

COMMERCIAL LEASE AGREEMENT

THIS COMMERCIAL LEASE AGREEMENT (the “**Lease**”) is made and entered into by and between THE CITY OF PALM DESERT (“**Landlord**”) and Bliu LLC, an affordable housing developer, to collaboratively develop master-planned communities (“**Tenant**”), under the following terms and conditions:

1. Description of the Leased Premises. Landlord hereby leases to Tenant and Tenant hereby leases from Landlord a portion of the building(s) located at 73710 Fred Waring Drive, Suite No. **117**, Palm Desert, California, including combined office space consisting of approximately **1,227** square feet, referred to herein as the “**Premises**”. The Premises are part of a larger building referred to herein as the “**Building**.” Tenant’s lease of the Premises shall include the use of two conference rooms (subject to availability) for up to approximately [7] hours per month, as further described in Section 37.

2. Term, Occupancy, and Renewal.

A. Term. The term of this Lease shall be for **six (6) months**, said term shall commence on April 1, 2025 (the “**Commencement Date**”), and end on September 30, 2025 (unless otherwise extended).

B. Occupancy. Tenant may, upon execution of this Lease by Landlord and Tenant, occupy the Premises on the Commencement Date subject to all terms and conditions of this Lease, provided Tenant complies with Section 18 (Insurance) and delivers an insurance certificate to Landlord prior to entry. Upon delivery of the insurance certificate, first month’s rent and any security deposit, Landlord shall deliver the keys and possession to Tenant.

C. Option to Renew. Provided Tenant is not in default in any terms of this Lease, Tenant is hereby granted a month-to-month option. Either party may terminate the month-to-month tenancy by providing the other party with a written notice at least thirty (30) days prior to the intended termination date.

3. Rent.

A. The initial annual rent during the term of this Lease shall be in equal monthly payments in the combined amount of **\$2,110.44** per month (the “**Base Rent**”), subject to increase as provided in Section 3.E below. Tenant shall, commencing on the Commencement Date and continuing thereafter on the first (1st) day of each and every month during the term of this Lease, pay to Landlord in advance, such minimum monthly rent, without setoff, deduction, or demand. If possession is taken on other than the first of the month, rent shall be prorated accordingly based on a 30-day month.

B. Late Charge. Tenant acknowledges that late payment by Tenant to Landlord of rent will cause Landlord to incur costs not contemplated by this Lease. If any installment of rent due from Tenant is not received by Landlord within five (5) days after it becomes due, Tenant shall pay to Landlord an additional sum of the greater of \$100 or 6% of the overdue rent as a late charge. The parties agree that this late charge represents a fair and reasonable estimate of the costs that Landlord will incur by reason of late payment by Tenant. Acceptance of any late charge shall not

constitute a waiver of Tenant's default with respect to the overdue amount or prevent Landlord from exercising any of the other rights and remedies available to Landlord.

C. Interest on Unpaid Rent. Rent or other charges under this Lease not paid within five (5) days of the date due shall, in addition to any late charges under Section 3.A, above, bear interest at the lesser of the maximum legal rate or 10% per annum from the date due until paid.

D. Holdover. Tenant may not hold over after the expiration or earlier termination of the term hereof without the express prior written consent of Landlord. Acceptance of rent is not Landlord's consent to holdover. Without Landlord's express consent Tenant shall become a tenant at sufferance only at a rental rate equal to 150% of the rent in effect upon the date of such expiration. Acceptance by Landlord of rent after such expiration or earlier termination shall not constitute a holdover hereunder or result in a renewal. The foregoing provisions of this Section 4 are in addition to and do not affect Landlord's right of re-entry or any rights of Landlord hereunder or as otherwise provided by law. If Tenant fails to surrender the Premises upon the expiration of this Lease, Tenant shall indemnify, protect, defend, and hold Landlord harmless from all loss or liability, including without limitation, any claim made by any succeeding tenant founded on or resulting from such failure to surrender. Such indemnity shall survive the expiration of this Lease.

E. Increase in Rent in Renewal Terms. On each anniversary of the Commencement Date (including during the Renewal Term, if any), annual Base Rent shall increase as follows: the Base Rent payable for the first month of the term of this Lease, shall be multiplied by 3%. The sum so calculated shall constitute the new monthly Base Rent hereunder, but in no event shall such new monthly Base Rent be less than the Base Rent payable for the month immediately preceding the date for the rent adjustment.

F. Security Deposit. Concurrently with Tenant's execution of this Lease, Tenant has deposited with Landlord the Security Deposit in the amount of \$0.00. The Security Deposit shall be held by Landlord as security for Tenant's performance of the terms of this Lease. Landlord may (but shall not be required to) use all or any part of the Security Deposit to cure any default of Tenant under the Lease (after any required notice and expiration of any applicable cure period) or to compensate Landlord for any loss or damage which Landlord may incur as a result of Tenant's default. Tenant shall not be entitled to interest on the Security Deposit and Landlord shall not be required to keep the Security Deposit separate from its general funds. Where there have been no defaults by Tenant or where all applicable deductions from Security Deposit have been made as hereinabove provided, Landlord shall refund the then existing balance of the Security Deposit to Tenant within thirty (30) days of expiration or termination of this Lease.

4. Place of Payment of Rent. Rent and all other sums which shall become due under this Lease, including but not limited to late charges and additional rent, shall be payable by hand delivery or mail at the office of the Landlord (Finance Department) located at 73-510 Fred Waring Drive, Palm Desert, CA 92260-2578, or at such other place as Landlord may designate from time to time in writing. Mailed payments must be received (not postmarked) by Landlord by the date due.

5. Taxes And Assessments.

A. Personal Property Taxes. Tenant shall pay before delinquency all taxes, assessments, license fees and other charges that are levied and assessed against Tenant's personal property installed or located in or on the Premises which become payable during the term. On demand by Landlord, Tenant shall furnish Landlord with satisfactory evidence of these payments.

B. Real Property Taxes. In the event any real property taxes (including, if applicable, any possessory interest taxes and personal property taxes), general and special taxes and assessments ("**Real Property Taxes**") are levied and assessed against the Premises, the Improvements, and/or Tenant's alterations on the Premises, Tenant shall pay such Real Property Taxes by not later than the taxing authority's delinquency date.

C. Tenant's Tax Liability Prorated. Tenant's liability to pay Real Property Taxes and new assessments shall be prorated on the basis of a 365-day year to account for any fractional portion of a fiscal tax year included in the Lease Term at its inception and expiration or earlier termination in accordance with this Lease.

D. Revenue & Taxation Code Section 107.6. Possessory Interest Tax. Tenant recognizes and understands that this Lease may create a possessory interest subject to property taxes and that, in the event that a possessory interest is created, Tenant shall be responsible for payment of any taxes levied against such possessory interest.

6. Condition of, and Improvements to, Premises.

A. Improvements. Under this Lease, Landlord shall have no obligation or responsibility, actual or implied, to install, construct, accommodate, or make any improvements to the Premises prior to, or as a condition of, Tenant's occupation of the Premises, except as described in **Exhibit C**, if any.

B. As-Is Condition. Tenant warrants and agrees that Tenant has inspected the Premises. Tenant agrees to take possession of the Premises in an AS-IS condition (which exists on the date this Lease is signed) and Tenant further agrees that, except as expressly contained in **Exhibit C** (if at all), Landlord shall have no responsibility for any repairs or improvements to the Premises, prior to, or as a condition of, Tenant's occupation of the Premises. Landlord makes no representations regarding the condition, status, compliance with laws or suitability for a particular purpose for Tenant's use.

C. Condition Upon Surrender. Upon termination of this Lease, Tenant shall surrender the Premises to Landlord in as good condition as when received, ordinary wear and tear and damage by fire, earthquake, or act of God excepted, and including any repairs or improvements made by Tenant. If Tenant fails to maintain the Premises in good order and repair, after thirty (30) days' prior written notice, Landlord may, at its option, make such repairs, and Tenant shall pay the reasonable cost thereof as additional rent hereunder within ten (10) days after receipt of a written statement therefor. In the event the giving of thirty (30) days' prior notice may result in additional damage to the Premises, Landlord may make such repairs, at Tenant's expense, without thirty days' prior written notice.

D. CASp Disclosure. Landlord discloses that the newly constructed Premises have not undergone inspection by a Certified Access Specialist as referenced in California Civil Code Section 1938 subsection (e) of which provides: "A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises." Pursuant to the foregoing Section 1938(e), Tenant acknowledges and agrees that, if Tenant wishes to have the Premises inspected by a CASp: (i) Tenant must notify Landlord on or before the date when Tenant executes this Lease pursuant to the election below; (ii) the inspection will be at Tenant's sole cost and expense; (iii) the inspection must be scheduled through Landlord and in coordination with the Building's property manager; (iv) any repairs or modifications necessary to correct any violation of construction-related accessibility standards that is noted in the CASp report shall be Tenant's responsibility; and (v) Tenant must provide a copy of the CASp report to Landlord on completion. By initialing below, Tenant represents that:

Tenant wishes to have a CASp inspection of the Premises Initials: _____

Tenant hereby waives its right to have a CASp inspection of the Premises Initials: _____

7. Use. The Premises shall be used only for the operation of office space. Tenant shall not use any portion of the Premises for purposes other than those specified without first obtaining the written consent of Landlord. Tenant shall not do, bring, or keep anything in, on, or about the Premises which will in any way increase the premium rate or cause the cancellation of any fire or other insurance upon the Premises, the building in which the Premises are located, or any of its contents. Tenant shall have the non-exclusive right to use the parking area (including any electric vehicle charging parking spaces) and driveways, sidewalks, hallways, restrooms (to the extent not entirely contained in the Premises), common area pathways to and from the parking area and Premises in common with the other tenants of the Building as well as with Landlord's use of same.

8. Compliance with Laws/Hazardous Materials.

A. Tenant, at Tenant's expense, shall comply with and cause all of Tenant's agents to comply with all applicable laws, ordinances, rules and regulations of governmental authorities applicable to the Premises or the use or occupancy thereof, including, without limitation, the law commonly known as the Americans With Disabilities Act and California Code of Regulations Title 8, Sections 3281 through 3299 (collectively, "Laws").

B. Tenant shall not cause or permit any Hazardous Materials, as defined below, to be brought upon, kept, used, discharged, deposited or leaked in or about the Premises or the Building by Tenant or any of Tenant's agents or by anyone in the Premises (other than Landlord or its agents, employees or contractors), except to the extent such Hazardous Materials are cleaning or office supplies customarily kept or used by typical office tenants and are kept and used in accordance with all applicable laws. If Tenant breaches the obligations stated in the preceding sentence, or if

the presence of any Hazardous Material on the Premises or the Building caused or suffered or permitted by Tenant or any of Tenant's agents or by anyone in the Premises (other than Landlord or its agents, employees or contractors) results in contamination of the Premises or the Building, or if contamination of the Premises or the Building by any Hazardous Material otherwise occurs for which Tenant is legally liable, then Tenant shall indemnify, defend and hold Landlord harmless from any and all claims, damages, costs, liabilities and expenses (including, without limitation, diminution in value or use of the Building, attorneys' fees, consultant fees and expert fees) which arise during or after the Term as a result of such contamination. This indemnification shall include, without limitation, costs incurred in connection with any investigation of site conditions or any clean-up, remedial, removal or restoration work on or under the Premises. "**Hazardous Material**" means any hazardous or toxic substance, material or waste which is or becomes regulated by any local, state or federal governmental authority or by common law decisions, including without limitation (i) all chlorinated solvents, (ii) petroleum products or by-products, (iii) asbestos and (iv) polychlorinated biphenyls.

9. Waste; Nuisance; Quiet Enjoyment. Tenant shall not suffer or commit any waste or nuisance on the Premises, nor shall Tenant interfere with or obstruct the rights of or disturb the quiet enjoyment of any other tenant or occupant of the building or injure or annoy them. Tenant shall not use or allow the Premises to be used for any improper, immoral, or objectionable purposes, to be determined Landlord's sole and absolute judgment.

10. Repair and Maintenance.

A. Lessor shall keep the Building, including the Premises, interior and exterior walls, roof, and common areas, and the equipment whether used exclusively for the Premises or in common with other premises, in good condition and repair; provided, however, Lessor shall not be obligated to paint, repair or replace wall coverings, or to repair or replace any improvements that are not ordinarily a part of the building or are above then Building standards. There shall be no abatement of rent or liability of Tenant on account of any injury or interference with Tenant's business with respect to any improvements, alterations or repairs made by Lessor to the Building or any part thereof. Tenant expressly waives the benefits of any statute now or hereafter in effect which would otherwise afford Tenant the right to make repairs at Lessor's expense or to terminate this Lease because of Lessor's failure to keep the Premises in good order, condition, and repair.

B. Notwithstanding Lessor's obligation to keep the Premises in good condition and repair, Tenant shall be responsible for payment of the cost thereof to Lessor as additional rent for that portion of the cost of any maintenance and repair of the Premises or any equipment (wherever located) that serves only Tenant or the premises, to the extent such cost is attributable to causes beyond normal wear and tear. Tenant shall be responsible for the cost of painting, repairing or replacing wall coverings, and to repair or replace any Premises improvements that are not ordinarily a part of the Building or that are above then Building standards. Lessor may, at its option, upon reasonable notice, elect to have Tenant perform any particular such maintenance or repairs the cost of which is otherwise Tenant's responsibility hereunder. Tenant will maintain the interior in a clean, well maintained condition, that is- to eliminate odors, all visible dust, dirt, litter, trash, stains, etc. to the greatest practical degree possible.

C. On the last day of the term hereof, or on any sooner termination, Tenant shall surrender the Premises to Lessor in the same condition as received, ordinary wear and tear

excepted, clean and free of debris. Any damage or deterioration of the Premises shall not be deemed ordinary wear and tear if the same could have been prevented by good maintenance practices by Tenant. Tenant shall repair any damage to the Premises occasioned by the installation or removal of Tenant's trade fixtures, alterations, furnishings, and equipment. Except as otherwise stated in this Lease, Tenant shall leave the power panels, electrical distribution systems, lighting fixtures, air conditioning, window coverings, carpets, wall paneling, ceilings and plumbing on the Premises and in good operating condition. It will be the Tenant's responsibility to maintain the interior areas of the Premises.

D. Tenant hereby waives California Civil Code Sections 1932(1), 1941 and 1942 and any other applicable existing or future law, ordinance or governmental regulation permitting Tenant to make repairs at Landlord's expense.

11. Utilities.

A. Tenant shall pay for all utilities and services furnished to or used by Tenant upon the Premises, including gas service, trash, electrical service, janitorial, cable service, telephone services, and all connection charges. Tenant shall contract directly with the following utilities/service providers and pay for such services directly gas service, trash, electrical service, janitorial, cable service, telephone services, real estate taxes and all connection charges. Tenant shall deposit all trash only in designated areas.

B. Landlord shall not be responsible for any interruptions or disturbance of service regardless of whether Tenant is paying directly for such services or if such services are being contracted for by Landlord, nor shall there be any abatement of rent resulting from any cessation or interruption of utility service or other service contemplated by this section unless such interruption is caused by Landlord's actions in which case Tenant may receive abatement of rent on a day for day basis after 3 consecutive business days of interruption if such interruption causes material interference with Tenant's business or Tenant is not able to occupy the Premises.

12. Rules. Tenant shall comply with the rules and regulations below and attached to this Lease as **Exhibit B** and all reasonable modifications thereof and additions thereto from time to time put into effect by Landlord so long as prompt notice is given by Landlord of any changes (the "**Rules and Regulations**").

13. Alterations and Liens. Tenant shall not make or cause to be made any alterations, additions, or improvements to or of the Premises or any part thereof without the prior written consent of Landlord except for cosmetic or non-structural alterations up to a total cost of \$10,000 annually in the aggregate. If any alterations require additional changes to comply with Laws which are triggered by Tenant's alterations, all such resulting requirements to comply with Laws shall be at Tenant's expense and any Landlord consent to such alterations shall be conditioned on Tenant's payment for same. Any alterations, additions, or improvements affixed to the Premises, except furnishings, equipment, and trade fixtures, shall, at Landlord's option, become part of the real property and belong to Landlord on expiration or termination of the term and any extension thereof. If Landlord consents to the making of any alteration, additions, or improvements to the Premises, they shall be made at Tenant's sole cost and expense. Tenant shall keep the Premises free and clear of any liens or encumbrances which may arise from such work. At Landlord's option, Tenant shall, at its sole cost and expense, remove all such additions, alterations, and improvements from the

Premises at the end of the term hereof and repair any damage to the Premises occasioned by such removal provided Landlord notifies tenant of such requirement at the time of any alteration, and any cosmetic or non-structural alterations shall not require removal.

14. Assignment and Subletting.

A. Tenant shall not assign or encumber this Lease or any interest therein or sublet the Premises or any portion thereof either voluntarily or by operation of law without the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned, delayed or denied. Consent to one assignment, subletting, or use by any person other than Tenant shall not be deemed to be consent to a subsequent assignment, subletting, or use by any other person. In considering whether or not to grant such consent, Landlord may consider, among other things, the proposed tenant's character, credit, and professional standing.

B. Notwithstanding Section 15.a above, Tenant may assign or sublet the Premises, to any corporation which controls, is controlled by or is under common control with Tenant, or to any corporation resulting from the merger or consolidation with Tenant, or to any person or entity which acquires all the assets of Tenant as a going concern of the business that is being conducted on the Premises, all of which are referred to as "Tenant Affiliate"; provided that before such assignment shall be effective, (a) said assignee shall assume, in full, the obligations of Tenant under this Lease and (b) Landlord shall be given written notice of such assignment and assumption. Any such assignment shall not, in any way, affect or limit the liability of Tenant under the terms of this Lease even if after such assignment or subletting the terms of this Lease are materially changed or altered without the consent of the Tenant, the consent of whom shall not be necessary.

C. Terms and Conditions Applicable to Assignment and Subletting.

(i) Regardless of Lessor's consent, no assignment or subletting shall release Tenant of Tenant's obligations hereunder including Tenant's Share of Operating Expenses, and to perform all other obligations to be performed by Tenant hereunder.

(ii) Lessor may accept rent from any person other than Tenant pending approval of such assignment.

(a) Neither a delay in the approval or disapproval of such assignment or subletting, nor the acceptance of rent, shall constitute a waiver or estoppel of Lessor's right to exercise its remedies for the breach of any of the terms or conditions of this Section 15 or this Lease.

(b) If Tenant's obligations under this Lease have been guaranteed by third parties, then an assignment or sublease, and Lessor's consent thereto, shall not be effective unless said guarantors give their written consent to such sublease and the terms thereof.

(c) The consent by Lessor to any assignment or subletting shall not constitute a consent to any subsequent assignment or subletting by Tenant or to any subsequent or successive assignment or subletting by the subtenant. However, Lessor may consent to subsequent sublettings and assignments of the sublease or any amendments or modifications thereto without notifying Tenant or anyone else liable on the Lease or sublease and without obtaining their consent and such action shall not relieve such persons from liability under this Lease or said sublease;

provided, however such persons shall not be responsible to the extent any such amendment or modification enlarges or increases the obligations of the Tenant or sublessee under this Lease or such sublease.

(d) In the event of any default under this Lease, Lessor may proceed directly against Tenant, any guarantors or anyone else responsible for the performance of this Lease, including the sublessee, without first exhausting Lessor's remedies against any other person or entity responsible therefor to Lessor, or any security held by Lessor or Tenant.

(e) Lessor's written consent to any assignment or subletting of the Premises by Tenant shall not constitute an acknowledgment that no default then exists under this Lease of the obligations to be performed by Tenant nor shall such consent be deemed a waiver of any then existing default. except as may be otherwise stated by Lessor at the time.

(f) The discovery of the fact that any financial statement relied upon by Lessor in giving its consent to an assignment or subletting was materially false shall, at Lessor's election, render Lessor's said consent null and void.

(g) Additional Terms and Condition Applicable to Subletting. Regardless of Lessor's consent, the following terms and conditions shall apply to any subletting by Tenant of all or any part of the Premises and shall be deemed included in all subleases under this Lease whether or not expressly incorporated therein:

(iii) Tenant hereby assigns and transfers to Lessor all of Tenant's interest in all rentals and income arising from any sublease heretofore or hereafter made by Tenant, and Lessor may collect such rent and income and apply same toward Tenant's obligations under this Lease; provided, however, that until a default shall occur in the performance of Tenant's obligations under this Lease, Tenant may receive, collect and enjoy the rents accruing under such sublease. Lessor shall not, by reason of this or any other assignment of such sublease to Lessor nor by reason of the collection of the rents from a subtenant, be deemed liable to the sublessee for any failure of Tenant to perform and comply with any of Tenant's obligations to such subtenant under such sublease. Tenant hereby irrevocably authorizes and directs any such sublessee, upon receipt of a written notice from Lessor stating that a default exists in the performance of Tenant's obligations under this lease, to pay to Lessor the rents due and to become due under the sublease. Tenant agrees that such sublessee shall have the right to rely upon any such statement and requests from Lessor and that such sublessee shall pay such rents to Lessor without any obligation or right to inquire as to whether such default exists and notwithstanding any notice from or claim from Tenant to the contrary. Tenant shall have no right or claim against said sublessee or Lessor for any such rents so paid by said sublessee to Lessor.

(iv) No sublease entered into by Tenant shall be effective unless and until it has been approved in writing by Lessor. In entering into any sublease, Tenant shall use only such form of sublease as is satisfactory to Lessor, and once approved by Lessor, such, sublease shall not be changed or modified without Lessor's prior written consent Any sublessee shall, by reason of entering into a sublease under this Lease, be deemed, for the benefit of Lessor, to have assumed and agreed to conform and comply with each and every obligation herein to be performed by

Tenant other than such obligations as are contrary to or inconsistent with provisions contained in a sublease to which lessor has expressly consented in writing.

(v) In the event Tenant shall default in the performance of its obligations under this Lease, Lessor, at its option and without any obligation to do so, may require any sublessee to atton to Lessor, in which event Lessor shall undertake the obligations of Tenant under such sublease from the time of the exercise of said option to the termination of such sublease; provided, however, Lessor shall not be liable for any prepaid rents or security deposit paid by such sublessee to Tenant or for any other prior defaults of Tenant under such sublease.

(vi) No sublessee shall further assign or sublet all or any part of the Premises without Lessor's prior written consent

(vii) With respect to any subletting to which Lessor has consented, Lessor agrees to deliver a copy of any notice of default by Tenant to the sublessee. Such sublessee shall have the right to cure a default of Tenant within three (3) days after service of said notice of default upon such sublessee and the sublessee shall have a right of reimbursement and offset from and against Tenant for any such defaults cured by the sublessee.

(h) Lessor's Expenses. In the event Tenant shall assign or sublet the Premises or request the consent of Lessor to any assignment or subletting or if Tenant shall request the consent of Lessor for any act Tenant proposes to do then Tenant shall pay Lessor's reasonable costs and expenses incurred in connection therewith, including attorneys', architects', engineers' or other consultants' fees.

15. Entry by Landlord. Except for emergencies such as fire, water intrusion and the like which may be at any time, Landlord and its agents shall have the right to enter the Premises at reasonable times to inspect and examine the same and to make such repairs to the Premises as the Landlord shall deem advisable, and to show the Premises to prospective tenants, buyers, or lenders.

16. Indemnification.

A. Waiver of Claims. To the extent permitted by law, Tenant waives all claims against Landlord for damage to person or property arising for any reason. Tenant assumes all such risks for Tenant and any employees, licensees, invitees, agents, or contractors, except for any acts of negligence or willful misconduct by Landlord.

B. General Indemnity. Tenant agrees, as an independent unsecured obligation, separate from any of its promises or covenants in this Lease, to indemnify, defend (with counsel selected by Landlord at Tenant's expense), protect and hold harmless Landlord, its employees, agents, officers, legal counsel, assigns, any successor or successors to Landlord's interest in the Premises and any future owners of the Premises to whom this Lease is assigned (hereinafter collectively referred to as the "**Indemnitees**") from and against all claims, actual damages (including but not limited to special and consequential damages), punitive damages, injuries, costs, response costs, losses, demands, debts, liens, liabilities, causes of action, suits, legal or administrative proceedings, interest, fines, charges, penalties and expenses arising out of any damage to any person or property occurring in, on, or about the Premises, except for any acts of negligence or willful misconduct by Landlord. Tenant's obligation under this Section to indemnify

and hold the Indemnitees harmless shall be limited to the sum that exceeds the amount of insurance proceeds, if any, received by the party being indemnified.

17. Insurance.

A. Insurance. Tenant's insurance requirements are attached as **Exhibit D** and incorporated herein by reference.

B. Waiver of Subrogation. The parties release each other, and their respective authorized representatives, from any claims (for damage to any person or to the Premises and/or the building in which the Premises are located, and to the fixtures, personal property, Tenant's improvements, and alterations of either Landlord or Tenant in or on the Premises and/or the building in which the Premises are located) that are caused by or result from risks which are insured against under any insurance policies carried by the parties and in force at the time of any such damage and to the full extent of any proceeds paid under said policies.

18. Destruction of Premises.

A. Destruction Due to Risk Covered by Insurance. If, during the term of this Lease and any renewal term, the Premises or the Building and other improvements in which the Premises are located are totally or partially destroyed from a risk covered by insurance carried by either Tenant or Landlord for the Building, rendering the Premises totally or partially inaccessible or unusable, Landlord shall restore the Premises or the Building, and other improvements in which the Premises are located, to substantially the same condition as they were immediately before destruction if they can be repaired within 270 days from date of destruction. Such destruction shall not terminate this Lease. If the existing laws do not permit the restoration, either party can terminate this Lease immediately by giving notice to the other party. Provided, however, if the cost of the restoration exceeds the amount of proceeds received from the insurance, or the estimate of time to fully restore the Premises exceeds the lesser of 270 days or the remaining Term of the Lease, Landlord can elect to terminate this Lease by giving notice to Tenant within thirty (30) days after determining that the restoration cost will exceed the insurance proceeds.

B. Destruction Due to Risk Not Covered by Insurance. If, during the term of this Lease and any renewal term, the Premises or the Building and other improvements in which the Premises are located are totally or partially destroyed by a risk not covered by the insurance, rendering the Premises totally or partially inaccessible or unusable, Landlord can elect to terminate this Lease by giving notice to Tenant within thirty (30) days after determining the restoration cost and replacement value.

C. No Abatement or Reduction of Rent. In case of destruction, there shall be no abatement or reduction of rent between the date of destruction and the date of substantial completion of restoration.

D. Waiver of Civil Code Sections. Tenant waives the provisions of California Civil Code Section 1932(2) and California Civil Code Section 1933(4) with respect to any destruction of the Premises.

19. Default and Landlord's Remedies.

A. Default. The occurrence of any of the following shall constitute a default by Tenant:

(i) Tenant shall fail to pay when due any rent or any other monetary sum payable under this Lease when due from Landlord.

(ii) Tenant shall fail to observe, keep or perform any of the other terms, covenants, agreements or conditions contained in this Lease and such default continues for a period of ten (10) days after written notice by Landlord specifying the nature of the default with reasonable particularity, unless the nature of the default is such that more than ten (10) days is required to cure it and Tenant commences to cure it within such ten (10)-day period and thereafter diligently pursues it to completion.

(iii) Tenant shall become bankrupt or insolvent or make a transfer in fraud of creditors, or make an assignment for the benefit of creditors, or take or have taken against Tenant any proceedings of any kind under any provision of the Federal Bankruptcy Act or under any other insolvency, bankruptcy or reorganization act and, in the event any such proceedings are involuntary, Tenant is not discharged from the same within thirty (30) days thereafter.

(iv) A receiver is appointed for a substantial part of the assets of Tenant, and such receivership is not released within thirty (30) days.

(v) The abandonment of the Premises by Tenant, or the vacation (hereby defined to be ten (10) or more consecutive days of continual absence from the Premises) of the Premises by Tenant.

(vi) This Lease or any estate of Tenant hereunder shall be levied upon by any attachment or execution and such levy is not released within thirty (30) days.

Notices given under this section shall specify the alleged default and the applicable Lease provisions, and shall demand that Tenant perform the provisions of this Lease or pay the rent that is in arrears, as the case may be, within the applicable period of time, or quit the Premises.

B. Landlord's Remedies. If any default by Tenant shall occur, and following notice of default as required by this Lease (for the period applicable to the default under the applicable provision of this Lease), Landlord shall have the following remedies in addition to all other rights and remedies provided by law or equity, to which Landlord may resort cumulatively or in the alternative.

(i) Landlord shall have the immediate option to terminate this Lease and all rights of Tenant hereunder by giving written notice of such intention to terminate. In the event that Landlord shall so elect to terminate this Lease, then Landlord may recover from Tenant:

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

(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 Tenant proves could have been reasonably avoided; plus

(c) The worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss that Tenant proves could be reasonably avoided; plus

(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 therefrom; and

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

As used in Subsections (a) and (b) above of this section, the "worth at the time of award" is computed by allowing interest at the maximum rate an individual is permitted by law to charge. As used in subsection (c) above, the "worth at the time of award" is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

(ii) In the event of the vacation or abandonment of the Premises by Tenant, or in the event that Landlord shall elect to reenter as provided herein or shall take possession of the Premises pursuant to legal proceeding or pursuant to any notice provided by law, then Landlord shall have the remedy specified by Civil Code Section 1951.4, in which Landlord may from time to time recover all rental as it becomes due or relet the Premises or any part thereof for the account of Tenant on such term or terms and at such rental or rentals and upon such other terms and conditions as Landlord in its sole discretion may deem advisable, with the right to make alterations and repairs to the Premises. In the event that Landlord shall elect so to relet, then rentals received by Landlord from such reletting shall be applied first, to the payment of any indebtedness, other than rent due hereunder, owed by Tenant to Landlord; second, to the payment of any cost (including commissions) of such reletting; third, to the payment of the cost of any alterations and repairs to the Premises; fourth, to the payment of rent due and unpaid hereunder; and the residue, if any, shall be held by Landlord and applied in payment of future rent as the same may become due and payable hereunder. Should that portion of such rentals received from such reletting during any month, which is applied to the payment of rent hereunder, be less than the rent payable during that month by Tenant hereunder, then Tenant shall pay such deficiency to Landlord upon demand. Tenant shall also pay to Landlord, as soon as ascertained, any and all costs and expenses incurred by Landlord in such reletting or in making such alterations and repairs not covered by the rentals received from such reletting.

(iii) No reentry or taking possession of the Premises by Landlord pursuant to this section shall be construed as an election to terminate this Lease unless a written notice of such intention be given to Tenant or unless the termination thereof be decreed by a court of competent jurisdiction.

20. Signs. Tenant shall not place any sign upon the Premises or the Building without Lessor's prior written consent. Under no circumstances shall Tenant place a sign on any roof of the Building.

21. Parking. Tenant shall have the nonexclusive use, in common with Landlord and Landlord's other tenants, of the parking area (including any electric vehicle charging parking spaces) owned by Landlord at and around the Premises; provided; however, that no tenant may park in an area designated, identified, and/or reserved for parking by any other tenant or tenants, if any. Should any damages to the Premises, the parking area, and/or the vehicles of Tenant or their invitees/licenseses/employees be occasioned by the invitees, licensees, tradesmen, or customers of Tenant, such damage shall be repaired at Tenant's sole cost and expense. It is expressly understood and agreed the Tenant's right to the use of said parking area shall be non-exclusive and subject to the Rules and Regulations, and that Landlord reserves the right to establish and enforce other rules with respect to the use thereof, and Tenant agrees to abide by and conform to the same, as revised from time-to-time.

22. Estoppel Certificate. Tenant shall execute and deliver to Landlord within ten (10) days of request a commercially reasonable estoppel statement. Landlord and Tenant intend that any estoppel statement delivered pursuant to this Section may be relied upon by any mortgagee, beneficiary, purchaser or prospective purchaser of the building or any interest therein and failure to execute and return such estoppel shall be a material breach of the Lease.

23. Eminent Domain. In case the whole of the Premises, or such part thereof that substantially interferes with the reasonable use of the Premises as office space, shall be taken for any public or quasi-public purpose by any lawful power or authority by exercise of the right of appropriation, condemnation or eminent domain, or sold to prevent such taking, either party shall have the right to terminate this Lease effective as of the date possession is required to be surrendered to said authority. Tenant shall not assert any claim against Landlord or the taking authority for any compensation because of such taking and Landlord shall be entitled to receive the entire amount of any award without deduction for any estate or interest of Tenant. In the event the amount of property or the type of estate taken shall not substantially interfere with the reasonable use of the Premises as office space, Landlord shall be entitled to the entire amount of the award without deduction for any estate or interest of Tenant. If there is no substantial interference or if there is substantial interference, but neither party elects to terminate, Landlord shall promptly proceed to restore the Premises to substantially the same condition as the Premises existed prior to such partial taking, to the extent possible by application of the condemnation proceeds only, and a proportionate allowance shall be made to Tenant for the rent corresponding to the time during which, and to the part of the Premises of which Tenant shall be so deprived on account of such taking and restoration. Nothing contained in this Section shall be deemed to give Landlord any interest in any award made to Tenant for the taking of personal property and fixtures belonging to Tenant. Each party waives the provisions of California Code of Civil Procedure Section 1265.130 allowing either party to petition the Superior Court to terminate this Lease in the event of a partial taking of the premises.

24. Attorneys' Fees. If either party commences an action against the other party arising out of or in connection with this Lease, the prevailing party shall be entitled to have and recover from the losing party reasonable attorney's fees and costs of suit.

25. Notices.

A. Any notice required or permitted to be given hereunder may be given by personal delivery or by United States certified mail, postage prepaid, return receipt requested, addressed to Tenant at the Premises and to Landlord at 73-510 Fred Waring Dr. Palm Desert, California 92260, Attn: City Manager, or at such other address as the Landlord shall designate in writing. All such notices shall be deemed received (i) if personally delivered, upon delivery; (ii) if sent by United States certified mail, postage prepaid, return receipt requested, upon receipt or refusal to accept delivery.

26. Waiver; Accord and Satisfaction. No delay or omission in the exercise of any right or remedy of Landlord on any default by Tenant shall impair such right or be construed as a waiver. The receipt and acceptance by Landlord of delinquent rent shall not constitute a waiver of any other default; it shall constitute only a waiver of timely payment for the particular rent payment involved. No payment by Tenant or receipt by Landlord of a lesser amount than the rent payment herein stipulated shall be deemed to be other than on account of the rent, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as rent be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such rent or pursue any other remedy provided in this Lease.

27. Time is of the Essence. Time is of the essence of this Lease as to the performance of all terms, covenants, and conditions stated herein.

28. Successors and Assigns. Except as otherwise provided herein, all of the terms and conditions hereof shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. In the event of any transfer, assignment or other conveyance or transfers of any such title or tenant, Landlord herein named (and in case of any subsequent transfers or conveyances, the then grantor) shall be automatically freed and relieved from and after the date of such transfer. Landlord may transfer its interest in the Premises without the consent of Tenant and such transfer or subsequent transfer shall not be deemed a violation on Landlord's part of any of the terms and conditions of this Lease.

29. Titles and Definitions. The titles of Sections herein are for identification only. They shall not be considered to be a part of this Lease and shall have no effect upon the construction or interpretation thereof. The word "Landlord" and "Tenant" as used in this Lease shall include both singular, plural, masculine, feminine, and neuter as the context shall require.

30. Entire Agreement/Amendment. This Lease contains the entire agreement of the parties and supersedes all prior negotiations, drafts, and other understandings which the parties may have concerning the subject matter hereof. This Lease may not be modified except by written instrument duly executed by the parties hereto or their successors in interest.

31. Choice of Laws; Interpretation. This Lease shall be governed by and construed pursuant to the laws of the State of California. The provisions of this Lease shall be construed in accordance with the fair meaning of the language used and shall not be strictly construed against either party.

32. Authority. Each of the persons executing this Lease on behalf of Tenant warrants and represents that Tenant is a duly organized and validly existing entity, that Tenant has full right and authority to enter into this Lease and that the persons signing on behalf of Tenant are authorized to do so and have the power to bind Tenant to this Lease. Tenant shall provide Landlord upon request with evidence reasonably satisfactory to Landlord confirming the foregoing representations.

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

34. Non-Discrimination. Tenant herein covenants by and for himself or herself, his or her heirs, executors, administrators and assigns, and all persons claiming under or through him or her, and this lease is made and accepted upon and subject to the following conditions: That there be no discrimination against or segregation of any person or group of persons, on account of age, race, color, creed, religion, sex, marital status, national origin, or ancestry, in the leasing, subleasing transferring, use or occupancy, tenure or enjoyment of the land herein leased nor shall the Tenant practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, licensees, sub lessee, subtenants or vendees in the land herein leased.

35. Non-Smoking Requirements. Pursuant to City of Palm Desert Municipal Code Chapter 8.36, smoking is prohibited within certain public areas in the City of Palm Desert; specifically within the office area, atrium and forty (40) feet from the entrance and exits of the Parkview Professional Buildings. Tenant herein covenants to comply with all applicable laws and ordinances of the City of Palm Desert, the State of California and any other applicable governmental authority relating to smoking inside or in the vicinity of the Building.

36. Recycling. Tenant agrees to comply with all applicable laws and ordinances of the City of Palm Desert, the State of California and any other applicable governmental authority relating to recycling and diversion of solid waste (including organics waste), including, but not limited to, recycling of materials banned from landfills (e.g. chemicals, batteries, electronic waste, construction and demolition waste, bottles, cans, paper, plastic, etc.). City may, in City's sole discretion, provide recycling containers and education to staff /employees and tenants upon request.

37. Conference Room. Building 73-710 Fred Waring contains an approximate 1,000 square foot conference room with kitchen and an approximate 450 square foot conference room for the convenience of tenants in the two buildings 73-710 and 73-720 Fred Waring Drive. Tenant shall be permitted the use of these two conference rooms (subject to availability) for up to the number of hours per month set forth in Section 1. Therefore, Landlord will make a best effort to assure Tenant use of said number of hours of these two conference rooms on a monthly basis with no accumulation. Meetings may be scheduled from 8:00 a.m. through 9:00 p.m. on weekdays. Weekend and holiday meetings may be scheduled with the approval of property manager, and additional times will be available to Tenant by request to the property manager or their designee, subject to availability.

A. After a meeting time is reserved by Tenant, that time cannot be changed to a new reserved time, if in Landlord's opinion, the requested time would interfere with another tenant's reserved time. Landlord will make every effort to satisfy any additional conference room times requested by Tenant.

B. Tenant agrees to clean conference room area and kitchen and replace furniture to a neat fashion at the end of each of Tenant's meetings. It will be the responsibility of Tenant to arrange the seating configuration for Tenant's meetings. Tenant will have to check the room in advance and make any necessary adjustments Tenant desires. Noise during the meetings and breaks shall be kept at a minimum so as not to interfere or bother other tenants within the building.

C. Tenant may only use the kitchen within the conference room area during Tenant's reserved times. Cooking will be allowed as long as cooking odors do not bother other tenants. When Tenant uses the kitchen facility it will be Tenant's complete responsibility to clean kitchen and all utensils Tenant may have used. Landlord shall have the right to change the use of the kitchen if Landlord thinks it is in the best interest of other tenants.

D. Restrooms may remain unlocked during meetings conducted in the conference rooms. It is the responsibility of Tenant to lock restroom doors at the completion of meetings.

[Signatures on Following Page]

IN WITNESS WHEREOF, Landlord and Tenant have executed this Lease on the day and year set forth below.

TENANT:
BLIEU COMPANIES

Dated: _____

By: _____

Name: _____

Its: _____

LANDLORD:
CITY OF PALM DESERT

Dated: _____

By: _____

Name: L. Todd Hileman

Its: City Manager

ATTEST

By: _____

Anthony J. Mejia, MMC
City Clerk

APPROVED TO FORM

By: _____

Best Best & Krieger, LLP
City Attorney

QC:
Insurance:

Initial Review

Final Review

Contract No.

EXHIBIT B

RULES AND REGULATIONS

1. These Rules and Regulations are referred to in and hereby incorporated into the Commercial Lease attached hereto and all defined terms are set forth therein.

2. Sidewalks, halls, passageways, exits, entrances, elevators, escalators, and stairways shall not be obstructed by Tenant or used by Tenant for any purpose (including consumption of tobacco or alcoholic products) other than for entry and exit from the Premises. The halls, passageways, exits, entrances, elevators, if any, and stairways are not for the use of the general public, and Landlord shall in all cases retain the right to control and prevent access thereto by all persons whose presence, in the judgment of Landlord, shall be prejudicial to the safety, character, reputation or interests of the Building and its Tenants and occupants. Neither Tenant nor any employee or invitee of Tenant shall go upon the terraces or roof(s) of the Building, except as authorized by Landlord, and only when accompanied by a Landlord representative or Building engineer.

3. No sign, placard, picture, name, advertisement or notice visible from the exterior of the Premises shall be inscribed, painted, affixed, installed, or otherwise displayed by Tenant without the prior written consent of Landlord, and, absent such consent, Landlord shall have the right to remove any such sign, placard, picture, name, advertisement or notice without notice to, and at the expense of, Tenant.

4. (a) Landlord reserves the right to control access to the Building at all times. Tenant shall be responsible for all persons for whom it requests access and shall be liable to Landlord for all acts of such persons.

5. (b) Landlord shall in no event be liable for damages for error with regard to the admission to, or the exclusion from, the Building of any person. Tenant acknowledges that Landlord shall have no obligation whatsoever to provide guard service or other security measures for the benefit of the Premises. Tenant assumes all responsibility for the protection of Tenant, its agents and invites and the property of Tenant and the property of Tenant and of Tenant's agents and invites from acts of third parties.

6. Tenant shall not necessitate any unreasonable labor by reason of Tenant's carelessness in the preservation of good order and cleanliness of the Premises. Landlord shall in no way be liable for any loss of property on the Premises, however occurring, or for any damage done to the effects of Tenant by the janitor or any other employee or any other person.

7. Upon daily departure by Tenant and its employees from the Premises, Tenant shall cause:

(a) the doors of the Premises to be closed and securely locked, and any security system set for night/"alert" mode;

(b) all water faucets and apparatus, heating and air conditioning, and, to the extent practicable, devices using other resources, to be shut off so as to prevent waste or damage.

8. (a) Tenant shall not waste electricity, water or any other resource, or heating or air-conditioning, and shall cooperate fully with Landlord to assure the most effective operation of the Building's heating, ventilating and air-conditioning system.

(b) No heating or air-conditioning unit or other similar apparatus shall be installed or used by Tenant without the prior written consent of Landlord.

9. Tenant shall not change any exterior lock to their space without Landlord's permission and will provide Landlord with a key to any exterior lock that is changed. Tenant shall bear the expense of changing any exterior lock. Tenant shall be responsible for security and locks pertaining to the interior of the Premises at its own expense shall not be required to provide any interior key(s) to Landlord.

10. Tenant shall not make or have made copies of any keys or key cards furnished by Landlord. Tenant, upon termination of its tenancy, shall deliver to Landlord all keys and key cards so furnished. In the event of the loss of any of same, Tenant shall pay Landlord the cost thereof or the cost of changing the subject lock(s) or access device(s) if Landlord shall deem it necessary to make such change.

11. The toilet rooms, toilets, urinals, wash bowls, plumbing fixtures and other apparatus shall not be used for any purpose other than that for which they are constructed, and no foreign substance of any kind whatsoever shall be thrown therein. Any loss, cost or expense relating to any breakage, stoppage or damage resulting from any violation of this rule shall be borne by Tenant.

12. Tenant shall not use or keep in the Premises or the Building any kerosene, gasoline or inflammable or combustible fluid or material other than limited quantities necessary for the operation or maintenance of office equipment.

13. Tenant shall not use or keep, or permit to be used or kept, in or on the Premises any foul or noxious gas or substance, nor shall any animals or birds be brought to or kept in or on the Premises.

14. No cooking shall be done or permitted by Tenant on the Premises (except that private, noncommercial use by Tenant and its employees of Underwriters' Laboratory approved equipment for the preparation of coffee, tea, hot chocolate and similar beverages, and for the heating of foods, shall be permitted, provided that such equipment and use is in accordance with all applicable federal, state and city laws, codes, ordinances, rules and regulations), nor shall Tenant use or permit any open flames, candles or halogen lamps in the Premises. Any food brought into the Building on week-ends shall be cleaned up and properly disposed of by Tenant. The Premises shall not be used for lodging or sleeping purposes. If any portion of the Premises becomes infested with vermin, Tenant, at its sole cost and expense, shall cause such portion of the Premises to be exterminated by exterminators satisfactory to Landlord.

15. Except with the prior written consent of Landlord, Tenant shall not sell, or permit the sale, of newspapers, magazines, periodicals, theatre tickets, liquor or tobacco or any other goods or merchandise in or on the Premises, nor shall Tenant carry on, or permit any employee or other person to carry on, the business of stenography, typewriting or any similar business in or on the Premises for the service or accommodation of others, nor shall the Premises be used for storage

of merchandise (except for such storage incidental to the permitted use of the Premises) or for manufacturing of any kind or for the business of a public barber shop, beauty parlor or employment bureau, nor shall the Premises be used for any improper, immoral or objectionable purpose. No auction shall be held on the Premises.

16. Tenant shall notify in advance Landlord of any extraordinary demands for electrical power. Tenant shall not overload the electrical system.

17. Landlord shall direct electricians as to where and how telephone, telegraph and electrical wires are to be introduced or installed. No boring or cutting for wires shall be allowed without the prior written consent of Landlord. The location of burglar alarms, telephones, call boxes and other office equipment affixed to the Premises shall be subject to the prior written consent of Landlord.

18. Tenant shall not install any radio or television antenna, loudspeaker or other device on the exterior walls or roof of the Building. Tenant shall not interfere with radio or television broadcasting or reception from or in the Building or elsewhere.

19. Tenant shall not lay linoleum, tile, carpet or any other floor covering so that same shall be affixed to the floor of the Premises in any manner except as approved in advance in writing by Landlord. Any loss, cost or expense relating to any damage resulting from any violation of this rule or the removal of any floor covering shall be borne by Tenant.

20. (a) Tenant shall not place a load upon any floor of the Premises which exceeds the load per square foot which such floor was designed to carry and which is allowed by law. Landlord shall have the right to prescribe the weight, size and position of all safes, furniture or other heavy equipment brought into the building. Safes or other heavy objects shall, if considered necessary by Landlord, stand over steel bracing or on wood strips of such thickness as determined by Landlord to properly distribute the weight thereof. Landlord shall not be responsible for loss of or damage to any such safes or other heavy objects from any cause, and all damage done to the building by moving or maintaining any of same shall be repaired at the expense of Tenant.

21. (b) Business machines and mechanical equipment belonging to Tenant which cause noise or vibration that may be transmitted to the structure of the building or to any space therein to such a degree as to be objectionable to Landlord or to other Tenants or occupants of the building shall be placed and maintained by Tenant, at Tenant's expense, on vibration eliminators or other devices sufficient to eliminate noise or vibration. The persons employed to move machines and equipment in or out of the building must be acceptable to Landlord.

(c) If Tenant's Premises are furnished, all furniture shall be provided by or through Landlord, and shall not be removed at any time during the Lease term. Furniture shall not be moved from or between the facilities, office suites or other rooms except by Landlord or its agents.

22. Tenant shall not mark, or drive nails or screw or drill into, the partitions, ceilings or floors of the building, or in any way deface them. No doors or partitions may be removed by Tenant; requests for removal shall be addressed to Landlord.

23. Tenant shall not install, maintain, or operate on the Premises any vending machine without the prior written consent of Landlord.

24. There shall not be used in the Building any hand trucks except those equipped with rubber tires and side guards or any other material handling equipment except as approved in advance in writing by Landlord. No other vehicles of any kind shall be brought into, or be kept in or about, the Premises.

25. Tenant shall store all of its trash and garbage within the interior of the office suite. No material shall be placed in trash boxes or receptacles if such material is of such a nature that it may not be disposed of in the ordinary and customary manner of removing and disposing of trash and garbage and without violation of any law or ordinance governing such removal and disposal.

26. Canvassing, soliciting, distribution of handbills or any other written material, and peddling in the Building are prohibited, and Tenant shall cooperate to prevent same. Tenant shall not engage in office-to-office solicitation of business from other tenants or occupants of the Building. No auction, garage sale, car wash, bake sale, public gathering or parties shall be held in the Premises or the parking area without prior consent by Landlord.

27. Landlord shall have the right, exercisable without notice and without liability to Tenant, to change the name and address of the Building.

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

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

30. Tenant assumes any and all responsibility for protecting the Premises from theft, robbery and pilferage by taking necessary steps including, but not limited to, keeping doors locked and other means of entry to the Premises closed.

31. The requirements of Tenant shall be attended to only upon application to the office of the Building by an authorized individual. Employees of Landlord shall not perform any work or do anything outside of their regular duties unless under special instructions from Landlord.

32. Tenant shall cause its employees, agents, clients, customers, invitees and guests to comply with these Rules and Regulations, and make sure that they are aware of each and every one of them.

PARKING RULES

1. Parking areas shall be used only for parking by vehicles no longer than full size, passenger automobiles herein called "Permitted Size Vehicles." Vehicles other than Permitted Size Vehicles are herein referred to as "Oversized Vehicles."

2. Tenant shall not permit or allow any vehicles that belong to **or** are controlled by Tenant or Tenant's employees, suppliers, shippers, customers, or invitees to be loaded, unloaded, or parked in area other than those designated by Lessor for such activities.

3. Parking stickers or identification devices shall be the property of Lessor and be returned to Lessor by the holder thereof upon termination of the holder's parking privileges. Tenant will pay such replacement charge as is reasonable established by Lessor for the loss of such devices.

4. Lessor reserves the right to refuse the sale of monthly identification devices to any person or entity that willfully refuses to comply with the applicable rules, regulations laws and/or agreements.

5. Lessor reserves the right to relocate all or a part of parking spaces from floor to floor, within one floor, and/or to reasonably adjacent offsite locations(s), and to reasonably allocate them between compact and standard size spaces, as long as the same complies with applicable laws, ordinances and regulations.

6. Users of the parking area will obey all posted signs and park only in the areas designated for vehicle parking.

7. Unless otherwise instructed, every person using the parking area is required to park and lock his own vehicle. Lessor will not be responsible for any damage to vehicles, injury to persons or loss of property, all of which risks are assumed by the party using the parking area.

8. Validation, if established, will be permissible only by such method or methods as Lessor and/or its licensee may establish at rates generally applicable to visitor parking.

9. The maintenance, washing, waxing or cleaning of vehicles in the parking structure or Common Areas is prohibited.

10. Tenant shall be responsible for seeing that all of its employees, agents and invitees comply with the applicable parking rules, regulations, laws, and agreements.

11. Lessor reserves the right to modify these rules and/or adopt such other reasonable and nondiscriminatory rules and regulations as it may deem necessary for the proper operation of the parking area.

12. Such parking use as is herein provided is intended merely as a license only and no bailment is intended or shall be created hereby.

EXHIBIT C
LANDLORD IMPROVEMENTS

(To be added once discussed)

EXHIBIT D

INSURANCE REQUIREMENTS

A. If the Leased Premises or any other part of the Building is damaged by fire or other casualty resulting from any act or negligence of TENANT or any of TENANT's agents, employees or invitees, rent shall not be diminished or abated while such damages are under repair, and TENANT shall be responsible for the costs of repair not covered by insurance.

B. LANDLORD shall maintain fire and extended coverage insurance on the Building and the Leased Premises in such amounts as LANDLORD shall deem appropriate. TENANT shall be responsible, at its expense, for fire and extended coverage insurance on all of its personal property, including removable trade fixtures, located in the Leased Premises.

C. Without limiting TENANT's indemnification of CITY, and prior to commencement of Lease, TENANT shall obtain, provide and maintain at its own expense during the term of this Agreement, policies of insurance of the type and amounts described below and in a form satisfactory to City.

General liability insurance. TENANT shall maintain commercial general liability insurance with coverage at least as broad as Insurance Services Office form CG 00 01, in an amount not less than \$1,000,000 per occurrence, \$2,000,000 general aggregate, for bodily injury, personal injury, and property damage. The policy must include contractual liability that has not been amended. Any endorsement restricting standard ISO "insured contract" language will not be accepted.

Property insurance. Upon commencement of construction of tenant improvements and betterments, or installation of equipment, with approval of CITY, TENANT shall obtain and maintain insurance on TENANT's improvements and betterments. Policy shall be provided for replacement value on an "all risk" basis. There shall be no coinsurance penalty provision in any such policy.

Note: In most leases, the landlord provides property insurance and the tenant provides liability insurance. When the property includes substantial tenant improvements, the lease may require the tenant to insure those improvements. In a few cases, such as "triple net" leases, the tenant also provides the other property insurance. Legal and insurance advice may be appropriate in such cases.

Commercial property insurance. Upon commencement of construction of tenant improvements and betterments, or installation of equipment, with approval of CITY, TENANT shall obtain and maintain insurance on TENANT's and any improvements. Coverage shall be at least as broad as the Insurance Services Offices broad causes of loss form CP 10 20, and approved of in writing by CITY. Coverage shall be sufficient to insure 100% of the replacement value and there shall be no coinsurance provisions. The policy shall include an inflation guard endorsement, 100% rents coverage, contents coverage, coverage for personal property of others, ordinance or law and increased cost of construction coverage. CITY shall be included as an insured and as loss payee on any such insurance. CITY shall not be liable for any business income or other consequential loss sustained by LESSEE. CITY shall not be liable for any loss of LESSEE's personal property even if such loss is caused by negligence of CITY, CITY's employees or agents.

Boiler and machinery insurance with limits of not less than actual replacement cost for all property and improvements, encompassing explosion and breakdown. LESSEE shall obtain and deliver to CITY, along with copies of all policies of insurance required here, a joint loss endorsement for property and boiler and machinery policies. The CITY is to be added as insured to boiler and machinery coverage. LESSEE also agrees to provide builder's all-risk insurance using an inland marine form during the period of any major alteration or improvement, using the broadest form available. CITY shall be named as loss payee under all first party coverages.

Commercial pollution legal liability with limits no less than \$1,000,000 per occurrence or claim, and \$2,000,000 policy aggregate. (If no such exposure exists, this coverage requirement may be deleted.)

Other Insurance Provisions or Requirements

Proof of insurance. TENANT shall provide certificates of insurance to CITY as evidence of the insurance coverage required herein, along with a waiver of subrogation endorsement for workers' compensation. Insurance certificates and endorsements must be approved by CITY's risk manager prior to commencement of performance. Current certification of insurance shall be kept on file with CITY at all times during the term of this contract. CITY reserves the right to require complete, certified copies of all required insurance policies, at any time.

Duration of coverage. TENANT shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property, which may arise from or in connection with the performance of the Work hereunder by TENANT, his agents, representatives, employees, or subconsultants.

Primary/noncontributing. Coverages provided by LESSEE shall be primary and any insurance or self-insurance procured or maintained by CITY shall not be required to contribute with it. The limits of insurance required herein may be satisfied by a combination of primary and umbrella or excess insurance. Any umbrella or excess insurance shall contain or be endorsed to contain a provision that such coverage shall also apply on a primary and non-contributory basis for the benefit of CITY before the CITY's own insurance or self-insurance shall be called upon to protect it as a named insured.

City's rights of enforcement. In the event any policy of insurance required under this Agreement does not comply with these specifications or is canceled and not replaced, CITY has the right but not the duty to obtain the insurance it deems necessary and any premium paid by CITY will be promptly reimbursed by TENANT or CITY will withhold amounts sufficient to pay premium from TENANT payments. In the alternative, CITY may cancel this Agreement.

Acceptable insurers. All insurance policies shall be issued by an insurance company currently authorized by the Insurance Commissioner to transact business of insurance or is on the List of Approved Surplus Line Insurers in the State of California, with an assigned policyholders' Rating of A- (or higher) and Financial Size Category Class VII (or larger) in accordance with the latest edition of Best's Key Rating Guide, unless otherwise approved by the CITY's Risk Manager.

Waiver of subrogation. All insurance coverage maintained or procured pursuant to this agreement shall be endorsed to waive subrogation against CITY, its elected or appointed officers, agents, officials, employees, and volunteers or shall specifically allow TENANT or others providing insurance evidence in compliance with these specifications to waive their right of recovery prior to a loss. TENANT hereby waives its own right of recovery against CITY, and shall require similar written express waivers and insurance clauses from each of its subconsultants.

Enforcement of contract provisions (non estoppel). TENANT acknowledges and agrees that any actual or alleged failure on the part of the CITY to inform TENANT of non-compliance with any requirement imposes no additional obligations on the CITY nor does it waive any rights hereunder.

Requirements not limiting. Requirements of specific coverage features or limits contained in this section are not intended as a limitation on coverage, limits or other requirements, or a waiver of any coverage normally provided by any insurance. Specific reference to a given coverage feature is for purposes of clarification only as it pertains to a given issue and is not intended by any party or insured to be all inclusive, or to the exclusion of other coverage, or a waiver of any type. If the TENANT maintains higher limits than the minimums shown above, the CITY requires and shall be entitled to coverage for the higher limits maintained by the TENANT. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the CITY.

Notice of cancellation. TENANT agrees to oblige its insurance agent or broker and insurers to provide to CITY with a thirty (30) day notice of cancellation (except for nonpayment for which a ten (10) day notice is required) or nonrenewal of coverage for each required coverage. Proof of such obligation shall be in the form of a special endorsement.

Additional insured status. General liability policies shall provide, or be endorsed to provide, that CITY and its officers, officials, employees, agents, and volunteers shall be additional insureds under such policies. This provision shall include endorsement covering liabilities arising out of the TENANT's "operations" in the leased space. This provision shall also apply to any excess/umbrella liability policies.

Prohibition of undisclosed coverage limitations. None of the coverages required herein will be in compliance with these requirements if they include any limiting endorsement of any kind that has not been first submitted to CITY and approved of in writing.

Separation of insureds. A severability of interests provision must apply for all additional insureds ensuring that LESSEE insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the insurer's limits of liability. The policy(ies) shall not contain any cross-liability exclusions.

Pass through clause. TENANT agrees to ensure that its subconsultants, subcontractors, and any other party involved with the project who is brought onto or involved in the project by TENANT, provide the same minimum insurance coverage and endorsements required of TENANT. TENANT agrees to monitor and review all such coverage and assumes all responsibility for ensuring that such coverage is provided in conformity with the requirements of this section. TENANT agrees that upon request, all agreements with consultants, subcontractors, and others engaged in the project will be submitted to CITY for review.

City's right to revise specifications. The CITY reserves the right at any time during the term of the contract to change the amounts and types of insurance required by giving the TENANT ninety (90) days advance written notice of such change. If such change results in substantial additional cost to the TENANT, the CITY and TENANT may renegotiate TENANT's compensation.

Self-insured retentions. Any self-insured retentions must be declared to and approved by CITY. CITY reserves the right to require that self-insured retentions be eliminated, lowered, or replaced by a deductible. Self-insurance will not be considered to comply with these specifications unless approved by CITY.

Timely notice of claims. TENANT shall give CITY prompt and timely notice of claims made or suits instituted that arise out of or result from TENANT's performance under this Agreement, and that involve or may involve coverage under any of the required liability policies.

Additional insurance. TENANT shall also procure and maintain, at its own cost and expense, any additional kinds of insurance, which in its own judgment may be necessary for its proper protection.

TENANT's personal property, fixtures, equipment, inventory, and vehicles are not insured by LANDLORD against loss or damage due to fire, theft, vandalism, rain, water, criminal or negligent acts of others, or any other cause.