant to the Second Amendment, the RDA and Foundation approved and adopted that certain Declaration of Covenants, Conditions and Restrictions and the Reservation of Easement for the Fox Theatre recorded as Instrument No. 2011000052374 ("CC&Rs") in the Official Records of Orange County, California.

As depicted in the Condominium Plan and described in the CC&Rs, the Site has been subdivided into five condominium units with common area. The location of the Site is more particularly depicted in <a href="Exhibit "A2" attached hereto and incorporated by reference,">Exhibit "A2"</a> attached hereto and incorporated by reference, and the location of the five condominium units and common area at the Site are more particularly depicted in <a href="Exhibit "A3" attached hereto and incorporated by reference.">Exhibit "A3"</a> attached hereto and incorporated by reference. As depicted in those attached exhibits, the five condominium units (collectively, the "five condominium units") are: (1) Unit 1 – the "Fox Theatre Condominium Unit"; (2) Unit 2 – the "Tea Room Building Condominium Unit"; (3) Unit 3 – the "Firestone Building Condominium Unit"; (4) Unit 4 – the "East Airspace (Theatre Addition) Condominium Unit"; and (5) Unit 5 – the "Parking Condominium Unit."

As depicted in <u>Exhibit "A3"</u>, the Firestone Building Condominium Unit consists of two freestanding buildings (herein, the "Firestone Buildings") that are more particularly defined in the Basic Lease Information in Article I, below. Additionally, as depicted in <u>Exhibit "A3"</u>, the common area includes common area bounded to the north by the Firestone Building Condominium Unit and Fox Theatre Condominium Unit, to the east by the Parking

Condominium Unit and Firestone Building Condominium Unit, to the south by Chapman Avenue, and to the west by Harbor Boulevard (herein, the "Firestone Courtyard Common Area"), as well as common area generally adjacent to the Fox Theatre Condominium Unit and Tea Room Building Condominium Unit, and bounded to the south by the Firestone Building Condominium Unit (herein, the "Fox Theatre Unit Front and Side Common Area").

Pursuant to the Second Amendment, the RDA was the owner in fee of the five condominium units except Unit 1 – Fox Theatre Condominium Unit, of which Foundation is the owner in fee. The RDA and Foundation had joint ownership interests in the common area, as more particularly described in the Condominium Plan and CC&Rs. For purposes of this Lease, the RDA was the owner in fee of the Firestone Building Condominium Unit and joint owner with the Foundation in an undivided proportionate interest in the Firestone Courtyard Common Area.

Pursuant to Section 6.3 of the Second Amendment, upon the completion of specified rehabilitation work for the Firestone Building Condominium Unit, the RDA had the obligation to lease or contract with a property management company to lease the commercial and retail spaces in the Firestone Building Condominium Unit according to terms and conditions more particularly set forth in the Second Amendment.

In June 2011, the California legislature passed Assembly Bill 26 of the 2011-12 First Extraordinary Session of the California Legislature ("ABx1 26"), which dissolved all redevelopment agencies in California. Effective February 1, 2012, ABx1 26 dissolved the RDA. By Resolution No. 2012-04, the City Council for the City of Fullerton designated Fullerton as the "successor agency" to the RDA upon the RDA's dissolution.

In June 2012, the California Legislature passed Assembly Bill 1484 ("AB 1484"), which substantively and technically amended provisions in the Health and Safety Code added by ABx1 26. Among other revisions, AB 1484 clarified that the "successor agencies" are separate public agencies from the host jurisdictions that assumed the rights and obligations of their former redevelopment agencies, and AB 1484 added provisions concerning former redevelopment agency properties and the inclusion of those properties in a "long-range property management plan" after a successor agency receives a "finding of completion" from the California Department of Finance ("DOF") confirming all remittance payments required under AB 1484 have been made to affected taxing entities. Among other authorized uses of former redevelopment agency property, a long-range property management plan may allow for the use of property to fulfill an "enforceable obligation" as defined in Health and Safety Code section 34171(d). DOF and the Oversight Board to the Successor Agency must review and approve a long-range property management plan for it to be effective under Health and Safety Code section 34191.5, added by AB 1484.

Pursuant to Health and Safety Code section 34173, added by ABx1 26 and amended by AB 1484, Successor Agency is the successor in interest by law of the RDA's real property interests, including the Firestone Building Condominium Unit and Firestone Courtyard Common Area.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

# ARTICLE 1. BASIC LEASE INFORMATION.

Each reference in the Lease to any of the Basic Lease Information shall mean the respective information set forth below, and such information shall be deemed incorporated as a part of the terms provided under the particular Lease Section pertaining to such information. In the event of any conflict between any Basic Lease Information and the Lease, the former shall control.

- 1.1 Project. That certain multi-building complex located at the Site identified in Exhibit "A2" and depicted in the Condominium Plan in Exhibit "A1" and described in the CC&Rs, and commonly known as and referred to herein as the "Fox Theatre Complex" or such other name as Landlord may select now or in the future for the project located on the northeast corner of Harbor Boulevard and Chapman Avenue in the City of Fullerton, County of Orange, and State of California.
- 1.2 Landlord. Fullerton Successor Agency, a public agency pursuant to Health and Safety Code section 34173 ("Successor Agency").
  - 1.3 Landlord's Address for Giving of Notices and Payment of Rent.

Attn: Fullerton Successor Agency

City of Fullerton

Attn: Executive Director/City Manager

303 W. Commonwealth Fullerton, CA 92832

With copy of notices to:

Rutan & Tucker, LLP 611 Anton Blvd., Suite 1400 Costa Mesa, CA 92626 Attn: Jeffrey M. Oderman, Esq.

- 1.4 Tenant. Dripp, Inc., a California corporation.
- 1.5 Tenant's Address for Giving of Notices.

Prior to Base Rent Commencement Date:

Attn: Rabih Sater Dripp, Inc.

4300 Edison Avenue Chino, CA 91710 After Base Rent Commencement Date:

Attn: Rabih Sater
Dripp, Inc.
4300 Edison Avenue
Chino, CA 91710

With copy of notices to:

Guy J. Gilbert, Esq. Carroll Gilbert & Bachor LLP 711 South Brea Boulevard Brea, CA 92821-5310

- 1.6 Premises. The Firestone Building Condominium Unit (which consists of the Firestone Buildings) and the Firestone Courtyard Common Area, as depicted by the shaded area in Exhibit "B1" and detailed depiction in Exhibit "B2", both of which are attached hereto and incorporated by reference. The address of the Premises is generally known as Suites 103-106 at 500-512 North Harbor Boulevard, Fullerton, CA 92832, consisting of approximately 4,399 square feet of commercial/retail space and 4,350 square feet for the outdoor courtyard area.
- 1.7 Firestone Buildings. Those certain two freestanding buildings that are the Firestone Building Condominium Unit. The Firestone Buildings are referred to herein as the "Harbor Boulevard Firestone Building," which shall be the Firestone Building fronting Harbor Boulevard (approximately 2,431 square feet, as depicted in Exhibit "B1"), and the "Chapman Avenue Firestone Building," which shall be the Firestone Building fronting Chapman Avenue (approximately 1,968 square feet, as depicted in Exhibit "B1").
- 1.8 Firestone Courtyard Common Area. That certain pedestrian-oriented common area, bounded to the north by the Firestone Building Condominium Unit and Fox Theatre Condominium Unit, to the east by the Parking Condominium Unit and Firestone Building Condominium Unit, to the south by Chapman Avenue, and to the west by Harbor Boulevard (as depicted in Exhibit "B1") which shall not be deemed a "common area" as defined in Sections 1.9 and 15.3.
- 1.9 Common Areas. All areas and facilities within the Project (exclusive of the Premises, the five condominium units, and other portions of the Project leased (or to be leased) exclusively to other tenants) that are from time to time made available for the general use, convenience and benefit of Landlord, Tenant, or other persons entitled to occupy space in the Project and/or their customers, patrons, employees and invitees, including, without limitation, automobile parking areas, driveways, sidewalks, open and enclosed courts and malls, landscaped and planted areas, canopies and gutters. For purposes of this Lease, "Common Areas" shall include the Fox Theatre Unit Front and Side Common Area (as described in the Recitals, above) and any other common areas designated as such in the Condominium Plan and CC&Rs, excluding the Firestone Courtyard Common Area. Landlord may, from time to time, adjust the size and configuration of the Common Areas as defined herein.

- 1.10 Tenant's Trade Name. Dripp, and any other designated sublessee's Trade Name, approved by Landlord in its reasonable discretion.
- Parking. Landlord shall make available for the non-exclusive use of Tenant's customers the 10 parking stalls on the Parking Condominium Unit that are closest to the breezeway between the Chapman Avenue Firestone Building and Fox Theatre Condominium Unit, as depicted and designated on Exhibit "C" as "Area A" (the "Area A Parking Spaces"). The Area A Parking Spaces will be restricted to short-term use. Tenant's customers and employees shall also have the non-exclusive right to utilize the parking spaces throughout the Parking Condominium Unit. Tenant acknowledges that the City of Fullerton (i) may construct a parking structure adjacent to the east boundary of the Project (the "Parking Structure"), and (ii) intends to expand the building commonly known as the Fox Theatre, located on the Fox Theatre Condominium Unit (the "Theatre"), and that said construction and expansion work will cause some interference (including, without limitation, construction traffic, noise and dirt) with Tenant's business operations. Landlord covenants that the construction and expansion work will not materially interfere with the operation of Tenant's business at the Premises, and Landlord shall use commercially reasonable efforts to cause the City to minimize such interference. Notwithstanding Section 15.3 or Section 15.4 regarding reciprocal parking and easement agreements, or any other section of this Lease concerning parking, Landlord shall, during and after completion of the construction of the Parking Structure and expansion of the Theatre, keep access to the Premises throughout the breezeway between the Chapman Avenue Firestone Building and Fox Theatre Condominium Unit open and unobstructed, and shall not block, occupy or otherwise interfere with the Area A Parking Spaces. Landlord further agrees to use commercially reasonable efforts to minimize interference with (a) the six (6) parking stalls located immediately to the north of the Area A Parking Spaces, as depicted and designated on Exhibit "C" as "Area B" (the "Area B Parking Spaces") until the earlier of such time as (I) construction of the Parking Structure has been completed, or (II) expansion work on the Theatre has commenced, and (b) the sixteen (16) parking stalls located to the east of the Area A Parking Spaces and Area B Parking Spaces, as depicted and designated on Exhibit "C" as "Area C" (the "Area C Parking Spaces") until such time as construction of the Parking Structure has been Tenant acknowledges and agrees that (x) at the earlier of such time as (1) construction of the Parking Structure has been completed, or (2) expansion work on the Theatre has commenced, the Area B Parking Spaces may be permanently eliminated, (y) at such time as construction of the Parking Structure has been completed, the Area C Parking Spaces may be permanently eliminated, and (z) at such time as construction of the Parking Structure has been completed, the drive aisle depicted and designated on Exhibit "C" as "Ingress and Egress" may be re-aligned or relocated to accommodate future uses of the Area C Parking Spaces.
- 1.12 Use of Premises. Tenant shall continuously use and occupy the Premises as follows: (i) The Harbor Boulevard Firestone Building shall be continuously used and occupied for a coffee bar known as Dripp Coffee Lounge ("Dripp"), for the sale and on-site and off-site consumption of coffee, coffee drinks, sandwiches, salads, pre-packaged and prepared snack foods, simple breakfast and snack hot foods such as oatmeal and microwavable snacks, deserts, desert foods, and ice cream, and for incidental and related services and amenities for customers and employees that consume on-site coffee, coffee drinks, deserts, desert foods, and ice cream; (ii) the Chapman Avenue Firestone Building shall be continuously used and occupied as a full-service, sit-down, table-service restaurant, which may serve non-alcoholic and alcoholic

beverages pursuant to any validly obtained permit and all applicable laws and regulation; and (iii) the Firestone Courtyard Common Area shall be continuously used and available for use for outdoor patio seating, including the serving of non-alcoholic and alcoholic beverages pursuant to any validly obtained permit and all applicable laws and regulations. The Premises shall be used solely for and as a commercial and retail business(es) that generate sale and use tax revenues with the City of Fullerton as the designated point of sale, and the commercial and retail business(es) shall be open no less than five days on any given week (Sunday through Saturday), for a minimum of eight hours of each day of operation. Subject to Tenant's failure to perform under this Lease, termination of this Lease, and any other exceptions herein, Landlord agrees not to lease space in those condominium units owned by Landlord to any other person or entity that is engaged in the same business, with the same or similar permitted uses as set forth in this section, as Tenant; provided, however, that Landlord shall have the right to lease, license, or otherwise allow the use of space in those condominium units owned by Landlord to other persons or entities for a banquet restaurant and similar large-event restaurant business or services. (Article 3)

- 1.13 Base Rent Payment Commencement Date. The date that is two hundred forty (240) days after the "Possession Delivery Date" (as that term is defined in Section 2.5.4 below).
- 1.14 Lease Term. Ten (10) years from the Base Rent Commencement Date, plus the Initial Contingency/Tenant Work Lease Period, plus any option periods duly exercised pursuant to this Lease. (Section 2.3)
- 1.15 Base Rent. Tenant shall pay to Landlord monthly rent ("Base Rent") for the use of the Premises in the amount of Three Dollars and Twelve Cents (\$3.12) per square foot, or Thirteen Thousand Seven Hundred Twenty-Five Dollars (\$13,725). Each payment of Base Rent hereunder is referred to as a "Rental Receipt." Commencing in the thirteenth (13<sup>th</sup>) full calendar month after the Rent Commencement Date, and on each thirteenth month thereafter, the Base Rent shall be increased by two percent (2%) of the then-current amount.

Landlord acknowledges that Tenant is funding the Tenant Infrastructure Improvements, which are estimated to cost approximately One Million Dollars (\$1,000,000), because Landlord lacks a source of funds to pay for the Tenant Infrastructure Improvements. As a result of Tenant funding the Tenant Infrastructure Improvements, Landlord has agreed to provide Tenant with a credit towards the Base Rent owed to Landlord pursuant to this Lease (the "Landlord Credit"). Subject to the fourth paragraph of this Section 1.15, an equal portion of the Landlord Credit will be applied to each payment of Base Rent.

Upon Tenant's completion of the Tenant Infrastructure Improvements, Tenant shall provide Landlord with copies of paid receipts and other documentation reasonably acceptable to Landlord evidencing the costs incurred by Tenant in completing the Tenant Infrastructure Improvements (collectively, the "Actual Tenant Costs"). Upon Landlord's receipt of such receipts and documentation, Landlord shall prepare a rent table (the "Base Rent Table") using the Actual Tenant Costs as the Landlord Credit, subject to the amounts individually and collectively set forth in the Landlord-approved Tenant's Work Costs, and applying an equal portion of the Landlord Credit to each payment of Base Rent. Upon Landlord and Tenant

initialing the Base Rent Table, the Base Rent Table shall be added to and incorporated into this Lease as Exhibit "D".

In the event the Rent Commencement Date occurs prior to the time (a) Tenant has completed the Tenant Infrastructure Improvements and (b) Tenant and Landlord have initialed the Base Rent Table, then for each such month (each, a "Pre-Base Rent Table Month"), Tenant shall pay monthly Base Rent in the amount of Thirteen Thousand Seven Hundred Twenty-Five Dollars (\$13,725), subject to the two percent (2%) annual increase described in the first paragraph of this Section 1.15. In such event, the Base Rent Table shall reflect the Rental Receipt amounts paid during the Pre-Base Rent Table Months, and any excess amounts paid during the Pre-Base Rent Table Months (e.g., amounts over and above the amounts that would have been paid under the Base Rent Table) shall be amortized over the remaining Rental Receipt amounts set forth in the Base Rent Table, as a reduction to such payments.

For example, if Tenant makes two monthly Rental Receipt payments of \$13,725 prior to the date the Base Rent Table is incorporated into this Lease, and under the Base Rent Table the Rental Receipt amount for those same two months would have been \$5,000, then the Base Rent Table will reflect the payment of \$13,725 for the first two months, and the \$17,450 (e.g., \$8,725 x2) in overpaid rent during those two months will be amortized over the remaining payments under this Lease.

The Rental Receipt for any partial month shall be prorated. The Rental Receipt amount shall be paid in addition to any other Rent required to be paid by Tenant as set forth in this Lease.

- 1.16 Tenant's Percentage of Operating Expenses. Tenant's percentage of Operating Expenses shall be ten and two tenths percent (10.2%), which is Tenant's percentage of the usable commercial and retail floor area of the Project. (Section 6.2)
  - 1.17 Base Year. 2013
  - 1.18 Security Deposit. None.
- 1.19 Guarantor(s) Name and Address. Rabih Sater, an individual, at the address listed prior to the Base Rent Commencement Date (above). The guarantee shall be in writing, executed by Rabih Sater, and in a form approved by Landlord in its reasonable discretion. The guarantee shall be executed by guarantor no later than 10 days after the Effective Date.
  - 1.20 Brokers. Landlord: None.

Tenant: CBRE, Inc.

1.21 Tenant's Liability Insurance Minimum Coverage. \$2,000,000.00

Tenant's Liability Insurance Maximum Deductible: \$1,000.00

Additional Insureds: Fullerton Successor Agency, City of Fullerton, and their officers, directors, employees, successors, assigns, and affiliates, as their interest may appear.

FOR CONVENIENCE, OTHER DEFINITIONS AND/OR THE LOCATION OF OTHER DEFINITIONS USED IN THIS LEASE ARE SET FORTH IN THE GLOSSARY ATTACHED TO THE END OF THIS LEASE.

### LEASE AGREEMENT

# TERMS AND CONDITIONS

#### ARTICLE 2. DEMISE AND RENT.

- 2.1 Demise. Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, upon and subject to the terms, covenants, provisions and conditions of this Lease Agreement (herein called the "Lease"), the Premises. Landlord hereby grants to Tenant, and Tenant hereby accepts from Landlord, upon and subject to the terms, covenants, provisions and conditions of this Lease, a non-exclusive right to use the Common Areas, subject to the provisions of Section 15.3 and 15.4 below and the Rules and Regulations attached hereto as Exhibit "E" and incorporated by reference.
- 2.2 The Premises (herein called "Premises") leased to Tenant are described in the Basic Lease Information, and depicted in Exhibits "B1" and "B2" attached hereto. The Premises are located in the Project. The depiction of possible uses or occupants of buildings in Exhibits "A1", "A2", "A3", "B1" and "B2" creates no warranty or representation that any or all of such uses or occupants will ever exist. When interpreting the Premises as described herein, the existing physical boundaries of the Premises as constructed or reconstructed, in accordance with the Condominium Plan, shall be conclusively presumed to be the actual boundary of the Premises rather than the description set forth in this Lease, regardless of settling or lateral movement of any building or structure and regardless of minor variances between boundaries as shown in this Lease. The provisions in the proceeding sentence are required to comply with Section 3.2 of the Second Amendment.
- Lease Term. Unless sooner terminated as provided herein, the term of this Lease (the "Lease Term") shall be for that period of years and months set forth in this Lease, as the same may be extended in accordance with any option or options to extend the Lease Term granted herein. JAN 1,2014 LEASE COTTENCEMENT
- Lease Term Commencement Date & Initial Contingency/Tenant Work Lease 2.4 Period. The Lease Term shall commence on the date that this Lease is fully executed by the parties, which date shall be inserted in the Preamble of this Lease ("Commencement Date"). The portion of the Lease Term between the Commencement Date and the Base Rent Commencement Date shall be the "Initial Contingency/Tenant Work Lease Period." Pursuant to Sections 6.3 and 8.3 of the Second Amendment, Landlord's Executive Director shall have the authority to execute this Lease on behalf of Landlord. Tenant's authorized representative shall execute this Lease on behalf of Tenant.

RENT COMMENCEMENT: 240 DAYS (8 MONTHS) 9.1.14

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- 2.4.1 Base Rent Commencement Date & Rent Payment Lease Period. The Initial Contingency/Tenant Work Lease Period shall expire on the date upon which Tenant has the obligation to pay Rent under this Lease ("Base Rent Commencement Date"), which is 240 days after the "Possession Delivery Date" (as that term is defined in Section 2.5.4 of this Lease). The period between the Base Rent Commencement Date and ten (10) years after that date shall be the "Rent Payment Lease Period." When the Base Rent Commencement Date has occurred, Landlord and Tenant shall execute a Rent Payment Commencement Date Memorandum in the form shown in Exhibit "F" attached hereto.
- **2.4.2 Extension Option(s).** Tenant may exercise the option(s) to extend the Lease Term as set forth in Lease Rider No. 1, attached hereto and incorporated herein.
- 2.5 Contingency Period; Delivery of Possession of Premises. Tenant shall obtain the necessary approvals and permits from the City and any other governing agencies (including those which oversee the modification of designated historical buildings) within one hundred eighty (180) days of the Commencement Date (the "Contingency Period").
- 2.5.1 Tenant's Right of Termination. If Tenant has not obtained such permits and approvals within said time frame, Landlord and/or Tenant, in their sole and absolute discretion, may terminate the Lease, in which event the parties shall be discharged from all further obligations hereunder, and neither party shall be entitled to damages, restitution, or any other form of monetary compensation except as provided in this Lease.
- 2.5.2 Environmental Review. For a period of sixty (60) days commencing on the Commencement Date (the "Environmental Review Period"), Tenant may undertake at Tenant's expense an inspection of the Premises, a review of the physical condition of the Property, including but not limited to, inspection and testing of soils, environmental condition of the Premises, Hazardous Substances, if any, and a review and investigation of the effect of any zoning, maps, permits, reports, engineering data, regulations, ordinances, and laws affecting the Premises. Tenant's inspection and testing, if any, shall be conducted according to the "Tenant's Environmental Due Diligence" agreement set forth in Exhibit "G" attached hereto and incorporated by reference. If Tenant disapproves of the results of the inspection and review, Tenant may elect, prior to the last day of the Environmental Review Period, to terminate this Lease by giving Landlord written notification prior to the last day of the Environmental Review Period. Notwithstanding the foregoing, Tenant's rights pursuant to this Section 2.5.2 shall automatically terminate on the Possession Delivery Date.
- 2.5.3 Tenant Waiver of Contingency Period. Tenant may elect to waive the contingency set forth above by delivering notice to Landlord in writing prior to the end of the one hundred twentieth (120th) day. In the event that Tenant has entered onto the Premises and/or commenced any Tenant Work or other pre-development or construction work on the Premises, Tenant at his sole cost and expense shall return the Premises to Landlord in the condition that existed on the Commencement Date.
- **2.5.4** Possession of Premises. Tenant shall have no right to possession of the Premises until Tenant has obtained all necessary approvals and permits set forth in Section 2.4 above, unless Tenant obtains from Landlord prior written approval to take possession of the

Premises, which approval may be granted or denied in Landlord's sole and absolute discretion. Tenant may exercise its right of early entry to the Premises, subject to the terms and conditions of this Lease. Upon receipt of written notification from Tenant that Tenant has either obtained all necessary approvals and permits or waived this contingency, Landlord shall deliver possession of the Premises to Tenant within five (5) business days. The date upon which Landlord delivers possession of the Premises shall be the "Possession Delivery Date."

- 2.5.5 Early Entry onto Premises. Prior to the Possession Delivery Date, Tenant may request of Landlord a right of entry onto the Premises upon written request to Landlord no less than one business day prior to the requested entry. Any request for a right of entry shall specify the dates of entry onto the Premises. Upon written approval by Landlord, Tenant and its authorized agents, contractors, subcontractors and employees shall be granted access by Landlord to enter upon the Premises, at Tenant's sole risk and expense, during ordinary business hours (7 a.m. -7 p.m.) for the purpose of conducting inspections, preparing any plans or specifications, and/or any pre-construction or pre-development work that may be necessary or beneficial for the completion of the Tenant's Work, the installation of Tenant's trade fixtures, furniture, equipment and other leasehold improvements in the Premises, or conducting Tenant's business, once Tenant takes possession of the Premises; provided, however, that (i) the provisions of this Lease, other than with respect to the payment of Base Rent, shall apply during such early entry, including, but not limited to, the provisions of Article 17 relating to Tenant's indemnification of Landlord and the provisions of Article 10 relating to Tenant's obligation to provide Landlord with insurance certificates and (ii) prior to any such entry, Tenant shall pay for and provide evidence of the insurance to be provided by Tenant pursuant to the provisions of Article 10.
- 2.6 Tenant's Work; Substantial Completion. Tenant shall complete or cause the completion of the Tenant's Work described in <u>Exhibit "H"</u>, attached hereto and incorporated herein by reference. Tenant shall substantially complete the Tenant's Work between the period commencing on the Possession Delivery Date and ending on the Base Rent Commencement Date (the "Tenant Work Period").

## **2.6.1** [INTENTIONALLY OMITTED]

2.6.2 Possession of Premises to Complete Tenant's Work. Tenant and its authorized agents, contractors, subcontractors and employees shall, during the Tenant Work Period, take possession of the Premises, at Tenant's sole risk and expense, for the purpose of completing the Tenant's Work, installing Tenant's trade fixtures, furniture, equipment and other leasehold improvements in the Premises, and conducting related pre-construction/predevelopment work in preparation of Tenant's business operations. Tenant shall perform the Tenant's Work, or cause the performance of Tenant's Work, during regular business hours only (7 a.m. – 7 p.m.). During the Tenant Work Period, (i) all provisions of this Lease, other than with respect to the payment of Base Rent, shall apply during such early entry, including, but not limited to, the provisions of Article 17 relating to Tenant's indemnification of Landlord and the provisions of Article 10 relating to Tenant's obligation to provide Landlord with insurance certificates and (ii) prior to any such entry, Tenant shall pay for and provide evidence of the insurance to be provided by Tenant pursuant to the provisions of Article 10.

- 2.7 Rent. The rents shall be and consist of the Base Rent and all other sums of money as shall become due from and payable by Tenant to Landlord under this Lease (herein called "Additional Rent"). For purposes of this Lease Agreement, Base Rent and Additional Rent are referred to collectively as "Rent."
- 2.7.1 Payment of Rent. Subject to the terms and conditions of this Lease, all Rent shall be payable in equal monthly installments in advance, due and payable no later than the first day of each and every calendar month during the Lease Term. Rent shall be paid in lawful money of the United States of America to Landlord at its office or such other place as Landlord shall designate by notice to Tenant. Tenant shall pay all Rent promptly when due without notice or demand and without any abatement, deduction or offset.
- 2.7.2 Suspension/Payment of Base Rent Payments. Base Rent shall be the amount indicated in the Basic Lease Information. Except as otherwise set forth in this Lease, Tenant shall have no obligation to pay Base Rent during the Initial Contingency/Tenant Work Lease Period. Commencing on the Base Rent Commencement Date, Tenant shall pay Base Rent with the Additional Rent in equal monthly installments in advance, due and payable no later than the first day of each and every calendar month during the Lease Term for which Base Rent is due.
- 2.7.3 Proration of Rent. If the Commencement Date occurs on a day other than the first day of a calendar month, any Rent due under this Lease for that partial calendar month shall be prorated as provided in Section 30.8.
- 2.7.4 Triple Net Lease. This Lease is a "triple net" lease. Tenant shall have the obligation to pay the property-related expenses for the Premises, as set forth in this Lease.
- 2.8 Late Charge. If Rent or any portion thereof remains unpaid five (5) calendar days after said amount is due, the amount of such unpaid Rent or portion thereof shall be increased by a late charge to be paid to Landlord by Tenant in an amount equal to ten percent (10%) of the amount of the delinquent Rent or portion thereof, or the maximum amount permitted by law, whichever is less. The provisions of this Section in no way relieve Tenant of the obligation to pay Rent or other payments on or before the date on which they are due, nor do the terms of this Section in any way affect Landlord's remedies pursuant to Article 21 of this Lease in the event Rent is past due.

### ARTICLE 3. USE.

- 3.1 Permitted Use. Tenant shall use the Premises only for the uses specified in Section 1.12 of the Basic Lease Information and for no other purpose.
- 3.2 Tenant Compliance with Legal Requirements. Tenant shall, at his sole cost and expense, promptly comply with all laws, statutes, ordinances, and governmental rules, regulations, or requirements now in force or which may hereafter be in force and with all Restrictions now or hereafter encumbering the Premises and the requirements of any board of fire underwriters or similar body now or hereafter constituted, relating to or affecting the condition, use, or occupancy of the Premises and the use of the Common Areas ("Legal Requirements"). If any governmental license or permit, including a certificate of occupancy,

shall be required for the proper and lawful conduct of Tenant's business on or in the Premises or any part thereof, Tenant, at his sole cost and expense, shall duly procure and thereafter maintain such license or permit and submit the same to Landlord for inspection. Tenant shall at all times comply with the terms and conditions of each such license or permit. Tenant shall keep the Premises in a clean and wholesome condition, free from any objectionable noise, music or other sound volumes, odors and fumes. Tenant shall not do or permit anything to be done in, on, or about the Project or bring or keep anything therein which will: (i) in any way obstruct or interfere with the rights of other tenants or occupants of the Project or any neighboring properties of the Project, or injure or unreasonably annoy them; (ii) use or allow the Project to be used for any unlawful purpose; (iii) cause, maintain or permit any nuisance; (iv) commit or allow the commission of any waste; (v) use or permit anything to be done which will in any way conflict with any law, statute, ordinance, or governmental rule or regulation applicable to Tenant now in force or which may hereafter be enacted or promulgated; (vi) be inconsistent with the image of a community and family-oriented commercial/retail area, as determined by Landlord in its reasonable discretion and based upon the uses envisioned in the Second Amendment; (vii) increase the rate of any insurance upon the Project, or portion thereof, for which Landlord procures insurance, or cause a cancellation of said insurance or otherwise affect said insurance in any adverse manner; and/or (viii) violate any covenant respecting radius, location, use or exclusivity contained in any other lease, private restriction, or other agreement related to the Project (provided, however, that if Tenant did not have prior notice of any such covenant, restriction or agreement, then any violation hereunder shall not constitute an Event of Default under this Lease until Tenant has been given written notice of such covenant, restriction or agreement and thereafter fails to cure such violation within the grace and cure period set forth in Section 21.1.3 below). The judgment of any court of competent jurisdiction or the admission of Tenant in an action against Tenant, whether Landlord be a party thereto or not, that Tenant has violated any Legal Requirements shall be conclusive of such violation as between Landlord and Tenant. Tenant shall use its best efforts to prevent any violation of Legal Requirements by its directors, officers, agents, employees, contractors, customers, invitees, subsidiaries, affiliates, subtenants, successors and/or assigns (collectively the "Tenant Parties").

- 3.3 Building & Structure Integrity. Except for installations that are in strict compliance with plans previously approved by the City, Tenant shall not grant to any person or entity any easement, license or other right to install tile, floor or wall covering within the Firestone Courtyard Common Area, or to install cabling, wiring, conduit, or any other item anywhere within the Premises without the prior written consent to Landlord and otherwise in accordance with the terms of this Lease, including without limitation the provisions of Article 12 hereof. Tenant shall not make structural changes unless related to or affected by: (i) alterations or improvements made by or for Tenant; (ii) Tenant's acts, or (iii) or otherwise required by this Lease. Tenant shall at all times during the Lease Term comply with any and all laws and regulations applicable to the Premises, the Fox Theatre Condominium Unit, and the Project as a designated historic site/historic resource, including but not limited to the State Historical Resources Act (Public Resources Code section 5020 et seq.).
- 3.4 Restrictions. Tenant agrees that this Lease is subject and subordinate to the Restrictions, as the same may now or hereafter exist, and that it will execute and deliver to Landlord within fifteen (15) days of Landlord's request therefor, any further documentation or instruments which Landlord deems necessary or desirable to evidence or effect such

subordination. Without limiting the provisions of this Section 3.4, Tenant shall throughout the Lease Term timely comply with all of the terms, provisions, conditions and restrictions of the Restrictions which pertain to, restrict or affect the Premises or Tenant's use thereof, or Tenant's use of any other area of the Project permitted hereunder, including the payment by Tenant of any periodic or special dues or assessments charged against the Premises or Tenant which may be allocated to the Premises or Tenant in accordance with the provisions of the Restrictions. Tenant agrees that it will subordinate this Lease to any other covenants, conditions and restrictions and any reciprocal easement agreements or any similar agreements which Landlord may hereafter record against the Premises and to any amendment or modification to any of the existing Restrictions, provided that such subordination does not unreasonably interfere with Tenant's use and enjoyment of the Premises.

- 3.5 Americans with Disabilities Act. Landlord and Tenant acknowledge that the Americans With Disabilities Act of 1990 (42 U.S.C. §12101 et seq.), related California laws, such as the Unruh Civil Rights Act (Civ. Code § 51 et seq.), and regulations and guidelines promulgated thereunder, as all of the same may be amended and supplemented from time to time (collectively referred to herein as the "ADA") establish requirements for business operations, accessibility, and barrier removal.
- 3.5.1 Subject to the provisions set forth in Section 3.5.2, Tenant shall be responsible for ADA compliance in and on the Premises, including any leasehold improvements or other work, including Tenant's Work, to be performed in the Premises under or in connection with this Lease. Landlord may perform, or require that Tenant perform, and Tenant shall be responsible for the cost of, ADA "path of travel" requirements triggered by alterations in the Premises. Landlord may perform, or require Tenant to perform, and Tenant shall be responsible for the cost of, ADA compliance in the Common Areas necessitated by Tenant's use of the Premises. Tenant shall be solely responsible for requirements under Title I of the ADA relating to Tenant's employees.
- 3.5.2 In the event Tenant is required, in order to comply with the ADA, to retrofit on-site improvements around the street-adjacent perimeter of the Firestone Courtyard Common Area that were completed in late 2012, Landlord shall pay the costs for retrofitting those improvements required for ADA compliance that exceed \$5,000; provided, however, that Landlord shall have no obligation to pay any such costs for ADA compliance that exceed \$10,000.
- 3.6 Hazardous Substances. Tenant shall not cause or permit the release, discharge, or disposal nor the presence, use, transportation, generation, or storage of any Hazardous Material (as defined below) in, on, under, about, to, or from the Premises or Common Areas by either Tenant or any Tenant Parties. Tenant further agrees and covenants to Landlord, its employees, property managers, independent contractors, affiliates, shareholders, directors, members, partners, and officers (collectively the "Landlord Parties") that: (i) Tenant and all Tenant Parties shall comply with all Environmental Laws (as defined below) in effect, or that may come into effect, applicable to the Tenant or Tenant's use and occupancy of the Premises; (ii) Tenant shall immediately notify Landlord, in writing, of any existing, pending or threatened (a) investigation, inquiry, claim or action by any governmental authority in connection with any Environmental Laws relating to the Premises or Project of which Tenant receives notice,

(b) third party claims relating to the Premises or Project of which Tenant receives notice, (c) regulatory actions relating to the Premises or Project of which Tenant receives notice; and/or (d) contamination of the Premises or Project; (iii) Tenant shall, at Tenant's sole cost and expense, investigate, monitor, remediate, and clean up any Hazardous Material or other environmental condition on, about, or under the Premises or Project, which exists as a result of Tenant's or any Tenant Parties' use or occupancy of the Premises; (iv) Tenant shall keep the Project free of any lien imposed pursuant to any Environmental Laws; and (v) Tenant shall indemnify, defend, and hold harmless Landlord and all Landlord Parties for, from and against any and all claims (including personal injury, real, or personal property damage), actions, judgments, damages, penalties, fines, costs, liabilities, interest, or attorney fees that arise, directly or indirectly, from Tenant's or any Tenant Parties' violation of any Environmental Laws or the presence of any Hazardous Materials on, under or about the Premises or Project caused or permitted by Tenant or any Tenant Parties. The Tenant's obligations, responsibilities, and liabilities under this Section shall survive the expiration or termination of the Lease. purposes of this Section the following definitions apply: "Hazardous Materials" shall mean: (1) any "hazardous waste" and/or "hazardous substance" defined pursuant to any Environmental Laws; (2) asbestos or any substance containing asbestos; (3) polychlorinated biphenyls; (4) lead; (5) radon; (6) pesticides; (7) petroleum or any other substance containing hydrocarbons; (8) any substance which, when on the Project, is prohibited by any Environmental Laws; (9) petroleum; and (10) any other substance, material, or waste which, (i) by any Environmental Laws requires special handling or notification of any governmental authority in its collection, storage, treatment, or disposal or (ii) is defined or classified as hazardous, dangerous or toxic pursuant to any legal requirements. "Environmental Laws" shall mean any and all federal, state and local laws, statutes, codes, ordinances, regulations, rules or other requirements, relating to human health or safety or to the environment, including, but not limited to, those applicable to the storage, treatment, disposal, handling and release of any Hazardous Materials, all as amended or modified from time to time. Notwithstanding the foregoing, Tenant shall have the right, without obtaining prior written consent of Landlord, to utilize within the Premises standard office products that may contain Hazardous Materials (such as photocopy toner, "White Out", and the like), provided, however, that (i) Tenant shall maintain such products in their original retail packaging, shall follow all instructions on such packaging with respect to the storage, use and disposal of such products, and shall otherwise comply with all applicable laws with respect to such products, and (ii) all of the other terms and provisions of this Section 3.6 shall apply with respect to Tenant's storage, use and disposal of all such products.

3.7 Nondiscrimination. Tenant herein covenants by and for itself, and its successors and assigns, and all persons claiming under or through it, and this Agreement is made and accepted upon and subject to the following conditions: That there shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in subdivision (1) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the leasing, subleasing, transferring use, occupancy, tenure or enjoyment of the premises herein leased nor shall the Tenant itself, or any person claiming under or through the Tenant, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, Tenants, sublessees, subtenants or vendees in the premises herein. The foregoing provisions shall be binding upon Tenant and any transferees or assignees of either of them.

3.8 Foundation Consent Required for All Tenant Uses. Tenant acknowledges and agrees that the consent of the Foundation, as owner of an indivisible interest in the common areas appurtenant to the Fox Theatre Condominium Unit, shall be required for Tenant's exclusive use of the Firestone Courtyard Common Area and use of other Common Areas in the Project, as authorized under this Lease. Tenant's rights under this Lease as they pertain to the Firestone Courtyard Common Area and the other Common Areas shall be inoperative and of no force and effect unless and until Foundation executes the Foundation Consent Form, in a form substantially similar to <a href="Exhibit">Exhibit "I"</a> attached hereto and incorporated herein by reference. Landlord shall in good faith and with reasonable diligence obtain the Foundation's consent and execution of the Foundation Consent Form.

# ARTICLE 4. ACCEPTANCE AND MAINTENANCE OF PREMISES & TENANT INFRASTRUCTURE IMPROVEMENTS THEREOF.

- 4.1 Acceptance of Premises. Tenant accepts the Premises in an "as is/where is" condition, and Landlord shall have no obligation to alter, remove, improve, decorate, or paint the Premises or any part thereof. Tenant acknowledges that neither Landlord nor any Landlord Parties has made any representations or warranties as to the suitability or fitness of the Premises for the conduct of Tenant's business, including, but not limited to, any representations or warranties regarding zoning or other land use matters, or for any other purpose. Neither Landlord nor any Landlord Parties has agreed to undertake any alterations or additions or construct any Tenant's Work to the Premises. Except as otherwise set forth in this Lease, no representations respecting the condition of the Premises or the Project have been made by Landlord to Tenant.
- Landlord's Maintenance Obligations for Premises. Tenant shall maintain in good condition and repair the Premises, including but not limited to the roofs of the Firestone Buildings to ensure the roofs are watertight, the exterior structure and walls and windows of the Firestone Buildings, the Firestone Courtyard Common Area, and the HVAC/electrical systems that service the Premises. Landlord shall not be required to make any repairs to the items specified above; provided, however, Tenant may submit a request in writing to Landlord for such repair, and Landlord shall have, in its sole and absolute discretion, the right to accept or deny the Tenant's request. If the request is accepted, Landlord shall have a reasonable period of time thereafter to commence and complete said repair, if warranted, as determined in Landlord's reasonable discretion. The cost of any of the foregoing maintenance and repairs borne by Tenant or Landlord as provided for in this Section 4.2 (hereafter, "Building Expenses") shall be paid by Tenant. In the event a maintenance contractor is called for repair or maintenance applicable and charged to a particular condominium unit, Landlord shall have the right to require such tenant (including Tenant) to bear such expense directly. In the event any of the foregoing repairs are made on a regular ongoing basis, such as through a maintenance or service contract, by Landlord after accepting a request to do so by Tenant, Landlord shall have the right to collect such amounts in advance on a monthly basis, in which event Landlord shall furnish Tenant with a written statement setting forth Tenant's Pro Rata Share (as set forth in Section 6.2 of this Lease) of the estimated maintenance and service costs on a calendar year basis. Thereafter, Tenant shall pay to Landlord as Additional Rent on the first day of each calendar month, an amount equal to one-twelfth of the amount of Tenant's Pro Rata Share of such annual maintenance and service costs, until Landlord provides a recalculation of such amount to Tenant. In such event, the procedures set forth in Article 6 regarding the treatment of estimating and reconciling Operating

Expenses shall apply to the foregoing estimated payments. Landlord's obligation to repair and maintain hereunder shall be limited to the cost of effecting such repair and maintenance and in no event shall Landlord be liable for any costs or expenses in excess of said amounts, including but not limited to any consequential damages, opportunity costs or lost profits incurred or suffered by Tenant. Tenant waives the right to make repairs at Landlord's expense under Sections 1941 and 1942 of the California Civil Code, and under all other similar laws, statutes or ordinances now or hereafter in effect.

- Tenant's Maintenance Obligations for Premises. Except for any maintenance 4.3 and repair request accepted by Landlord, in its sole and absolute discretion, pursuant to Section 4.2 above, Tenant shall, at all times during the Lease Term, and at Tenant's sole cost and expense, keep, repair, and maintain the Premises (including, without limitation, any and all Tenant's Work, the entryways and storefront areas to the Firestone Buildings, and the Firestone Courtyard Common Area) in good and "first-class" order, condition and repair, which obligation shall include, without limitation, the obligation to maintain, repair and replace as necessary on the Premises: (i) floor coverings; (ii) wall coverings; (iii) paint; (iv) casework; (v) ceiling tiles; (vi) sprinkler and sprinkler heads; (vii) HVAC, electrical, plumbing and mechanical fixtures; (viii) window coverings; (ix) lights and ballasts; (x) locks and hardware; (xi) all of Tenant's Property (as defined in Section 14.2 herein); (xii) any and all Tenant's Work and Alterations (as defined in Section 13.1); (xiii) window glass and door glass (including any replacement thereof and periodic washing of the interior and exterior of such glass surfaces); (xiv) interior walls, storefront, doors and roll up doors; (xv) public and private restrooms, and (xvi) Tenant's signage. Tenant shall repair any damage caused to any portion of the Premises by natural elements or as a result of any criminal acts such as robbery, burglary or vandalism.
- 4.4 Tenant Infrastructure Improvements/Tenant's Work. Tenant shall complete or cause to be completed the Tenant's Work. A description of the infrastructure improvements to be performed by Tenant ("Tenant's Work") and the terms under which they are to be completed is attached hereto as <a href="Exhibit">Exhibit "H"</a>. For purposes of this Lease, the term "Tenant Infrastructure Improvements" shall mean the Tenant's Work as described in <a href=""H"</a>.

# ARTICLE 5. COMMON AREA MAINTENANCE; OPERATING EXPENSES AND TAXES.

5.1 Common Area Maintenance. Landlord shall, subject to receiving Tenant's payment of Operating Expenses as defined in Section 5.2 below and subject to Article 18, maintain in good condition and repair the Common Areas (excluding the Firestone Courtyard Common Area). Landlord's obligation to maintain the Common Areas, as set forth in this Lease, shall include maintenance and repair in the Common Areas (excluding the Firestone Courtyard Common Area) of: (i) floor coverings; (ii) wall coverings; (iii) paint; (iv) casework; (v) ceiling tiles; (vi) sprinkler and sprinkler heads; (vii) window coverings; (viii) lights and ballasts; (ix) locks and hardware, (x) landscaping (including replacement thereof), (xi) landscaping sprinkler systems, (xii) walkways, (xiii) public restrooms, and (xiv) electrical, plumbing, and mechanical fixtures. The cost of any maintenance and repairs on the part of Landlord provided for in Section 4.2 shall be considered part of Operating Expenses and paid by Tenant in the manner set forth in this Article 5, except that repairs which Landlord deems arise out of any act or omission of Tenant or any Tenant Parties shall be made at the immediate expense of Tenant.

Landlord's obligation to repair and maintain hereunder shall be limited to the cost of effecting such repair and maintenance and in no event shall Landlord be liable for any costs or expenses in excess of said amounts, including but not limited to any consequential damages, opportunity costs or lost profits incurred or suffered by Tenant.

- 5.2 Operating Expenses. For the purpose of this Lease, except as otherwise excluded pursuant to Section 5.3 below, the term "Operating Expenses" shall mean all expenses paid or incurred by Landlord (or on Landlord's behalf) as reasonably determined by Landlord to be necessary or appropriate for the efficient use, operation, maintenance, repair and replacement of the Project, together with other expenses as described below, including without limitation:
  - (a) All costs and expenses to Landlord in maintaining fire and extended coverage insurance, including an all risk endorsement on the property, public liability, fidelity, rent loss insurance, difference in conditions, and any other insurance maintained by Landlord covering the use and operation of the Project, and the part of any claim required to be paid under the deductible portion of any insurance policies carried by Landlord in connection with the Project (all such insurance shall be in such amounts as Landlord may reasonably determine);
  - (b) All costs and expenses to Landlord in providing standard services and utilities to the Common Areas (excluding the Firestone Courtyard Common Area, which shall be costs and expenses of Tenant), including janitorial and day-porter services, and the cost of all charges for gas, steam, electricity, heat, air conditioning, ventilation, water, lighting and other utilities together with any taxes thereon not separately metered; together with the costs of replacement of common area lighting and signage bulbs, fluorescent tubes, ballasts and other lighting components and fixtures, which Landlord shall have the exclusive right to provide at Landlord's option and install at Tenant's sole cost and expense;
  - All costs and expenses incurred by Landlord in operating, managing (including administrative costs), maintaining, repairing, and/or replacing the Common Areas (excluding the Firestone Courtyard Common Area) of the Project as Landlord shall deem necessary, including without limitation: (i) all sums expended in connection with the Project for general maintenance and repairs, resurfacing, painting, restriping, cleaning, sweeping, window washing, maintenance and repair of exterior speaker systems, sidewalks, curbs, Project signs, Project lighting, sidewalks, curbs, landscape sprinkler systems, landscaping plumbing, plumbing serving the Project, planting and landscaping; (ii) cost of all tools, equipment and supplies and personnel to implement such services and to generally monitor and maintain the Project; (v) rental and/or depreciation of machinery and equipment used in such maintenance and services; (vi) security and fire protection services; (vii) trash removal and pest control services; (viii) establishment of reasonable reserves for replacements and/or repairs to Common Areas (excluding the Firestone Courtyard Common Area); (ix) with respect to any capital improvements,

repairs or replacements partially paid for by reserves, the remaining cost of any such capital repairs and replacements made by or on behalf of Landlord to the Project, net of any reserves applied thereto; (x) the cost of any capital repairs and replacements made by or on behalf of Landlord for which no reserves were collected to the extent of the amortized cost thereof over the useful life thereof calculated at a market cost of funds at the time the expense is incurred, all as reasonably determined by Landlord; (xi) costs incurred in connection with compliance with laws (other than building codes in effect at the time of construction of the Building) or changes in laws applicable to the Project; (xii) premiums and other costs for workers' compensation insurance, salaries, wages, withholding taxes, social security taxes, medical, surgical, union and general welfare benefits (including without limitation, group life insurance) of employees of Landlord or Landlord's property manager engaged in the repair, maintenance and operation of the Project; (xiii) personal property taxes, fees for required licenses and permits, supplies and charges; (xiv) alterations or improvements including, without limitation, repair or replacement of furnishings, fixtures, accessories, floor coverings and painting; (xv) reasonable costs incurred by accountants, attorneys or other experts or consultants incurred in connection with operation, maintenance or management of the Project (including property management and/or administrative fees); (xvi) all other costs incurred by Landlord under Section 4.2 above; and (xvii) all other charges allocable to the operation, maintenance and repair of the Project.

5.3 Exclusions From Operating Expenses. Operating Expenses shall not include: (i) depreciation or amortization (except as otherwise provided in this Lease); (ii) interest on and amortization of debts (except as otherwise provided in this Lease); (iii) Tenant's Work (Exhibit "H"); (iv) leasing commissions, attorneys' fees and other expenses incurred in connection with this Lease and with leasing, renovating, or improving space for Tenant or other tenants or prospective tenants or occupants of the Project; (v) costs associated with the defense of Landlord's title to or interests in the Project; (vi) refinancing costs for the Premises; (vii) the cost of any work or services performed specifically for any occupants of any of the five condominium units and/or leased space in Project (including the Premises leased to Tenant), whether at the expense of Landlord or such occupants, to the extent that such work or services is in excess of the work or services which Landlord makes available to Tenant and other tenants generally or is required to furnish to Tenant under this Lease; (viii) damages recoverable from Landlord by Tenant or other tenants or prospective tenants or occupants of the Project; (ix) costs and expenses incurred by Landlord exclusively for the benefit of Tenant or other specific tenants or prospective tenants or occupants of the Project; (x) advertising and promotional expenses for Tenant's business and use, provided, however, that advertising and promotional expenses for uses, events, and all businesses located at the Project may be Operating Expenses, at the sole and absolute discretion of Landlord; (xi) fines or penalties incurred due to violations by Landlord of governmental laws, regulations, rules and/or court orders; (xii) all overhead, costs and expenses associated with the operation of Landlord's general day-to-day operations, as distinguished from costs and expenses associated specifically with the operation of the Project, such as, without limitation, accounting and legal fees, costs and expense of defending or prosecuting litigation not related to the Project, provided, however that costs and expenses incurred from the selling or other disposition of Landlord's interest in the Project may be Operating Expenses, at the sole and

absolute discretion of Landlord; (xiii) any items of expense as to which the Landlord is reimbursed by means other than Operating Expense payments by Tenant, such as through warranties, guaranties, insurance proceeds or litigation against the party who wrongfully caused the expense; (xiv) services, items and benefits for which Tenant specifically reimburses Landlord or for which Tenant pays third persons; (xv) costs of restoration or repair of all or any portion of the Premises as a result of total or partial destruction or condemnation thereof, such costs to be handled pursuant to Article 18 of this Lease; and (xvi) Landlord's contributions to charitable organizations.

5.4 Taxes. The term "Taxes" shall include (i) all real and personal property taxes, assessments, exactions, rates, duties and any other charges of any kind or nature, levied or imposed by any governmental authority with respect to the Project, and any improvements, fixtures and equipment located therein or thereon, and with respect to all other property of Landlord, real or personal, used in connection with the operation of the Project or any obligation to any governmental entity assessed upon Landlord as a result of its ownership or operation; (ii) any tax in lieu of a real property tax; (iii) any tax or excise levied or assessed by any governmental authority on the rentals payable under this Lease or rentals accruing from the use of the Project; (iv) any tax or excise imposed or assessed against Landlord which is measured or based in whole or in part on the capital employed by Landlord to improve the Project or to construct the Premises; (v) any assessments, levies or charges imposed by any quasi governmental authority, association, declarant, or similar entity pursuant to any covenant, restriction or other encumbrance upon or relating to the Project; (vi) any taxes, supplemental taxes, assessments, reassessments or other levies arising out of the improvement of the Project, or arising from any revaluation of all or any portion of the Project due to sale or otherwise; and (vii) all reasonable costs and expenses incurred by Landlord in contesting or negotiating any "Taxes" (as defined in clauses (i)-(vi) above) with any governmental authority if Landlord, in its reasonable discretion, elects to contest or negotiate the same. Notwithstanding the foregoing, Taxes shall not include federal or state corporate or personal income taxes levied upon Landlord. In accordance with Revenue and Taxation Code Section 107.6(a), Landlord notices Tenant that by entering into this Lease, a possessory interest subject to assessment and collection of property taxes may be created. Tenant or other party in whom the possessory interest is vested may be subject to the payment of property taxes levied on such interest.

### ARTICLE 6. PAYMENT OF OPERATING EXPENSES AND TAXES.

- 6.1 Operating Year. As used in this Article 6, the term "Operating Year" shall mean each calendar year of the Lease Term, and in the event this Lease begins or ends on any date other than the first day of the calendar year, the calculations, costs and payments referred to herein shall be prorated as provided in Section 30.8.
- 6.2 Tenant's Pro Rata Share. Throughout the entire Lease Term, Tenant shall pay, as Additional Rent, the Tenant's Pro Rata Share of the Operating Expenses and Taxes. If in any Operating Year Tenant occupies the Premises or any portion thereof for less than the full Operating Year, Tenant's Pro Rata Share of Operating Expenses and Taxes shall be prorated accordingly. "Tenant's Percentage" shall mean a percentage, the numerator of which is the usable commercial and retail floor area (square feet) of the Premises and the denominator of which is the total usable commercial and retail floor area (square feet) of the Project, whether or

not such area of the Project is actually rented. The Tenant's Percentage is specified in Section 1.16 of the Basic Lease Information. The Tenant's Percentage may be changed from time to time to reflect any change in the total usable commercial and retail floor area (square feet) of the Project. "Tenant's Pro Rata Share" shall mean Tenant's Percentage multiplied by the total Operating Expenses and Taxes for the applicable Operating Year. Landlord shall have the right to create different funding pools/accounts for Operating Expenses based upon services provided to particular tenants or occupants in the Project (such as allocating costs within tenants in the Firestone Buildings), in which event Tenant's Percentage shall be adjusted for purposes of any funding pool/account of Operating Expenses in which Tenant is included based on the total number of usable commercial and retail floor area (square feet) of the tenants or occupants in the Project included in such funding pool/account.

- 6.3 Written Statement of Estimate. Prior to each Operating Year or portion thereof during the Lease Term, Landlord shall deliver to Tenant a written statement setting forth Tenant's Pro Rata Share of the estimated Operating Expenses and Taxes for the next Operating Year or portion thereof. Tenant shall pay to Landlord, as Additional Rent, commencing on the first day of the first month after the Commencement Date, and thereafter on the first day of each calendar month, the prorated amount of Operating Expenses and Taxes for the remaining calendar year. Thereafter, on January 1 of the first full Operating Year after the Commencement Date, and thereafter on the first day of each calendar month, Tenant shall pay to Landlord, as Additional Rent, an amount equal to one-twelfth of the amount of Tenant's Pro Rata Share of such Operating Expenses and Taxes. In the event Landlord delivers the written statement late, Tenant shall continue to pay to Landlord an amount equal to one-twelfth of Tenant's Pro Rata Share of the Operating Expenses and Taxes for the immediately preceding Operating Year until Landlord furnishes the written statement, at which time Tenant shall pay the amount of any excess of the Tenant's Pro Rata Share for the expired portion of the current Operating Year over the Tenant's actual payments during such time; any excess payments by Tenant shall be credited to the next due payment of Additional Rent from Tenant. The late delivery of any written statement by Landlord shall not constitute a waiver of Tenant's obligation to pay its percentage of the Operating Expenses and Taxes, nor subject the Landlord to any liability, but Landlord shall use reasonable efforts to deliver such written statements of Operating Expenses and Taxes as soon as reasonably possible.
- 6.4 Re-estimations. At any time and from time to time during the Lease Term, Landlord may furnish Tenant with written notice of a re-estimation of the annual Operating Expenses and Taxes to reflect more accurately Landlord's most recent estimate of the current Operating Expenses and Taxes. Commencing with the first day of the calendar quarter following delivery of such notice to Tenant, and continuing on the first day of each calendar month during the Lease Term (until subsequently re-estimated), Tenant shall pay to Landlord one-twelfth (1/12th) of the Tenant's Pro Rata Share of the estimated Operating Expenses and Taxes, as reestimated.
- 6.5 Annual Adjustments. Within a reasonable time following the end of each Operating Year during the Lease Term, Landlord shall furnish to Tenant an itemized statement setting forth the total Operating Expenses and Taxes for the preceding Operating Year, the amount of Tenant's Pro Rata Share of such Operating Expenses and Taxes and the payments made by Tenant with respect to such Operating Year. If Tenant's Pro Rata Share of the actual

Operating Expenses and Taxes for the previous Operating Year exceeds the payment so made by Tenant, based on the Landlord's estimate, Tenant shall pay Landlord the deficiency within thirty (30) days after receipt of said statement. If said payments by Tenant, based on Landlord's estimate, exceed Tenant's Pro Rata Share of the actual Operating Expenses and Taxes, Landlord shall credit the amount of such overpayment against Tenant's next Operating Expense and Tax payment due; or, if the Lease has expired or terminated, Landlord shall refund such amount to Tenant within thirty (30) days after the date of such estimate, subject to set-off by Landlord against any sums then due Landlord by Tenant.

- Tenant Examination. Tenant may during business hours, upon at least five (5) business days advance written notice to Landlord, examine any invoices, receipts, canceled checks, vouchers or other instruments used to support the figures shown on the statement of Tenant's estimated Pro Rata Share of Operating Expenses and Taxes; provided, however, that Tenant shall only be entitled to such an examination once in each Operating Year. Tenant must provide Landlord with written notice of its intent to conduct an examination within sixty (60) days after receipt of a statement of Tenant's estimated Pro Rata Share of Operating Expenses and Taxes. The examination must be conducted within one hundred twenty (120) days after receipt of such statement, and the examination shall not be conducted by anyone who is engaged on a contingent fee basis to represent Tenant or who is a competitor of Landlord. Property managers and commercial building owners shall be deemed competitors of Landlord. conducting the examination on behalf of Tenant shall enter into a confidentiality agreement reasonably satisfactory to Landlord. In the event the examination discovers an overcharge in excess of five percent (5%) of the Operating Expense payments during the Operating Year covered by the examination, Landlord shall reimburse Tenant for the actual out-of-pocket costs reasonably incurred by Tenant due to the examination. In the event the examination fails to discover an overcharge in excess of five percent (5%) of the Operating Expense payments during the Operating Year covered by the examination, Tenant shall reimburse Landlord for the actual costs reasonably incurred by Landlord due to the examination.
- Disputes. Each statement of Tenant's estimated Pro Rata Share of Operating 6.7 Expenses and Taxes given by Landlord pursuant to this Article shall be conclusive and binding upon Tenant unless within the earlier to occur of (i) fifteen (15) days after Tenant completes any examination under Section 6.6 above, or (ii) sixty (60) days after the receipt of such statement, Tenant notifies Landlord that it disputes the correctness of the statement, specifying the particular respects in which the statement is claimed to be incorrect. The parties shall seek to mutually resolve and settle such dispute within ninety (90) days after Tenant has delivered notice of such dispute to Landlord; if such dispute shall not have been settled by agreement within such 90-day period, either party may thereafter pursue its available legal remedies. Tenant hereby agrees that a dispute over the statement or any good faith error by Landlord in interpreting or applying Article 5, Article 6, or otherwise calculating the amounts in the statement, shall not be an Event of Default or Breach of this Lease by Landlord. If any legal proceeding over the statement is resolved against Landlord, this Lease shall remain in full force and effect, Landlord shall not be liable for any damages (including consequential and punitive damages), and Landlord shall pay to Tenant, as Tenant's sole and exclusive remedy under this Lease for the dispute over the statement, the amount of Tenant's overpayment of Additional Rent resulting from compliance with the statement. If any legal proceeding over the statement is resolved against Tenant, this Lease shall remain in full force and effect, Tenant shall not be liable for any

damages (including consequential and punitive damages), and Tenant shall pay to Landlord, as Landlord's sole and exclusive remedy under this Lease for a dispute over the statement, the amount of Tenant's underpayment of Additional Rent resulting from compliance with the statement.

6.8 Payment. If an Operating Year ends after the expiration or termination of this Lease, the Additional Rent in respect thereof payable under this Article shall be paid by Tenant within ten (10) days of its receipt of the itemized statement for such Operating Year; or, if applicable, Landlord shall deliver any excess amount paid by Tenant concurrently with such itemized statement.

# ARTICLE 7. SUBORDINATION, NOTICE TO SUPERIOR LESSORS AND MORTGAGEES.

- 7.1 Subordination. At the election of Landlord or any ground lessor of the land on which the Premises are located, mortgagee of the Project or any portion thereof (including the Premises), or any deed of trust beneficiary encumbering the Project or any portion thereof (including the Premises) (each hereinafter singularly or collectively a "Mortgagee"), this Lease shall be subject and subordinate at all times to any such ground lease, mortgage or deed of trust which may now exist or hereafter be executed (each hereafter a "Mortgagee"). Landlord or any Mortgagee shall have the right, at its sole and absolute discretion, to subordinate or cause to be subordinated any Mortgage to this Lease. This Section shall be self-operative upon the written election of Landlord or any Mortgagee, and no further instrument of subordination shall be required; however, in confirmation of any such subordination, Tenant shall execute, acknowledge and deliver to Landlord or any Mortgagee, within fifteen (15) days after written demand therefor, an instrument that Landlord or any Mortgagee may reasonably request to evidence such subordination, provided that such subordination further confirms the attornment and non-disturbance protection set forth in Section 7.2 below.
- Nondisturbance and Attornment. If Landlord's interest in the Premises is 7.2 acquired by any Mortgagee, Tenant shall, notwithstanding any subordination, attorn to and become the Tenant of the successor in interest to Landlord and recognize such successor in interest as the Landlord under this Lease. No subordination or attornment shall permit material interference with Tenant's rights under this Lease, and any Mortgagee or successor in interest to Landlord shall recognize Tenant and its permitted successors and assigns as the tenant of the Premises and shall not disturb Tenant's right to quiet possession of the Premises during the Lease Term so long as no Event of Default has occurred or is continuing under this Lease. In the event that a Mortgagee or any successor in interest to Landlord notifies Tenant of a default under the Mortgage and demands that Tenant pay its Rent and all other sums due under this Lease to the Mortgagee or successor in interest to Landlord, Tenant shall honor such demand without inquiry and pay its Rent and all other sums due under this Lease directly to the Mortgagee or successor in interest to Landlord pursuant to such notice and shall not thereby incur any obligation or liability to Landlord in connection with any such payments made. This Section shall be self-operative, and no further instrument of attornment or nondisturbance shall be required; provided, however, in confirmation of any attornment, Tenant shall execute, acknowledge and deliver to Landlord or any Mortgagee, within fifteen (15) days after written demand therefor, an instrument that Landlord or any Mortgagee may reasonably request to

evidence such attornment, provided that such attornment further confirms the nondisturbance protection set forth herein.

- Mortgagee Protections. Once Tenant has received written notice identifying the name and address of any Mortgagee, Tenant shall notify such Mortgagee by certified mail, return receipt requested, with postage prepaid, of any default on the part of Landlord under this Lease, and Tenant further agrees that, notwithstanding any provisions of this Lease, no cancellation or termination of this Lease and no abatement or reduction of the Rent payable hereunder shall be effective unless the Mortgagee has received notice of the same and shall have failed within a reasonable period of time (in no event more than sixty (60) days after notice thereof to such Mortgagee) to commence to cure such default and thereafter diligently prosecute such cure to completion, and if the Mortgagee needs to obtain possession of the Premises to cure such default, to allow the Mortgagee to obtain possession of the Premises provided the Mortgagee commences judicial or non-judicial proceedings to obtain possession within such period and thereafter diligently prosecutes such efforts and cure to completion. It is understood that the Mortgagee shall have the right, but not the obligation, to cure any default on the part of Landlord. Tenant agrees that if a Mortgagee shall succeed to the interest of Landlord under this Lease, neither the Mortgagee nor its successors or assigns shall be: liable for any prior act or omission of any prior landlord (including Landlord); subject to any claims, offsets, credits or defenses which Tenant might have against any prior landlord (including Landlord); bound by any assignment (except as otherwise expressly permitted by this Lease), surrender, release, waiver, amendment or modification of this Lease made after an Event of Default and made without such Mortgagee's prior written consent; or obligated to make any payment to Tenant or liable for refund of all or any part of any prepaid charge to Tenant held by any prior landlord (including Landlord) for any purpose unless the Mortgagee shall have come into exclusive possession of such deposit or charge.
- 7.4 Modifications for Mortgagee. If any Mortgagee shall require any modification(s) of this Lease, Tenant upon fifteen (15) days prior written notice of Landlord's request, shall execute and deliver to Landlord such instruments effecting such modification(s) as Landlord shall require, provided that such modification(s) do not increase any of Tenant's material obligations or diminish any of Tenant's material rights under this Lease.

### ARTICLE 8. QUIET ENJOYMENT.

So long as Tenant pays all of the Rent and performs all of Tenant's obligations hereunder, Tenant shall peaceably and quietly have, hold and enjoy the Premises and its nonexclusive rights in the Common Areas without hindrance, ejection or molestation by Landlord or any person lawfully claiming through or under Landlord, subject to the terms and conditions of this Lease and to any Mortgage.

### ARTICLE 9. ASSIGNMENT AND SUBLETTING.

9.1 Generally. Tenant shall not sell, assign, encumber, hypothecate, sublease, sublet, or otherwise transfer by operation of law, by contract, or otherwise, this Lease or any interest herein, the Premises or the Common Areas, or any portion of any of them, without the prior written consent of Landlord, which Landlord may grant or deny in its sole and absolute

discretion. Tenant shall not permit any lien to be placed on the Tenant's interest by operation of law, by contract, or otherwise, without the prior written consent of Landlord, which Landlord may grant or deny in its sole and absolute discretion. Any change in control by a corporation, partnership, limited liability company, or other entity, which may be the Tenant at any time during the Lease Term, shall be deemed a transfer of this Lease. Regardless of Landlord's consent, no transfer hereunder by Tenant shall release or discharge Tenant from its obligations or liability under this Lease, without the expressed written release and discharge by Landlord. This Lease shall bind any assignee, transferee, sublessee, and any and all successors-in-interest of Tenant to this Lease or any interest herein, the Premises or the Common Areas, or any portion of Any sale, assignment, encumbrance, hypothecation, subleasing, subletting, occupation, lien or other transfer (collectively, a "transfer or assignment") of this Lease or any interest herein, which does not comply with the provisions of this Article 9 and the other provisions of this Lease, shall be void. Consent to one transfer or assignment shall not be deemed consent to a subsequent transfer or assignment of this Lease or any interest herein, or the Premises or Common Areas, or any portion of any of them. Any listing on the directories or other signage for the Premises, using a name other than Tenant's in conjunction with the Premises, shall not be deemed and shall not substitute for Landlord's consent, as required by this Lease, to any transfer or assignment of the Premises or any portion thereof.

- 9.2 Procedure and Conditions for Transfers or Assignments. Notwithstanding the prohibition against any transfer or assignment in Section 9.1 above, Tenant may request from Landlord the right to transfer or assign this Lease or interests herein, the Premises or the Common Areas, or any portion of any of them, pursuant to the following:
- 9.2.1 Notice of Request to Landlord. Except for Permitted Transfers (Section 9.2.4 below), if Tenant seeks to transfer or assign the Lease or any interest therein, and/or the Premises or Common Areas or any portions thereof, Tenant shall, by written notice delivered to Landlord, advise Landlord of that request from and after a stated date (which shall not be less than thirty (30) days after the date of Tenant's delivery of such notice to Landlord), to transfer its interest in the Premises or any portion thereof for any part of the Lease Term. Such notice by Tenant shall state the name and address and business of the proposed transferee, shall include a true and complete counterpart of the proposed transfer instrument (such as a proposed sublease or proposed assignment and assumption agreement), shall include financial statements of the proposed transferee, shall describe the intended use of the Premises or portion thereof, shall depict the location on the Premises of the proposed transferee's business, and shall include such other information as the Landlord may reasonably request.
- 9.2.2 Review by Landlord. Except for Permitted Transfers, upon any request by Tenant to transfer or assign the Lease or any interest herein, and/or all or any portion of the Premises or Common Areas, Landlord shall have the right to: (i) permit the transfer on the conditions referred to in Section 9.3 and any other reasonable conditions Landlord may require; or (ii) deny Tenant's request, in which event this Lease shall continue in full force and effect without modification. No transfer or assignment, including Permitted Transfers (defined below), shall be effective unless and until Landlord approves in writing the form and content of the proposed transfer instrument (such as a proposed sublease or proposed assignment and assumption agreement).

- 9.2.3 Permissible Transfers Upon Landlord Approval. On or after the Base Rent Commencement Date until expiration of the Lease Term, Tenant may, subject to the terms and conditions for approval of a transfer or assignment in this Lease, transfer or assign the Chapman Avenue Firestone Building, or any portion thereof, to any person or entity for the uses permitted by this Lease. Landlord shall not unreasonably withhold or delay its approval of such a transfer or assignment to any person or entity that, in Landlord's reasonable discretion, provides sufficient financial statements establishing the financial ability to use the Chapman Avenue Firestone Building or portion thereof in a manner that is consistent with the requirements of this Lease. Any approved transfer or assignment pursuant to this Section 9.2.3 shall be permitted pursuant to the conditions referred to in Section 9.3 and any other reasonable conditions Landlord may require.
- **9.2.4** Permitted Transfers. Notwithstanding the foregoing provisions of this Article 9, Landlord's prior written consent shall not be required for any of the following transfers or assignments (collectively, "Permitted Transfers"):
  - (a) A transfer or assignment of this Lease or any interest herein, or of the Premises or Common Areas, or any portion of any of them, to an entity or entities owned and controlled by Tenant (in each case, an "Affiliate"), so long as (i) Tenant provides to Landlord, prior to such transfer, written notice of such transfer and such documentation and other information as Landlord may request in connection therewith, evidencing Tenant's ownership and control of the Affiliate, and (ii) Landlord consents that the transferee or assignee is owned and controlled by Tenant. For purposes of this Lease, an entity, such as a corporation, limited liability company, or other business organization, is owned by Tenant if Tenant maintains no less than 51% ownership interest in the entity, and Tenant controls an entity if Tenant has and maintains exclusive management authority to make legally binding decisions on behalf of the entity.
  - (b) A transfer or assignment of this Lease or any interest herein, or of the Premises or Common Areas, or any portion of any of them, from one Affiliate to another Affiliate as a result of a sale of a controlling interest in the stock of an Affiliate, a sale of substantially all of the assets of an Affiliate, or a merger by an Affiliate with or into another Affiliate, so long as the financial statements evidence the financial assets of the successor Affiliate is at least equal or greater to that of Tenant as of the date of this Lease or the financial statements of the Affiliate immediately prior to the subsequent transfer or assignment to another Affiliate.
  - (c) For any transfer or assignment of the Premises or any portion thereof, as a Permitted Transfer herein, all of the terms and conditions of this Lease applicable to the Premises or that portion transferred or assigned shall automatically transfer to the transferee or assignee along with the transfer or assignment of the Premises or portion thereof.
- 9.3 Conditions of Landlord's Consent. As a condition to Landlord's prior written consent of any transfer or assignment (except for Permitted Transfers) as provided for in this

Article 9: (i) Tenant shall pay to Landlord a nonrefundable review fee of \$500.00 plus Landlord's actual and reasonable legal fees and costs incurred due to the request to transfer; (ii) the transferee(s) or assignee(s) shall agree in writing to comply with and be bound by all of the terms, covenants, conditions, provisions and agreements of this Lease; and (iii) Tenant shall deliver to Landlord, promptly after execution, an executed copy of each transfer instrument and an agreement of said compliance by each transferee or assignee. Tenant agrees, by way of example and without limitation, that it shall not be unreasonable for Landlord to withhold its consent to a proposed transfer or assignment (including sublease or subletting) if: (a) Landlord determines that the proposed transferee's or assignee's use of the Premises conflicts with Article 3 or conflicts with any other provision under this Lease; (b) Landlord determines that the proposed transferee or assignee lacks sufficient funds or business reputation or experience to conduct on the Premises a business of a type and quality equal to that conducted by Tenant measured at the time of signing this Lease; (c) Landlord determines that the proposed transfer or assignment would lead to an Event of Default or breach a covenant, condition or restriction in any encumbrance, financing agreement or other agreement relating to the Project or this Lease; (d) the proposed transferee or assignee is an existing or prospective tenant of Landlord; or (e) an Event of Default has occurred and is continuing at the time of Tenant's request for Landlord's consent, or as of the effective date of such transfer or assignment. Tenant acknowledges and agrees that any exterior sign rights of Tenant under this Lease are personal to Tenant and may not be transferred or assigned to any transferee or assignee for all or any portion of the Premises without Landlord's prior written consent, which consent may be withheld in Landlord's sole and absolute discretion. Landlord may require, as a condition of granting consent to a transfer or assignment, any of the following as determined in the reasonable discretion of Landlord: (I) the amount of Base Rent shall be adjusted to reflect current market conditions; (II) the amount of Base Rent shall be adjusted so that Landlord is paid one-half (1/2) of the difference between (A) the total monthly rent, if greater than the monthly Base Rent set forth in this Lease (as proportionate to the portion of the Premises transferred or assigned (based on the usable commercial and retail floor area (square feet) transferred or assigned)), charged to a transferee or assignee under a transfer instrument approved by Landlord, and (B) the monthly Base Rent set forth in this Lease (as proportionate to the portion of the Premises transferred or assigned (based on the usable commercial and retail floor area (square feet) transferred or assigned)); and/or (III) Tenant to pay to Landlord one-half (1/2) of the profits realized by Tenant from any transfer or assignment approved by Landlord. For purposes of determining profits realized from a transfer or assignment, substance shall control over form such that Landlord may ignore an inflated purchase price of any assets transferred or assigned in an attempt to conceal the profit on the transfer or assignment of the Tenant's interest in this Lease. Any amounts payable as a condition to Landlord's consent to any transfer or assignment as provided herein shall be paid to Landlord either as Additional Rent or, for any one-time payment to Tenant pursuant to a transfer instrument approved by Landlord, as and when paid by the transferee or assignee to Tenant.

9.4 Lease Terms Automatically Transfer with Premises or Portion Thereof. For any transfer or assignment of the Premises or any portion thereof, as approved by Landlord pursuant to this Lease, all of the terms and conditions of this Lease applicable to the Premises or that portion transferred or assigned shall automatically transfer to the transferee or assignee along with the transfer or assignment of the Premises or portion thereof.

# ARTICLE 10. TENANT'S RIGHT OF FIRST REFUSAL.

- 10.1 Right of First Refusal to Purchase. Landlord hereby grants to Tenant the right of first refusal with respect to any sale of the Firestone Building Condominium Unit.
- 10.2 Notice of Acceptable Offer. If at any time during the term of this right of first refusal, Landlord receives an offer acceptable to Landlord for the purchase of the Firestone Building Condominium Unit, then Landlord shall forthwith forward a copy of such offer (the "Acceptable Offer") to Tenant.
- 10.3 Exercise by Tenant. Tenant shall have a period of thirty (30) days after receiving such copy of the Acceptable Offer within which to notify Landlord that Tenant elects to purchase the Firestone Building Condominium Unit on the terms contained therein (except for any terms not relevant to Tenant's purchase of the Firestone Building Condominium Unit, such as contingency clauses, etc.). Any such notice from Tenant shall be accompanied by any earnest money required under the terms of the Acceptable Offer, which shall then constitute a contract between Landlord and Tenant even though neither has signed it.
- 10.4 Waiver by Tenant. If Tenant does not notify Landlord within the thirty (30) day period stated in Section 10.3 of Tenant's election to purchase the Firestone Building Condominium Unit, Landlord shall be free to sell the Firestone Building Condominium Unit to the offeror who submitted the Acceptable Offer (or to such person's permitted assigns) on the terms specified therein, and Tenant shall upon request execute and deliver an instrument in recordable form appropriate to evidence Tenant's relinquishment of its rights under this Lease with respect to such transaction. Notwithstanding any such relinquishment, Tenant's rights under this Lease shall remain in effect if the transaction contemplated by the Acceptable Offer fails for any reason to close, with respect to any subsequent offer to purchase the Firestone Building Condominium Unit.
- 10.5 Term. The term of this right of first refusal shall coincide with the Term of the Lease, including any extensions or renewals thereof.

### ARTICLE 11. INSURANCE.

at its sole cost and expense, shall maintain at all times during the Lease Term, commercial public liability insurance, contractual liability insurance and property damage liability insurance for the Premises and the conduct or operation of business therein or in the Project, with Landlord and its officers, officials, members, employees and agents, and Landlord's asset manager and property manager, if any, and any Mortgagee whose name and address shall previously have been furnished to Tenant, as additional insureds, with minimum limits of coverage (per occurrence) and maximum deductibles in the amounts set forth in the Basic Lease Information. Tenant shall have the right to satisfy such minimum insurance coverage requirements through umbrella or excess coverage policies. The limits of such insurance shall not limit the liability of Tenant. All such insurance shall insure the performance by Tenant of the indemnity provisions of Article 17 as to liability for injury to, illness of, or death of persons and damage to property. For insurance required to be maintained by Tenant under Sections 19.1 and 11.2, (i) all such insurance shall be

primary and shall provide that any insurance of Landlord or any Mortgagee shall be noncontributing, and (ii) Tenant shall deliver to Landlord and any additional insured ACORD Form 27 evidence of insurance, or any other form reasonably requested by Landlord, issued by the insurance company duly licensed to conduct the business of insurance in the State of California and County of Orange, at least ten (10) days before Tenant either takes possession or occupies any portion of the Premises. Tenant shall procure and pay for renewals of such insurance from time to time before the expiration thereof, and Tenant shall deliver to Landlord and any additional insured such renewal certificate at least thirty (30) days before the expiration of any existing policy. For insurance required to be maintained by Tenant pursuant to Sections 11.1 through 11.7, all such policies shall provide that they shall not be amended in any way that would affect the interests of Landlord or any such additional insureds, or cancelled, without at least thirty (30) days prior written notice to Landlord and such additional insureds. Tenant shall deliver to Landlord certificates evidencing the insurance required hereunder and all specified endorsements at least ten (10) days before Tenant either takes possession or occupies any portion of the Premises.

11.2 Property Insurance; Landlord and Tenant Obligations. Landlord shall maintain fire and extended coverage insurance on the Project subject to such reasonable deductibles as Landlord may establish. Landlord shall have the right but not the obligation to place on all or any portion of the Project any other insurance Landlord reasonably deems necessary, including without limitation earthquake, flood, and loss of rents not exceeding two (2) years. As part of the Operating Expenses for the Premises, Tenant shall reimburse Landlord for Tenant's Pro Rata Share of the cost of all insurance maintained by Landlord with respect to the Project. Tenant, at his sole cost and expense, shall obtain and bear the expense of casualty insurance insuring (i) Tenant's Property, fixtures, equipment, inventory, merchandise and any other property for which Tenant is responsible on the Premises, (ii) any Alterations constructed by Tenant under Article 12 below, (iii) Tenant's Work, and (iv) plate glass on the Premises, against such risks. Such casualty insurance shall be in an amount not less than one hundred percent (100%) of their full replacement cost of the property set forth in clauses (i)-(iv) in the preceding sentence, providing protection against any peril included within the classification of "All Risks," including, without limitation, coverage for earthquake, sprinkler and flood damage (including earthquake sprinkler leakage) and theft. Tenant, at his sole cost and expense, shall obtain and bear the expense of (i) an "all risk" or "special causes of action" property policy in the amount of the full replacement cost coverage insuring (a) Tenant's Property and any property for which Tenant is responsible on the Premises, and (b) any Alterations constructed by Tenant under Article 12 below, against such risks, and (ii) an "all risk" or "special causes of action" policy of business interruption and/or loss of income insurance covering a period of two (2) years, plus such additional period of time, if any, as will permit Tenant to be in a position to have the same revenues as were in effect the day before a loss giving rise to a claim under such insurance occurs, with loss payable to Landlord to the extent of Base Rent and Additional Rent only.

11.3 Workers' Compensation. Tenant, at his sole cost and expense, shall maintain at all times during the Lease Term workers' compensation insurance as required by law, including employer's liability coverage.

- 11.4 Commercial Automobile Liability Insurance. Tenant, at his sole cost and expense, shall maintain at all times during the Lease Term a policy of Commercial Automobile Liability Insurance, including the ownership, maintenance and operation of any automotive equipment owned, hired and non-owned in the following minimum amounts: Bodily Injury and Property Damage, each occurrence, combined single limit of One Million Dollars (\$1,000,000).
- 11.5 Business Interruption Insurance. Tenant, at his sole cost and expense, shall maintain at all times during the Lease Term a policy of business interruption and/or loss of income insurance in amounts sufficient to cover Base Rent and Additional Rent for two (2) years, plus such additional period of time, if any, as will permit Tenant to be in a position to have the same revenues as were in effect the day before a loss giving rise to a claim under such insurance occurs, with Landlord named as a loss-payee.
- 11.6 Acceptable Insurance Companies. All insurance policies required to be carried by Tenant hereunder shall be issued by responsible insurance companies authorized to issue insurance in the State of California rated A-X or higher by Best's Insurance Rating Service.
- 11.7 Increase in Coverage. Landlord may from time to time, but not more frequently than once every three (3) years (unless required by any current or potential Mortgagee of Landlord), require that the amount of commercial public liability insurance to be maintained by Tenant under this Article 10 be increased so that the amount thereof adequately protects the Landlord's interest based on amounts of coverage required of comparable tenants in comparable buildings.
- 11.8 Deductibles; Blanket Coverage. Any policy of insurance required pursuant to this Lease containing a deductible exceeding the amount set forth in Section 1.21 per occurrence must be approved in writing by Landlord prior to the issuance of such policy. Tenant shall be solely responsible for the payment of any deductible. Any insurance required of Tenant pursuant to this Lease may be provided by means of a so-called "blanket policy", so long as (i) the Premises are specifically covered (by rider, endorsement or otherwise), (ii) the limits of the policy are applicable on a "per location" basis to the Premises and provide for restoration of the aggregate limits, and (iii) the policy otherwise complies with the provisions of this Lease.
- 11.9 Waiver of Subrogation. The insurance coverage required by this Article 10 shall contain a clause pursuant to which the insurance carriers waive all rights of subrogation against Landlord or Tenant, as the case may be, with respect to losses payable under such policies. Tenant and Landlord each waives any and all right of recovery against the other, or against the partners, members, officers, directors, shareholders, employees and representatives of the other, for loss of or damage to such waiving party or its property or the property of others under its control, if and to the extent that such loss or damage is insured against under any insurance policy in force at the time of such loss or damage, or which is to be insured against under the terms of this Lease. Any applicable deductible amount or co-insurance amount shall be treated as though it were recoverable under such policies. Notwithstanding the foregoing, it is agreed that in the event that any loss is due to the act, omission or negligence or willful misconduct of Tenant or any Tenant Parties, Tenant's liability insurance shall be primary and shall cover all losses and damages prior to any other insurance hereunder. The provisions of this Section shall not limit the indemnification provisions elsewhere contained in this Lease.

### ARTICLE 12. RULES AND REGULATIONS.

Tenant shall faithfully observe and comply and shall cause all Tenant Parties and transferees and assignees to faithfully observe and comply with the "Rules and Regulations" set forth in <a href="Exhibit" E" attached hereto and incorporated by reference," and all reasonable and non-discriminatory modifications thereof and additions thereto from time to time established by Landlord by written notice to Tenant. Landlord shall not be responsible for the nonperformance by any other tenant or occupant of the Project of any rules and regulations but Landlord shall use reasonable efforts to enforce the rules and regulations applicable to any other tenants or occupants of the Project upon Tenant's written request. Notwithstanding the foregoing, Landlord shall incur no liability in connection with any act or omission of enforcement of any rules and regulations applicable to any other Project tenant or occupant, and Tenant hereby waives and releases any and all claims against Landlord in connection therewith. One or more waivers by Landlord of any breach of the Rules and Regulations by Tenant or any other noncompliance.

### ARTICLE 13. ALTERATIONS.

13.1 Requirements. Except for the Tenant's Work, Tenant shall not make or suffer to be made any alterations, additions, or improvements ("Alterations") in, on, or to the Project or any part thereof without the prior written consent of Landlord. Subject to the remaining provisions of this Article 12, Tenant shall have the right, without the need of written consent from (but with prior written notice to) Landlord, to make Alterations provided (i) the Alterations are nonstructural, do not impair the strength of the Firestone Buildings, the Project, or any part thereof, are not visible from the exterior of the Premises, and do not affect the storefront, exterior walls or roof of the Premises; (ii) the Alterations do not affect the proper functioning of the HVAC System, mechanical, electrical, sanitary or other utilities, systems and services of the Firestone Buildings or the Project; (iii) materials used are consistent with the existing materials in the Premises and comply with building standards as established by Landlord, and do not include any Hazardous Materials; and (iv) the cost of any such individual Alteration does not exceed \$5,000.00.

Whether or not Landlord's consent is required for any Alterations, (a) Tenant shall provide to Landlord final plans and specifications for the Alterations and (with respect to Alterations for which Landlord has the right of consent) Landlord shall have approved in writing such plans and specifications and all contractors who will perform the Alterations (and, to the extent that such contractors are licensed and bondable, such consent shall not be unreasonably withheld); (b) if requested by Landlord, Tenant shall provide for added security as Landlord may reasonably require for any obligations of Tenant to remove such Alterations and repair any damage and accomplish any restoration caused thereby at the expiration or earlier termination of the Lease Term; and (c) before proceeding with any Alteration which will cost more than \$50,000.00, at Landlord's option, Tenant shall obtain and deliver to Landlord a performance bond and/or a labor and materials payment bond for the benefit of Landlord, issued by a corporate surety licensed to do business in California in an amount equal to one hundred twenty-five percent (125%) of the estimated cost of the Alterations and in form satisfactory to Landlord. Unless all of the foregoing conditions are satisfied, Tenant shall not have the right to make such

Alterations, and Landlord shall have the right to withhold its consent to the Alterations in Landlord's sole and absolute discretion.

If any governmental entity requires, as a condition to any proposed Alteration, that improvements be made to other portions of the Premises, and if Landlord consents to such other improvements, then Tenant shall, at Tenant's sole cost and expense, make such required improvements in such manner, utilizing such materials, and with such contractors as Landlord may require in its reasonable discretion and approved in accordance with applicable law.

- 13.2 Removal and Restoration. Upon the expiration or sooner termination of the Lease Term and upon demand by Landlord, in Landlord's sole and absolute discretion, either (i) Tenant shall surrender with the Premises any or all of such Alterations and Tenant's Work as Landlord shall determine, in which case, such Alterations and Tenant's Work shall become the property of Landlord, or (ii) Tenant shall remove any or all Alterations and Tenant's Work, as Landlord shall determine, made by or for the account of Tenant, and Tenant shall repair and restore the Premises to their original condition, subject to ordinary wear and tear. Such removal, repair and restoration work shall be done promptly and with all due diligence at Tenant's sole cost and expense.
- 13.3 Compliance. All Alterations shall comply with applicable laws in effect at the time the Alterations made, the other terms of this Lease, the plans and specifications approved by Landlord, and any Landlord standard specifications for improvements to the Project. Landlord shall have no duty to Tenant with respect to the safety, adequacy, construction, efficiency or compliance with laws, with regard to the design of the Alterations, the plans or specifications therefor, or any other matter related to the Alterations, nor shall the approval by Landlord of any Alterations be deemed to be a representation as to the safety, adequacy, construction, efficiency or compliance of said Alterations. Tenant shall obtain, at Tenant's sole cost and expense, all permits and approvals required in connection with all Alterations and, upon completion of the installation and construction thereof, shall provide to Landlord "as built" plans and specifications which shall conform to the plans and specifications approved by Landlord.
- No Liens. Tenant, at his sole cost and expense, and with diligence and dispatch, shall procure the cancellation or discharge of all notices of violation arising from or otherwise connected with Alterations, or any other work, labor, services, equipment, or materials done for or supplied to Tenant, or any other person claiming through or under Tenant, which shall be issued by any public authority having or asserting jurisdiction. Tenant shall notify Landlord of, and shall defend, indemnify and save harmless Landlord and any Mortgagee from and against any and all construction and other liens and encumbrances filed in connection with Alterations, or any other work, labor, services or materials done for or supplied to Tenant, or any person claiming through or under Tenant, including, without limitation, security interests in any materials, fixtures, equipment, or articles so installed in and constituting part of the Premises and against all costs, expenses and liabilities incurred in connection with any such lien or encumbrance or any action or proceeding brought thereon. Tenant, at his sole cost and expense, shall procure the satisfaction or discharge of record of all such liens and encumbrances within thirty (30) days after the filing thereof. Nothing herein contained shall prevent Tenant from contesting, in good faith and at its own expense, any notice of violation, or lien provided Tenant posts for the protection of Landlord security acceptable to Landlord.

#### ARTICLE 14. LANDLORD'S AND TENANT'S PROPERTY.

- 14.1 Landlord's Property. All fixtures and equipment (other than those described in Section 14.2 below), carpeting, equipment, improvements and appurtenances attached to or built into the Premises at the commencement of or during the Lease Term, whether or not by or at the expense of Tenant, shall upon the expiration or earlier termination of the Lease be and remain a part of the Premises, shall be deemed the property of Landlord and shall not be removed by Tenant, except as provided in Section 13.2 and 14.2 of this Lease or in Exhibit "H" provided, that at Landlord's written request, Tenant shall, at Tenant's sole expense and upon the expiration or earlier termination of the Lease, remove those items specified by Landlord, including any or all fixtures, equipment, improvements, appurtenances and other personal property, which are deemed herein the property of Landlord. Tenant's covenant to remove property specified by Landlord shall survive the expiration or earlier termination of this Lease.
- Tenant's Property. All unattached business and trade fixtures, signage, machinery and equipment, computer and communications equipment, furniture, furnishings (excluding window coverings), and other articles of movable personal property owned by Tenant and located in the Premises, which are installed on the Premises by or for the account of Tenant without expense to Landlord and that can be removed without structural damage to the Premises (herein collectively called "Tenant's Property") shall be and remain the property of Tenant and may be removed by Tenant at any time during the Lease Term; provided, that if any of Tenant's Property is removed, Tenant shall repair or pay the cost of repairing any damage to the Premises or any other portion of the Project resulting from the installation and/or removal thereof. In addition, any equipment or other property for which Landlord shall have granted any allowance, credit or other type of accommodation to Tenant shall be deemed not to have been installed by or for the account of Tenant without expense to Landlord, shall be removed by Tenant at the expiration or earlier termination of the Lease Term, provided that Tenant shall repair or pay the cost of repairing any damage to the Premises or any other portion of the Project resulting from the removal of such equipment or property. At the request of Landlord, Tenant shall remove prior to the expiration or earlier termination of the Lease Term, at Tenant's sole cost and expense, all telephone, computer and other electronic wiring and cabling installed for the benefit of Tenant within the Premises and within the common ducts and shafts of the Firestone Buildings. Such removal shall be accomplished by a properly licensed and certified company approved by Landlord and, at Landlord's election, shall be subject to the oversight and supervision of Landlord. Tenant shall use all necessary care in removing such wires and cables in order to avoid any damage to other tenant's wiring and cabling or any disruption of services and Tenant agrees to be solely liable for any such damage or disruption of service caused by its removal. If Tenant fails to remove such wiring and cabling prior to the expiration or earlier termination of the Lease Term, Landlord may remove such wires and cables and Tenant shall pay the cost of such removal within ten (10) days after delivery of a bill therefor.
- 14.3 Abandonment. Any items of Tenant's Property may be deemed, at the option of Landlord, to have been abandoned if left on the Premises or at the Project after the Abandonment Deadline, and in such case such items may be retained by Landlord, without accountability, in such a commercially reasonable manner as Landlord shall determine at Tenant's cost and expense. The "Abandonment Deadline" means the earlier of the expiration date of this Lease, or five (5) days following an earlier termination date, or three (3) business days following entry of

an order of possession for restoration of the Premises to Landlord; subject however, to the provisions and requirements of any applicable California laws relating to abandoned property in a leasehold.

## ARTICLE 15. UTILITIES; COMMON AREAS; PARKING AND SIGNAGE.

- 15.1 Utilities. Tenant shall pay, directly to the appropriate supplier, all charges for gas, water, sewer, electricity, telephone, trash removal, cable and other utility services supplied to the Premises. In the event any utility is not separately metered, such pass-thru will be based on Landlord's best estimate. Any conduit, wiring, cabling, or other lines installed as part of Tenant's Work (Exhibit "H") or as an Alteration by Tenant under Article 12 shall be the sole responsibility of Tenant, shall be maintained and repaired at Tenant's sole cost and expense, and shall otherwise be subject to any wiring and cabling management plan in effect by Landlord from time to time or, if Landlord does not have such a plan, then by a plan prepared by Tenant and approved by Landlord. Any sums payable under this Article 14 shall be considered Additional Rent and may be added to any installment of Rent thereafter becoming due, and Landlord shall have the same remedies for a default in payment of such sum as for a default in the payment of Rent.
- 15.2 Disclaimer. Landlord shall not be in default hereunder or be liable for any damages directly or indirectly resulting from, or by reason of (i) the installation, use or interruption of use of any equipment in connection with the furnishing of the foregoing utilities and services, (ii) failure of any such utilities or services, or (iii) the limitation, curtailment, rationing or restriction on use of water or electricity, gas or any other form of energy or any other service or utility whatsoever serving the Premises or the Project. Landlord shall, in its sole and absolute discretion, be entitled to cooperate voluntarily with the efforts of national, state or local governmental agencies or utilities suppliers in reducing energy or other resource consumption. Tenant acknowledges that the functioning of HVAC Systems is subject to variation from time to time, that such functioning can be effected by, among other things, outside temperature conditions, sunlight through windows at various times during the day, and heat-generating machines, lighting and equipment, and that Landlord shall not be responsible for room temperatures and shall not be responsible for maintaining any particular temperature in all or any portion of the Premises or Project. Tenant hereby further acknowledges that Landlord shall have no obligation whatsoever to provide guard service or other security measures for the benefit of the Premises or the Project. Tenant waives and releases all claims of responsibility by Landlord for the protection of Tenant, all Tenant Parties and the property of Tenant and of all Tenant Parties from acts of third parties.
- 15.3 Use of Common Areas and Facilities. Except for the Firestone Courtyard Common Area, all Common Areas, including parking areas, lighting facilities, pedestrian sidewalks and ramps, landscaped areas, exterior stairways, interior stairwells, restrooms, elevators and elevator shafts, utility rooms, trash enclosures, lobby areas and other areas and improvements shall at all times be subject to the exclusive control and management of Landlord. Without limiting the scope of such discretion, Landlord shall have the full right and authority to employ all personnel and to establish, modify and enforce reasonable rules and regulations necessary for the proper operation and maintenance of the Common Areas, excluding the Firestone Courtyard Common Area. Landlord shall have the right to close from time to time all

or any portion of the Common Areas to such extent as, in the opinion of Landlord's legal counsel, may be legally sufficient to prevent a dedication thereof or the accrual of any rights to any person (other than Tenant) or the public therein; provided at all times Tenant shall be provided with reasonable access to the Premises and Tenant's parking to be provided herein. So long as Landlord does not unreasonably impede access to and from the Premises for Tenant and Tenant Parties, Landlord shall also have the right at any time, to modify the Common Areas (except the Firestone Courtyard Common Area), to change the arrangement and/or location of entrances, lobbies, parking facilities, passageways, doors and doorways, corridors, elevators, stairs, toilets or other public parts of the Project and to change the name, number or designation by which the Project, the five condominium units, the Firestone Buildings, the Firestone Courtyard Common Area, or any other portion of the Project may be known. If the amount or area of the Common Areas is diminished, Landlord shall not be subject to any liability and Tenant shall not be entitled to any compensation or diminution or abatement of Rent, nor shall such diminution of such Common Areas be deemed constructive or actual eviction; provided, however, that if the floor area of the Firestone Courtyard Common Area is diminished by Landlord, Landlord shall not be subject to any liability, but Tenant shall be entitled, as Tenant's exclusive remedy, to a reduction in Base Rent based on the proportionate reduction in square footage from the Premises resulting from the diminution of the Firestone Courtyard Common Area.

- Parking Facilities. Tenant and its employees, agents and invitees shall have the right throughout the Lease Term to use, on a non-exclusive basis, the number of parking spaces designated in Section 1.11, subject to reasonable rules and regulations which may be promulgated by Landlord from time to time. All parking spaces shall be used only for parking by vehicles no larger than full size passenger automobiles, vans, sport utility vehicles, or pick-up trucks. Tenant shall not permit or allow any vehicles that belong to or are controlled by Tenant or any Tenant Parties to be loaded, unloaded, or parked in areas other than those designated by Landlord for such activities. Parking shall be limited to striped parking stalls, and no parking shall be permitted in any driveways, access-ways or in any area which would prohibit or impede the free flow of traffic within or about the Project. Washing, waxing, cleaning or servicing of vehicles is prohibited at the Project. If Tenant permits or allows any of the prohibited activities described above, then Landlord shall have the right, in addition to such other rights and remedies that Landlord may have, to remove or tow away the vehicle involved and charge the cost to Tenant, which cost shall be deemed as Rent and immediately payable upon demand by Landlord. Landlord shall have the right at any time during the Lease Term to require Tenant to execute a reciprocal parking agreement, parking easement agreement, or any other similar parking agreement for use of parking on the Parking Condominium Unit, so long as the terms and conditions of such agreement are consistent with the parking allowances set forth in this Lease.
- 15.5 Signage. Unless Landlord directs otherwise, Tenant shall, at Tenant's sole cost and expense, erect, install and maintain (with an installation and maintenance contractor approved by Landlord) identification signage on the exterior of the Premises prior to the Base Rent Commencement Date, which installation shall comply with Landlord's signage program and all City sign laws and regulations. Except as set forth above, Tenant shall not install or keep any signs in, on or about the Project or Premises, which are visible from any public areas, without the prior written approval of Landlord. Any such sign request shall be made in accordance with the application process in place at the time of the request, and all such signs

shall be in compliance with Landlord's signage program for the Project, any covenants and restrictions encumbering the Project, and all conditions and requirements of all applicable governmental authorities. Prior to Landlord's approval, Tenant shall submit to Landlord all plans and specifications for the installation of any signage. Tenant covenants and agrees to indemnify, defend and hold harmless Landlord against any loss, cost or expense (including reasonable attorneys' fees) which may be sustained or incurred by it, and assume all liability for any property damage or bodily injuries in any manner related to Tenant's installation, maintenance, operation or removal of any signage. Tenant agrees to pay all taxes, permit fees, insurance premiums, and repairs to the area where any signage has been installed resulting from the installation of such signage. If any sign is placed on or about the Premises or Project without the consent of Landlord, Landlord may remove any such signs and Tenant shall pay Landlord the cost of removal together with interest as set forth in Section 22.2 from date of expenditure until payment is made in full. Tenant shall pay promptly after Landlord invoices Tenant for such costs. Tenant shall pay all costs of permitted signs and all costs and expenses of installation and maintenance of such signs. Tenant shall repair any damage which alteration, renovation or removal of its signs may cause during the Lease Term. Tenant, at Tenant's sole cost and expense, shall remove Tenant's signs from the Premises and Project at the termination or expiration of this Lease and repair any damage and restore the Premises or Project.

15.6 Fox Theatre Promotional Wall. Tenant hereby grants to Landlord and to Foundation the sole and exclusive right to use the Fox Theatre Condominium Unit wall adjacent to the Firestone Courtyard Common Area (the "Fox Wall") for purposes of placing large, billboard signs publicizing events at the Project and advertising activities and various sponsors, provided any such Fox Wall signs are in compliance with all applicable laws and regulations, including the City's sign ordinance. Any such Fox Wall signs shall not contain endorsement, advertising, sponsorship or promotion by any person or entity that is engaged in the same business or same or similar permitted uses as set forth in Section 1.12 and Article 3. Landlord or Foundation shall deliver to Tenant a written notice of the type of sign to be placed on the Fox Wall and the duration for the sign to remain on the Fox Wall. Tenant shall not unreasonable delay or deny such request by Landlord or Foundation. Tenant, Landlord, and Foundation may enter into an agreement or side letter limiting the duration that any sign may be placed on the Fox Wall.

### ARTICLE 16. ACCESS.

Landlord reserves, and shall at all times have, the right to re-enter the Premises upon 24 hours' prior notice to Tenant (except in an emergency, for janitorial services, or for repairs needed to avoid or correct a situation which results in or could lead to damage to property, injury to persons, or inability to use portions of the Premises or Project, and following an Event of Default, in which cases, no notice shall be necessary) to inspect the same, to perform any service to be provided by Landlord to Tenant under this Lease, to show the Premises to prospective purchasers, mortgagees or tenants, to post notices of non-responsibility, and to alter, improve or repair the Premises and any other portion of the Project, without abatement of Rent. For such purpose, Landlord may erect, use and maintain scaffolding, pipes, conduits and other necessary structures in and through the Premises and the Project where reasonably required by the character of the work to be performed, provided that entrance to the Premises shall not be blocked thereby, and further provided that the business of Tenant shall not be interfered with

unreasonably. Tenant hereby waives any claim for damages for any injury or inconvenience to or interference with Tenant's business, any loss of occupancy or quiet enjoyment of the Premises and any other loss occasioned by Landlord's conduct pursuant to and in compliance with the provisions in this Article. Landlord shall have the right to use any and all means which Landlord may deem necessary or proper to open all doors in an emergency in order to obtain entry to any portion of the Premises. Any entry to any portion of the Premises obtained by Landlord by any such means shall not under any circumstances be construed or deemed to be forcible or unlawful entry into, or a detainer of, the Premises, or an eviction, actual or constructive, of Tenant from all or part of the Premises.

## ARTICLE 17. NOTICE OF OCCURRENCES.

Tenant shall give prompt written notice to Landlord of: (i) any known occurrence in or about the Project for which Landlord might be held liable; (ii) any known fire or other casualty in the Premises or the Project; (iii) any known damage to or defect of any structure, improvement, equipment, or other tangible thing or area in the Project; and (iv) known damage to or defect in any part or appurtenances of the Firestone Buildings's sanitary, electrical, heating, ventilating, air-conditioning, elevator or other systems.

#### ARTICLE 18. NONLIABILITY AND INDEMNIFICATION.

18.1 Waiver. Neither Landlord nor any Landlord Parties shall be liable to Tenant for any loss, injury or damage to Tenant or to any other person, or to Tenant's and/or any other person's property, irrespective of the cause of such injury, damage or loss except to the extent caused by or resulting from the intentional tort or willful misconduct of Landlord, it being the intent of the parties that it be Tenant's obligation to carry and look to Tenant's own insurance policies for coverage of any such item resulting from an accident even if caused by the negligence of Landlord or any Landlord Party. Further, neither Landlord nor any Landlord Party shall be liable: (i) for any such injury, damage or loss in, upon or about the Project, or caused by operations in construction of any private, public or quasi-public work; or (ii) in any event for consequential or punitive damages, including lost profits, of Tenant or any person claiming through or under Tenant or any Tenant Parties.

Tenant further acknowledges that Landlord has no obligation to provide any security at the Premises or the Project, and if any security is so provided at the Firestone Buildings or Project it shall be for the needs and purposes of Landlord only and Landlord may at any time, in Landlord's sole and absolute discretion, delete, add or change the type of security, if any, provided to the Premises and the Project, and Landlord and the Landlord Parties shall not be liable for Landlord's failure to provide any security. Tenant shall have no claim against Landlord or the Landlord Parties for any damage to its business or damage to, loss of and/or theft of any of Tenant's property nor for any death or personal injury to any individual as may arise as a result of Landlord's provision or failure to provide any security to the Premises or the Project.

18.2 Indemnification. Tenant shall defend, indemnify and hold harmless Landlord and all Landlord Parties and/or Mortgagees for, from and against any and all (i) third party claims for bodily injury and/or property damage arising from or in connection with any accident, injury or damage whatsoever occurring in, at or upon the Premises and Common Area (except to

proceeding brought thereon, including, without limitation, all attorneys' fees and expenses at trial and upon appeal.

- 18.3 Duty to Defend. In case any claim, action or proceeding is brought against Landlord and/or any Landlord Parties and/or any Mortgagee, and Tenant is obligated to indemnify Landlord, Landlord Parties, and/or Mortgagee pursuant to this Lease, Tenant, upon notice from Landlord or such Mortgagee, shall not resist tender of any such claim, action, or proceeding, and Tenant shall defend such claim, action or proceeding (by counsel reasonably satisfactory to Landlord). The obligation of Tenant under this Section shall survive termination of this Lease.
- ABx1 26 Release. Tenant expressly, knowingly, and voluntarily enters into this 18.4 Lease in full awareness that, pursuant to ABx1 26 and AB 1484, Landlord may be required to dispose of the Project (including the Premises) under the supervision and direction of a local "oversight board", the State Department of Finance, or other governmental agency or by court or administrative order. Tenant agrees that Landlord shall have no liability to Tenant or Tenant Parties, with respect to any actions taken by the State Controller, Department of Finance, or any department or agency or office of the State of California or local agency, including but not limited to the Auditor-Controller of the County of Orange, under the provisions or allegedly under the provisions of ABx1 26 or AB 1484 or any other law relating to the dissolution of redevelopment agencies. In addition to any other release and waiver provided in this Lease, Tenant hereby fully and forever releases, acquits and discharges Landlord and Landlord Parties of and from, and hereby fully and forever waives any and all claims, actions, causes of action, suits, proceedings, demands, rights, damages, judgments, costs, expenses, including attorney fees, expert witness fees, and litigation costs, or other compensation whatsoever, whether known or unknown, direct or indirect, foreseeable or unforeseeable, absolute or contingent, that Tenant now has or may have or which may arise in the future arising out of, directly or indirectly, or in any way connected with ABx1 26 or AB 1484 or other law relating to the dissolution of redevelopment agencies. Without limiting the scope or generality of the foregoing release and waiver provisions, those provisions shall specifically include and cover any claim for or right to indemnification, contribution, or other compensation based on or arising under any law, statute or regulation now or hereafter in effect. The terms and conditions set forth in this Section shall survive the termination of this Lease.

Tenant expressly waives all rights under Section 1542 of the Civil Code of the State of California, which Tenant understands 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.

Tenant's Initials .

18.5 Post Acquisition Tenant. Tenant acknowledges and agrees that Tenant is a "post acquisition" tenant as defined in Title 25 of the California Code of Regulations, Sections 6008 and 6034, and Tenant acknowledges and agrees that no federal funds were received for the

Post Acquisition Tenant. Tenant acknowledges and agrees that Tenant is a "post acquisition" tenant as defined in Title 25 of the California Code of Regulations, Sections 6008 and 6034, and Tenant acknowledges and agrees that no federal funds were received for the Project. Tenant acknowledges and agrees that Tenant and all Tenant Parties are not eligible for any relocation benefits or assistance under any federal, state, or local law, when Tenant vacates the Premises. In addition to any other release and waiver provided in this Lease, Tenant hereby fully and forever releases, acquits and discharges Landlord and Landlord Parties of and from, and hereby fully and forever waives any and all claims, actions, causes of action, suits, proceedings, demands, rights, damages, judgments, costs, expenses, including attorney fees, expert witness fees, and litigation costs, or other compensation whatsoever, whether known or unknown, direct or indirect, foreseeable or unforeseeable, absolute or contingent, that Tenant now has or may have or which may arise in the future arising out of, directly or indirectly, or in any way connected with the relocation of Tenant, Tenant Parties, and/or Tenant's business operations upon the expiration or early termination of this Lease and/or upon the vacating by Tenant of the Premises. Without limiting the scope or generality of the foregoing release and waiver provisions, those provisions shall specifically include and cover any claim for or right to indemnification, contribution, or other compensation based on or arising under any law, statute or regulation now or hereafter in effect. The terms and conditions set forth in this Section shall survive the termination of this Lease.

Tenant expressly waives all rights under Section 1542 of the Civil Code of the State of California, which Tenant understands 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.

Tenant's Initials \_QS.

### ARTICLE 19. DAMAGE OR DESTRUCTION.

or other casualty. Tenant shall repair or cause to be repaired the same. Tenant shall have the right, at its sole cost and expense, to repair or replace any and all of Tenant's Property, Alterations, and Tenant's Work that may be damaged or destroyed by fire or other casualty. Tenant shall utilize available insurance proceeds to restore the Premises to substantially the same condition as the Premises were immediately prior to such destruction. Restoration shall be commenced as soon as reasonably practicable, and in no event later than three (3) months after such destruction, and shall be diligently pursued to completion. During repair, this Lease shall remain in full force and effect, except the Rent shall be reasonably abated during the period of Tenant's repair based on that portion of the rentable square feet of the Premises not reasonably useable by Tenant. Tenant shall deliver notice to Landlord no later than the next business day of any damage or destruction caused by fire or other casualty, and Landlord shall have the right to oversee and approve any plans for restoration and the re-construction of the damaged Premises. In the event that (i) Landlord reasonably determines that the Premises cannot, with reasonable diligence, be fully repaired by Tenant (or cannot be safely repaired because of the presence of

hazardous factors, including without limitation Hazardous Materials, earthquake faults, and other similar dangers) within three hundred (300) days after the date of the damage; (ii) an Event of Default by Tenant has occurred and is continuing at the time of such damage; or (iii) the damage occurs during the final six (6) months of the Lease Term, and Tenant has not previously exercised any available option to extend the Lease Term, then Landlord may elect to terminate this Lease.

19.2 Condemnation. If more than twenty-five percent (25%) of the Project shall be taken or appropriated under the power of eminent domain or conveyed in lieu thereof, Landlord shall have the right to terminate this Lease. If this Lease is terminated, Landlord shall receive (and Tenant shall assign to Landlord upon demand from Landlord) any and all income, rent, award or any interest thereon which may be paid or owned in connection with the exercise of such power of eminent domain or conveyance in lieu thereof, and Tenant shall have no claim against the agency exercising such power or receiving such conveyance, for any part of such sum paid by virtue of such proceedings, whether or not attributable to the value of the unexpired term of this Lease. If a part of the Project shall be so taken or appropriated or conveyed and Landlord hereto shall elect not to terminate this Lease, Landlord shall nonetheless receive (and Tenant shall assign to Landlord upon demand from Landlord) any and all income, rent, award or any interest thereon paid or owed in connection with such taking, appropriation or conveyance; and if the Premises have been damaged as a consequence of such partial taking or appropriation or conveyance, Landlord shall restore the Premises and this Lease shall remain in full force and effect except that the Rent shall be equitably adjusted according to the remaining rentable area of the Premises. Notwithstanding the foregoing, Landlord's obligation to restore the Premises if this Lease is not terminated, shall be limited to the extent of available condemnation proceeds. Landlord shall not be required to repair or restore any injury or damage to the Tenant's Property or any Tenant Alterations.

#### ARTICLE 20. SURRENDER AND HOLDING OVER.

- **20.1** General. On the last day of the Lease Term, or upon re-entry by Landlord upon the Premises, Tenant shall quit and surrender the Premises to Landlord "broom-clean" and in good order, condition and repair, except for ordinary wear and tear, and in accordance with any other restoration provisions of this Lease.
- **20.2** Surrender. No agreement relating to the surrender of the Premises by Tenant shall be valid unless in writing and signed by Landlord.
- 20.3 Holding Over. This Lease shall terminate without further notice upon the expiration of the Lease Term, and any holding over by Tenant after the expiration shall not constitute a renewal or extension of this Lease, or give Tenant any rights under this Lease, except when in writing signed by both parties. If Tenant holds over for any period after the expiration (or earlier termination) of the Lease Term without the prior written consent of Landlord, such possession shall constitute a tenancy at sufferance only; such holding over with the prior written consent of Landlord shall constitute a month-to-month tenancy commencing on the first (1st) day following the termination of this Lease. Tenant's hold-over possession shall be subject to all of the terms of this Lease, except that the monthly Base Rent shall be the greater of (a) one hundred fifty percent (150%) of the Base Rent for the month immediately preceding the date of

termination or (b) the then applicable asking-price for Base Rent by Landlord for the Premises. If Tenant fails to surrender the Premises upon the expiration of this Lease despite demand to do so by Landlord, Tenant shall indemnify, defend, and hold Landlord harmless from all loss or liability, including without limitation, any claims made by any succeeding tenant relating to such failure to surrender. Acceptance by Landlord of Rent after the termination shall not constitute a consent to a holdover or result in a renewal of this Lease. The foregoing provisions of this Section are in addition to and do not affect Landlord's right of re entry or any other rights of Landlord under this Lease or at law.

#### ARTICLE 21. EVENTS OF DEFAULT.

- 21.1 Tenant's Default & Events of Default. The occurrence of any one or more of the following events of default ("Events of Default") shall constitute a breach of this Lease by Tenant:
- 21.1.1 If Tenant shall default in the payment of any Base Rent or Additional Rent, and such default shall continue for five (5) days after payment was due;
- 21.1.2 If Tenant shall fail to comply with the provisions of Section 7.1 regarding execution and delivery of subordination agreements, Section 7.2 regarding execution and delivery of attornment agreements, Section 7.4 regarding modifications for Mortgagees, Section 11.1 regarding delivery of insurance certificates, or Sections 28.1 and/or 28.2 regarding completion and delivery of executed estoppel certificates and/or financials, within the time periods required in each respective Section therefor;
- 21.1.3 If Tenant shall, whether by action or inaction, be in default of any of its obligations under this Lease (other than under Sections 21.1.1 or 21.1.2 hereof) and such default shall continue and not be remedied within thirty (30) days after Landlord shall have given to Tenant a notice specifying the same, or, in the case of a default which cannot with due diligence be cured within a 30-day period and the continuance of which for the period required for cure does not subject Landlord or any Mortgagee to prosecution for a crime or termination or foreclosure of any Mortgage, if Tenant shall not, (i) within such time period advise Landlord of Tenant's intention to take all steps necessary to remedy such default; (ii) duly commence within such time period, and thereafter diligently prosecute to completion all steps necessary to remedy the default; and (iii) complete such remedy within a reasonable time after the date of said notice of Landlord not exceeding ninety (90) days from the original default;
- 21.1.4 If any event shall occur whereby Tenant's rights and obligations under this Lease or the estate hereby granted or the unexpired balance of the term hereof would, by operation of law or otherwise, be transferred or assigned to any person or entity, except as expressly permitted by this Lease;
- 21.1.5 If Tenant or any guarantor of Tenant's obligations shall make a general assignment for the benefit of creditors, or shall be unable to pay its debts as they become due, or shall file a petition in bankruptcy, or shall be adjudicated as bankrupt or insolvent or have entered an order for relief under any insolvency or bankruptcy laws, or shall file a petition seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or

shall fail timely to contest the material allegations of a petition filed against it in any such proceeding, or shall seek or consent to or acquiesce in the appointment of any trustee, receiver or liquidator of Tenant or any material part of its properties;

- 21.1.6 If within thirty (30) days after the commencement of any proceeding against Tenant seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, such proceeding shall not have been dismissed or if, within thirty (30) days after the appointment without the consent or acquiescence of Tenant of any trustee, receiver or liquidator of Tenant or of any material part of its properties, such appointment shall not have been vacated; or
- 21.1.7 If Tenant's rights under this Lease or any estate of Tenant hereunder shall be levied upon under any attachment or execution and such attachment or execution is not vacated within ten (10) days.

Any written notice given under this Section 21.1 shall be in lieu of, and not in addition to, the notice requirements of Section 1161 et seq. of the California Code of Civil Procedure, any amendment or restatement thereof, or any other or similar statute or law.

- 21.2 Tenant's Right to Discontinue Operations. Notwithstanding anything to the contrary contained in this Lease concerning obligations of Tenant to continuously operate its business in the demised premises, including, without limitation, Section 1.12, and Article 3 of this Lease, Tenant shall have the right to discontinue retail operations in the demised premises upon three (3) months prior written notice to Landlord of its intent to do so. During such three (3) month period, both Landlord and Tenant agree to use their best efforts to find a successor tenant for the demised premises. Notwithstanding the fact that Tenant has discontinued retail operations, Tenant shall nevertheless continue to pay all rent as due under the lease. In the event Tenant discontinues its retail operations as provided herein then Landlord may elect to terminate Tenant's lease upon sixty (60) days prior written notice of Landlord's intent to so terminate. All rent payable under the lease shall be prorated as of the effective date of such termination in the event Landlord elects to exercise its right to terminate as provided herein.
- 21.3 Landlord's Default. Landlord shall not be in default unless Landlord fails to perform obligations required of Landlord under this Lease within thirty (30) days after delivery of written notice by Tenant to Landlord specifying wherein Landlord has failed to perform such obligations; provided, however, that if the nature of Landlord's obligation is such that more than thirty (30) days are required for performance, then Landlord shall not be in default if Landlord commences performance within such thirty (30) day period and thereafter diligently prosecutes the same to completion. Tenant's sole and exclusive remedy for any default of this Lease by Landlord shall be an abatement of Rent in the amount of Rent that Landlord otherwise would be paid under the Lease for the amount of time Tenant is unable to conduct the business operations authorized under this Lease on the Premises due to Landlord's default.

### ARTICLE 22. REMEDIES UPON DEFAULT.

22.1 Remedies. Upon the occurrence of an Event of Default, then, in addition to and without waiving any other rights and remedies available to Landlord at law or in equity or

otherwise provided in this Lease, Landlord may, at its option, cumulatively or in the alternative, exercise the following remedies:

- 22.1.1 Landlord may terminate Tenant's right to possession of the Premises, in which case this Lease shall terminate and Tenant shall immediately surrender possession of the Premises to Landlord. No act by Landlord other than giving notice to Tenant of Landlord's election to terminate Tenant's right to possession shall terminate this Lease. Acts of maintenance, efforts to relet the Premises, or the appointment of a receiver on Landlord's initiative to protect Landlord's interest under this Lease shall not constitute a termination of Tenant's right to possession. Termination shall terminate Tenant's right to possession of the Premises but shall not relieve Tenant of any obligation under this Lease which has accrued prior to the date of such termination. Upon such termination, Landlord shall have the right to re-enter the Premises, and remove all persons and property, and Landlord shall also be entitled to recover from Tenant:
  - (a) The worth at the time of award of the unpaid Rent which had been earned at the time of termination;
  - (b) The worth at the time of award of the amount by which the unpaid Rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided;
  - (c) The worth at the time of award of the amount by which the unpaid Rent for the balance of the Lease Term after the time of award exceeds the amount of such rental loss that Tenant proves could be reasonably avoided;
  - (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 which in the ordinary course of things would be likely to result from Tenant's default, including, but not limited to, the cost of recovering possession of the Premises, commissions and other expenses of reletting, including necessary repair, demolition and renovation of the Premises to the condition existing immediately prior to Tenant's occupancy, the unamortized portion of any Tenant's Work, allowances and brokerage commissions funded by Landlord in connection with this Lease, the cost of rectifying any damage to the Premises occasioned by the act or omission of Tenant, reasonable attorneys' fees, and any other reasonable costs; and
  - (e) At Landlord's election, all other amounts in addition to or in lieu of the foregoing as may be permitted by law.

As used in subsections (i) and (ii) above, the "worth at the time of award" shall be computed by allowing interest at the maximum legal rate permitted by law. As used in subsection (iii) above, the "worth at the time of award" shall be computed by discounting the amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

- 22.1.2 Landlord may elect not to terminate Tenant's right to possession of the Premises, in which event this Lease will continue in full force and effect as long as Landlord does not terminate Tenant's right to possession, and Landlord may continue to enforce all of its rights and remedies under this Lease, including the right to collect all Rent as it becomes due. In the event that Landlord elects to avail itself of the remedy provided by this Section 22.1.2, Landlord shall not unreasonably withhold its consent to an assignment or subletting of the Premises subject to the reasonable standards for Landlord's consent as are contained in this Lease. In addition, in the event Tenant has entered into a sublease which is valid under the terms of this Lease, Landlord may also, at its option, cause Tenant to assign to Landlord the interest of Tenant under said sublease, including, but not limited to, Tenant's right to payment of Rent as it becomes due. Landlord may elect to enter the Premises and relet them, or any part of them, to third parties for Tenant's account. Tenant shall be liable immediately to Landlord for all costs Landlord incurs in reletting the Premises, including, but not limited to, broker's commissions, expenses of cleaning and remodeling the Premises required by the reletting, attorneys' fees and like costs. Reletting can be for a period shorter or longer than the remaining Lease Term and for the entire Premises or any portion thereof. Tenant shall pay to Landlord the Base Rent and Additional Rent due under this Lease on the dates the Base Rent and such Additional Rent are due, less the Rent Landlord actually collects from any reletting. Except as provided in the preceding sentence, if Landlord relets the Premises or any portion thereof, such reletting shall not relieve Tenant of any obligation hereunder. Notwithstanding the above, no act by Landlord allowed by this Section 22.1.2 shall terminate this Lease unless Landlord notifies Tenant in writing that Landlord elects to terminate this Lease.
- 22.1.3 Landlord may seize and dispose of Tenant's Property in any manner permitted by law.
- 22.1.4 Tenant waives any right of redemption or relief from forfeiture under California Code of Civil Procedure Sections 1174 and 1179, or under any other present or future law in the event Tenant is evicted or Landlord takes possession of the Premises by reason of an Event of Default. No act or thing done by Landlord or Landlord's Parties during the Term shall be deemed an acceptance of a surrender of the Premises, and no agreement to accept a surrender shall be valid unless in writing and signed by Landlord. No employee of Landlord or of Landlord's Parties shall have any power to accept the keys to the Premises prior to the termination of this Lease, and the delivery of the keys to any employee shall not operate as a termination of this Lease or a surrender of the Premises.
- 22.2 Interest on Damages. In addition to any other remedies Landlord may have under this Lease, and without reducing or adversely affecting any of Landlord's rights and remedies under this Article 21, if any Rent or other amounts payable hereunder by Tenant to Landlord are not paid within ten (10) days after demand therefor, the same shall bear interest at the annual rate of fifteen percent (15%) or the maximum rate permitted by law, whichever is less, calculated monthly from the due date thereof until paid, and the amount of such interest shall be included as Additional Rent.
- 22.3 Cumulative Remedies. The remedies provided for in this Lease are cumulative and are not intended to be exclusive of any other remedies to which Landlord may lawfully be entitled at any time.

22.4 Acceptance of Rent. The acceptance of Rent, or any partial payment thereof, by Landlord shall not be deemed a waiver by Landlord of (i) any breach by Tenant under this Lease other than the failure of Tenant to pay the particular Rent so accepted, or (ii) any rights which Landlord may have arising from any breach by Tenant under this Lease including, without limitation, the right of Landlord to recover the Premises. Tenant hereby acknowledges and agrees that the terms of this Section 22.4 shall satisfy the actual notice requirements of California Code of Civil Procedure Section 1161.1(c).

### ARTICLE 23. TENANT'S CONDUCT OF BUSINESS.

- 23.1 Operating Covenants. Tenant covenants and agrees that it will, continuously and uninterruptedly from and after the Base Rent Commencement Date, (i) operate and conduct within the entire Premises the business which it is permitted to operate and conduct, pursuant to the terms of this Lease, except while the Premises are untenantable by reason of fire or other casualty, (ii) maintain within the Premises an adequate stock of merchandise together with sufficient personnel and personal property to service and supply the usual and ordinary requirements of its customers, (iii) keep the Premises in a neat, clean and orderly condition, and (iv) maintain and operate its business within the Premises in a first-class manner.
- Operating Days and Hours. Recognizing that it is in the interests of both Tenant and Landlord to have regulated hours of business for all of the Project, Tenant agrees that, commencing on the Base Rent Commencement Date and for the remainder of the Lease Term, Tenant shall be open to the public for business continuously with its window displays, exterior signs and exterior advertising displays adequately illuminated no less than five (5) consecutive days for each calendar week for no less than eight (8) hours per day, and during all days on which the Landlord, in its sole and absolute discretion, determines to open the Project for business to the public. Tenant agrees (i) to keep the Premises fully stocked with merchandise, and with sufficient sales personnel to care for the patronage and (ii) to maximize gross sales. In the event Tenant is open beyond the normal hours of business for the majority of the remaining businesses in the Project and the foregoing hours of operation and requires lighting of the parking area in connection therewith, Tenant shall bear the cost of such after-hours lighting as reasonably allocated and calculated by Landlord. Tenant acknowledges and agrees that, in addition to other reasons Landlord is requiring Tenant to agree to the provisions of this Article: (a) that Tenant being open for business in turn helps increase the amount of business being done by other tenants in the Project and (b) that a closed store has a detrimental effect on the Project and the business of other tenants in the Project. Accordingly, should Tenant fail to operate its business as required by this Article, the Base Rent shall be increased by an amount equal to fifteen percent (15%) of the Base Rent otherwise payable hereunder during the time period that the Tenant shall fail to conduct its business as herein provided. The increase in Base Rent shall not excuse Tenant from Tenant's breach of this Lease nor deprive Landlord of the remedies it may have at law or in equity for such breach. In the event Tenant fails to comply with any of the requirements of this Section 23.2, Landlord shall be entitled to a mandatory injunction requiring Tenant to operate continuously as herein provided. The parties agree, however, that the foregoing provisions shall be subject to the hours of operation prescribed by any governmental regulations or labor union contracts which may govern the operation or business of Landlord or Tenant.

23.3 Auctions and Liquidation Sales. Tenant shall not conduct, nor permit to be conducted, either voluntarily or involuntarily, any auction upon the Premises or any liquidation sale, whether said auction be voluntary, involuntary, pursuant to any assignment for the payment of creditors, or pursuant to any bankruptcy or other insolvency proceeding. Tenant shall not conduct a fire, bankruptcy or going out of business sale upon the Premises. Any auction or liquidation sale permitted by Landlord in its sole and absolute discretion shall in all events comply with applicable Legal Requirements.

#### ARTICLE 24. NO WAIVERS OF PERFORMANCE.

The failure of either party to insist in any one or more instances upon the strict performance of any one or more of the obligations of the other party under this Lease, or to exercise any election herein contained, shall not be construed as a waiver or relinquishment for the future of the performance of such one or more obligations or any other obligations of such other party under this Lease or of the right to exercise such election, but the same shall continue and remain in full force and effect with respect to any subsequent breach, act or omission. The receipt by Landlord of Rent with knowledge of an Event of Default/breach by Tenant of any obligation of this Lease shall not be deemed a waiver of such breach.

#### ARTICLE 25. CURING TENANT'S DEFAULTS.

All covenants and agreements to be performed by Tenant under any of the terms of this Lease shall be performed by Tenant at Tenant's sole cost and expense and without any abatement of Rent except as otherwise expressly provided in this Lease. If Tenant shall fail to pay any sum of money, other than Rent, required to be paid by it hereunder or shall fail to perform any other act on its part to be performed hereunder, and such failure shall continue beyond the periods referred to in Article 20 hereof, Landlord may make any such payment or perform any such act on Tenant's part to be made or performed as in this Lease provided but shall not be obligated so to do. Any such payment or performance shall not be a waiver or release of Tenant's obligations. All sums so paid by Landlord and all necessary incidental costs together with interest thereon at the rate specified in Section 22.2 from the date of such payment by Landlord until repaid shall be payable as Additional Rent to Landlord on demand, and Tenant covenants to pay any such sums, and Landlord shall have, in addition to any other right or remedy of Landlord, the same rights and remedies in the event of the nonpayment thereof by Tenant as in the case of default by Tenant in the payment of Rent. Except in an emergency or to prevent imminent threat of injury to persons or damage to the Premises, as reasonably determined by Landlord, Landlord shall provide Tenant with written notice and the appropriate cure period provided in this Lease before performing any act on behalf of Tenant, and will in all events provide Tenant with written request for any reimbursement payable under this Article.

#### ARTICLE 26. BROKERS.

Tenant and Landlord each covenant, warrant and represent that no broker except as provided in the Basic Lease Information (collectively, the "Broker") was instrumental in bringing about or consummating this Lease and that neither party has had conversations or negotiations with any broker except the Broker concerning the leasing of the Premises. Tenant shall indemnify, defend, and hold harmless Landlord against and from any claims for any

brokerage commissions and all costs, expenses and liabilities in connection therewith, including without limitation, attorneys' fees and expenses, arising out of any conversations or negotiations had by Tenant with the Broker and/or any other broker. Tenant shall pay any and all brokerage commissions and fees due the Broker.

#### ARTICLE 27. NOTICES.

- 27.1 General Provisions. Any notice, statement, demand, consent, approval or other communication required or permitted to be given, rendered or made by either party to the other, pursuant to this Lease or pursuant to any applicable law or requirement of public authority, shall be in writing unless written notice is not specifically required in this Lease. Notices shall be deemed to have been properly given, rendered or made: (i) upon delivery if delivered in person or by a recognized reputable overnight delivery service to the Landlord or Tenant, (ii) by confirmed facsimile, or (iii) if sent postage prepaid by first-class or certified mail, effective upon the earlier of that date actually received or refused as indicated by an attached return receipt, or seventy-two (72) hours after posted in a United States post office station or letter box in the continental United States, addressed to the other party at the address designated by the party (except that after the Base Rent Commencement Date, Tenant's address, unless Tenant shall give notice to the contrary, shall be the Tenant's address at the Premises). Notices shall be delivered to the addresses identified in the Basic Lease Information.
- 27.2 Change of Addresses. Either party may, by notice as aforesaid, designate a different address or addresses for notices, statements, demands, consents, approvals or other communications intended for it.

## ARTICLE 28. ESTOPPEL CERTIFICATES; FINANCIALS.

Estoppel Certificates. Tenant agrees, at any time and from time to time, as requested by Landlord with not less than ten (10) days prior notice, to execute and deliver to Landlord or Landlord's designee a statement certifying that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified and stating the modifications), certifying the dates to which the Base Rent and Additional Rent have been paid, stating whether or not, to the best knowledge of the Tenant, the Landlord is in default in performance of any of its obligations under this Lease, and, if so, specifying each such default of which the Tenant shall have knowledge, and stating whether or not, to the best knowledge of Tenant, any event has occurred which with the giving of notice or passage of time, or both, would constitute such a default, and, if so, specifying each such event, it being intended that any such statement delivered pursuant to this Section shall be deemed a representation and warranty to be relied upon, regardless of independent investigation, by the Landlord and by others with whom Landlord may be dealing. Tenant also shall include in any such statement such other information concerning this Lease as Landlord, or any Mortgagee of Landlord, may reasonably request. If Tenant fails to respond within ten (10) days of the delivery to Tenant of a written request for such a statement, such failure shall constitute an Event of Default and Tenant shall be deemed to have given such statement and shall be deemed to have admitted the accuracy of any information contained in the request for such statement and that the Lease is unmodified and in full force and effect, that there are not uncured defaults in Landlord's performance, and that not more than one (1) month's Rent has been paid in advance. Upon request by Landlord from time to time, Tenant shall provide Landlord with an executed estoppel in the form attached hereto as <u>Exhibit "J"</u> or upon such other form reasonably requested by Landlord.

28.2 Financials. Tenant shall deliver to Landlord, prior to the execution of this Lease, and within ten (10) days following written request therefor by Landlord at any time during the Lease Term, Tenant's current tax returns and financial statements and, if not previously requested by Landlord, Tenant's tax returns and financial statements for the two (2) years prior to Tenant's current fiscal year, certified to be true, accurate and complete by the chief financial officer of Tenant, including a balance sheet and profit and loss statement (collectively the "Statements"), which Statements shall accurately and completely reflect the financial condition of Tenant. If Tenant is a publicly traded corporation, the Statements may be in the form of Tenant's two (2) most recent public Form 10-Q Securities and Exchange Commission filings. To the extent permitted by law, Landlord agrees that it shall use its best efforts to keep the Statements confidential, except that Landlord shall have the right to deliver the same to any proposed purchaser of the Project or any portion thereof, and to any Mortgagee of Landlord or such purchaser. All Statements delivered by Tenant pursuant to this Section are represented and warranted by Tenant to be correct and to accurately and fully reflect Tenant's true financial condition as of the date of submission.

### ARTICLE 29. MEMORANDUM OF LEASE.

If requested by either Landlord or Tenant, the parties shall execute, acknowledge and deliver a memorandum of lease in respect of this Lease sufficient for recording. Such memorandum shall not be deemed to change or otherwise affect any of the obligations or provisions of this Lease.

### ARTICLE 30. MISCELLANEOUS.

- 30.1 Merger/Integration. All understandings and agreements heretofore had between the parties are merged in this Lease, which alone fully and completely expresses the agreement of the parties and which is entered into after full investigation, neither party relying upon any statement or representation not embodied in this Lease.
- 30.2 Modifications/Amendments. No agreement shall be effective to change, modify, waive, release, discharge, terminate or effect an abandonment of this Lease, in whole or in part, unless such agreement is in writing, refers expressly to this Lease and is signed by the party against whom enforcement is sought.
- 30.3 Successors and Assigns. As long as the terms and conditions regarding transfers and assignments set forth in this Lease are complied with, the obligations of this Lease shall bind and benefit the duly approved successors and assigns of the parties hereto.
- 30.4 No Liability For Lessor's Officials And Employees. No member, official, employee, or agent of Lessor shall be personally liable to Tenant, or any successor in interest, in the event of a default or breach by Lessor or for any amount which may become due to Lessee or any successor on any obligation under the terms of this Lease.

- Force Majeure. Failure of performance by any party to this Lease shall not be deemed to be a default, and such party shall be entitled to an extension of time to perform its obligations hereunder, where delays in performance are due to causes beyond the control and without the fault of such party, including as applicable: war; insurrection; strikes; lockouts; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; lack of transportation; litigation; unusually severe weather; inability to secure necessary labor, materials or tools; delays of any contractor, subcontractor or supplies; and acts or the failure to act of any public or governmental agency (except that Tenant's performance under this Lease shall not be excused for failure to obtain timely the required permits/approvals required by this Lease). Notwithstanding the foregoing sentence, a failure by Tenant to secure or receive any necessary or anticipated funding for the Tenant's Work and/or for the operation of Tenant's business during the Lease Term shall not be an event excusing performance under this Section or this Lease. An extension of time for any cause permitted under this Section shall be limited to the period of the enforced delay, which period shall commence to run from the time of the commencement of the cause, if notice by the party claiming such extension is sent to the other party within thirty (30) days of knowledge of the commencement of the cause. If no written notice is sent within thirty (30) days, for purposes of measuring the extension period for performance of the obligation in question, the period of the enforced delay shall commence to run from the date written notice is sent to the other party. Times of performance under this Lease may be extended by mutual written agreement of the parties.
- 30.6 Effect of Failure to Consent. Except where a different standard is expressly provided in this Lease, the Landlord may grant or refuse to consent or approve any item in Landlord's sole and absolute discretion.
- 30.7 Effect of Expiration. Upon the expiration or other termination of this Lease, neither party shall have any further obligation or liability to the other except as otherwise expressly provided in this Lease (including without limitation any indemnity obligations which shall expressly survive such expiration or termination) and except for such obligations as by their nature or under the circumstances can only be, or by the provisions of this Lease, may be, performed after such expiration or other termination; and, in any event, unless otherwise expressly provided in this Lease, any liability for a payment (including, without limitation, Additional Rent, herein) which shall have accrued to or with respect to any period ending at the time of expiration or other termination of this Lease shall survive the expiration or other termination of this Lease.
- 30.8 Prorations. Any appointments or prorations of Base Rent or Additional Rent to be made under this Lease shall be computed on the basis of a three hundred sixty (360) day year, with twelve (12) months of thirty (30) days each.
- 30.9 Governing Law. Regardless of the place of execution or performance, this Lease shall be governed by and construed in accordance with the laws of the State of California without regard to conflict of law principles.
- 30.10 Severability. If any provision of this Lease or the application thereof to any person or circumstances shall, for any reason and to any extent, be invalid or unenforceable, the

remainder of this Lease and the application of that provision to other persons or circumstances shall not be affected but rather shall be enforced to the extent permitted by law.

- 30.11 Headings. The table of contents, captions, heading and titles in this Lease are solely for convenience or reference and shall not affect its interpretation.
- 30.12 Independent Covenants. Each covenant, agreement, obligation or other provision of this Lease on Tenant's part to be performed, shall be deemed and construed as a separate and independent covenant of Tenant, not dependent on any other provision of this Lease.
- 30.13 Interpretation. All terms and words used in this Lease, regardless of the number or gender in which they are used, shall be deemed to include any other number and any other gender as the context may require. The parties acknowledge that each party and its counsel have reviewed and revised this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Lease or any amendment or exhibits hereto.
- 30.14 Time of the Essence. Time is of the essence for this Lease and all of the provisions for which a time for performance is established.
- 30.15 Light, Air and View. Any diminution or shutting off of light, air or view by any structure which may be erected on lands adjacent to or near the Premises shall in no way affect this Lease or impose any liability on Landlord.
- 30.16 Tenant Representations. If Tenant is an entity other than an individual, each person executing this Lease on behalf of Tenant does hereby covenant and warrant that:
- 30.16.1 Tenant is duly organized and validly existing under the laws of its state of formation, and, if such entity is existing under the laws of a jurisdiction other than California, qualified to transact business in California;
- 30.16.2 Tenant has full right and authority to enter into this Lease and to perform all Tenant's obligations hereunder; and
- 30.16.3 Each person signing this Lease on behalf of Tenant is duly and validly authorized to do so.
- 30.17 Defined Terms. Words capitalized other than as the first word of a sentence are defined terms and have the meaning, throughout this Lease, given to them as identified in the Glossary or, if not so identified, then when they are first used with an initial capital or when used in quotation marks.
- 30.18 Costs and Attorney Fees. In any action brought by any party in connection with this Lease, the prevailing party in such action shall be entitled to recover from the non-prevailing party, in addition to any other relief granted, reasonable attorneys' fees, costs and expenses. For purposes of this Lease, the term "attorney fees," "attorney's fees" and "attorneys' fees" include all reasonable charges of the prevailing party's attorneys and their staff (including without

limitation legal assistants, paralegals, and other support personnel) and any post-petition fees in a bankruptcy court. For purposes of this Lease, the term fees and expenses includes but is not limited to long-distance telephone charges; expenses of facsimile transmission; expenses for postage (including costs of registered or certified mail and return receipts), express mail, or parcel delivery; mileage and all deposition charges, including but not limited to court reporters' charges, appearance fees, and all costs of transcription; and costs incurred in searching records.

- 30.19 Computation of Days. All references in this Lease to "days" shall mean calendar days unless otherwise indicated. All references to "business days" and/or "working days" shall mean those days of any given week on which City Hall for the City is open to the public for business.
- 30.20 Landlord Approvals and Actions. Landlord's Executive Director (or his or her duly authorized representative) shall have the authority, except when the Second Amendment instructs otherwise, to make approvals, issue interpretations, execute documents, waive provisions, and/or enter into amendments of this Lease so long as such actions are consistent with the Second Amendment, Condominium Plan, and CC&Rs. Landlord's Executive Director (or his or her duly authorized representative) shall have the authority to issue and accept any notices pursuant to this Lease. Nothing in this Section shall be deemed to preclude Landlord's Executive Director from presenting to Landlord's Board of Directors or the City Council for the City any request, demand, or other notice from Tenant for review and/or approval.
- 30.21 Exhibits and Attachments. All exhibits and attachments to this Lease are incorporate herein by reference and expressly made a part hereof.
- 30.22 Counterparts. This Lease may be executed in one or more counterparts by separate signature, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument, binding on all parties hereto, even though all parties are not signatories to the original or to the same counterpart. Any counterpart of this Lease that has attached to it separate signature pages, which together contain the signatures of all parties, shall for all purposes be deemed a fully-executed instrument, and in making proof of this Lease, it shall not be necessary to produce or account for more than one such counterpart.

[Signatures on the next page]

IN WITNESS WHEREOF, Landlord and Tenant have duly executed this Lease Agreement as of the date and year first above written.

LANDLORD	TENANT
FULLERTON SUCCESSOR AGENCY, a public agency pursuant to Health and Safety Code section 34173  By:	DRIPP, INC., a California corporation,  By:  Printed Name: Rabih Sater  Title: President  Date: 11/20, 2013
ATTEST: Secretary  APPROVED AS TO FORM: RUTAN & TUCKER, LLP	
Fullerton Successor Agency Counsel	

IN WITNESS WHEREOF, Landlord and Tenant have duly executed this Lease Agreement as of the date and year first above written.

LANDLORD	TENANT
FULLERTON SUCCESSOR AGENCY, a public agency pursuant to Health and Safety Code section 34173	DRIPP, INC., a California corporation,
Ву:	Ву:
Printed Name:	Printed Name: Rabih Sater
Title:	Title: President
Date:, 2013	Date:, 2013
ATTEST:	
Secretary	
APPROVED AS TO FORM: RUTAN & TUCKER, LLP	
Fullerion Successor Agency Counsel	

#### **GLOSSARY**

- "Abandonment Deadline" is defined in Section 14.3.
- "Actual Tenant Costs" is defined in Section 1.15.
- "ADA" is defined in Section 3.5.
- "Additional Rent" is defined in Section 2.7.
- "Alterations" is defined in Section 13.1.

The term "and/or" when applied to two or more matters or things shall be construed to apply to any one or more or all thereof as the circumstances warrant at the time in question.

- "Attorney fees" is defined in Section 30.18.
- "Base Rent" is defined in Sections 1.15 and 2.7.
- "Base Year" is defined in Section 1.17.
- "Brokers" is defined in Section 1.20 and in Article 26.
- "Building Expenses" is defined in Section 4.2.
- "City" means the City of Fullerton.
- "Common Areas" means all areas and facilities within the Project exclusive of the Premises and other portions of the Project leased (or to be leased) exclusively to other tenants as further defined in Sections 1.9 and 15.3.
- "Firestone Buildings" is defined in Sections 1.7 and in Exhibit "B".
- "Contingency Period" is defined in Section 2.4.2.
- "Firestone Courtyard Common Area" is defined in Section 1.8 and in Exhibit "B".
- "DDA" means that certain Disposition and Development Agreement entered into by the Fullerton Redevelopment Agency and the Fullerton Historical Theater Foundation on or about October 19, 2004, as amended by that certain (i) First Amendment to Disposition and Development Agreement on or about September 19, 2006 and (ii) Second Amendment to Disposition and Development Agreement on or about August 5, 2009.
- "Demise" is defined in Section 2.1.
- "Environmental Laws" is defined in Section 3.6.

- "Estimated Tenant Costs" is defined in Section 1.15.
- "Event of Default" is defined in Section 21.1.
- "Final Base Rent Table" is defined in Section 1.15.
- "Guarantors" is defined in Section 1.19.
- "Hazardous Material" is defined in Section 3.6.

The terms "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Lease as a whole, and not to any particular Article, Section or subsection, unless expressly so stated.

"Initial Base Rent Table" is defined in Section 1.15.

"Landlord" is defined in Section 1.2. "Landlord" shall mean only the owner at the time in question of the Firestone Buildings, so that in the event of any transfer or transfers of title to the Firestone Buildings, the transferor shall be and hereby is relieved and freed of all obligations of Landlord under this Lease accruing after such transfer, and it shall be deemed without further agreement that such transferee has assumed and agreed to perform and observe all obligations of Landlord herein during the period it is the holder of the Landlord's interest under this Lease.

"Landlord's Address" is defined in Section 1.3.

"Landlord Parties" is defined in Section 3.6.

"Land" is defined in Section 2.1 and in Exhibit "A".

"Landlord Credit" is defined in Section 1.15.

The terms "laws" and "requirements of any public authorities" and words of similar import shall mean laws and ordinances of any or all of the federal, state, regional, city, and county governments and rules, regulations, orders and directives of any and all departments, subdivisions, bureaus, agencies or offices thereof, and of any other governmental, public or quasi-public authorities having jurisdiction over the Land, Building, Common Areas and/or the Premises, and the direction of any public officer pursuant to law, whether now or hereinafter in force.

"Lease Term" is defined in Sections 1.14 and 2.3.

"Legal Requirements" is defined in Section 3.1.

"Mortgage" is defined in Section 7.1.

"Mortgagee" is defined in Section 7.1.

"Operating Expenses" is defined in Section 5.2.

"Operating Year" is defined in Section 6.1.

"Parking" is defined in Sections 1.11 and 15.4.

The term "person" shall mean natural person or persons, a partnership, a corporation, a limited liability company, a trust, and any other form of business or legal association or entity.

"Premises" is defined in Sections 0 and 2.2, and depicted in Exhibits "B1" and "B2".

"Project" is defined in Section 1.1.

"RDA" means the Fullerton Redevelopment Agency.

"Rent" is defined in Sections 2.7-2.8.

"Rental Receipt" is defined in Section 1.15.

"Requirements of insurance bodies" and words of similar import shall mean rules, regulations, orders, and other requirements of the California Surveying and Rating Bureau and/or any other similar body performing the same or similar functions and having jurisdiction or cognizance over the Land, Building, Common Areas and/or the Premises, whether now or hereafter in force.

"Restrictions" mean collectively any covenants, conditions, or restrictions affecting the Premises or any portion thereof now or hereafter encumbering the Property, as may be amended from time to time.

"Rules and Regulations" is defined in Article 11 and in Exhibit "E".

"Security Deposit" is defined in Section 1.18.

"Site" means that certain real property located on the northeast corner of Harbor Boulevard and Chapman Avenue in the City of Fullerton, as defined in the Recitals.

"Successor Agency" means the Fullerton Successor Agency, a public agency pursuant to Health and Safety Code section 34173.

"Taxes" is defined in Section 5.4.

"Tenant" is defined in Section 1.4. "Tenant" shall mean the Tenant herein named or any assignee or other successor in interest (immediate or remote) of Tenant herein named, which at the time in question is the owner of Tenant's estate and interest granted by this Lease; but shall not be construed to permit any assignment of this Lease or to relieve Tenant herein named or any assignee or other successor in interest (whether immediate or remote) of Tenant herein named from the full and prompt payment, performance and observance of the covenants, obligations and conditions to be paid, performed and observed by Tenant under this Lease, without the prior written consent of Landlord as set forth in the Lease.

"Tenant Delays" is defined in Exhibit "H".

"Tenant Infrastructure Improvements" is defined in Section 4.4 and in Exhibit "H".

"Tenant Parties" is defined in Section 3.1.

"Tenant's Address" is defined in Section 1.5.

"Tenant's Percentage of Operating Expenses" is defined in Sections 1.16 and 6.2.

"Tenant's Pro Rata Share" is defined in Section 6.2.

"Tenant's Property" is defined in Section 14.2.

"Tenant's Work" is defined in Section 4.4 and in Exhibit "H".

## EXHIBIT "A1"

## **CONDOMINIUM PLAN**

[Attached]

Recording Requested By North American Title Company

RECORDING REQUESTED BY: AND WHEN RECORDED MAIL TO:

THE FULLERTON REDEVELOPMENT AGENCY 303 WEST COMMONWEALTH AVENUE FULLERTON, CA 92832 This Document was electronically recorded by North American

Recorded in Official Records, Orange County Tom Daly, Clerk-Recorder

72.00 2011000050999 03:46pm 01/27/11

## CONDOMINIUM PLAN PARCEL MAP NO. 2009-138

SHEET 1

#### OWNER'S CERTIFICATE.

WE, THE UNDERSIGNED, BEING ALL PARTIES REQUIRED BY CALIFORNIA CIVIL CODE SECTION 1351 (e) TO EXECUTE THIS CERTIFICATE, DO HEREBY CONSENT TO THE PREPARATION AND RECORDATION OF THE WITHIN CONDOMINIUM PLAN PURSUANT TO SAID SECTION 1351 (e).

FULLERTON HISTORIC THEATRE FOUNDATION, A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION.

PRINT NAME: Legard cuilson, PRINT NAME:

TITLE: President / FHTF TITLE:

THE FULLERTON REDEVELOPMENT AGENCY, A PUBLIC BODY, CORPORATE AND POLITIC

PREPARED IN THE OFFICES OF:

# HUITT-ZOLLARS

Huitt-Zollars, Inc. Irvine 430 Exchange, Suite 200 Irvine, California 92602-1315 Phone (714) 734-5100 Fax (714) 734-5155

THIS CONDOMINIUM PLAN CONSISTS OF 23 SHEETS

## CONDOMINIUM PLAN PARCEL MAP NO. 2009-138

THE FULLERTON REDEVELOPMENT AGENCY, A PUBLIC BODY, CORPORATE AND POLITIC, AS BENEFICIARY UNDER A DEED OF TRUST RECORDED JANUARY 9, 2007 AS INSTRUMENT NO. 2007000013697 OF OFFICIAL RECORDS

BY: A	BY: LCl Cwh
PRINT NAME: JOE FELZ	PRINT NAME: Leland C WILSON
TITLE: ACTING EXECUTIVE	DIRECTORILE: President

# CONDOMINIUM PLAN PARCEL MAP NO. 2009-138

FULLERTON HISTORIC THEATRE FOUNDATION
STATE OF CALIFORNIA
COUNTY OF Orange
ON THE JUNIAN 18,201 BEFORE ME, NATALIC S. THEOPAY, A NOTARY PUBLIC, RERSONALLY APPEARED THE FELZ.  WHO PROVED
TO ME ON THE BASIS OF SATISFACTORY EVIDENCE), TO BE THE PERSON(S) WHOSE NAME(S) (S) ARE SUBSCRIBED TO THE WITHIN INSTRUMENT AND ACKNOWLEDGED TO ME THAT HE /SHE/THEY EXECUTED THE SAME IN (HIS/HER/THEIR AUTHORIZED CAPACITY(JES), AND THAT BY (HIS/HER/THEIR SIGNATURE(S) ON THE INSTRUMENT THE PERSON(S), OR THE ENTITY UPON BEHALF OF WHICH THE PERSON(S) ACTED, EXECUTED THE INSTRUMENT.
I CERTIFY UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF CALIFORNIA THAT THE FORGOING PARAGRAPH IS TRUE AND CORRECT.
WITNESS MY HAND AND OFFICIAL SEAL:  NATALIE S. THROPAY Commission # 1892564 Notary Public - California
NOTARY PUBLIC Attacked Wight
THE FULLERTON REDEVELOPMENT AGENCY
STATE OF CALIFORNIA
COUNTY OF Orange
ON <u>FRANCE SULLAM 20,201</u> BEFORE ME, NOTARY PUBLIC, PERSONALLY APPEARED LESAND WILLSON, WHO PROVED
TO ME ON THE BASIS OF SATISFACTORY EVIDENCE) TO BE THE PERSON(S) WHOSE NAME(S) (IS/ARE SUBSCRIBED TO THE WITHIN INSTRUMENT AND ACKNOWLEDGED TO ME THAT HE/SHE/THEY EXECUTED THE SAME IN HIS/HER/THEIR AUTHORIZED CAPACITY(1ES), AND THAT BY HIS/HER/THEIR SIGNATURE(S) ON THE INSTRUMENT THE PERSON(S), OR THE ENTITY UPON BEHALF OF WHICH THE PERSON(S) ACTED, EXECUTED THE INSTRUMENT.
I CERTIFY UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF CALIFORNIA THAT THE FORGOING PARAGRAPH IS TRUE AND CORRECT.
WITNESS MY HAND AND OFFICIAL SEAL:
NOTARY PUBLIC J MAIL S. THROPAY Commission # 1892564 Notary Public - California Orange County My Comm. Expires Jun 13, 2014

## CONDOMINIUM PLAN PARCEL MAP NO. 2009-138

#### TABLE OF CONTENTS:

OWNER'S CERTIFICATE SHEETS 1-2:

NOTARY ACKNOWLEDGEMENTS SHEET 3:

TABLE OF CONTENTS, LEGAL DESCRIPTION AND SURVEYOR'S STATEMENT SHEET 4:

BASIS OF BEARINGS, BENCH MARK, GENERAL NOTES AND DEFINITIONS SHEETS 5-7:

SHEET 8: **BOUNDARY MAP** UNIT LAYOUT SHEET 9: SHEETS 10-19: UNIT DIMENSIONS

SHEETS 20-23: UNIT SECTIONS/ISOMETRIC VIEW

## LEGAL DESCRIPTION.

PARCEL 1 OF PARCEL MAP NO. 2009-138, IN THE CITY OF FULLERTON. COUNTY OF ORANGE, STATE OF CALIFORNIA, AS SHOWN ON THE MAP FILED IN BOOK 374 PAGES 44 THROUGH 47, INCLUSIVE, OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

## SURVEYOR'S STATEMENT.

I HEREBY STATE THAT I AM A PROFESSIONAL LAND SURVEYOR OF THE STATE OF CALIFORNIA, THAT THIS CONDOMINIUM PLAN WAS MADE UNDER MY SUPERVISION AND THAT THIS CONDOMINIUM PLAN: (1) CORRECTLY REPRESENTS THE BOUNDARY OF THE LAND INCLUDED WITHIN THIS PROJECT; (2) SUBJECT TO MINOR VARIANCES AND SUBJECT TO THE NOTES AND DEFINITIONS HEREIN, SHOWS THE LOCATION OF THE UNITS THEREIN AS SHOWN ON SHEETS 9 THROUGH 23.

JAMES L. GARVIN, PLS 6343

LAND

NO. 6343 EXP. 12/31/2012

ATE OF CALIFO

anus S.

REGISTRATION EXPIRES: DECEMBER 31, 2012

aun

JANUARY 4, 2011

DATE

## CONDOMINIUM PLAN PARCEL MAP NO. 2009-138

### BASIS OF BEARINGS.

THE BEARINGS SHOWN HEREON ARE BASED ON THE CENTERLINE OF HARBOR BOULEVARD BEING NORTH 00'58'55" EAST AS SHOWN ON PARCEL MAP NO. 2009–138, P.M.B. 370/44-47, RECORDS OF ORANGE COUNTY.

### BENCH MARK / VERTICAL DATUM

THE ELEVATIONS SHOWN HEREON ARE BASED ON THE ELEVATIONS AND VERTICAL DIFFERENCES INDICATED ON THE ARCHITECHURAL PLANS PREPARED BY WESTLAKE, REED, LESKOSKY, DATED SEPTEMBER 16, 2010.

#### GENERAL NOTES AND DEFINITIONS

- 1. IN THE EVENT OF A CONFLICT BETWEEN THIS CONDOMINIUM PLAN AND THE DECLARATION, THE DECLARATION SHALL CONTROL.
- 2. UNIT LINES INTERSECT AT RIGHT ANGLES (90 DEGRESS), UNLESS OTHERWISE NOTED.
- 3. DUE TO THE HISTORIC NATURE OF THE EXISTING BUILDINGS AND THE FACT THAT THE BUILDING IS POSTED AS STRUCTURALLY UNSAFE TO OCCUPY, NO ATTEMPT HAS BEEN MADE TO VERIFY THE DIMENSIONS AND VERTICAL DIFFERENCES AS SHOWN ON THE ARCHITECTURAL PLANS PREPARED BY WESTLAKE, REED, LESKOSKY, DATED SEPTEMBER 16, 2010. THIS CONDOMINIUM PLAN USES THOSE DIMENSIONS AND VERTICAL DIFFERENCES EXCLUSIVELY AND SHOULD ANY VARIATIONS EXIST BETWEEN THIS CONDOMINIUM PLAN AND THE ACTUAL PHYSICAL CONDITIONS, THEN THE ACTUAL PHYSICAL CONDITIONS WILL BE PRESUMED TO REPRESENT THE UNIT LINES.
  - UNIT LINE LOCATIONS SHOWN HEREIN VARY IN LOCATION FROM THE INTERIOR FACE OF WALL, TO THE CENTER OF THE WALL, TO THE EXTERIOR FACE OF THE WALL OR TO THE EXTERIOR BOUNDARY LINES OF THE UNDERLYING PARCEL MAP. SAID UNIT LINES HAVE BEEN SIMPLIFIED DUE TO REASONS NOTED ABOVE, AND THE STRUCTURAL WALLS THAT MAY BE WITHIN OR LIE BETWEEN SAID UNITS ARE PART OF THE COMMON AREA.
- 4. **ASSOCIATION** SHALL MEAN THE FOX THEATRE ASSOCIATION, A NONPROFIT MUTUAL BENEFIT CORPORATION, AND ITS SUCCESSORS IN INTEREST. THE ASSOCIATION IS AN "ASSOCIATION" AS DEFINED IN SECTION 1351(A) OF THE CALIFORNIA CIVIL CODE.
- 5. COMMON AREA SHALL MEAN ALL REAL AND PERSONAL PROPERTY DESIGNATED BY THE DECLARANTS AS COMMON AREA AND MADE SUBJECT TO THE RESTRICTIONS ON COMMON AREA, AS MAY BE ESTABLISHED IN THE GOVERNING DOCUMENTS. ANY REFERENCES IN THIS DECLARATION TO COMMON AREA ARE REFERENCES TO THE COMMON AREA AS A WHOLE AND TO PORTIONS THEREOF, UNLESS OTHERWISE SPECIFIED HEREIN. THE COMMON AREA IN THE PROJECT IS ALL THE REAL PROPERTY AND IMPROVEMENTS THEREON, EXCEPT THE UNITS, SHOWN ON THE CONDOMINIUM PLAN AS COMMON AREA, WHICH INCLUDES, BUT IS NOT LIMITED TO, ALL LANDSCAPED AREAS, WALKWAYS, DRIVEWAYS, PARKING AREAS (EXCLUDING THE PARKING CONDOMINIUM UNIT), RAMPS, PASSAGEWAYS, PEDESTRIAN AREAS,

## CONDOMINIUM PLAN PARCEL MAP NO. 2009-138

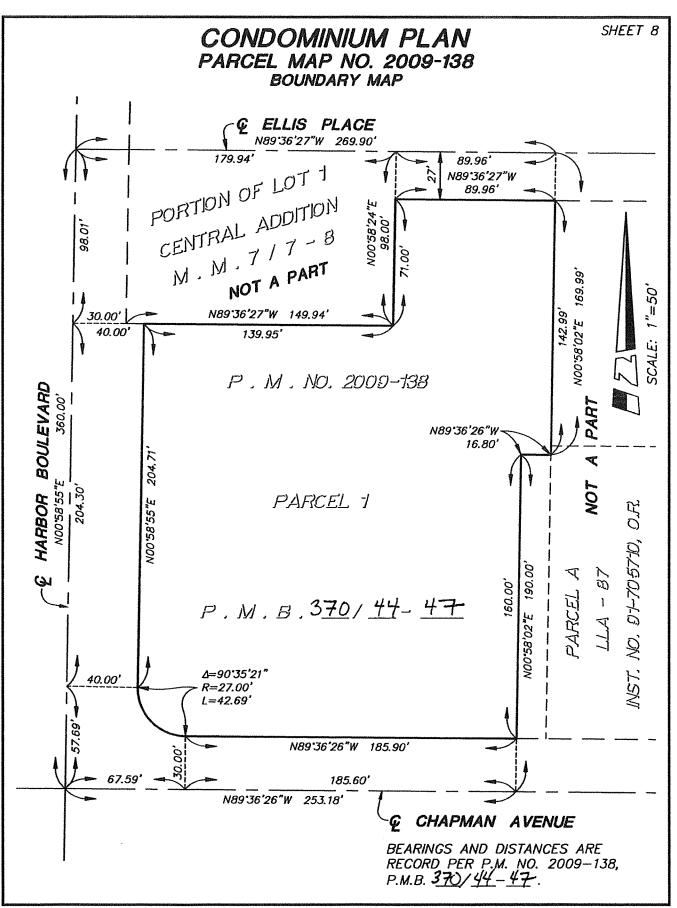
#### GENERAL NOTES AND DEFINITIONS.

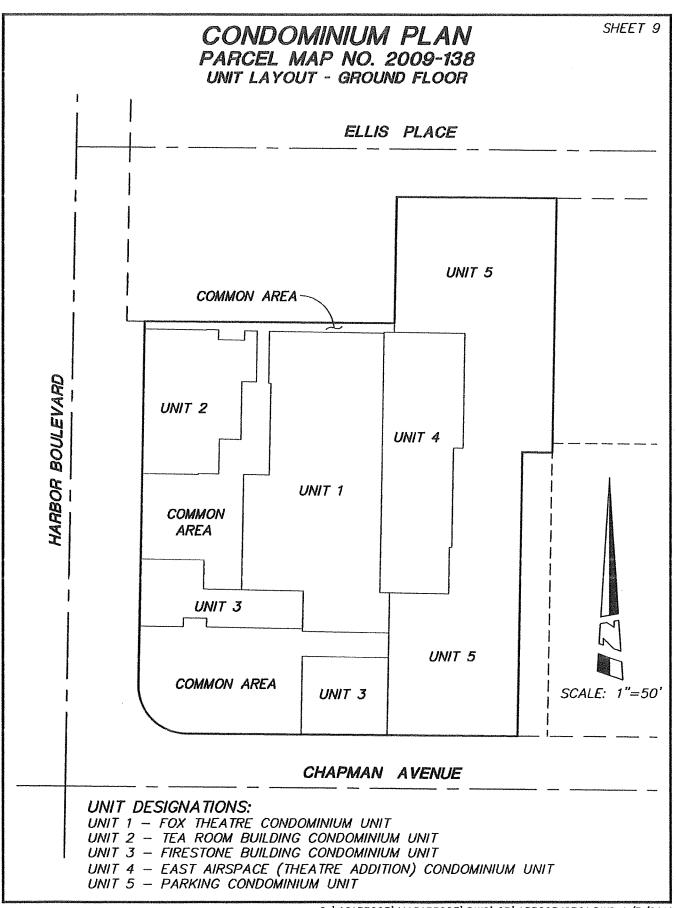
- (CONTINUED) SIDEWALKS, THE ELECTRICAL TRANSFORMER, ELECTRICAL ROOMS IN THE BUILDINGS, THE BUILDINGS AND THEIR BEARING WALLS, INCLUDING ROOFS. FOUNDATIONS, CENTRAL HEATING, CENTRAL AIR CONDITIONING EQUIPMENT (EXCEPT RELATED DUCT WORK WITHIN A UNIT WHICH EXCLUSIVELY SERVE THAT UNIT). FLUES. CHUTES, CONDUITS, GAS PIPES, WATER AND WASTE PIPES, PLUMBING, WIRES AND OTHER UTILITY INSTALLATIONS (EXCEPT THOSE PORTIONS DESIGNED TO SERVE A SINGLE UNIT OR THE OUTLETS THEREOF LOCATED WITHIN THE UNIT) THAT ARE REQUIRED TO PROVIDE POWER, LIGHT, TELEPHONE, GAS, WATER, SEWERAGE, AND DRAINAGE, TOGETHER WITH SPRINKLERS, SPRINKLER PIPES AND SPRINKLER HEADS THAT PROTRUDE INTO THE AIRSPACE OF THE UNIT, ALL WHETHER CURRENTLY CONSTRUCTED OR CONSTRUCTED IN THE FUTURE. NOT TO LIMIT THE FOREGOING, AND IN FURTHER EXPLANATION THEREOF, THE COMMON AREA INCLUDES THE ENTRY COURT IN FRONT OF THE FOX THEATRE CONDOMINIUM UNIT, THE PARKING LOT IN FRONT OF THE FIRESTONE BUILDING CONDOMINIUM UNIT, THE ENTRY COURT TO THE TEA ROOM BUILDING CONDOMINIUM UNIT, VARIOUS WALKWAYS AND PASSAGEWAYS THROUGHOUT THE PROJECT, AND THE INTERIOR PORTIONS OF THE BUILDING WALLS LOCATED BETWEEN THE CONDOMINIUM UNITS, AS DEPICTED IN THE CONDOMINIUM PLAN. AN UNDIVIDED FRACTIONAL FEE SIMPLE INTEREST IN THE COMMON AREA IN THE PROJECT IS APPURTENANT TO EACH UNIT. THE COMMON AREA CONSTITUTES AN "UNDIVIDED INTEREST-IN-COMMON IN A PORTION OF REAL PROPERTY" OWNED BY THE OWNERS IN UNDIVIDED INTEREST AS REQUIRED BY SECTION 1351(F) OF THE CALIFORNIA CIVIL CODE.
- 6. CONDOMINIUM SHALL MEAN AN ESTATE IN REAL PROPERTY CONSISTING OF AN UNDIVIDED FEE SIMPLE OWNERSHIP INTEREST IN THE COMMON AREA IN THE PROJECT TOGETHER WITH A SEPARATE OWNERSHIP INTEREST IN FEE IN A UNIT AND ALL EASEMENTS APPURTENANT THERETO, AS MORE PARTICULARLY SET FORTH HEREIN AND IN THE CONDOMINIUM PLAN, WHICH ALL SHALL COMPLY WITH THE DEFINITION OF "CONDOMINIUM" SET FORTH UNDER THE DEFINITION OF "CONDOMINIUM PROJECT" IN THE DAVIS—STIRLING ACT.
- 7. CONDOMINIUM UNITS SHALL MEAN THE FIRESTONE BUILDING CONDOMINIUM UNIT, FOX THEATRE CONDOMINIUM UNIT, TEA ROOM BUILDING CONDOMINIUM UNIT, EAST AIRSPACE CONDOMINIUM UNIT, AND PARKING CONDOMINIUM UNIT. THE CONDOMINIUM UNITS ARE IDENTIFIED AND INCLUDE THOSE PORTIONS OF THE PROJECT IDENTIFIED ON THE CONDOMINIUM PLAN. EACH CONDOMINIUM UNIT'S BOUNDARY EXTENDS TO THAT CONDOMINIUM UNIT'S LINE, AS DEFINED BELOW. THE CONDOMINIUM UNITS ARE "UNITS" AS DEFINED BELOW AND USED IN THIS DECLARATION.

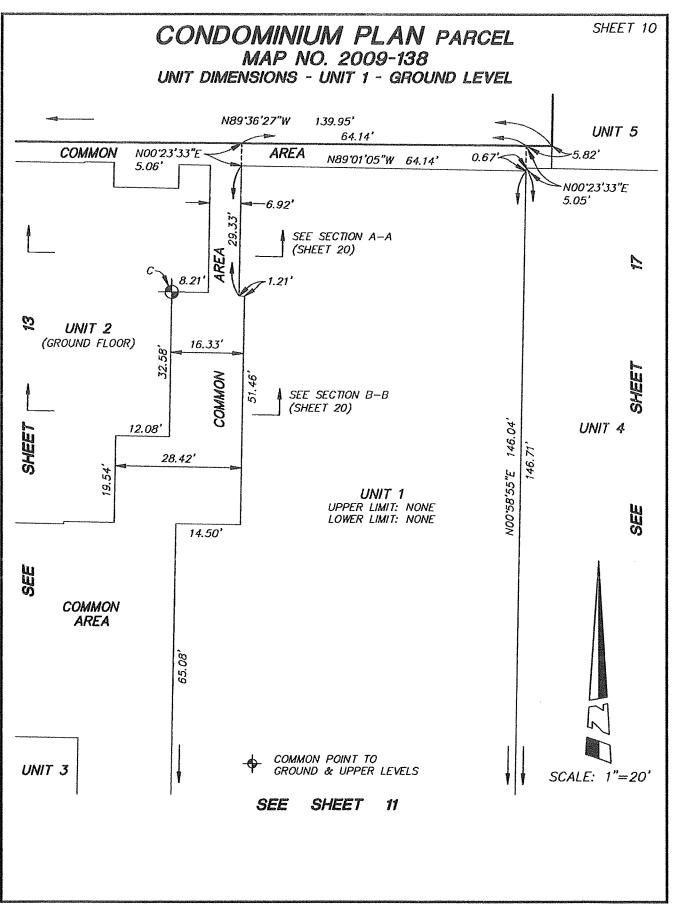
## CONDOMINIUM PLAN PARCEL MAP NO. 2009-138

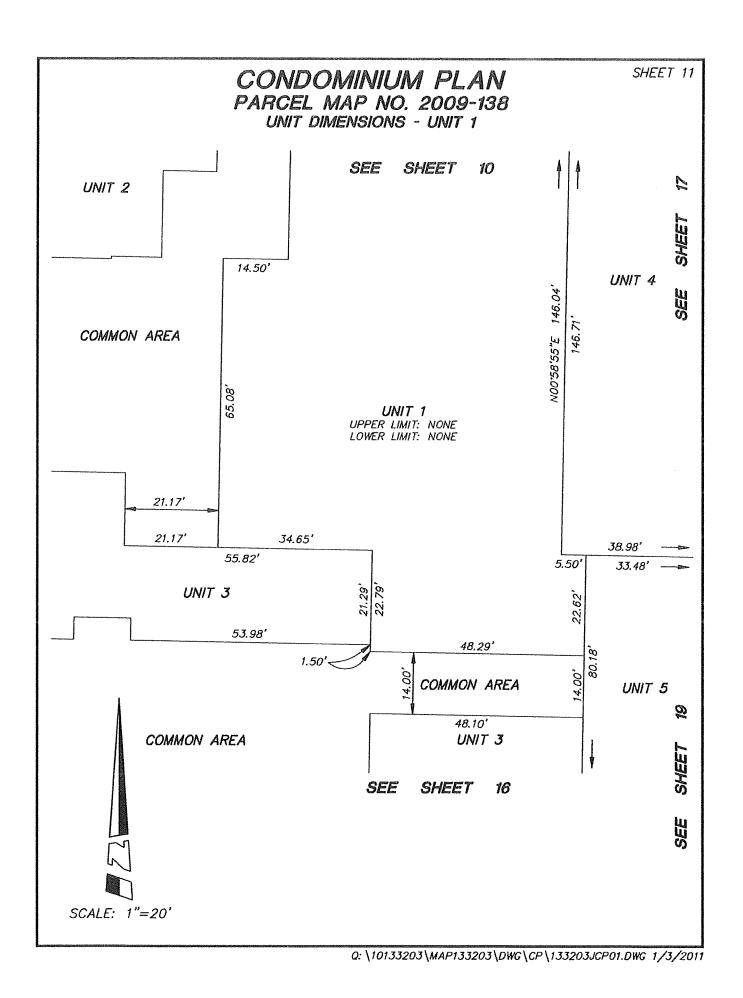
#### GENERAL NOTES AND DEFINITIONS

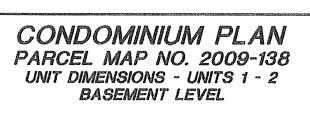
- 8. EXCLUSIVE USE AREA SHALL MEAN THE COMMON AREA OVER WHICH EXCLUSIVE EASEMENTS ARE RESERVED FOR THE BENEFIT OF SPECIFIED OWNERS FOR INTERNAL AND EXTERNAL TELEPHONE, CABLE TELEVISION (CATV), POWER FEEDER AND LIMITED BRANCH CIRCUIT WIRING (COLLECTIVELY, "DESIGNATED UNIT WIRING") DESIGNED TO SERVE A SINGLE UNIT BUT LOCATED OUTSIDE THE BOUNDARIES OF THAT UNIT, IN ACCORDANCE WITH CIVIL CODE SECTION 1351(I). MORE THAN ONE (1) UNIT MAY BE ASSIGNED A SPECIFIC EXCLUSIVE USE AREA. THE LOCATIONS AND ASSIGNMENTS OF EACH EXCLUSIVE USE AREA SHALL BE WHERE A SPECIFIC UNIT'S DESIGNATED UNIT WIRING IS INSTALLED AND PERMANENTLY PLACED IN THE PROJECT, SO LONG AS SUCH INSTALLATION AND PLACEMENT IS IN ACCORDANCE WITH THIS DECLARATION, CONDOMINIUM PLAN, SITE PLAN, AND ANY APPLICABLE GOVERNMENTAL REQUIREMENTS.
- 9. **UNIT** SHALL MEAN A SEPARATE INTEREST IN A VOLUME OF SPACE AS DEFINED IN SECTION 1351(F) OF THE CALIFORNIA CIVIL CODE. EACH UNIT IS A SEPARATE FREEHOLD ESTATE, AS SEPARATELY SHOWN, NUMBERED AND DESIGNATED IN THE CONDOMINIUM PLAN.
- 10. **UNIT LINE AND UNIT LINES** SHALL MEAN THE UNIT BOUNDARY LINES AS DESCRIBED AS SUCH IN THE CONDOMINIUM PLAN.



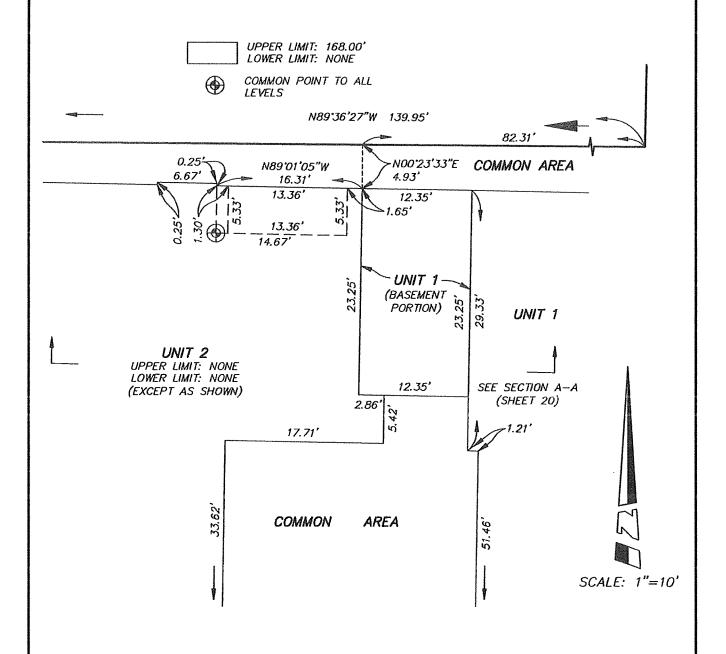


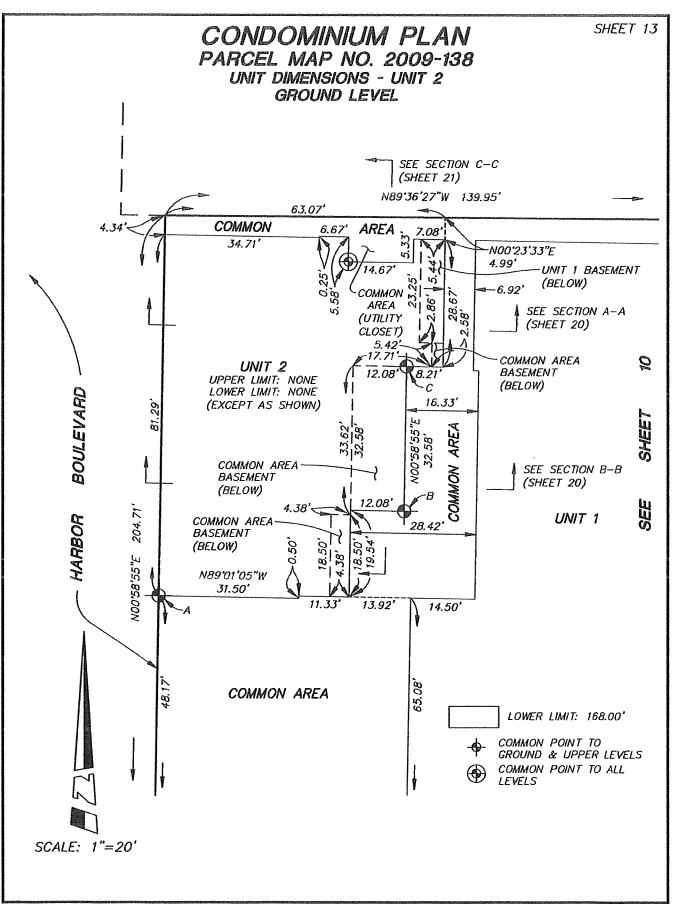


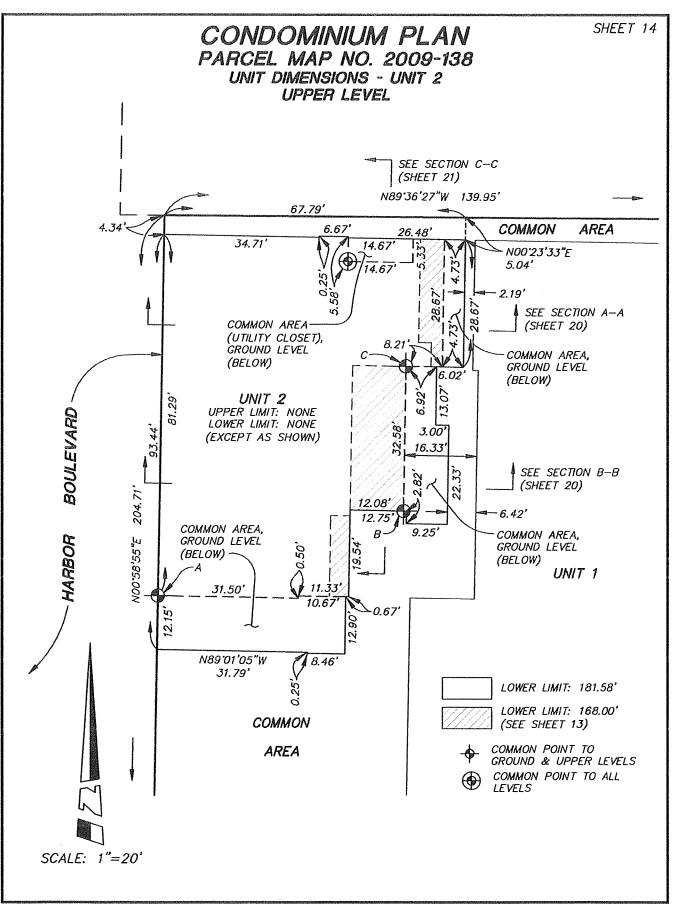


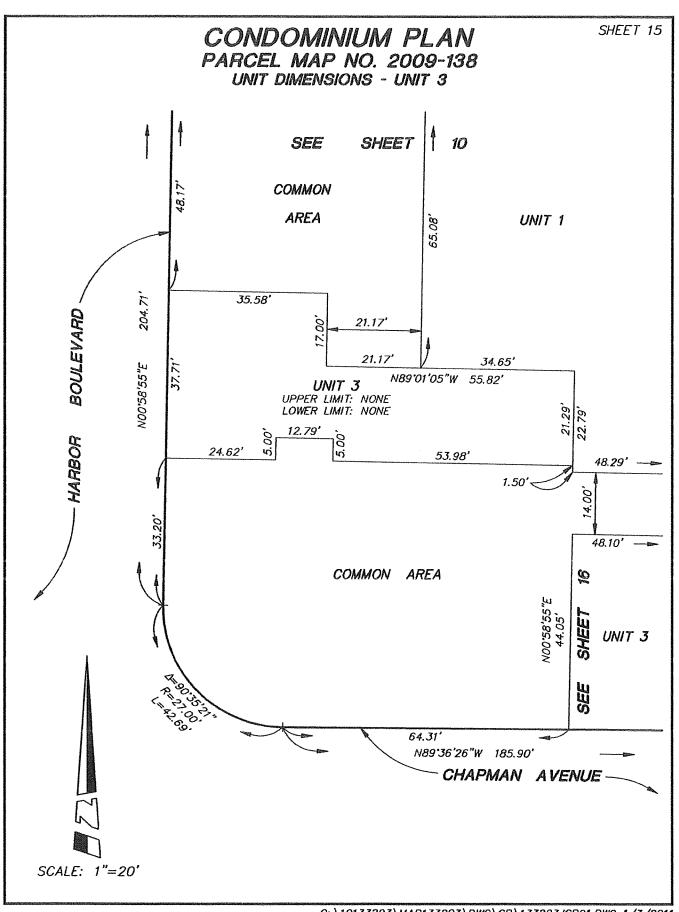


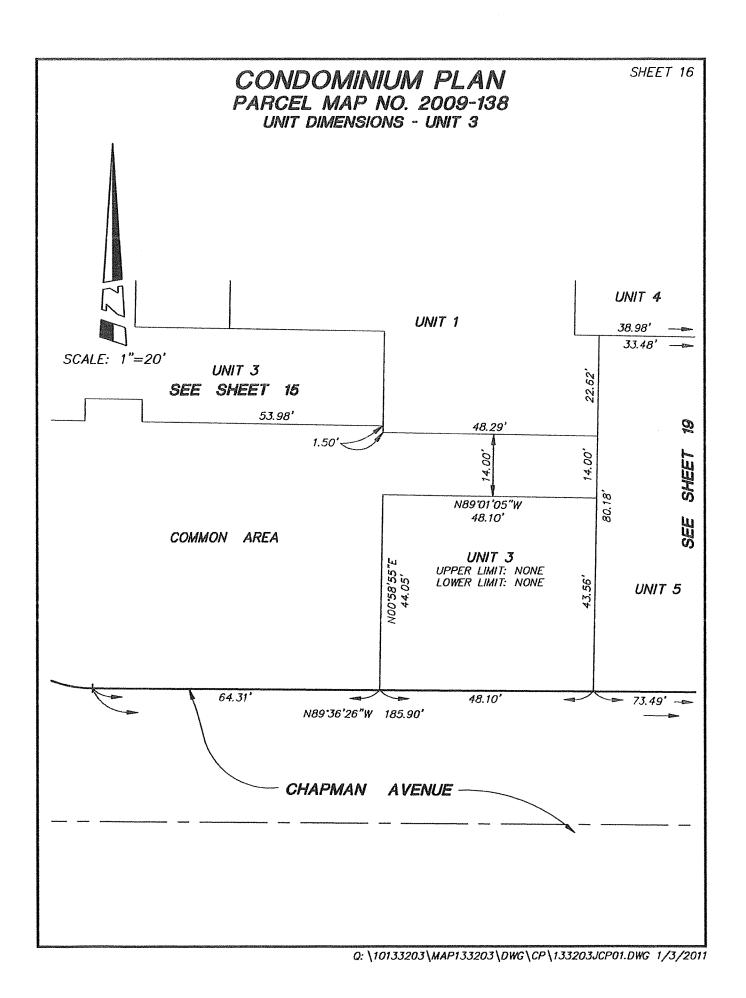
SHEET 12

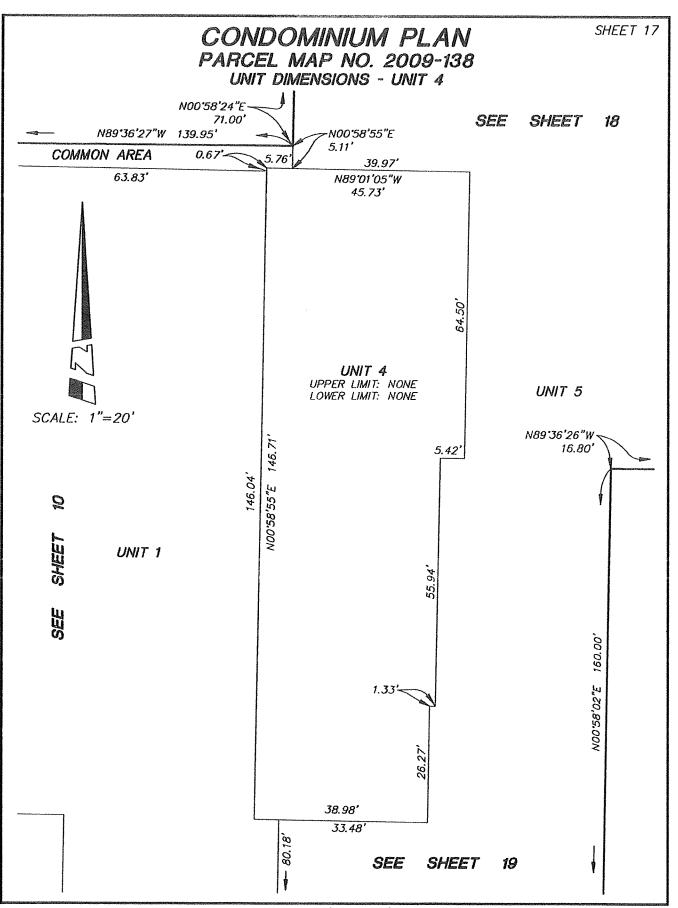


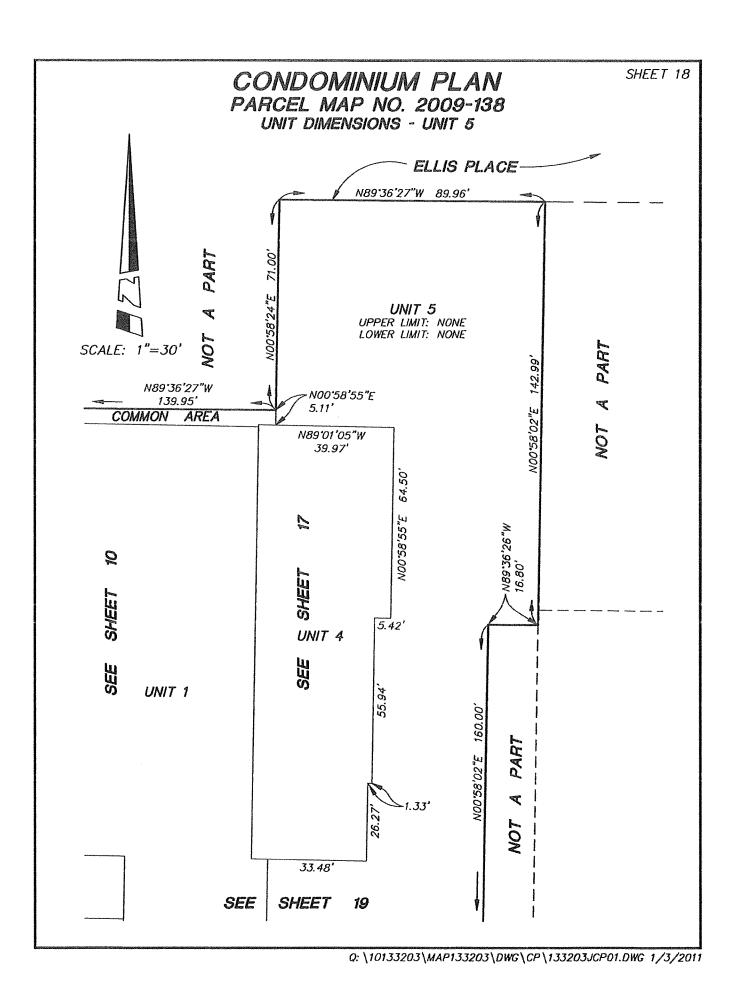


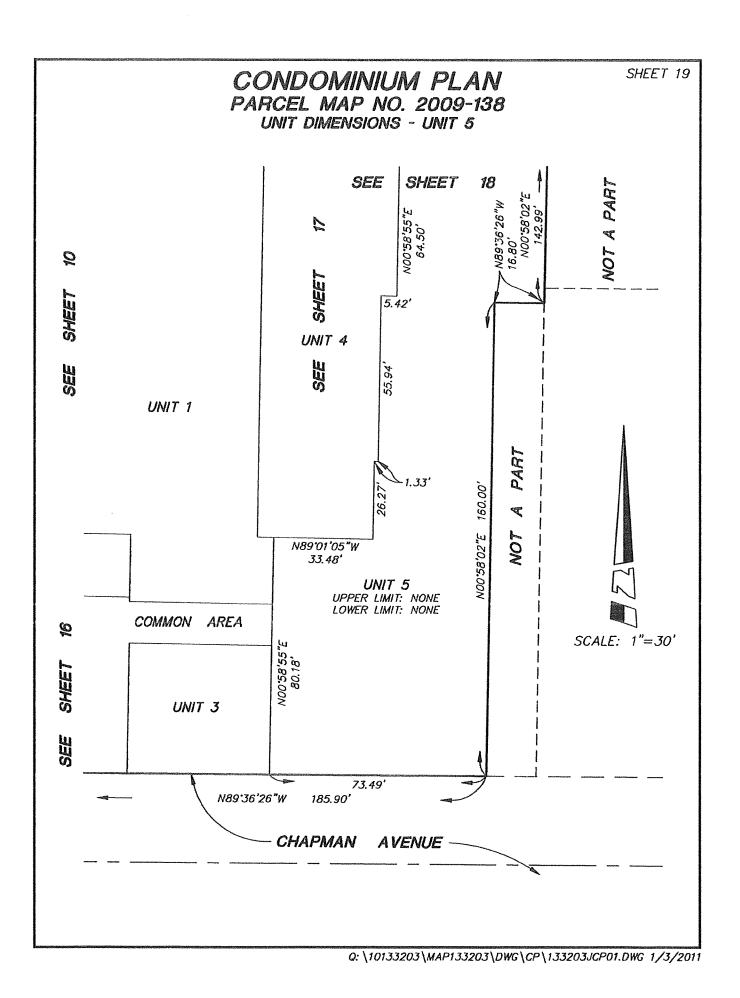


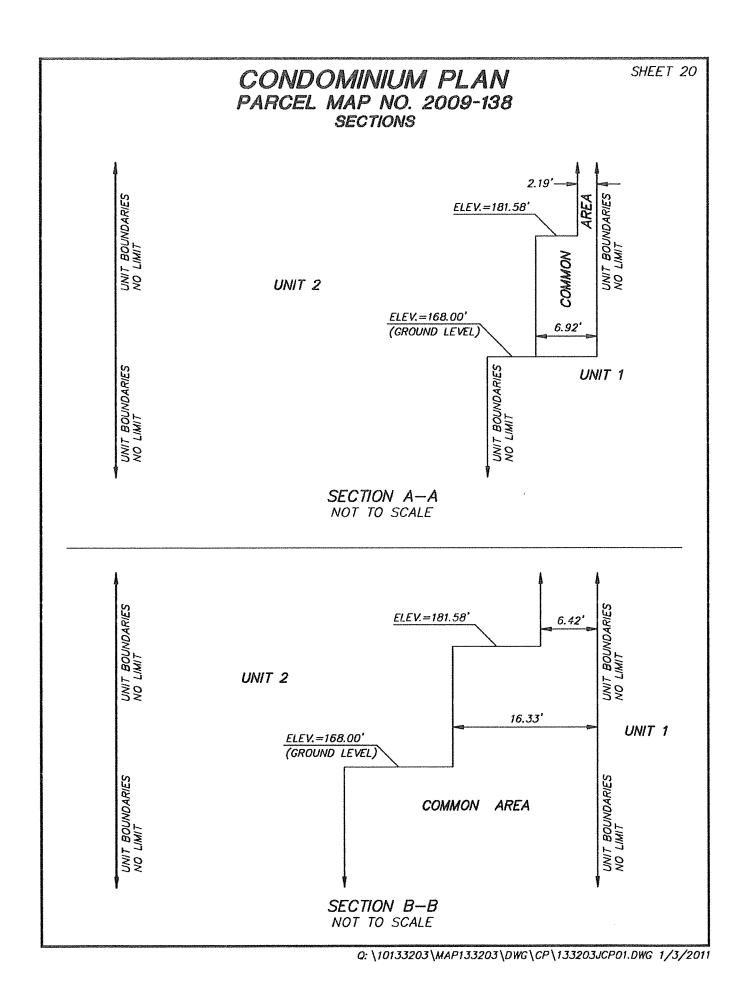


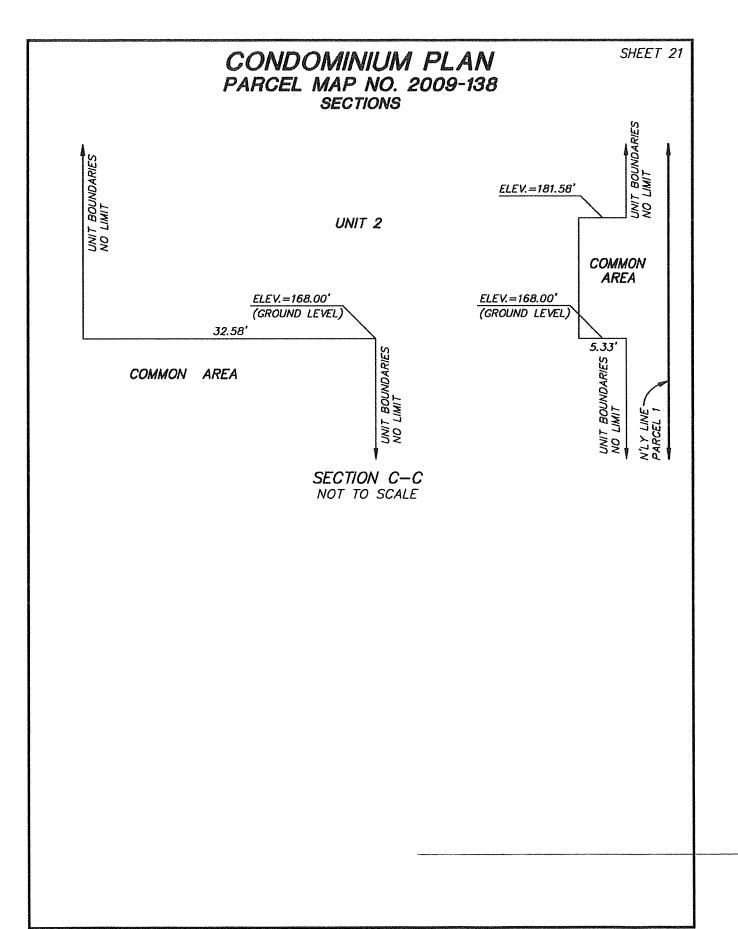


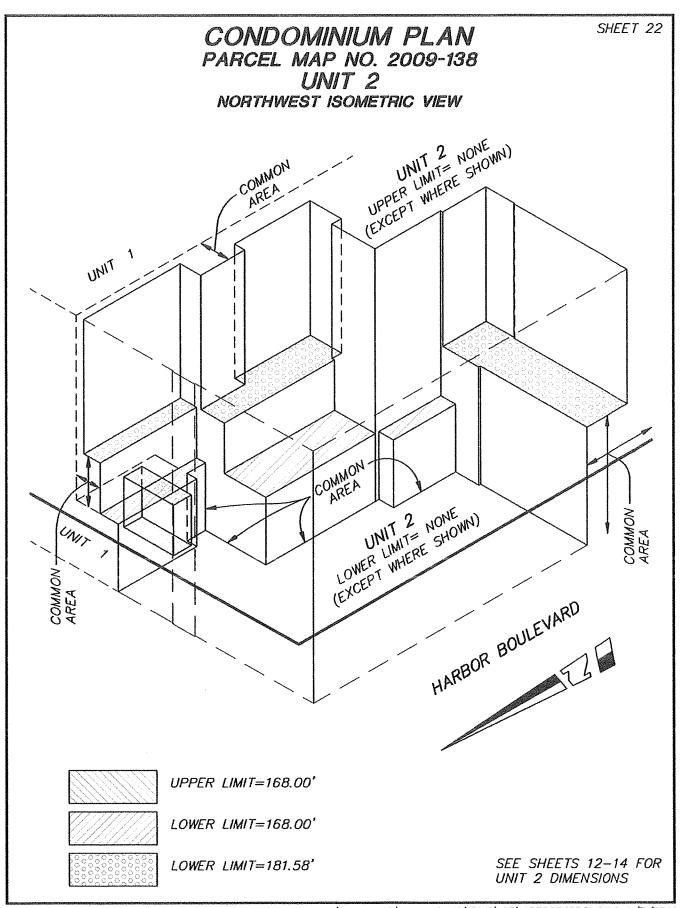


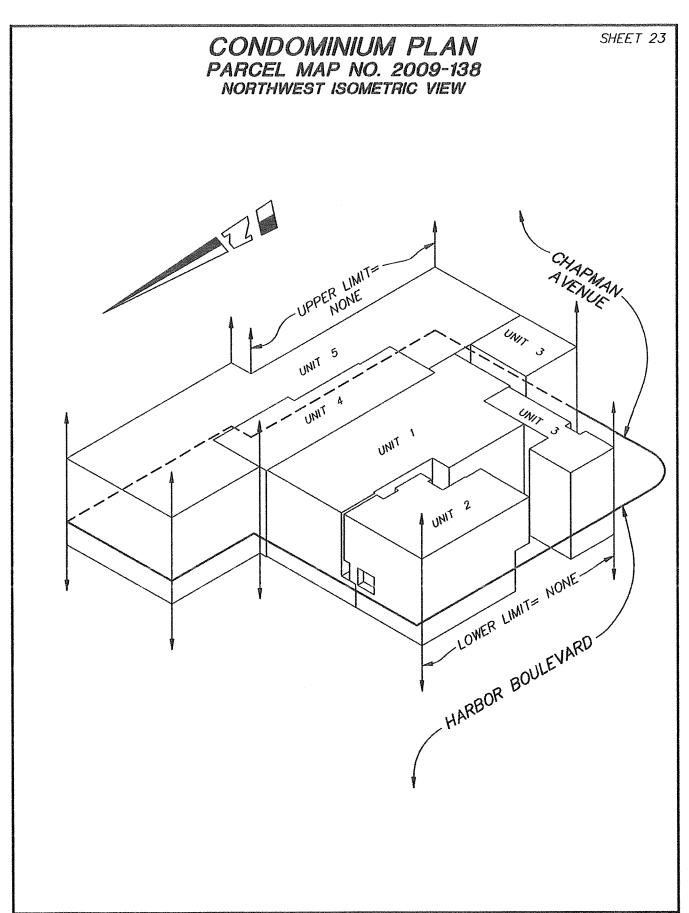












# EXHIBIT "A2"

# **LOCATION OF THE SITE**

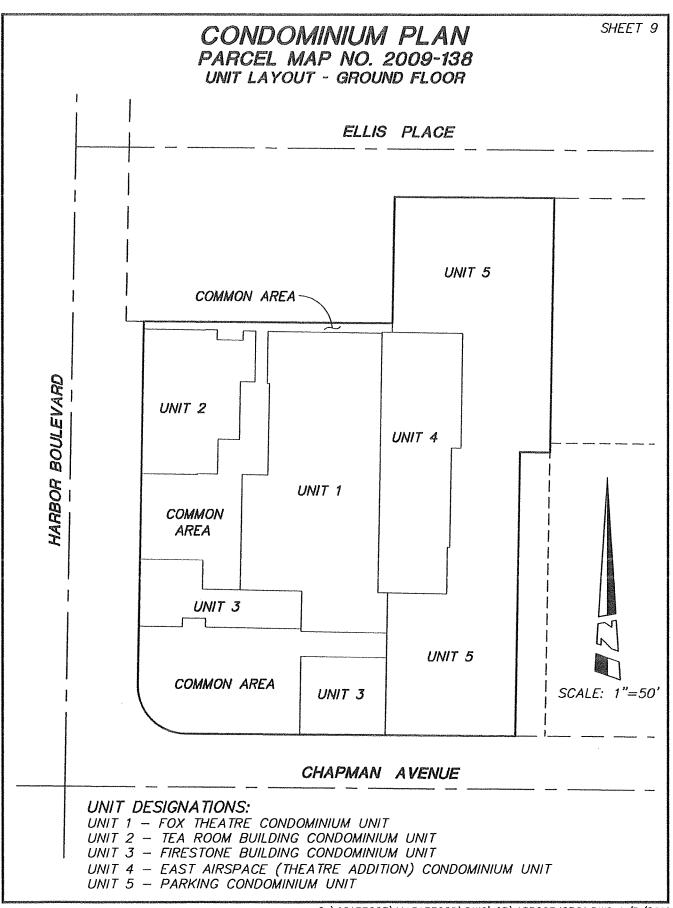
[Attached]

# EXHIBIT "A3"

# **DEPICTION OF FIVE CONDOMINIUM UNITS**

[Attached]

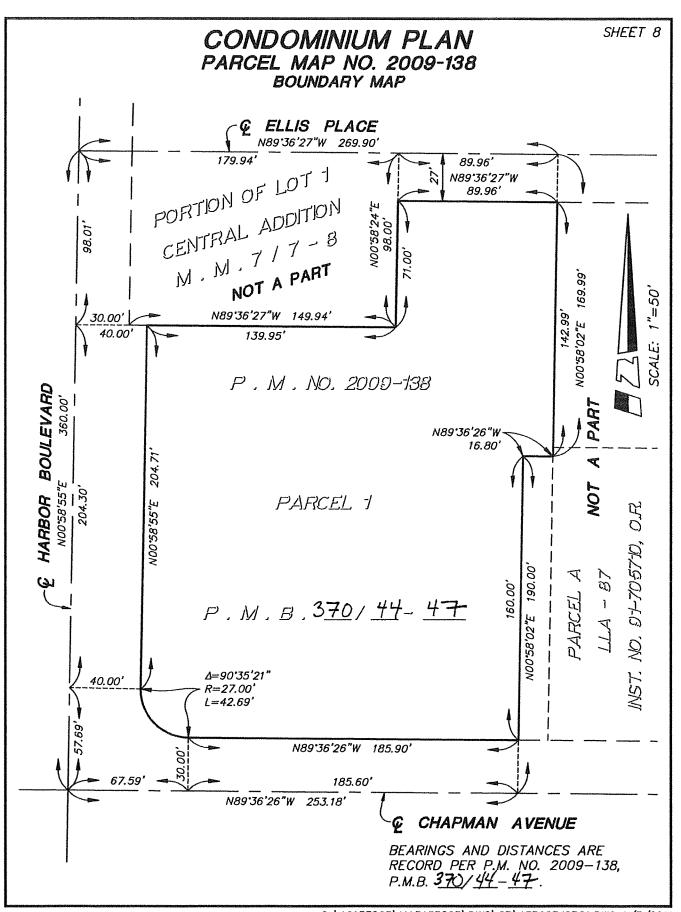
EXHIBIT "A3" TO LEASE

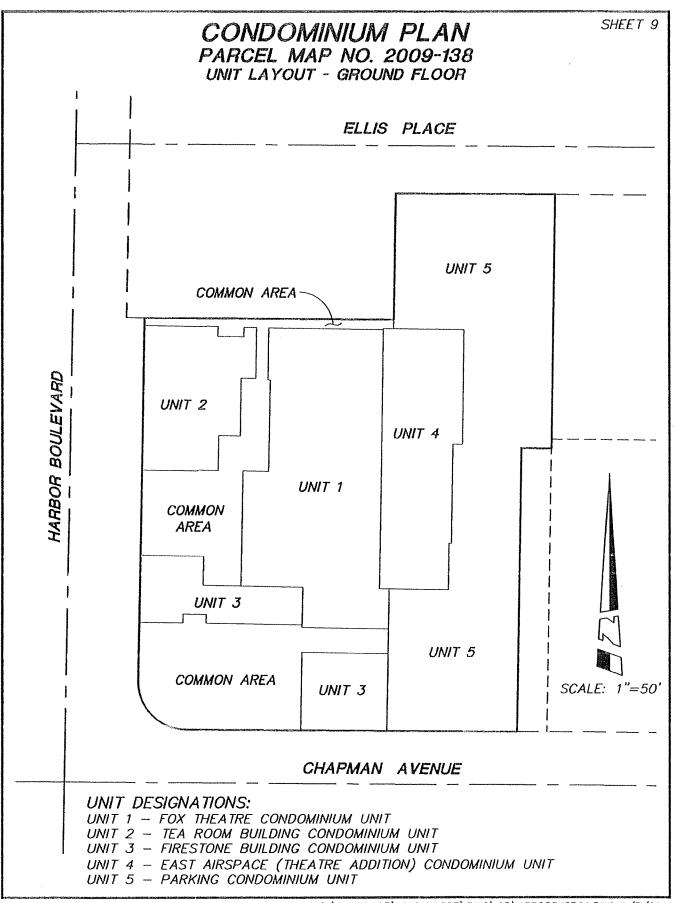


# EXHIBIT "B1"

# DEPICTION OF PREMISES AS RELATED TO FIVE CONDOMINIUM UNITS

[Attached]





# EXHIBIT "B2"

# **DETAILED DEPICTION OF PREMISES**

[Attached]

#### LEGAL DESCRIPTION

### PARCEL 1:

Unit 3, as shown and defined in the Condominium Plan recorded January 27, 2011 as Instrument No. 2011000050999, of Official Records, affecting that portion of Parcel 1 of Parcel Map No. 2009-138, in the City of Fullerton, County of Orange, State of California, per the map filed in Book 370, Pages 44 through 47, inclusive of Parcel Maps in the office of the County Recorder of said County.

#### PARCEL 2:

An undivided 1/5<sup>th</sup> interest in and to all that portion of Parcel 1 of Parcel Map No. 2009-138, in the City of Fullerton, County of Orange, State of California, per the map filed in Book 370, Pages 44 through 47, inclusive of Parcel Maps, in the office of the County Recorder of said County shown and defined as "Common Area" on the Condominium Plan recorded January 27, 2011 as Instrument No. 2011000050999, of said Official Records.

#### PARCEL 3:

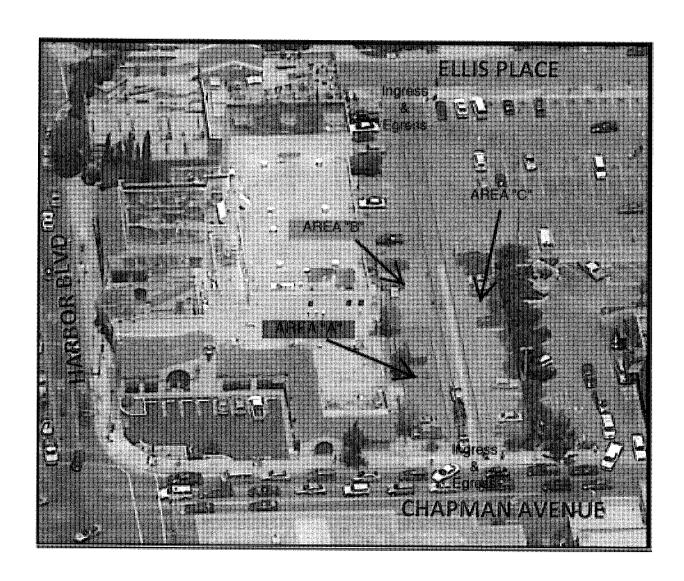
Easements as set forth in Section 4.4 ("Perpetual Easements") and Article 5 ("Description of Common Interests, Property Rights, Rights of Enjoyment and Easements") of that certain Declaration of Covenants, Conditions and Restrictions and Reservation of Easements for the Fox Theatre, recorded January 28, 2011 as Instrument No. 2011000052374 (the "Declaration") in the office of the County Recorder of said County.

### PARCEL 4:

Easements for the exclusive right of use, possession and occupancy of those portions of Parcel 2 above, designated as "Exclusive Use Areas" as defined in the Declaration, which shall be appurtenant to Parcels 1 and 2 above.

# EXHIBIT "C"

# **DEPICTION OF SHORT-TERM AND TEMPORARY PARKING SPACES**



# EXHIBIT "D"

### BASE RENT TABLE

### EXHIBIT "E"

### **RULES AND REGULATIONS**

The following rules and regulations shall apply to the Premises and the use and occupancy thereof. All capitalized terms used in these rules and regulations and in any amendments or additions thereto shall, unless otherwise defined, have the same meaning as given in the Lease to which these rules and regulations are attached.

- A. The sidewalks, entries, passages, corridors and stairways of the Project shall not be obstructed or used for any purpose other than ingress or egress to and from the buildings in the Project. Further, Tenant shall not misuse or in any manner damage the landscaped or other Common Areas. No furniture, equipment, or picnic tables or chairs may be placed on such areas.
- B. Furniture, equipment or supplies will be moved in or out of the Premises only via the facilities designated by Landlord. In the event Tenant or any Tenant Parties damage any parts of a building, structure, improvement or any part of the Project during any such move, Tenant shall forthwith pay to Landlord the amount required to repair said damage.
- C. No safe or article, the weight of which may, in the opinion of Landlord, constitute a hazard or damage to the Premises or Landlord's equipment, may be moved into the Premises without prior written consent of Landlord. If such consent is granted, such article may be moved into the Premises and located in the Premises only in the manner designated by Landlord.
- D. Tenant shall not do or permit anything to be done in the Premises, or bring or keep anything therein which would in any way increase the rate of fire insurance on the Premises or on property kept therein, or constitute a nuisance or waste or conflict with the laws relating to fire, or with any regulations of the fire department or with any insurance policy upon the Premises or any part thereof, or conflict with any of the rules or ordinances of the Department of Health of the County in which the Premises is located.
- E. Water closets and other water fixtures shall not be used for any purpose other than that for which the same are intended, and any damage resulting to the same from misuse on the part of Tenant or any Tenant Parties shall be paid for by Tenant. No person shall waste water by tying back or wedging the faucets or by any other means.
- F. No animals (other than trained guide dogs) shall be allowed in the Premises. No person shall disturb the occupants of adjoining buildings or premises by the use of any radio, sound equipment or musical instrument or by making loud or improper noises.

EXHIBIT "E"
TO LEASE

- G. There shall be no obstruction of sidewalks, entrances, common roadways or drives, or truck loading areas of the Common Areas. Further, no unlicensed vehicles may be parked in any common parking or drives, or truck loading areas of the Common Areas and no vehicles or bicycles may be stored in any Common Areas, except where designated.
- H. Tenant shall not allow anything to be placed on the outside of the Premises, other than permitted signs approved by Landlord, and then only to the extent expressly provided in the Lease, nor shall anything be thrown by Tenant or any Tenant Parties out of the windows or doors or down the corridors. Landlord shall have the right to remove all non-permitted signs, or any furniture, equipment or supplies located in any Common Areas without notice to Tenant and at the expense of Tenant.
- I. No additional lock(s) shall be placed by Tenant on any exterior door in the Firestone Buildings unless expressly approved in writing by Landlord. A reasonable number of keys to the Premises will be furnished to Tenant by Landlord, and neither Tenant nor any Tenant Parties shall have any duplicate keys made. Additionally, Tenant shall not alter any existing lock(s) without the prior written approval of Landlord. At the termination of the Lease, Tenant shall promptly return to Landlord all keys to offices, warehouse space or vaults.
- J. No awning shall be placed over the windows, except with the prior written consent of Landlord.
- K. If Tenant desires telegraphic, telephonic, heavy equipment or other electric connections utilizing other than standard 110-volt connections, Landlord or its representatives will direct the electricians as to where and how the wires may be introduced, and without such directions, no boring or cutting for wires will be permitted. Any such installation and connection shall be made at Tenant's expense.
- L. Landlord shall at all times have the right, by its officers or representatives, to enter the Premises and show the same to persons wishing to lease them, and may at any time within nine (9) months immediately preceding the termination of this tenancy place upon the Project the notice "For Rent", which notice shall not be removed by Tenant.
- M. Tenant shall comply with all applicable laws and regulations of any public authority affecting the Project or the use thereof, and correct at Tenant's expense any failure to comply created through Tenants or any Tenant Party's fault or by reason of Tenant's or any Tenant Party's use.
- N. Except with the prior written consent of Landlord, Tenant shall not conduct any retail sales in or from the Project, or any business other than that specifically provided for in the Lease.
- O. Landlord reserves the right to prohibit personal goods and services vendors from access to the Project except upon such reasonable terms and conditions, including but not limited to the payment of a reasonable fee and provision for insurance coverage, as are related to the safety, care and cleanliness of the Project, the preservation of good order thereon, and the relief of any financial or other burden on Landlord occasioned by the presence of such vendors or the sale by them of personal goods or services to Tenant or any Tenant Parties. If reasonably

necessary for the accomplishment of these purposes, Landlord may exclude a particular vendor entirely or limit the number of vendors who may be present at any one time in the Project. The term "personal goods or services vendors" means persons who periodically enter the Project for the purpose of selling goods or services to Tenant or any Tenant Parties, other than goods or services which are used by Tenant only for the purpose of conducting its business on the Premises. "Personal goods or services" include, but are not limited to, drinking water and other beverages, food, barbering services, and shoe shining services.

- P. The sashes, sash doors, windows, glass lights, and any lights or skylights that reflect or admit light into the halls or other places of the Project shall not be covered or obstructed. The toilet rooms, water and wash closets and other water 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, and the expense of any breakage, stoppage or damage, resulting from the violation of this rule shall be borne by Tenant.
- Q. In order to maintain the outward professional appearance of the Project, all window coverings to be installed at the Premises shall be subject to Landlord's prior approval. If Landlord, by a notice in writing to Tenant, shall object to any curtain, blind, shade or screen attached to, or hung in, or used in connection with, any window or door of the Premises, such use of such curtain, blind, shade or screen shall be forthwith discontinued by Tenant.
- R. No cooking shall be done or permitted by Tenant on the Project except as may be necessary or appropriate for the permitted uses under the Lease. The Premises shall not be used for lodging.
- S. Tenant shall not lay linoleum 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 expressly prohibited. The foregoing shall not apply to ceramic tile or hardwood flooring so long as the same is installed in a typical commercial manner. The method of affixing any such linoleum or other similar floor covering to the floor, as well as the method of affixing carpets or rugs to the Premises, shall be subject to approval by Landlord. The expense of repairing any damage resulting from a violation of this rule shall be borne by Tenant
- T. Tenant shall see that the windows and doors of the Premises are closed and securely locked before leaving the Project.
- U. Smoking is prohibited in all areas of the Firestone Buildings, and smoking will be permitted only in those outdoor areas of the Project specified as smoking areas by Landlord from time to time.

Landlord may reasonably amend, modify, delete or add new and additional rules and regulations regarding the use and care of the Premises and Project. Tenant and Tenant Parties shall comply with all such rules and regulations upon notice thereof to Tenant from Landlord. Any breach by Tenant or Tenant Parties of any rules and regulations herein set forth or any amendments, modifications or additions thereto, shall constitute a default by Tenant under the Lease and Landlord shall have all rights and remedies set forth therein.

# EXHIBIT "F"

# RENT PAYMENT COMMENCEMENT DATE MEMORANDUM

[to be inserted]

### **EXHIBIT "G"**

### TENANT'S ENVIRONMENTAL DUE DILIGENCE AGREEMENT

- 1. <u>Landlord's Environmental Materials</u>. Landlord shall provide to Tenant all environmental documents or reports for the Premises in Landlord's possession, including any Phase I report related to the Premises and, if applicable, any Phase II reports of the Premises conducted by Landlord or its predecessors-in-interest.
- Tenant's Inspection and Testing Rights. After Tenant and Landlord have signed the 2. Lease Agreement, Tenant and its agents, employees, contractors, and consultants (collectively, "Tenant's Agents") may enter on the Premises to conduct reasonable and customary environmental assessments and tests of the Premises (each, a "Test") during the Environmental Review Period. At least one week before entering on the Premises, Tenant or Tenant's Agent must deliver to Landlord notice of (i) the date of entry, (ii) the name and telephone number of the individual who will be entering, (iii) the name, telephone number, and address of the company that the individual represents, and (iv) the nature of the Test to be conducted. Before Tenant conducts any Test that will involve any disturbance of the surface of the land, including any drilling or boring (a "Restricted Test"), Tenant must obtain Landlord's written approval for the Restricted Test. Landlord's approval right includes, without limitation, approval of (i) the timing and methodology of the Restricted Test and (ii) the individual conducting the Restricted Test. Landlord shall not unreasonably withhold its consent to Tenant's request for a Restricted Test. Landlord's representative may be present while each Test or Restricted Test is being conducted. If Landlord so requests, Tenant shall provide Landlord with split samples from any Restricted Test.
- Reports and Disclosure. Tenant shall deliver to Landlord a copy of any written report of each Test and/or Restricted Test conducted by or for Tenant, within five (5) days after Tenant receives the report. Tenant shall not disclose the results of any Test to any regulatory agency or other third party, unless required to do so by law and unless Tenant delivers to Landlord a copy of the disclosure at least ten (10) days before Tenant mails or otherwise transmits the disclosure to the agency or other third party.
- 4. Tenant's Termination Right. If Tenant is not satisfied with the environmental condition of the Premises, Tenant may terminate the Lease by giving a termination notice to Landlord and Escrow Holder during the Environmental Review Period. If Tenant so elects to terminate the Lease, neither Tenant nor Landlord shall have any further obligation to the other under the Lease except with respect to any obligations which survive such termination. Notwithstanding the foregoing, Tenant shall be required to deliver to Landlord valid, recordable waivers of mechanics' and other statutory liens from all contractors who conducted Tests or Restricted Tests at Tenant's request.
- 5. <u>Indemnification and Insurance</u>. The provisions of the Lease, other than with respect to the payment of Base Rent, shall apply during such entry, including, but not limited to, the provisions of Article 17 relating to Tenant's indemnification of Landlord and the provisions of Article 10 relating to Tenant's obligation to provide Landlord with insurance certificates. Prior to any such entry, Tenant shall pay for and provide evidence of the insurance to be provided by Tenant pursuant to the provisions of Article 10. Without limiting the immediately preceding sentence, Tenant shall promptly repair any damage to the Premises or any personal property located at the Premises resulting from the exercise of the entry right; and Tenant shall keep the Premises free from mechanics'

and other statutory liens arising from the exercise of the entry right. In addition, within seven (7) days after conducting any Restricted Test, Tenant shall remove any drilling materials from the Real Estate.

- 6. <u>Survival of Obligations</u>. A termination of the Lease will not terminate Tenant's obligations under this Agreement.
- 7. <u>Termination</u>. Notwithstanding anything herein to the contrary, Tenant's right to terminate the Lease shall alternatively expire on the Possession Delivery Date.

LANDLORD	TENANT
FULLERTON SUCCESSOR AGENCY, a public agency pursuant to Health and Safety Code section 34173	DRIPP, INC., a California corporation,  By:
By: Lough B. Chaffee  Printed Name: Doug / a S. Chaffee	Printed Name: Rabih Sater  Title: President
Title: Mayor  Date: 12/10, 2013	Date: $11/20$ , 2013
ATTEST: Secretary	
APPROVED AS TO FORM: RUTAN & TUCKER, LLP	
Fullerton Successor Agency Counsel	

and other statutory liens arising from the exercise of the entry right. In addition, within seven (7) days after conducting any Restricted Test, Tenant shall remove any drilling materials from the Real Estate.

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- 7. <u>Termination</u>. Notwithstanding anything herein to the contrary, Tenant's right to terminate the Lease shall alternatively expire on the Possession Delivery Date.

LANDLORD		TENANT
FULLERTON SUCCESSOR Apublic agency pursuant to Hear Code section 34173	-	DRIPP, INC., a California corporation,  By:  Printed Name: Rabih Sater  Title: President  Date: ///20, 2013
By: Printed Name: Title: Date:		
ATTEST:		
Secretary  ARREST AS TO FORM:	tan Parka sanggan pengar	
APPROVED AS TO FORM: RUTAN & TUCKER, LLP		

#### **EXHIBIT "H"**

### TENANT'S WORK / TENANT INFRASTRUCTURE IMPROVEMENTS

Capitalized terms used and not otherwise defined herein shall have the same definitions as set forth in the Lease. The provisions of this Work Letter shall apply to the planning and completion of leasehold improvements requested by Tenant (the "Tenant's Work") for the fitting out of the Premises, as more fully set forth herein.

### 1. TENANT INFRASTRUCTURE IMPROVEMENTS

"Tenant's Work" as used in this Lease, shall mean all work that shall be necessary to complete the Premises to a finished condition from which Tenant's business can be conducted. All of Tenant's Work shall be performed in accordance with the provisions of the "Final Working Drawings" (as hereinafter described). Tenant shall perform or cause to be performed Tenant's Work at Tenant's expense. Tenant's Work shall generally include all of the "Firestone Building Rehabilitation Work" as defined in the Second Amendment to the DDA, which includes, but not be limited to, the following:

- a) <u>Planning and Pre-Development</u>. The Tenant's Work shall include the completion of planning and pre-development tasks for the Premises and will include without limitation the following tasks:
  - Engage professionals and coordinate specialty consultants such as historic, signage, telecommunications, security, conservator, and various construction specialists.
  - Identify all necessary regulatory approvals including the building code, ADA accommodations and accessibility, environmental, zoning, and historic preservation.
  - Develop a comprehensive project budget, including all sources and uses of project funds.
  - Develop a comprehensive schedule including planning, pre-construction, regulatory approval process, construction, and occupancy of all buildings.
  - Identify milestones and critical path of construction.
  - Hold regular team construction meetings and coordinate actions of the architects, engineers, and contractor to ensure consistency with project program and contracts.
- b) <u>Rehabilitation of Firestone Building</u>. The Tenant's Work shall include the rehabilitation of the Firestone Building to a tenant–ready condition (not including food service tenant fixturization and will include without limitation the following improvements:
  - Conversion of parking field in front of the Firestone Building to a use approved by the Landlord.
  - Install landscaping.
  - Improve exterior appearance of building by painting, removing inappropriate stucco, repair and replace missing roof tiles, update window treatment, update signage, replace windows and doors to be more historically compatible.
  - Update plumbing, electrical and HVAC systems to meet code requirements.

- Update fire sprinklers and safety systems to meet code requirements.
- Update computer and communications systems and install telecommunication and security equipment to meet code requirements.
- Address any environmental issues that may still remain on the Premises.

Tenant's Work shall also include the modification of the trash enclosure located on the Premises to bring the trash enclosure into compliance with the requirements of the Fullerton Municipal Code.

Tenant's Work shall utilize Landlord's then-standard grade, quality, make, style, design and color materials and construction methods for the Project.

### 2. SUBSTANTIAL COMPLETION

For purposes of the Lease, "substantial completion" and "substantially completed" means the Tenant's Work have been fully completed except for minor "punch list" details of construction, mechanical adjustments or decorations which do not materially interfere with Tenant's use and enjoyment of the Premises or with the authorized business uses on the Premises.

### 3. DESIGN APPROVAL PROCEDURE

- a) Preliminary Drawings:
  - i) Due to the special nature of the Project, prior to preparing any drawings, Tenant's architect shall perform a field inspection of the conditions on-site and in and around the Premises prior to submittal of the "Preliminary Drawings" (as hereinafter defined).
  - ii) Within thirty (30) days following written notice from Landlord, Tenant shall submit to Landlord's representative three (3) sets of blueline prints and one (1) set of reproducible prints showing intended design character and finishes of the Premises ("Preliminary Drawings").
  - iii) Preliminary Drawings shall include the following:
    - (1) Key plan showing location of the Premises within the Project.
    - (2) Preliminary floor and reflected ceiling plans (scale 1/4" = 1'-0") indicating interior design concept.
    - (3) Typical interior elevations (scale 1/4" = 1'-0").
    - (4) Storefront elevation and section, including any graphics, lighting and signage and indicating all materials and finishes (scale 1/4" = 1'-0"). Elevations shall be rendered in color. Elevations should include existing context (i.e., partial elevations of retail spaces) and should be drawn full height to top of building.

- (5) Preliminary finish schedule including all colors and materials to be used.
- (6) All exterior signage is considered integral to the design and is required to be submitted with preliminary elevations.
- iv) Within forty-five (45) days after receipt of the Preliminary Drawings, Landlord's representative shall return to Tenant's architect/designer one (1) set of prints of the Preliminary Drawings with any required modifications or with approval. If Tenant wishes to take exception to any required modifications, Tenant may do so only by written notice received by Landlord within ten (10) days from the date of receipt by Tenant's architect/designer of the required modifications. Unless exception is so taken, it will be deemed that all comments are acceptable to and approved by Tenant.
- v) If the Preliminary Drawings are returned to Tenant with required modifications and Tenant does not take (or is deemed not to have taken) exception to such modifications as provided above, the Preliminary Drawings must be revised and resubmitted to Landlord for approval within ten (10) days of their receipt by Tenant's architect/designer.
- vi) If Tenant properly takes exception to any required modifications as provided above, Landlord will discuss the objections with Tenant and will work with Tenant to achieve Final Working Drawings that are acceptable to Landlord. If Tenant and Landlord are unable to agree on Preliminary Drawings, Landlord may terminate this Lease.
- vii) If the Preliminary Drawings are returned "Approved as Noted" and Tenant does not take exception, Tenant's architect shall incorporate Landlord's modifications into the Final Working Drawings.

# b) Final Working Drawings:

- i) Tenant must engage an architect licensed in the State of California for the purpose of preparing the Final Working Drawings. Final Working Drawings must adhere to the Preliminary Drawings as approved by Landlord.
- ii) Final Working Drawings shall be prepared in a CADD reproducible format and shall include, but not be limited to, the following:
  - (1) Key plan showing location of the Premises within the Project.
  - (2) Floor plans (scale 1/4" = 1'-0") indicating storefront construction materials, colors and finishes as well as sliding door track location (if required), location of partitions and type of construction,

- placement of merchandising fixtures and toilet room locations indicating placement of plumbing and fixtures.
- (3) Storefront elevation and section, including any graphics, lighting and signage. Indicate all materials and finishes (scale 1/4" = 1'-0").
- (4) Interior elevations, sections and details sufficient for construction (scale 1/4" = 1'-0").
- (5) Complete interior finish schedule.
- (6) Samples and color chips of the actual materials or charts firmly attached to illustration boards and clearly labeled.
- (7) Sign details (scale 1-1/2" = 1'-0"), indicating elevation and section views, letter style and size, all colors and materials, methods of illustration, color of illuminate and voltage requirements.
- (8) Electrical and/or mechanical drawings must indicate total connected electrical loads and panel schedules, AC cooling requirements, water service capacity requirements and natural gas service requirements (if needed). Mechanical plans must indicate the operating weights and locations of any additional Tenant provided rooftop mechanical equipment.
- (9) Specifications not shown on drawings should be submitted on 6-1/2" x 11" paper, four sets.
- (10) Landlord reserves the right to require mock-ups of any materials, finishes, colors, special signs or lighting.
- The Final Working Drawings must be submitted in the form of one (1) set of reproducible prints and three (3) sets of black or blue line prints to Landlord's representative for approval within fourteen (14) days from Landlord's approval of the Preliminary Drawings. Final Working Drawings with incomplete or inadequate information or dimensional discrepancies will be rejected.
- Within thirty (30) days after receipt of the Final Working Drawings, Landlord's representative will return to Tenant's architect/designer one (1) set of prints of the Final Working Drawings with any required modifications or with approval. If Tenant wishes to take exception to any required modifications, Tenant may do so only by written notice received by Landlord within ten (10) days from the date of receipt by Tenant's architect/designer of the required modifications. Unless exception is so taken, it will be deemed that all comments are acceptable to and approved by Tenant.

- v) If the Final Working Drawings are returned to Tenant with comments and Tenant does not take exception to the comments as provided above, the Final Working Drawings must be revised and resubmitted to Landlord for approval within ten (10) days of their receipt by Tenant's architect/designer.
- vi) If Tenant properly takes exception to any required modifications as provided above, Landlord will discuss the objections with Tenant and will work with Tenant to achieve Final Working Drawings that are acceptable to Landlord. If Tenant and Landlord are unable to agree on Final Working Drawings, Landlord may terminate this Lease.
- vii) Approved Final Working Drawings will be so stamped and returned to Tenant's architect/designer who made the submittal.
- c) Final Plans: The approved Final Working Drawings will be considered the "Final Plans." All construction on the Premises must be in conformity to the Final Plans. The improvements may be inspected by Landlord or its designated staff and/or consultants who shall have the right to require all work which does not comply with the Final Plans to be corrected by Tenant, or by Landlord at Tenant's cost. Construction may not begin until Final Plans are at the job site. No changes, modifications or alterations to the Final Plans may be made without the written consent of Landlord.
- d) Failure to Submit Plans: If Tenant fails to submit Preliminary Drawings or Final Working Drawings or revisions thereto as and when required, the period allowed for construction of the Premises as set forth in this Lease as "Time to Complete Tenant's Work" will be reduced by the total number of days equal to the number of days the Preliminary Drawings or Final Working Drawings or the revisions thereto were delivered after they were required to be delivered. In addition, Landlord, at its option, may elect to terminate this Lease.
- Building Code Compliance and Non-Responsibility of Landlord: Landlord will not check Tenant's drawings for building code compliance. All Tenant drawings shall, however, be subject to the same engineering and safety review as described in Section 4 below respecting Tenant's Work, and such review shall be subject to the same limitations and other provisions set forth in Section 4 below. Approval of Final Working Drawings by Landlord is not a representation that the drawings are in compliance with the requirements of governmental authorities, and it shall be Tenant's responsibility to (i) meet and comply with all federal, state and local code requirements, (ii) secure issuance of a building permit (and all other necessary permits) required to be obtained in connection with Tenant's Work, and (iii) pay for all fees assessed in connection with the permits obtained by Tenant in connection with Tenant's Work. Approval of Final Working Drawings does not constitute assumption of responsibility by Landlord for their accuracy, sufficiency or efficiency and Tenant shall be totally responsible for such matters. Tenant at

- all times shall maintain at the Premises the Final Plans as approved by the local governing agencies and Landlord, and all inspection cards with respect to Tenant's Work.
- f) Design Fees: All of Tenant's design fees (including, without limitation, Tenant's architect and sign designer) shall be paid by Tenant.
- Changes to Landlord's Construction: In the event Tenant desires to make any changes to the shell building construction for either of the Firestone Buildings or make any changes to the Firestone Courtyard Common Area, Tenant shall first submit to Landlord for Landlord's review and approval plans and specifications as appropriate for the desired change prepared by Tenant's architect and, if applicable, Tenant's engineer. Tenant shall reimburse Landlord for all necessary and reasonable architect's, engineer's and other legal and consultants' fees incurred by Landlord in connection with the review of any such plans and specifications within thirty (30) days following receipt of an invoice therefor, and charges for such fees shall be deemed Additional Rent. Landlord may condition its review of any such changes on Tenant's agreement in writing to the estimated or, if known, actual reimbursement amount.

# 4. CONSTRUCTION OF TENANT INFRASTRUCTURE IMPROVEMENTS

- a) Commencement of Construction: Tenant shall commence construction of Tenant's Work in accordance with the provisions of this Lease and shall carry such construction to completion with all due diligence.
  - Prior to the commencement of Tenant's Work, Tenant shall cause an inspection of the Premises to confirm that Tenant's Plans have been prepared in accordance with the as-built condition of the Firestone Buildings and Firestone Courtyard Common Area.
  - Tenant's contractor shall obtain and keep in full force throughout the construction of Tenant's Work general liability, worker's compensation and "all risks" builder's insurance as outlined below ("Required Coverage"). The Required Coverage shall be issued by insurance companies with general policy holder's rating of not less than A- and a financial rating of not less than Class X, as rated in the most current available "Best's Key Rating Guide," and which are qualified to do business in the State of California. Certificates evidencing said insurance shall be provided to Landlord at least five (5) days prior to the commencement of Tenant's Work. Tenant shall not commence construction of Tenant's Work until evidence that the Required Coverage is in place.
    - (A) general liability insurance with coverage limits of not less than Two Million Dollars (\$2,000,000.00 combined single limit for bodily injury, personal injury, death and property damage liability

per occurrence;

- (B) worker's compensation coverage as required by law, including employer's liability coverage; and
- (C) "all risks" builder's risk insurance in an amount acceptable to Landlord.

## b) General Requirements:

- i) Tenant shall only engage contractors who are bondable, licensed contractors, possessing good labor relations, capable of performing quality workmanship and working in harmony with Landlord and other contractors on the job. All work shall be coordinated with other Project work.
- Tenant shall perform or cause to be performed Tenant's Work in all respects with applicable federal, state, county and city statutes, ordinances, regulations, laws and codes. All required permits, approvals, licenses, authorizations and other permits in connection with the construction and completion of the Premises including, without limitation, building permits and conditional use permits, shall be obtained and all fees (both one-time and recurring) required in connection with the construction and completion of the Premises shall be paid for by Tenant.
- iii) Tenant shall apply and pay for all utility services including, but not limited to, temporary utilities.
- iv) Tenant shall cause its contractor to provide warranties for not less than one (1) year against defects in workmanship, materials and equipment, commencing upon Landlord's acceptance of Tenant's Work.
- Tenant acknowledges that Tenant's Work shall be subject to (1) the v) inspection and approval of Landlord for the purpose of determining Tenants compliance with the Final Working Drawings, and (2) an engineering and safety review by Landlord for the purpose of making an assessment regarding the potential safety impact of Tenant's Work on other portions of the Project, which review may include, without limitation, the examination of (A) any penetrations through the roof, walls, or other structural elements of the Premises, (B) the transition points from the Common Areas to the Premises, and (C) any flooring, common walls or similar surfaces which may constitute a potential for leakage into other portions of the Project. Any such inspection, approval, or review shall not constitute an approval of architectural or engineering design, a review to determine the structural safety of Tenant's Work or Tenant's compliance with any building codes or other legal requirements, or otherwise constitute any assumption of liability or responsibility by Landlord or its agents or contractors. Tenant hereby expressly acknowledges that no such

inspection, approval or review shall in any way limit the obligations of Tenant or the rights of Landlord under this Lease, and, without limitation on the foregoing, Tenant's obligations under that provision in the Lease regarding indemnity of this Lease shall apply to any claims, demands, or actions (as more fully indicated in such indemnity provision) arising or alleged to have arisen in connection with the Premises, Tenant's Work or the safety or structural integrity thereof. Tenant shall, at its sole cost and expense, perform any corrective measures required by Landlord or its agents or contractors in connection with any such inspection, approval or review.

- vi) Tenant shall be responsible for having a superintendent from its general contractor's office on site during all Tenant's Work. Tenant's general contractor's superintendent or other responsible representative shall be on the job-site to receive all deliveries of materials, fixtures or merchandise. Landlord reserves the right to turn away any delivery arriving at the job-site when Tenant's general contractor's superintendent or other responsible representative is not present. Tenant shall stage its construction equipment and materials only in the staging area designated for such purpose by Landlord.
- Tenant shall cause its general contractor and subcontractors during the construction of Tenant's Work to maintain the Premises and the job-site in a clean condition and to provide daily removal, cleanup and proper disposal of all trash, rubbish, refuse and construction debris and spoils generated by Tenant's general contractor and subcontractors in dumpsters and other appropriate facilities, and not by depositing any such trash, refuse and construction debris and spoils within other tenant spaces or the job-site common areas. If Landlord incurs costs to clean up the job-site and/or adjacent tenant spaces due to the failure of Tenant's general contractor and subcontractors to comply with the foregoing requirements, such costs shall be deducted from the Landlord Credit.

Tenant and Tenant's general contractor and subcontractors shall be responsible for the daily removal, cleanup and proper disposal of their own rubbish, trash and construction debris, and for providing adequate dumpster(s) for such purpose (to be located in only areas designated by Landlord). Tenant shall contract with a disposal company to provide daily removal of its rubbish, trash and construction debris. If Landlord provides dumpsters for common use, or if Tenant's contractors use Landlord's dumpsters for disposal of rubbish, trash and/or construction debris, Tenant shall pay its proportionate share of the cost of such trash service, including dumpster rental and hauling fees and charges, which Landlord shall determine as a flat per-square-foot rate based on the floor area of the Premises.

viii) Tenant shall at all times cause its general contractor and subcontractors to

comply with the requirements of Landlord with respect to protection of Landlord's construction work previously completed in the Project, including paths of access within the Project for construction materials, equipment and labor, and coordination of sequencing of work. Tenant shall be responsible for any and all damage done by Tenant's general contractor and/or subcontractors to any of Landlord's buildings, other tenant premises, or the Project Common Areas. Costs for such repair shall not be included in the Landlord Credit.

- ix) If required by Landlord during the Tenant Work Period, Tenant's general contractor shall provide its own temporary toilets within the Premises or in an area designated by Landlord. Any temporary toilets located by Tenant or Tenant's general contractor or subcontractors other than in areas designated by Landlord may be removed at Tenant's expense.
- x) Tenant shall arrange and pay for its own temporary power and telephone services from locations designated by Landlord.
- xi) Tenant and/or Tenant's general contractor shall be responsible for providing all security deemed necessary by Tenant to protect Tenant's Work, including furniture, fixtures and inventory, during the conduct of Tenant's Work.
- c) Landlord's Right to Perform Work: Landlord shall have the right, but not the obligation, to perform on behalf of and for the account of Tenant, subject to reimbursement of the cost thereof by Tenant, any and all of Tenant's Work which Landlord determines, in its sole discretion, should be performed immediately and on an emergency basis for the best interest of the Project, including, without limitation, work which pertains to structural components, mechanical, sprinkler and general utility systems, fire alarm systems, roofing and, removal of unduly accumulated construction materials and debris.
- d) Notice of Completion: Within ten (10) days following the completion of Tenant's Work, Tenant shall deliver to the Landlord a fully executed and recorded Notice of Completion in a form acceptable to Landlord. The Notice of Completion is to be executed by Tenant and Tenant's general contractor.
- e) As-Built Drawings: Tenant, at its expense, shall have prepared a complete set of the Final Plans marked 'As-Built Drawings' which fully indicate Tenant's Work as constructed, such drawings delivered to Landlord no later than thirty (30) days after the completion of Tenant's Work.
- f) Within ten (10) days after the approval of the Final Working Drawings in accordance with Section 3 above, Tenant shall submit to Landlord for its review and approval (i) copies of all proposed construction contracts between Tenant and all contractors and between such contractors and all subcontractors for Tenant's Work, together with such background information on such contractors and

subcontractors as Landlord may require; (ii) a listing of the make, model, type, grade and all other characteristics requested by Landlord, of all materials, equipment and fixtures which Tenant proposes to install in or use in connection with Tenant's Work; and (iii) a budget setting forth in itemized fashion the costs of all materials, equipment, fixtures, contractors, subcontractors, laborers, permits, fees, licenses, and all other costs and expenses Tenant proposes to incur in connection with the construction of Tenant's Work (hereafter collectively the "Tenant's Work Costs"). All such matters shall be subject to the approval of Landlord prior to the commencement of construction of Tenants Work, in Landlord's reasonable discretion.

#### 5. **ALTERATIONS**

Tenant shall not perform any Alterations without the prior written approval of Landlord. Approval shall be obtained by using the procedure set forth in Part III above; provided, however, the initial date for delivery of the Preliminary Drawings shall be thirty (30) days prior to the date Tenant desires to commence the Alterations. The Preliminary Drawings and the Final Working Drawings shall consist of the appropriate drawings in relation to the intended Alterations.

#### 6. CHANGE ORDERS

Tenant may from time to time request and obtain change orders during the course of construction of Tenant's Work provided that (i) each such request shall be reasonable, shall be in writing and signed by or on behalf of Tenant, and shall not result in any structural change in the Firestone Buildings or Project, as reasonably determined by Landlord; (ii) all additional charges and costs, including without limitation architectural and engineering costs, construction and material costs, processing costs of any governmental entity, and increased construction, construction management and supervision fees, shall be the sole and exclusive obligation of Tenant; and (iii) any resulting delay in the completion of Tenant's Work shall be deemed a Tenant Delay (as defined below). Upon Tenant's request for a change order, Landlord shall as soon as reasonably possible submit to Tenant a written estimate of the increased or decreased cost and anticipated delay, if any, attributable to such requested change. Within three (3) days of the date such estimated cost adjustment and delay are delivered to Tenant, Tenant shall advise Landlord whether it wishes to proceed with the change order, and if Tenant elects to proceed with the change order, Tenant shall remit, concurrently with Tenant's notice to proceed, the amount of the increased cost, if any, attributable to such change order. Unless Tenant includes in its initial change order request that the work in process at the time such request is made be halted pending approval and execution of a change order, Landlord shall not be obligated to stop construction of any of Landlord's work or construction at the Site, whether or not the change order relates to the work then in process or about to be started.

### 7. TENANT DELAYS

In no event shall any deadline herein for the completion of work or other tasks be extended or delayed due or attributable to delays due to the fault of Tenant ("Tenant Delays"). Tenant

Delays shall include, but are not limited to, delays caused by or resulting from any one or more of the following:

- a) Tenant's failure to promptly cooperate with the architects and furnish information for the preparation of the Preliminary Drawings and Final Working Drawings within the applicable time periods required under this Exhibit "H";
- b) Tenant's failure to timely review and reasonably approve the Preliminary Drawings and/or Final Working Drawings by the applicable approval dates;
- c) Tenant's request for or use of special materials, finishes or installations which are not readily available, provided that Landlord shall notify Tenant in writing that the particular material, finish, or installation is not readily available promptly upon Landlord's discovery of same;
- d) Change orders requested by Tenant;
- e) Interference by Tenant or by any Tenant Parties with Landlord's construction activities;
- f) Tenant's failure to approve any other item or perform any other obligation in accordance with and by the dates specified herein or in the Construction Contract;
- g) Requested or required changes in the Preliminary Drawings, Final Working Drawings or any other plans and specifications after the approval thereof by Tenant or submission thereof by Tenant to Landlord;
- h) Tenant's failure to approve written estimates of costs or to timely pay excess costs in accordance with this <u>Exhibit "H"</u>; and
- i) Tenant's obtaining or failure to obtain any necessary governmental approvals, certificates or permits for Tenant's permitted use of the Premises.

Notwithstanding any of the foregoing, any failure of Tenant to comply with any of the provisions contained in this Exhibit "H" within the times for compliance herein set forth shall be deemed a default under the Lease. In addition to the remedies provided to Landlord in this Exhibit "H" upon the occurrence of such a default by Tenant, Landlord shall have all remedies available at law or equity to a landlord against a defaulting tenant pursuant to a written lease, including but not limited to those set forth in the Lease..

# 8. TRADE FIXTURES AND EQUIPMENT

Tenant acknowledges and agrees that Tenant is solely responsible for obtaining, delivering and installing in the Premises all necessary and desired furniture, trade fixtures, equipment and other similar items of Tenant's Property including without limitation, all alarm, telephone, telecommunication, computer cabling, and networking, and that Landlord shall have no responsibility whatsoever with regard thereto. Any Tenant expenditures on the same shall not be reimbursable as Tenant Improvement Costs. Tenant further acknowledges and agrees that the

payment of Rent shall not be delayed for any period of time whatsoever due to any delay in the furnishing of the Premises with such items.

## 9. FAILURE OF TENANT TO COMPLY

Any failure of Tenant to comply with any of the provisions contained in this Exhibit "H" within the times for compliance herein set forth shall be deemed a default under the Lease. In addition to the remedies provided to Landlord, upon the occurrence of such a default by Tenant, Landlord shall have all remedies available at law or equity to a landlord against a defaulting tenant pursuant to a written lease, including but not limited to those set forth in the Lease.

[end]

#### EXHIBIT "I"

### CONSENT OF FULLERTON HISTORIC THEATRE FOUNDATION TO TENANT'S USE OF COMMON AREAS

The FULLERTON HISTORIC THEATRE FOUNDATION, a California nonprofit corporation ("Foundation"), and owner of an interest in that certain "common area" as defined and depicted in Condominium Plan Parcel Map No. 2009-138 recorded as Instrument No. 2011000050999 ("Condominium Plan") in the Official Records of Orange County, California, and the Declaration of Covenants, Conditions and Restrictions and the Reservation of Easement for the Fox Theatre recorded as Instrument No. 2011000052374 ("CC&Rs") in the Official Records of Orange County, California, hereby acknowledges, agrees and consents to the terms and conditions of that certain LEASE AGREEMENT ("Lease"), dated 11/20, 2013, by and between the FULLERTON SUCCESSOR AGENCY, a public agency pursuant to Health and Safety Code section 34173 ("Successor Agency" or "Landlord"), and DRIPP, INC., a California corporation ("Tenant"). By executing this Consent, Foundation expressly acknowledges, agrees, and consents to, among the other terms and conditions in the Lease, the exclusive use by Tenant of the Firestone Courtyard Common Area and the ability of Tenant to use the other Common Area, as set forth in the Lease. This Consent may be relied upon by Landlord, Tenant, and any of their successors and assigns as duly approved and effectuated pursuant to the Lease.

The signatory to this Consent hereby represents and warrants, upon which Landlord and Tenant and their respective successor and assigns, hereby materially rely, that the Foundation has taken any and all necessary and proper corporate actions to authorize the approval of this Consent, that the person signing on behalf of the Foundation has been duly authorized to bind the Foundation under the terms of the Lease and this Consent, and that by signing this Consent, the Foundation will not, either now or with the passage of time, be in violation of any law or regulation or in default or breach of any other legally binding obligation.

Date:

By:

Name: Title:

PRESIDE

[end]

#### **EXHIBIT "J"**

## **ESTOPPEL CERTIFICATE**

[COMPANY]
[DEPARTMENT]
[STREET ADDRESS]
[CITY, STATE, ZIP CODE]

RE: Estoppel Certificate Requested by FULLERTON SUCCESSOR AGENCY (the "Landlord") for Lease to [INSERT] (the "Tenant") of property located at [INSERT] ("Real Property")

Dear Sir or Madam:

(a)

We are the tenant under the terms of a certain lease (together with any amendments, options, extension and renewals listed below, the "Lease") demising premises which comprise all or part of the Real Property. We understand that Landlord has requested this Estoppel.

It occupies the premises demised by the Lease.

Tenant certifies that:

(b)	The material business terms of the Lease are as follows:
	Landlord:
	Lease Date:
	Lease Commencement Date:
	Subleases (if any):
	Amendments and Modifications (if any):
	Current Monthly Base Rent:
	Current Expense Reimbursement:
	Square Footage:
	Expiration Date:
	Renewals or Options (if any):
	Security or other Deposit:
	Uncompleted Tenant's Work (if any):
	Other Financial Obligation of Landlord (if any):

(c) The Lease is Tenant's entire agreement with the Landlord.

EXHIBIT "J"
TO LEASE

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- (d) Tenant has accepted and currently occupies the leased premises, is paying full rent under the Lease, and neither (i) presently asserts any Landlord default, claim against Landlord, matured right of setoff, or right to pay reduced rent nor (ii) knows of any fact which, with the giving of notice or the passage of time, or both, could give rise to any such default, claim or right.
- (e) Tenant neither (i) presently asserts any matured right to terminate or to cancel the Lease nor (ii) knows of any fact which, with the giving of notice or the passage of time, or both, could give rise to any such right.
- (f) Tenant does not presently intend to vacate its premises any time prior to the Lease's expiration date and knows of no fact which could give rise to any such intent.
- (g) Tenant is not the debtor in any bankruptcy or state insolvency case and is not the subject of any receivership, winding up, liquidation or similar proceeding.

Very truly yours,

[insert Tenant's signature block]

### LEASE RIDER NO. 1

## OPTIONS TO EXTEND

This Rider is attached to and made a part of that certain Lease ("Lease") dated November **20**, 2013, by and between the FULLERTON SUCCESSOR AGENCY, a public agency pursuant to Health and Safety Code section 34173 ("Successor Agency" and "Landlord") and DRIPP, INC., a California corporation ("Tenant"), for the Premises as defined in the Lease (the "Premises"). Defined or initially capitalized terms in this Rider have the same meaning as in the Lease. The provisions of this Rider shall supersede any inconsistent provisions of the Lease to the extent of the inconsistency.

Grant of Options. Landlord hereby grants Tenant three (3) options to extend the term of the Lease (each, an "Option") for five (5) years (each such five (5) year period, an "Extension"), on the same terms and conditions as set forth in the Lease, except (a) the Options may be exercised for the entire Premises only, and (b) the monthly Base Rent shall be the Base Rent applicable as of the last month of the initial Lease Term or immediately preceding Extension (as applicable), increased by 2%, and further increased by 2% per annum.

Conditions of Options. Each Option shall be exercised only by an unconditional written notice (each, an "Option Notice") received by Landlord no sooner than twelve (12) months nor later than six (6) months before the expiration of the Lease Term. If Landlord does not timely receive Tenant's Option Notice of the exercise of an Option in accordance with the immediately preceding sentence, all remaining Options shall immediately lapse, and there shall be no further right to extend the Lease Term. Each Option shall be exercisable by Tenant on the express condition for Landlord's benefit that Tenant shall (i) not be in breach or default under the Lease beyond the expiration of any applicable notice and cure period at the time of the exercise of the applicable Option, and (ii) not have subleased or assigned all or any portion of the Premises (other than to entities which do not require Landlord's prior written consent as set forth in the Lease) at the time of the exercise of the Option. The Options are personal to Tenant. If Tenant properly exercises an Option, "Lease Term", as used herein and in the Lease, shall be deemed to include the applicable Extension, unless specified otherwise herein or in the Lease.