

LEASE AGREEMENT

BY AND BETWEEN

CITY OF ALAMEDA,

**a charter city and municipal corporation
AS LANDLORD**

and

POWER ENGINEERING CONSTRUCTION COMPANY

**a California corporation
AS TENANT**

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LEASE AGREEMENT

BASIC LEASE INFORMATION

<i>Lease Date:</i>	Dated as of September __, 2015 for reference purposes only
<i>Landlord:</i>	City of Alameda, a charter city and municipal corporation
<i>Landlord's Address:</i>	City of Alameda Alameda City Hall 2263 Santa Clara Ave Alameda, CA 94501 Tel: (510) 748-4509 Attn: City Manager Notice Copy to: PM Realty Group, L.P., as Agent for City of Alameda 101 W. Atlantic Avenue Alameda, CA 94501 Tel: (510) 749-0304
<i>Tenant:</i>	Power Engineering Construction Company
<i>Tenant's Address:</i>	1501 Viking Street, Suite 200 Alameda, CA 94612
<i>Premises:</i>	Those certain premises located at 1501 Viking Street (Building 166) consisting of approximately fifty-five thousand four hundred seventy-one (55,471) rentable square feet
<i>Building:</i>	Building 166
<i>Length of Term:</i>	One hundred twenty (120) months
<i>Estimated Commencement Date:</i>	December 1, 2015
<i>Estimated Expiration Date:</i>	November 30, 2025
<i>Extension Option:</i>	Two (2) options to extend Term for periods of five (5) years each

<i>Base Rent:</i>	<i>Months</i>	<i>Monthly Base Rent</i>
	1 – 12	\$23,297.00
	13 – 24	\$23,762.94
	25 – 36	\$24,238.20
	37 – 48	\$24,722.96
	49 – 60	\$25,217.42
	61 – 72	\$25,721.77
	73 – 84	\$26,236.20
	85 – 96	\$26,760.93
	97 – 108	\$27,296.15
	109 – 120	27,842.07
<i>Taxes and Utilities:</i>	Tenant shall pay all costs for services and utilities to the Premises, as defined in the Lease. Tenant shall pay all taxes (including possessory interest taxes) levied on or against the Premises or its personal property.	
<i>Tenant's Share:</i>	100%	
<i>Security Deposit:</i>	\$30,000	
<i>Permitted Use:</i>	Warehouse, yard storage of equipment and raw construction materials, project specific manufacturing needs and related administrative office use	
<i>Parking:</i>	Tenant shall have the right to have its employees and visitors park in the paved areas adjacent to the Buildings as identified as the Land on Exhibit A-1 attached hereto, as further set forth in Section 2.2 herein below	
<i>Pier 1 License Area:</i>	A portion of Pier 1, 1600 Ferry consisting of approximately 250 linear feet, as depicted on Exhibit H	
<i>Brokers:</i>	Cushman & Wakefield of California, Inc. (Landlord Broker)	

LEASE AGREEMENT

THIS LEASE AGREEMENT is made and entered into by and between CITY OF ALAMEDA, a charter city and municipal corporation (“Landlord”) and POWER ENGINEERING CONSTRUCTION COMPANY, a California corporation (“Tenant”). The Basic Lease Information, the Exhibits and this Lease Agreement are and shall be construed as a single instrument and are referred to herein as the “Lease”.

1. DEMISE.

1.1 **Lease Agreement.** In consideration for the rents and all other charges and payments payable by Tenant, and for the agreements, terms and conditions to be performed by Tenant in this Lease, and subject to City Council approval, Landlord does hereby lease to Tenant and Tenant does hereby hire and take from Landlord, the Premises described below, upon the agreements, terms and conditions of this Lease for the Term hereinafter stated.

2. PREMISES.

2.1 **Premises.** The Premises demised by this Lease are as specified in the Basic Lease Information. Said Premises are located on property commonly referred to as the former Naval Air Station Alameda (“Property”). The Premises have the address and contain the square footage specified in the Basic Lease Information; provided, however, that any statement of square footage set forth in this Lease is an approximation which Landlord and Tenant agree is reasonable and no economic terms based thereon shall be subject to revision whether or not the actual square footage is more or less.

2.2 **Land and Parking.** In addition to the Premises, Landlord grants to Tenant an exclusive license for Tenant and its employees, agents, suppliers, customers and patrons to use the land area appurtenant to the Premises as generally depicted on Exhibit A-1 attached hereto (“Land”) for parking and the loading and unloading of trucks shipping items to and from the Premises and the storage of equipment and construction material. Neither Landlord nor any Landlord Related Party (as defined in Section 14.1 below) shall be liable for: (a) loss or damage to any vehicle or other personal property parked or located upon or within the Land, whether pursuant to this license or otherwise and whether caused by fire, theft, explosions, strikes, riots, or any other cause whatsoever; or (b) injury to or death of any person in, about or around any parking spaces or any portion of the Land or any vehicles parked thereon whether caused by fire, theft, assault, explosion, riot or any other cause whatsoever and Tenant hereby waives any claims for, or in respect to, the above. Tenant shall not assign any of its rights under this Section 2.2 except in connection with an assignment of Tenant’s interests in the Lease or a sublease in accordance with Article 13 below and in the event an attempt to assign is made, it shall be void. Landlord shall have no maintenance obligations for the Land and all provisions of this Lease concerning Tenant’s rights and obligations governing its use and occupancy of the Premises that are not inconsistent with this Section 2.2 shall be applicable to the Land. In addition to the foregoing, Landlord reserves the right, upon reasonable notice to Tenant, to require any outside storage areas to be properly screened.

2.3 **[Intentionally Omitted].**

2.4 Possession. Tenant accepts the Premises in "AS IS" "WITH ALL FAULTS" condition and configuration without any representations or warranties by Landlord, and subject to all matters of record and all applicable laws, ordinances, rules and regulations, with no obligation of Landlord to make alterations or improvements to the Premises. Tenant acknowledges that prior to the commencement of the Premises License, it has been in occupancy of the Premises under an Alameda Point Lease Agreement dated May 15, 2005 (the "Original Lease") and that the Premises are in a satisfactory condition. Tenant further acknowledges that neither Landlord nor any agent of Landlord has made any representation or warranty with respect to the suitability of the Premises or the Building for the conduct of Tenant's business. Landlord shall not be liable for any latent or patent defects in the Premises, excepting Tenant Improvements constructed by Landlord, if any. Tenant shall be responsible for requesting an inspection and obtaining a Certificate of Occupancy from the City of Alameda. This shall include, but is not limited to any necessary fire sprinkler upgrades, electrical service upgrades, compliance with the ADA (as defined at Section 6.2 below), and any other requirements mandated by the Certificate of Occupancy inspection.

2.5 [Intentionally Omitted].

3. TERM.

3.1 Term. The term of this Lease ("Term") shall be for the period specified in the Basic Lease Information, commencing on the later of (a) the Estimated Commencement Date or (b) one (1) day after this Lease has been approved by the City Council, the date of which approval shall be deemed to be the effective date of an ordinance approving this Lease as required by the City Charter ("Commencement Date"). This Lease shall terminate at midnight on the last day of the one hundred twentieth (120th) full calendar month following the Commencement Date ("Expiration Date"), unless sooner terminated or extended as hereinafter provided. Promptly following the Commencement Date, Landlord and Tenant shall enter into a letter agreement substantially in the form attached hereto as Exhibit B, specifying and confirming the Commencement Date and the Expiration Date; if Tenant fails to execute and deliver such letter agreement to Landlord within ten (10) business days after Landlord's delivery of the same to Tenant, said letter agreement will be deemed final and binding upon Tenant.

3.2 Delay and Delivery. If for any reason Landlord has not delivered to Tenant possession of the Premises by the Estimated Commencement Date set forth in the Basic Lease Information, this Lease shall remain in effect and Landlord shall not be liable to Tenant for any loss or damage resulting therefrom.

3.3 Option to Renew.

(a) Renewal Options. Tenant shall have two (2) options to extend the Term (a "Renewal Option") for a period of five (5) years each (each a "Renewal Term"). The Renewal Options may be exercised only by the entity identified as the Tenant in the Basic Lease Information or an assignee that is a Tenant Affiliate and may not be exercised by any other sublessee or assignee or by any other successor or assign. The Renewal Options shall be effective only if Tenant is not in Default under this Lease, either at the time of exercise of the Renewal Option or the time of commencement of the Renewal Term. Tenant shall exercise its

Renewal Option, if at all, by written notice (“Election Notice”) from Tenant to Landlord, in a form substantially the same as Exhibit C, given not more than twelve (12) months nor less than six (6) months prior to expiration of the initial Term with respect to the first Renewal Option and with respect to the Second Renewal Option, not more than twelve (12) months nor less than six (6) months prior to the expiration of the first Renewal Term. Any such notice given by Tenant to Landlord shall be irrevocable. If Tenant fails to exercise a Renewal Option in a timely manner as provided for above, said Renewal Option shall be void.

(b) Terms and Conditions. If Tenant exercises a Renewal Option, the Term shall be extended for an additional period of five (5) years upon the same terms and conditions as the initial Term except that (i) there shall be one fewer further Renewal Option available to Tenant at the expiration of the Renewal Term, (ii) Tenant shall continue to occupy the Premises in its “as-is” condition without any tenant improvement allowance from Landlord, and (iii) the Base Rent during the each such Renewal Term (the “Renewal Rate”) shall be an amount equal to the greater of (A) the “Fair Market Rent” prevailing at the commencement of said Renewal Term or (B) the Base Rent in effect at the end of the initial Term or the then current Renewal Term.

Tenant shall be responsible for all brokerage costs and/or finder’s fees associated with Tenant’s exercise of any Renewal Option made by parties claiming through Tenant. Landlord shall be responsible for all brokerage costs and/or finder fees associated with Tenant’s exercise of any Renewal Options made by parties claiming through Landlord.

(c) Renewal Rate. For purposes of this Section 3.3, “Fair Market Rent” means the prevailing rental rate per square foot then being obtained by landlords for comparable buildings or spaces located in the City of Alameda, taking into account (in either case) applicable base years, tenant improvement allowances, free rent periods and other tenant concessions, existing improvements and configuration of the space, any additional rent and all other payments and escalations payable hereunder and by tenants under leases of such comparable spaces. Within thirty (30) days after Landlord’s receipt of an Election Notice or as soon as thereafter as is reasonably practicable, Landlord shall notify Tenant in writing of the Renewal Rate (“Renewal Rate Notice”). Tenant shall have twenty (20) days (“Response Period”) after receipt of the Renewal Rate Notice to advise Landlord whether or not Tenant agrees with Landlord’s determination of the Renewal Rate. If Tenant does not respond to Landlord in writing within the Response Period, then Tenant shall be deemed to have accepted the Renewal Rate specified by Landlord in the Renewal Rate Notice. If Tenant agrees or is deemed to have agreed with Landlord’s determination of the Renewal Rate, then such determination shall be final and binding on the parties. If Tenant notifies Landlord in writing during the Response Period that Tenant disagrees with Landlord’s determination of the Renewal Rate, then within twenty (20) days after Landlord’s receipt of Tenant’s written notice, Landlord and Tenant shall each retain, at their own expense, a licensed commercial real estate broker with at least five (5) years’ experience negotiating commercial lease transactions in the cities of Alameda and Oakland, California. If only one broker is appointed by the parties during such period, then said broker shall, within twenty (20) days after his or her appointment, determine the Fair Market Rent. If Landlord and Tenant each appoint a broker during such period, then the brokers shall meet and confer during the thirty (30) day period commencing on the date on which the last of the brokers has appointed (“Broker Negotiation Period”) to attempt to mutually

agree upon Fair Market Rent. If the brokers cannot agree upon Fair Market Rent as of the expiration of the Broker Negotiation Period, the two brokers shall, within twenty (20) days thereafter, attempt to select a third broker meeting the qualifications stated in this Section. If the two brokers are unable to agree on the third broker, either Landlord or Tenant, by giving fifteen (15) days written notice to the other party, can apply to then Presiding Judge of the Superior Court of Alameda County for the selection of a third broker who meets the qualifications stated in this paragraph. Landlord and Tenant shall each bear one half (1/2) cost of appointing the third broker and paying the third broker's fees. The third broker, however selected, shall be a person who has not previously acted in any capacity for either Landlord or Tenant. The third broker shall, within twenty (20) days after his or her appointment, make a determination of Fair Market Rent. The determinations of Fair Market Rent prepared by all three (3) brokers shall be compared and the Renewal Rent Rate shall be whichever of the determinations by Landlord broker or Tenant's broker is closer to the determination of the third broker (and if they are equally close, the Renewal Rate shall be the determination of the third broker). The foregoing notwithstanding, in no event shall the Renewal Rate be less the Base Rent in effect at the end of the previous term. Such determination shall be final and binding upon the parties. Promptly following determination of a Renewal Rate pursuant to this Section, the parties shall execute an amendment to this Lease memorializing such Renewal Rate.

(d) Month Base Rent Increase. After the Renewal Rate has been determined for the first year of the Renewal Term, the Monthly Base Rent for the Premises shall increase at the annual rate of two percent (2%) throughout said Renewal Term.

4. RENT.

4.1 Base Rent.

(a) Generally. From and after the Commencement Date, Tenant shall pay to Landlord, in advance of the first day of each calendar month, without any setoff or deduction and without further notice or demand, the monthly installments of rent specified in the Basic Lease Information ("Base Rent"). One full installment of Monthly Base Rent shall be due and payable on the date of execution of this Lease by Tenant and shall be applied to the first full calendar month for which Monthly Base Rent is due. If the Commencement Date should be on a date other than the first day of a calendar month, the Monthly Base Rent installment paid for any fractional month during the Term shall be prorated based upon a thirty (30) day calendar month.

(b) Maintenance and Repair Credits. Tenant represents and warrants to Landlord that it intends to undertake certain Maintenance and Repair Work to the Premises (as defined in the Tenant Work Letter (Exhibit G)), the total cost for which will equal or exceed the total Maintenance and Repair Credit Amount (as defined in the Tenant Work Letter). Such representation by Tenant is a material element of consideration for Landlord's decision to enter into this Lease under the terms and conditions set forth herein. As partial consideration for such representation, Landlord shall grant Tenant a Maintenance and Repair Credit to be awarded in the form of Monthly Base Rent Credits, all as defined in the Tenant Work Letter.

(c) **Inducement Recapture.** If, within the MRC Completion Period (as defined at Section 1.1 of the Tenant Work Letter), Tenant has not submitted documentation of Maintenance and Repair Credit Items in accordance with Section 1.2(b)(i) of the Tenant Work Letter in an amount at least equal to the total Maintenance and Repair Credit Amount, and if such documentation is not submitted within ten (10) business days after written notice from Landlord that such documentation is past due, such failure shall constitute a Default. As a remedy for such Default, Landlord may deliver written demand to Tenant (the "**Induced Recapture Notice**") for a payment to Landlord in an amount equal to the difference between the total Maintenance and Repair Credit Amount and the total amount of the documented Maintenance and Repair Credit Items (the "**Inducement Recapture Amount**"). Within thirty (30) days after delivery by Landlord of the Inducement Recapture Notice (the "**Inducement Recapture Period**") Tenant shall pay to Landlord the Inducement Recapture Amount. In addition to the foregoing, and as an additional remedy for such Default, Landlord may, at its sole discretion, cause the remaining Maintenance and Repairs to be completed.

4.2 **Additional Rent.** As used in this Lease, the term "**Additional Rent**" shall mean all sums of money, other than Base Rent, that are due and payable by Tenant under the terms of this Lease including, but not limited to, Tenant's share of Utilities in accordance with Article 8 of this Lease. The term "**Rent**," as used herein, shall mean all Base Rent, Additional Rent and all other amounts payable hereunder from Tenant to Landlord. Unless otherwise specified herein, all items of Rent other than Base Rent shall be due and payable by Tenant on or before the date that is thirty (30) days after billing by Landlord.

4.3 **Late Charge.** Other remedies for non-payment of Rent notwithstanding, if any Monthly Base Rent installment or Additional Rent is not received by Landlord on or before the fifth (5th) day following the due date, or any payment due Landlord by Tenant which does not have a scheduled date is not received by Landlord on or before the thirtieth (30th) day following the date Tenant was invoiced for such charge, a late charge of five percent (5%) of such past due amount shall be immediately due and payable as Additional Rent.

4.4 **Interest.** Any installment of Rent and any other sum due from Tenant under this Lease which is not received by Landlord within five (5) days from when the same is due shall bear interest from the date such payment was originally due under this Lease until paid at the lesser of: (a) an annual rate equal to the maximum rate of interest permitted by law, or (b) ten percent (10%) per annum. Payment of such interest shall not excuse or cure any Default by Tenant.

5. OPERATING EXPENSES AND TAXES.

5.1 **Definitions.** For purposes of this Article 5, the following terms shall have the meanings hereinafter set forth:

(a) **Tenant's Share** shall mean the percentage figure so specified in the Basic Lease Information. The rentable area of the Premises specified in the Basic Lease Information is conclusive and binding upon Tenant. Tenant's Share has been computed by dividing the rentable area of the Premises by the total rentable area of the Building. In the event that either the rentable area of the Premises or the total rentable area of the Building

is changed or remeasured by Landlord (which Landlord shall have the right to do from time to time), Tenant's Share and the rentable area of the Premises and Building will be appropriately adjusted; and, as to the Tax and Expense Year in which such change occurs, for purposes of this Article 5, Tenant's Share shall be determined on the basis of the number of days during such Tax and Expense Year that each such percentage is applicable.

(b) **Tax and Expense Year** shall mean each twelve (12) consecutive month period commencing July 1st and ending on June 30th of each year or partial year during the Term, provided that Landlord, upon notice to Tenant, may change the Tax and Expense Year from time to time (but not more frequently than once in any twelve (12) month period) to any other twelve (12) consecutive month period and, in the event of any such change, Tenant's Share of Taxes and Expenses shall be equitably adjusted for the Tax and Expense Years involved in any such change.

(c) **Taxes** shall mean all taxes, assessments, fees, impositions, assessments and charges levied (if at all) upon or with respect to the Building or Land, any personal property of Landlord used in the operation of the Building, or Landlord's interest in the Building, other than Personal Property Taxes or Possessory Interest Taxes which are the subject of Article 9. Taxes shall include, without limitation and whether now existing or hereafter enacted or imposed, all general real property taxes, all general and special assessments, all charges, fees and levies for or with respect to transit, housing, police, fire or other governmental or quasi-governmental services or purported benefits to or burdens attributable to the Building or any occupants thereof, all service payments in lieu of taxes, and any tax, fee or excise on the act of entering into this Lease or any other lease of space in the Building or any occupants thereof, on the use or occupancy of the Building, on the rent payable under any lease or in connection with the business of renting space in the Building, that are now or hereafter levied or assessed against Landlord or the Buildings by the United States of America, the State of California, the City of Alameda, or any other political or public entity, and shall also include any other tax, fee or other excise, however described, that may now or hereafter be levied or assessed as a substitute for, or as an addition to, in whole or in part, any other Taxes, whether or not now customary or in the contemplation of the parties on the date of this Lease. Notwithstanding the foregoing, in the event Landlord has the right to elect to have assessments amortized over different time periods, Landlord will elect (or will charge such assessment through to Tenant as if Landlord had so elected) to have such assessment amortized over the longest period permitted by the assessing authority, and only the amortized portion of such assessment (with interest at the lesser of the actual interest rate paid by Landlord or the then maximum rate of interest not prohibited or made usurious by Law) shall be included in Taxes on an annual basis. Taxes shall not include any franchise, transfer or inheritance or capital stock taxes, or any income taxes measured by the net income of Landlord from all sources, unless due to a change in the method of taxation any such taxes are levied or assessed against Landlord as a substitute for, or as an addition to, in whole or in part, any other tax that would otherwise constitute a Tax. Taxes shall also include reasonable legal fees and other costs and disbursements incurred by Landlord in connection with proceedings to contest, determine or reduce Taxes provided, however, that Landlord shall pay to Tenant promptly after receipt by Landlord an amount equal to Tenant's Share of any refunded or recovered Tax previously paid by Tenant.

(d) **Expenses** shall mean all costs of management, operation, maintenance, insuring and repair of the (i) structural elements of the Building; and (ii) Landlord's property insurance, if any.

5.2 **Determination and Payment of Operating Expenses and Taxes.** Tenant shall pay to Landlord as Additional Rent one-twelfth (1/12th) of Tenant's Share of the Taxes and the Expenses for each Tax and Expense Year, or portion thereof, on or before the first day of each month during such Tax and Expense Year, in advance, in an amount estimated by Landlord set forth in an annual statement delivered by Landlord to Tenant; provided that Landlord shall have the right to revise such estimates not more than twice per Tax and Expense Year and Tenant shall thereafter make payments hereunder on the basis of such revised estimates. With reasonable promptness after the end of each Tax and Expense Year, Landlord shall submit to Tenant a statement showing the actual amount which should have been paid by Tenant with respect to Taxes and Expenses for the past Tax and Expense Year, the amount thereof actually paid during that year by Tenant and the amount of the resulting balance due thereof, or overpayment thereof, as the case may be ("Landlord's Statement"). Landlord's Statement shall set forth in reasonable detail, and shall contain a line-item breakdown showing at least the following major categories: (i) maintenance and repairs; and (ii) insurance. Any balance shown to be due pursuant to said statement shall be paid by Tenant to Landlord within thirty (30) days following Tenant's receipt thereof; and any overpayment shall be immediately credited against Tenant's obligation to make monthly payments for Taxes and Expenses for the then current Tax and Expense Year, or, if by reason of any termination of this Lease no such obligation exists, any such overpayment shall be refunded to Tenant. If the Expiration Date shall occur on a date other than the last day of a Tax and Expense Year, Tenant's Share of Taxes and Expenses for the Tax and Expense Year in which the Expiration Date occurs shall be in the proportion that the number of days from and including the first day of the Tax and Expense Year in which the Expiration Date occurs to and including the Expiration Date bears to 365. Where the calculation of Expenses and Taxes for a Tax and Expense Year cannot be made until after expiration or termination of this Lease, the obligation of Tenant to pay its proportionate share as Additional Rent shall survive the expiration or termination hereof and such Additional Rent for such period shall be payable by Tenant upon demand by Landlord.

6. **USE; COMPLIANCE WITH LAWS.**

6.1 **Use.** The Premises shall be used for the Permitted Use and for no other use whatsoever. At no time shall Tenant have the right to install, operate or maintain telecommunications or any other equipment on the roof or exterior areas of the Building, except as may be necessary for Tenant's Permitted Use of the Premises and Tenant's installation of such equipment is done in full compliance with Article 10. Tenant acknowledges that neither Landlord nor any agent of Landlord has made any representation or warranty with respect to the Premises, Buildings or with respect to the suitability or fitness of either for the conduct Tenant's business or for any other purpose.

6.2 **Compliance with Laws.** Tenant shall comply with all laws, ordinances, rules, regulations and codes, of all municipal, county, state and federal authorities, including the Americans With Disabilities Act, as amended, (42 U.S.C. Section 1201 et seq. [the "ADA"]) (collectively, "Laws") pertaining to Tenant's use and occupancy of the Premises and the conduct

of its business. Tenant shall be responsible for making all improvements and alterations necessary to bring the Premises into compliance with applicable ADA requirements and to ensure that the Premises remain in compliance throughout the Term of this Lease. Unless such work is necessitated by Tenant's use of the Premises, Landlord shall be responsible for such alterations and improvements as may be necessary to bring the common areas of the Building (if any) into compliance. Tenant shall not commit, or suffer to be committed, any waste upon the Premises or any public or private nuisance, or other act or thing which disturbs the quiet enjoyment of any other tenant in the Building, nor shall Tenant store any materials on the Premises which are visible from areas adjacent to the Premises, unless otherwise specifically set forth in this lease. Tenant shall not permit any objectionable odor to escape or be emitted from the Premises and shall ensure that the Premises remain free from infestation from rodents or insects. Tenant shall not do or permit anything to be done on or about the Premises or bring or keep anything into the Premises which will in any way increase the rate of, invalidate, or prevent the procuring of any insurance, protecting against loss or damage to the Buildings or any of its contents by fire or other casualty or against liability for damage to property or injury to person in or about the Buildings.

6.3 Compliance with Restrictions. The Premises and Land are is located on property known as the former Naval Air Station Alameda, which was conveyed to the City by the United States of America, acting by and through the Department of the Navy by quitclaim deeds for Parcels ACA-46-EDC, ACA-47-EDC and ACA-51-EDC, all dated June 4, 2013, and recorded June 6, 2013 as Series Nos. 2013-199817; 2013-199818; 2013-199820 of Official Records in the Office of the County Recorder, Alameda County, California ("**Quitclaim Deed**"). Said Quitclaim Deed conveyed the Premises subject to certain covenants, conditions, restrictions, easements, and encumbrances as set forth therein. The Premises are further encumbered by those certain restrictions set forth in the Declaration of Restrictions (Former Naval Air Station Alameda) dated June 4, 2013 and recorded June 6, 2013 as Series No.: 2013-199782 in the Office of the County Recorder of Alameda County ("**Declaration of Restrictions**"). Copies of the Quitclaim Deed and Declaration of Restrictions have been delivered to Tenant and, concurrently with the execution of this Lease, Tenant shall sign and return to Landlord the Acknowledgment of Receipt, attached hereto as **Exhibit D**. Use of the Premises is further restricted by the Covenant to Restrict Use of Property Environmental Restrictions recorded June 6, 2013 as Series No. 2013-199839 in the office of the County Recorder, Alameda County, CA (the "**CRUP**"), the National Environmental Protection Act Record of Decision ("**ROD**") for the disposal and reuse of the former Naval Air Station Alameda, and all conditions contained therein. Copies of the ROD and CRUP are available for review at Landlord's office during normal business hours. The covenants, conditions, restrictions, easements, rights-of-way, reservations, rights, agreements, and encumbrances set forth in the Quitclaim Deed, Declaration of Restrictions, CRUP and the ROD, as they affect the Building, Common Areas or Premises, are collectively referred to herein as the "**Restrictions.**" Any use of the Premises shall comply with the Restrictions and a failure to so comply shall constitute a Default under this Lease.

6.4 Use Permit. Tenant and any of its subtenants shall maintain a City of Alameda Use Permit and other applicable City permits and approvals for the intended use of the Premises (collectively "**Use Permit**").

7. SECURITY DEPOSIT.

Landlord presently holds a Security Deposit under the Original Lease in the amount of Sixteen Thousand Dollars (\$16,000). Concurrently with the execution of this Lease, Tenant shall deliver to Landlord the additional sum of Fourteen Thousand Dollars (\$14,000) to bring the total amount to Thirty Thousand Dollars (\$30,000) as the Security Deposit to be held by Landlord without liability for interest (unless required by Law) as security for the performance of Tenant's obligations. The Security Deposit is not an advance payment of Rent or a measure of damages. Landlord may from time to time and without prejudice to any other remedy provided in this Lease or by Law, use all or a portion of the Security Deposit to the extent necessary to satisfy past due Rent or to satisfy Tenant's breach under this Lease or to reimburse or compensate Landlord for any liability, expense, loss or damage which Landlord may suffer or incur by reason thereof. If Landlord so uses or applies all or any portion of the Security Deposit, then within fifteen (15) days after demand therefore, Tenant shall deposit cash with Landlord in an amount sufficient to restore the deposit to the full amount thereof, and Tenant's failure to do so shall constitute a Default under this Lease. If there are no payments to be made from the Security Deposit as set out in this paragraph, or if there is any balance of the Security Deposit remaining after all payments have been made, the Security Deposit, or such balance thereof remaining, will be refunded to the Tenant after the expiration or earlier termination of this Lease. Tenant hereby waives the benefit of the provisions of California Civil Code Section 1950.7. In the event of an act of bankruptcy by or insolvency of Tenant or the appointment of a receiver for Tenant or general assignment for the benefit of Tenant's creditors, the Security Deposit shall be deemed immediately assigned to Landlord.

8. UTILITIES.

8.1 Payments for Utilities and Services. Tenant shall contract directly with the providers of, and shall pay all charges for, water, sewer, storm water, gas, electricity, heat, cooling, telephone, refuse collection, janitorial, pest control, security and monitoring services furnished to the Premises, together with all related installation or connection charges or deposits ("Utilities"). If any such Utilities are not separately metered or billed to Tenant for the Premises but rather are billed to and paid by Landlord, Tenant shall pay to Landlord, as Additional Rent, its pro rata share of the cost of such services, as reasonably determined by Landlord. If any Utilities are not separately metered, Landlord shall have the right to determine Tenant's consumption by either submetering, survey or other methods designed to measure consumption with reasonable accuracy. In accordance with California Public Resources Code section 25402.10, Tenant shall, upon written request, promptly provide Landlord with monthly electrical and natural gas (if any) usage data (in either electronic or paper format) for the Premises for the period of time so requested by Landlord. In the alternative, and at Landlord's option, Tenant shall provide any written authorization or other documentation required by Landlord to request information regarding Tenant's electrical and natural gas usage data with respect to the Premises directly from the utility company providing electricity and natural gas to the Premises.

8.2 No Liability of Landlord. Except in the case of Landlord's gross negligence or willful misconduct, in no event shall Landlord be liable or responsible for any loss, damage, expense or liability, including, without limitation, loss of business or any consequential damages, arising from any failure or inadequacy of any service or Utilities provided to the Premises or

Buildings, whether resulting from any change, failure, interference, disruption or defect in supply or character of the service or Utilities provided to the Premises or Buildings, or arising from the partial or total unavailability of the service or utility to the Premises or Buildings, from any cause whatsoever, or otherwise, nor shall any such failure, inadequacy, change, interference, disruption, defect or unavailability constitute an actual or constructive eviction of Tenant, or entitle Tenant to any abatement or diminution of Rent or otherwise relieve Tenant from its obligations under this Lease.

9. PERSONAL PROPERTY AND POSSESSORY INTEREST TAXES.

9.1 Tenant's Tax Obligation. "Taxes" shall mean all taxes, assessments and governmental charges, whether federal, state, county or municipal, and whether general or special, ordinary or extraordinary, foreseen or unforeseen, imposed upon Tenant's personal property or trade fixtures, the Premises, or any possessory interest therein, or their operation, whether or not directly paid by Landlord, but excluding those Taxes paid by Landlord as defined at Section 5.1(c) above.

9.2 Personal Property Taxes. Tenant shall pay all Taxes (as hereinafter defined) levied or imposed against the Premises or Tenant's personal property or trade fixtures placed by Tenant in or about the Premises during the Term ("**Personal Property Taxes**").

9.3 Possessory Interest Taxes. The interest created by this Lease may at some time be subject to property taxation under the laws of the State of California. If property taxes are imposed, the party in whom the possessory interest is vested may be subject to the payment of the taxes levied on such interest. This notice is included in this Lease pursuant to the requirements of section 107.6 (a) of the Revenue and Taxation Code of the State of California.

9.4 Payment. Tenant shall pay the Personal Property Taxes or possessory interest taxes in accordance with the instructions of the taxing entity. Tenant shall pay the Personal Property Taxes, if any, originally imposed upon Landlord, upon Landlord's election, either (a) annually within thirty (30) days after the date Landlord provides Tenant with a statement setting forth in reasonable detail such Taxes, or (b) monthly in advance based on estimates provided by Landlord based upon the previous year's tax bill. All Personal Property Taxes originally imposed upon Landlord and payable by Tenant with respect to the Premises shall be prorated on a per diem basis for any partial tax year included in the Term. Tenant's obligation to pay Taxes during the last year of the Term shall survive the termination of this Lease.

10. ALTERATIONS.

10.1 Landlord Consent Required. Tenant shall not make any alterations, improvements, or additions (each an "**Alteration**") in or about the Premises or any part thereof without the prior written consent of Landlord, which consent may be reasonably conditioned upon criteria and/or requirements deemed necessary by Landlord acting in its proprietary capacity; provided, however, that Landlord shall have the right in its sole and absolute discretion to withhold its consent to any Alteration which affects the structural components of the Building, including the roof, support structures, foundations, the exterior of the Building and/or the systems serving the Premises or the Building. Notwithstanding the foregoing, Tenant shall have

the right to make Alterations to the Premises with prior written notice to, but without the consent of, Landlord provided that such Alterations (a) do not require the procurement of a building permit, (b) do not affect the structural portion of the Building or the systems serving the Building, (c) are performed below the ceiling and above the raised floor of the Premises, (d) the reasonably estimated costs of the Alterations, together with the costs of any other Alteration made during the immediately preceding twelve (12) months period, do not exceed Ten Thousand Dollars (\$10,000) and, (e) are performed in full compliance with the terms Sections 10.2 through 10.4 below.

10.2 **Alterations.** Any Alterations to the Premises shall be at Tenant's sole cost and expense, and made in compliance with all applicable Laws and all reasonable requirements requested by Landlord. Prior to starting work, Tenant shall furnish Landlord with plans and specifications (which shall be in CAD format if requested by Landlord); names of contractors reasonably acceptable to Landlord; required permits and approvals; evidence of contractors and subcontractors insurance in amounts reasonably required by Landlord and naming Landlord, the managing agent for the Building and such other persons or entities as Landlord may reasonably request, as additional insureds; and any security for payment in performance and amounts reasonably required by Landlord. In addition, if any such Alteration requires the removal of asbestos, an appropriate asbestos disposal plan, identifying the proposed disposal site of all such asbestos, must be included with the plans and specifications provided to Landlord. Tenant shall reimburse Landlord for any sums paid by Landlord for third party examination of Tenant's plans for Alterations. Landlord agrees to respond to Tenant's request for consent to any Alterations within fifteen (15) days following Tenant's delivery of such request, accompanied by plans and specifications depicting the proposed Alterations ("Plans") and a designation of Tenant's general contractor (and major subcontractors) to perform such work. Landlord's response shall be in writing and, if Landlord withholds its consent to any Alterations, Landlord shall specify in reasonable detail in Landlord's notice of disapproval, the basis for such disapproval. If Landlord fails to timely notify Tenant of Landlord's approval or disapproval of any such Plans, Tenant shall have the right to provide Landlord with a second written request for approval (a "Second Request") that specifically identifies the applicable Plans and contains the following statement in bold and capital letters: **"THIS IS A SECOND REQUEST FOR APPROVAL OF PLANS PURSUANT TO THE PROVISIONS OF SECTION 10.2 OF THE LEASE. IF LANDLORD FAILS TO RESPOND WITHIN FIVE (5) BUSINESS DAYS AFTER RECEIPT OF THIS NOTICE, THEN LANDLORD SHALL BE DEEMED TO HAVE APPROVED THE PLANS DESCRIBED HEREIN."** If Landlord fails to respond to such Second Request within five (5) business days after receipt by Landlord, the Plans in question shall be deemed approved by Landlord. If Landlord timely delivers to Tenant a notice of Landlord's disapproval of any Plans, Tenant may revise Tenant's Plans and resubmit such Plans to Landlord; in such event the scope of Landlord's review of such Plans shall be limited to Tenant's correction of the items to which Landlord had previously objected. Landlord's review and approval (or deemed approval) of such revised Plans shall be governed by the provisions as set forth above in this Section 10.2. The procedure set forth above for approval of Tenant's Plans will also apply to any change, addition or amendments to Tenant's Plans. Landlord's approval of an Alteration shall not be deemed a representation by Landlord that the Alteration complies with Law. Upon completion, Tenant shall furnish Landlord with at least three (3) sets of "as built" Plans (as well as a set in CAD format, if requested by Landlord) for the Alterations, completion affidavit and full and final unconditional waivers of liens and will cause a Notice of

Completion to be recorded in the Office of the Recorder of the County of Alameda. Any Alteration shall at once become the property of Landlord; provided, however, that Landlord, at its option, may require Tenant to remove any Alterations prior to the expiration or sooner termination of this Lease. If Tenant serves a request in writing together with Tenant's request for Landlord's consent to any such Alterations ("Removal Request"), Landlord will notify Tenant at the time of Landlord's consent to any such Alterations as to whether Landlord requires their removal. All costs of any Alterations (including, without limitation, the removal thereof, if required) shall be borne by Tenant. If Tenant fails to promptly complete the removal of any Alterations and/or to repair any damage caused by the removal, Landlord may do so and may charge the reasonable costs thereof to Tenant. All Alterations shall be made in a first-class, workmanlike manner and in a manner that will not disturb other tenants, in accordance with Landlord's then-current guideline for construction, and Tenant shall maintain appropriate liability and builders' risk insurance throughout the construction. Tenant shall indemnify, defend, protect and hold Landlord harmless from and against any and all claims for injury to or death of persons or damage or destruction of property arising out of or relating to the performance of any Alterations by or on behalf of Tenant. Under no circumstances shall Landlord be required to pay, during the Term (as the same may be extended or renewed) any ad valorem or Taxes on such Alterations, Tenant hereby covenanting to pay all such taxes when they become due.

10.3 Excavations. In the event Tenant intends to perform any Alterations requiring excavations below the surface of the Premises (whether inside or outside of the Buildings) or construction of a permanent structure on the Premises, Tenant must determine the actual location of all utilities using standard methods (i.e., potholing, metal fish line, etc.) and submit this information with an application to excavate or application to build a permanent structure to Landlord for approval (which shall also include the approval of other applicable governmental authorities). The application shall include a site plan showing the location of utilities and that construction will not take place above the utility line or within the utility easement, specifically showing that no permanent structure will be constructed in these areas. Tenant shall be responsible for complying with the provisions of the City of Alameda's Marsh Crust Ordinance, as well as the Covenant to Restrict Use of Property Environmental Restrictions recorded June 6, 2013 as Series No. 2013- 199838 of Official Records of the County of Alameda, the Site Management Plan for Alameda Point and, if required, shall obtain a Marsh Crust Permit.

10.4 Liens. Tenant shall pay when due all claims for labor or materials furnished Tenant for use in the Premises. Tenant shall not permit any mechanic liens, stop notices, or any other liens against the Premises, Building, Alterations or any of Tenant's interests under this Lease for any labor or materials furnished to Tenant in connection with work performed on or about the Premises by or at the direction of Tenant. Tenant shall indemnify, hold harmless and defend Landlord (by counsel reasonably satisfactory to Landlord) from any liens, stop notices and encumbrances arising out of any work performed or materials furnished by or at the direction of Tenant. In the event that Tenant shall not, within ten (10) days following the imposition of any such lien or stop notice, cause such lien or stop notice to be released of record by payment or posting of a proper bond, Landlord shall have, in addition to all other remedies provided herein or by law, the right, but not the obligation, to cause the same to be released by such means as it may deem proper, including payment of the claim giving rise to such lien. All

such sums paid by Landlord and expenses reasonably incurred in connection therewith, including attorneys' fees and costs, shall be payable to Landlord by Tenant on demand.

11. MAINTENANCE AND REPAIR OF PREMISES.

11.1 Maintenance and Repair by Tenant.

(a) **Tenant Maintenance.** Tenant shall, at its sole cost and expense, maintain the Premises in good repair and in a neat and clean, first-class condition, including making all necessary repairs and replacements. Tenant's repair and maintenance obligations include, without limitation, repairs to: (i) floor coverings; (ii) interior partitions; (iii) doors; (iv) the interior side of demising walls; (v) the roof; (vi) fire life safety systems, including sprinklers, fire alarms and/or smoke detectors; (vii) Alterations, described in Article 10; (viii) heating, ventilation and air conditioning (HVAC) systems exclusively serving the Premises; (ix) kitchens; (x) plumbing and similar facilities exclusively serving the Premises, whether such items are installed by or on behalf of Tenant or are currently existing at the Premises; (xi) paved and unpaved areas of the Land; and (xii) telephone and data equipment, and cabling.

(b) **Tenant Repair.** Tenant shall further, at its own costs and expense, repair or restore any damage or injury to all or any part of the Building caused by Tenant or Tenant's agents, employees, invitees, licensees, visitors or contractors, including but not limited to repairs or replacements necessitated by (i) the construction or installation of improvements to the Premises by or on behalf of Tenant and (ii) the moving of any property into or out of the Premises. If Tenant fails to make such repairs or replacement within fifteen (15) days after notice from Landlord, then Landlord may, at its option, upon prior reasonable notice to Tenant (except in an emergency) make the required repairs and replacements and the costs of such repairs or replacement (including Landlord's administrative charge) shall be charged to Tenant as Additional Rent and shall become due and payable by Tenant with the monthly installment of Base Rent next due hereunder.

11.2 Maintenance and Repair by Landlord. Landlord shall maintain in good repair the structural elements of the Building, including structural elements of exterior walls and foundations but exclusive of all glass and exterior doorways; provided such repairs are not necessitated by the actions or inactions of Tenant, Tenant's invitees or anyone in the employ or control of Tenant. Tenant hereby waives any and all rights under and benefits of subsection 1 of Section 1932, and Sections 1941 and 1942 of the California Civil Code or any similar or successor Laws now or hereby in effect. Tenant shall immediately give Landlord written notice of the need for repair of the items for which Landlord is responsible. If Tenant or Tenant's invitees or anyone in the employed or control of Tenant caused any damages necessitating such repair, then Tenant shall pay to Landlord the cost thereof, immediately upon demand therefor. Except as otherwise expressly set forth in this Lease, Tenant waives any right to terminate this Lease or offset or abate Rent by reason of any failure of Landlord to make repairs to the Premises or Building. Notwithstanding the foregoing, if the Premises, or a material portion of the Premises, is made untenable, inaccessible or unsuitable for the ordinary conduct of Tenant's business, as a result of Landlord's work in maintaining or repairing the structural elements of the Building then, unless Tenant or Tenant's invitees or anyone in the employ or

control of Tenant caused any damages necessitating such repair, then Tenant shall be entitled to receive an abatement of Base Rent payable hereunder proportionate to the portion of the premises made untenable thereby.

12. ENVIRONMENTAL PROTECTION PROVISIONS.

12.1 Hazardous Materials. "Hazardous Materials" shall mean any material, substance or waste that is or has the characteristic of being hazardous, toxic, ignitable, reactive, flammable, explosive, radioactive or corrosive, including, without limitation, petroleum, solvents, lead, acids, pesticides, paints, printing ink, PCBs, asbestos, materials commonly known to cause cancer or reproductive harm and those materials, substances and/or wastes, including wastes which are or later become regulated by any local governmental authority, the state in which the Premises are located or the United States Government, including, but not limited to, substances defined as "hazardous substances," "hazardous materials," "toxic substances" or "hazardous wastes" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. §9601, et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. §1801, et seq.; the Resource Conservation and Recovery Act; all environmental laws of the state where the Premises are located, and any other environmental law, regulation or ordinance now existing or hereinafter enacted. "Hazardous Materials Laws" shall mean all present and future federal, state and local laws, ordinances and regulations, prudent industry practices, requirements of governmental entities and manufacturer's instructions relating to industrial hygiene, environmental protection or the use, analysis, generation, manufacture, storage, presence, disposal or transportation of any Hazardous Materials, including without limitation the laws, regulations and ordinances referred to in the preceding sentence.

12.2 Reportable Uses Required Consent. Except as permitted in this Article 12, Tenant hereby agrees that Tenant and Tenant's officers, employees, representatives, agents, contractors, subcontractors, successors, assigns, subtenants, concessionaires, invitees and any other occupants of the Premises (for purposes of this Article 12, referred to collectively herein as "Tenant Parties") shall not cause or permit any Hazardous Materials to be used, generated, manufactured, refined, produced, processed, stored or disposed of, on, under or about the Premises or Building or transported to or from the Premises or Building without the express prior written consent of Landlord, which consent may be limited in scope and predicated on strict compliance by Tenant with all applicable Hazardous Materials Laws and such other reasonable rules, regulations and safeguards as may be required by Landlord (or any insurance carrier, environmental consultant or lender of Landlord, or environmental consultant retained by any lender of Landlord) in connection with using, generating, manufacturing, refining, producing, processing, storing or disposing of Hazardous Materials on, under or about the Premises or the Building. In connection therewith, Tenant shall, at its own expense, procure, maintain in effect and comply with all conditions of any and all permits, licenses and other governmental and regulatory approvals required for the storage or use by Tenant or any of Tenant Parties of Hazardous Materials on the Premises or the Building, including without limitation, discharge of (appropriately treated) materials or wastes into or through any sanitary sewer serving the Premises or the Building. The foregoing notwithstanding, Tenant may use ordinary and customary materials reasonably required to be used in the course of the Permitted Use, ordinary office supplies (copier, toner, liquid paper, glue, etc.) and common household cleaning materials, so long as such use is in compliance with all Hazardous Materials Laws and does not expose the

Premises or neighboring property to any meaningful risk of contamination or damage or expose Landlord to any liability therefor.

12.3 Remediation Obligations. If at any time during the Term, any contamination of the Premises by Hazardous Materials shall occur where such contamination is caused by the act or omission of Tenant or Tenant Parties (“Tenant’s Contamination”), then Tenant, at Tenant’s sole cost and expense, shall promptly and diligently remediate such Hazardous Materials from the Premises or the groundwater underlying the Premises to the extent required to comply with applicable Hazardous Materials Laws. Tenant shall not take any required remedial action in response to any Tenant’s Contamination in or about the Premises or enter into any settlement agreement, consent, decree or other compromise in respect to any claims relating to any Tenant’s Contamination without first obtaining the prior written consent of Landlord, which may be subject to conditions imposed by Landlord as determined in Landlord’s reasonable discretion. Such prior written consent shall not be required to the extent the delay caused by the requirement to obtain consent may increase the damage to the Premises or the risk of harm to human health, safety, the environment or security caused by the Tenant Contamination. Landlord and Tenant shall jointly prepare a remediation plan in compliance with all Hazardous Materials Laws and the provisions of this Lease. In addition to all other rights and remedies of Landlord hereunder, if Tenant does not promptly and diligently take all steps to prepare and obtain all necessary approvals of a remediation plan for any Tenant’s Contamination, and thereafter commence the required remediation of any Hazardous Materials released or discharged in connection with Tenant’s Contamination within thirty (30) days after all necessary approvals and consents have been obtained, and thereafter continue to prosecute such remediation to completion in accordance with the approved remediation plan, then Landlord, at its sole discretion, shall have the right, but not the obligation, to cause such remediation to be accomplished, and Tenant shall reimburse Landlord within fifteen (15) business days of Landlord’s demand for reimbursement of all amounts reasonably paid by Landlord (together with interest on such amounts at the highest lawful rate until paid), when such demand is accompanied by proof of payment by Landlord of the amounts demanded. Tenant shall promptly deliver to Landlord, copies of hazardous waste manifests reflecting the legal and proper disposal of all Hazardous Materials removed from the Premises as part of Tenant’s remediation of any Tenant’s Contamination. The foregoing notwithstanding, “Tenant’s Contamination” shall not refer to or include any Hazardous Materials that were not clearly introduced to the Premises by Tenant or Tenant Parties.

12.4 Environmental Permits. Tenant and Tenant Parties shall be solely responsible for obtaining and complying with, at their cost and sole expense, any environmental permits required for Tenant’s operations under this Lease, independent of any existing permits held by Landlord. Tenant shall not conduct operations or activities under any environmental permit that names Landlord as a secondary discharger or co-permittee. Tenant shall provide prior written notice to Landlord of all environmental permits and permit applications required for any of Tenant’s operations or activities. Tenant acknowledges that Landlord will not consent to being named a secondary discharger or co-permittee for any operations or activities of Tenant, its contractors, assigns or subtenants. Tenant shall strictly comply with any and all environmental permits (including any hazardous waste permit required under the Resource Conservation and Recovery Act or its state equivalent) and must provide, at its own expense, any hazardous waste management facilities complying with all Hazardous Material Laws.

12.5 Landlord's Inspection Right. Landlord shall have the right to inspect, upon reasonable notice to Tenant, the Premises for Tenant's compliance with this Article 12. Landlord normally will give Tenant twenty-four (24) hours' prior notice of its intention to enter the Premises unless it determines the entry is required for exigent circumstances related to health, safety, or security; provided, however, Landlord agree to use its best commercial efforts to provide Tenant with the maximum advance notice of any such entrance and will, without representation or warranty, attempt to structure such entrance in the least intrusive manner possible. Tenant shall have no claim against Landlord, or any officer, agent, employee, contractor or subcontractor of Landlord by reason of entrance of such Landlord officer, agent, employee, contractor or subcontractor onto the Premises.

12.6 Hazardous Materials Handling Plan. Prior to the execution of this Lease, Tenant shall complete, execute and deliver to Landlord an Environmental Questionnaire Disclosure Statement (the "**Environmental Questionnaire**"), in the form of **Exhibit E** attached hereto. To the extent Tenant intends to store, use, treat or dispose of Hazardous Materials on the Premises, Tenant shall prepare and submit together with the Environmental Questionnaire a Hazardous Materials Handling Plan (the "**Hazardous Materials Handling Plan**"). For a period of fifteen (15) days following Landlord's receipt of the Environmental Questionnaire and Hazardous Materials Handling Plan, if applicable, Landlord shall have the right to approve or disapprove such documents. The failure of Landlord to approve such documents shall be deemed Landlord's disapproval thereof, provided that Landlord shall not unreasonably withhold such approval. Landlord approval of the Environmental Questionnaire and the Hazardous Materials Handling Plan shall constitute approval for Tenant's use of the Hazardous Materials set forth therein in compliance with Hazardous Materials Laws and the Hazardous Materials Handling Plan. Following approval of the Hazardous Materials Handling Plan, Tenant shall comply therewith throughout the Term. To the extent Tenant is permitted to utilize Hazardous Materials upon the Premises, such use shall be limited to the items set forth in the Environmental Questionnaire, shall comply with Hazardous Materials Laws and the Hazardous Materials Handling Plan and Tenant shall promptly provide Landlord with complete and legible copies of all the following environmental items relating thereto: reports filed pursuant to any self-reporting requirements; permit applications, permits, monitoring reports, workplace exposure and community exposure warnings or notices and all other reports, disclosures, plans or documents relating to water discharges, air pollution, waste generation or disposal, and underground storage tanks for hazardous materials; orders, reports, notices, listing and correspondence of or concerning the release, investigation of, compliance, cleanup, remedial and corrective actions, and abatement of hazardous materials; and all complaints, pleadings and other legal documents filed by or against Tenant related to Tenant's use, handling, storage or disposal of Hazardous Materials. If, in conjunction with Tenant's Permitted Use of the Premises, Tenant desires to commence the use, treatment, storage or disposal of previously undisclosed Hazardous Materials, prior to such usage thereof, Tenant shall notify Landlord thereof, by written summary detailing the scope of such proposed usage and updating the Hazardous Materials Handling Plan to the extent required by such proposed usage. For a period of fifteen (15) days following Landlord's receipt of such notice, Landlord shall have the right to approve or disapprove of such documents in the reasonable exercise of such discretion. The failure of Landlord to approve of such documents within such time period shall be deemed Landlord's disapproval thereof.

12.7 Hazardous Materials Indemnity. In addition to any other provisions of this Lease, Tenant shall, and does hereby agree, to, indemnify and hold harmless Landlord from any costs, expenses, liabilities, fines or penalties resulting from discharges, emissions, spills, storage or disposal arising from Tenant's occupancy, use or operations, or any other action by Tenant or its contractors, employees, agents, assigns, invitees, or subtenants giving rise to liability, civil or criminal, or any other action by Tenant or its contractors, employees, agents, assigns, or subtenants giving rise to responsibility under any Hazardous Materials Laws. Tenant's obligations hereunder shall apply whenever Landlord incurs costs or liabilities for Tenant's activities or for the activities of Tenant's contractors, employees, agents, assigns, invitees, or subtenants as provided hereunder. This provision shall survive the expiration or termination of this Lease. The foregoing notwithstanding, Tenant shall have no indemnity obligations hereunder for any costs, expenses, liabilities, fines or penalties resulting from any Hazardous Materials existing in or under the Premises or the Land prior to the Commencement Date or any Hazardous Materials used, brought upon, stored or handled at, released in or onto the Premises or the Land by Landlord or Landlord's employees, agents, contractors or tenants.

13. ASSIGNMENT AND SUBLETTING.

13.1 Landlord Consent Required. Subject to Sections 13.5, 13.6 and 13.9 below, Tenant shall not voluntarily or by operation of law, (a) mortgage, pledge, hypothecate or encumber this Lease or any interest therein, (b) assign or transfer this Lease or any interest herein, sublease the Premises or any part thereof or any right or privilege appurtenant thereto, or allow any other person (the employees and invitees of Tenant excepted) to occupy or use the Premises, or any portion thereof, without first obtaining the written consent of Landlord, which consent shall not be withheld unreasonably provided that (i) Tenant is not then in Default under this Lease nor is any event then occurring, with the giving of notice or the passage of time, or both, would constitute a Default hereunder, and (ii) Tenant has not previously assigned or transferred this Lease or any interest herein or subleased the Premises or any part thereof. A transfer of greater than fifty percent (50%) interest (whether stock, partnership interest, membership interest or otherwise) of Tenant, either in one (1) transaction or a series of transaction shall be deemed to be an assignment under this Lease.

13.2 Landlord Recapture. In the event of an assignment of this Lease or subletting of more than thirty-five percent (35%) of the rentable square footage of the Premises, Landlord shall have the right to recapture the portion of the Premises that Tenant is proposing to transfer. If Landlord exercises its right to recapture, this Lease shall automatically be amended (or terminated if the entire Premises is being assigned or sublet) to delete the applicable portion of the Premises effective on the proposed effective date of the Transfer, although Landlord may require Tenant to execute a reasonable amendment or other document reflecting such reduction or termination.

13.3 Reasonable Consent. If Tenant intends to assign this Lease or sublet the Premises or any part thereof, Tenant shall give Landlord written notice of such intent ("Transfer Notice"). Tenant's Transfer Notice shall be accompanied by a copy of the proposed assignment or sublease between Tenant and the proposed assignee or subtenant, together with current and three (3) years' prior financial statements, if available, for the proposed assignee or subtenant, which financial statement shall be prepared in accordance with generally accepted accounting

principles. Tenant shall provide Landlord with any additional information or documentation reasonably requested by Landlord within ten (10) business days after receiving Landlord's request. Landlord shall then have a period of thirty (30) days following receipt of such additional information (or 30 days after receipt of Tenant's Transfer Notice if no additional information is requested) within which to notify Tenant in writing that Landlord elects either (a) to exercise its recapture rights in accordance with Section 13.2 in which event Tenant will be relieved of all further obligations hereunder as to such space as of the date specified in Landlord's notice terminating the Lease with respect to the relevant space, (b) to permit Tenant to assign this Lease or sublet such space as described in the Transfer Notice, subject, however, to prior written consent to the proposed assignment or sublease or (c) deny Tenant's request to assign this Lease or sublet such space. Among other factors upon which Landlord may base a withholding of consent are the following: (i) the use of the Premises by such proposed assignee or subtenant would not be a Permitted Use; (ii) the financial condition of the proposed assignee or subtenant is such that, in Landlord's reasonable determination, it would be unable to perform its obligations under the proposed sublease or assignment; (iii) the portion of the Premises proposed to be sublet is irregular in shape and/or does not permit safe or otherwise appropriate means of ingress and egress, or does not comply with other Laws or regulations; (iv) Landlord or Landlord's agents have negotiated with the proposed assignee or subtenant with regard to the leasing of space at the Property, at any time within the preceding six (6) months; or (v) any other reasonable basis that Landlord may assert.

13.4 Transfer Premium. If Landlord consents to any requested assignment or sublease (each a "Transfer") and the assignee or subtenant pays to Tenant an amount in excess of the Rent due under this Lease (after deducting Tenant's reasonable, actual expenses in obtaining such assignment or sublease, such expenses being limited to (a) any Alterations to the subject space made in order to achieve the Transfer, or contributions to the cost thereof, amortized in equal monthly installments over the then remainder of the Term and (b) any commercially reasonable brokerage commissions, reasonable attorneys' fees and reasonable advertising and marketing costs incurred by Tenant in connection with the Transfer) ("Transfer Premium"). Tenant shall pay fifty percent (50%) of such Transfer Premium to Landlord as and when the monthly payments are received by Tenant.

13.5 Tenant Affiliates. Notwithstanding anything to the contrary contained in Section 13.1, Tenant may, without obtaining the prior consent of Landlord, and without the payment of any amounts pursuant to Section 13.4, sublet or license the use of all or any part of the Premises or assign this Lease to a Tenant Affiliate, provided that (a) Tenant shall give not less than thirty (30) days' prior written notice thereof to Landlord (to the extent such notice is permitted by applicable Law), (b) Tenant shall continue to be fully obligated under this Lease, and (c) any such assignee or sublessee shall expressly assume and agree to perform all the terms and conditions of this Lease to be performed by Tenant and to use the Premises only for a Permitted Use (but with respect to a sublease, only with respect to that portion of the Premises that is the subject of the sublease and excluding all rental obligations of Tenant hereunder). As used herein, "Tenant Affiliate" means (i) an entity controlling, controlled by or under common control with Tenant, (ii) a successor corporation related to Tenant by merger, consolidation, nonbankruptcy reorganization, or government action, or (iii) a purchaser of substantially all of Tenant's assets located in the Premises; and a party shall be deemed to "control" another party for purposes of the definition contained in the aforesaid clause (i) only if the first party owns

more than fifty percent (50%) of the stock or other beneficial interests of the second party or has the power to direct or cause the direction of the management or policy of the second party, or the first and second party share the same, or substantially the same (defined as a majority of directors on the "controlled" entity's board are also on the other entity's board), board of directors. Within five (5) business days of execution of any such sublease or license with a Tenant Affiliate, Tenant shall deliver to Landlord a copy of the fully executed assignment, sublease or license.

13.6 No Release. No Transfer shall release or discharge Tenant of or from any liability, whether past, present or future, under this Lease, and Tenant shall continue to be fully liable hereunder. Each subtenant or assignee shall agree, in a form reasonably satisfactory to Landlord, to comply with and be bound by all of the terms, covenants, conditions, provisions and agreements of this Lease. The assignment or sublease agreement, as the case may be, after approval by Landlord, shall not be amended without Landlord's prior written consent, and shall contain a provision directing the assignee or subtenant to pay the rent and other sums due thereunder directly to Landlord upon receiving written notice from Landlord that Tenant is in default under this Lease with respect to the payment of Rent. In the event that, notwithstanding the giving of such notice, Tenant collects any rent or other sums from the assignee or subtenant, then Tenant shall hold such sums in trust for the benefit of Landlord and shall immediately forward the same to Landlord. Landlord's collection of such rent and other sums shall not constitute an acceptance by Landlord of attornment by such assignee or subtenant. Tenant shall deliver to Landlord promptly after execution an executed copy of each Transfer and an agreement of compliance by each such subtenant or assignee.

13.7 Expenses and Attorneys' Fees. Tenant shall pay to Landlord all costs and expenses (including without limitation, the fees of Landlord's counsel) incurred in connection Landlord's review and processing of documents regarding any proposed Transfer (which under no circumstances shall be less than \$1,000 per proposed Transfer).

13.8 Limitations on Transfer Reasonable. Tenant acknowledges and agrees that the restrictions, conditions, and limitations imposed by this Article 13 on Tenant's ability to assign or transfer this Lease or any other interests herein, to sublet the Premises or any part thereof, are, for purposes of California Civil Code Section 1951.4, as amended from time to time, and for all other purposes, reasonable at the time this Lease was entered into and shall be deemed to be reasonable at the time that Tenant seeks to assign or transfer this Lease or any interest herein, to sublet the Premises or any part thereof, or transfer or assign any right or privilege appurtenant to the Premises.

13.9 Approved Sublease. Notwithstanding anything to the contrary contained in this Article 13, Landlord acknowledges that the sublease dated September __, 2015 between Power Engineering Construction Company as sublessor and Delta Sandblasting Company, Inc., as sublessee, a fully executed copy of which, together with a fully executed Consent to Sublease having been delivered to Landlord concurrently with Tenant's execution of this Lease, has been approved by Landlord (the "Delta Sublease"). Any amendment or other form of agreement between sublessor and sublessee that materially change any of the terms and conditions of the Delta Sublease shall be subject to all of the forgoing provisions of this Article 13 except Section 13.2.

14. INDEMNITY AND WAIVER OF CLAIMS.

14.1 Tenant Indemnification. Tenant shall indemnify, defend and hold Landlord and Landlord Related Parties harmless against and from all liabilities, obligations, damages, penalties, claims, actions, costs, charges, judgment and expenses (including reasonable attorneys' fees, costs and disbursements) (collectively referred to as "Losses"), arising from (a) the use of, or any activity done, permitted or suffered in or about the Premises by Tenants or Tenant's agents, (b) any activity done, permitted or suffered by Tenant or Tenant's agents in or about the Buildings, (c) any act, neglect, fault, willful misconduct of Tenant or Tenant's agents, or (d) from any breach or default in the terms of this Lease by Tenant or Tenant's agents, except to the extent such claims arise out of or relate to the gross negligence or willful misconduct of Landlord. If any action or proceeding is brought against Landlord by reason of any such claim, upon notice from Landlord, Tenant shall defend the same at Tenant's expense by counsel reasonably satisfactory to Landlord. As a material part of the consideration to Landlord, Tenant hereby releases Landlord and its trustees, members, principals, beneficiaries, partners, officers, directors, employees, property managers, Mortgagees and agents ("**Landlord Related Parties**") from responsibility for, waives its entire claim of recovery for and assumes all risks of (i) damage to property or injury to person in or about the Premises or the Building caused or partially caused by Tenant or Tenant's agents except to the extent caused by the gross negligence or willful misconduct of Landlord or any Landlord Related Parties, or (ii) loss resulting from business interruption or loss of income at the Premises, caused or partially caused by Tenant or Tenant's agents.

14.2 Waiver of Claims. Except in the event of its own gross negligence or willful misconduct, Landlord shall not be liable to Tenant and Tenant hereby waives all claims against Landlord and Landlord Related Parties for any injury or damage to any person or property occurring or incurred in connection with or in any way relating to the Premises or Building from any cause. Without limiting the foregoing, neither Landlord nor any Landlord Related Party shall be liable for and there shall be no abatement rent for (a) any damage to Tenant's property stored with or entrusted to any Landlord Related Party, (b) loss of or damage to any property by theft or any other wrongful or illegal act, or (c) any injury or damage to person or property resulting from fire, explosion, falling plaster, steam, gas, electricity, water or rain which may leak from any part of the Premises or Building or from the pipes, appliances, appurtenance or plumbing works thereof or from the roof, street or surface or from any other place or resulting from dampness or any other cause whatsoever or from the acts or omissions of other tenants, occupants or other visitors to the Premises or Building or from any other cause whatsoever, (d) any diminution or shutting off of light, air or view by any structure which may be erected on lands adjacent to the Premises or (e) any latent or other defects in the Premises or the Building. Tenant agrees that in no case shall Landlord or any Landlord Related Party be responsible or liable on any theory for any injury to Tenant's business, loss of profits, loss of income or any other form of consequential damage.

14.3 Survival/No Impairment. The obligations of Tenant under this Article 14 shall survive any termination of this Lease. The foregoing indemnity obligations shall not relieve any insurance carrier of its obligations under any policies required to be carried by either party pursuant to this Lease, to the extent that such policies cover the peril or currents that results in the claims that is subject to the foregoing indemnity.

15. INSURANCE.

15.1 Tenant's Insurance.

(a) Liability Insurance. Tenant shall maintain in full force throughout the Term, commercial general liability insurance providing coverage on an occurrence form basis with limits of not less than Two Million Dollars (\$2,000,000.00) each occurrence for bodily injury and property damage combined, or such larger amount as Landlord may prudently require from time to time, covering bodily injury and property damage liability and product liability if a product is sold from the Premises. Each policy of liability insurance required by this Section shall: (i) contain a cross liability endorsement or separation of insureds clause; (ii) provide that any waiver of subrogation rights or release prior to a loss does not void coverage; (iii) provide that it is primary to and not contributing with, any policy of insurance carried by Landlord covering the same loss; (iv) provide that any failure to comply with the reporting provisions shall not affect coverage provided to Landlord, its partners, property managers and Mortgagees; and (v) name Landlord, the Government (as defined at Section 28.4 below), PM Realty Group L.P. and such other parties in interest as Landlord may from time to time reasonably designate to Tenant in writing, as additional insureds in an Additional Insured Endorsement. Such additional insureds shall be provided at least the same extent of coverage as is provided to Tenant under such policies. The additional insured endorsement shall be in a form at least as broad as endorsement form number CG 20 11 01 96 promulgated by the Insurance Services Office.

(b) Personal Property Insurance. Tenant shall maintain in full force and effect on all of its personal property, furniture, furnishings, trade fixtures and equipment from time to time located in, on or upon the Premises ("Tenant's Property"), and any Alterations (as defined in Article 10) in an amount not less than one hundred percent (100%) of their full replacement value from time to time during the Term, providing protection against all perils, included within the standard form of "all-risk" (i.e., "Special Cause or Loss") fire and casualty insurance policy. Landlord shall have no interest in the insurance upon Tenant's Property or Alterations and will sign all documents reasonably necessary in connection with the settlement of any claims or loss by Tenant. Landlord will not carry insurance on Tenant's Property or Alterations.

(c) Worker's Compensation Insurance; Employer's Liability Insurance. Tenant shall, at Tenant's expense, maintain in full force and effect during the Term of this Lease, worker's compensation insurance with not less than the minimum limits required by law, and employer's liability insurance with a minimum limit of coverage of One Million Dollars (\$1,000,000.00).

(d) Pollution Legal Liability.

(i) Commercial Pollution Legal Liability. Tenant shall use commercially reasonable efforts to maintain a Commercial Pollution Legal Liability Insurance with coverage limits of not less than Two Million Dollars (\$2,000,000) annual aggregate covering claims arising out of or related to Tenant's Contamination during the term of this Lease. Such policy shall name the City as an additional insured.

(ii) **Contractor's Pollution Legal Liability.** Tenant shall cause any contractors retained for performing Alterations to the Premises to obtain and maintain Contractor's Pollution Liability Insurance covering the general contractor and all subcontractors in an amount of not less than Two Million Dollars (\$2,000,000) with a maximum deductible of One Hundred Thousand Dollars (\$100,000) with coverage continuing for ten years after completion of construction. Any such policy shall name the City as an additional insured.

(e) **Business Interruption Insurance.** Tenant shall, at Tenant's expense, maintain in full force and effect during the Term of this Lease, Business Interruption Insurance with a limit of liability representing loss of at least approximately twelve (12) months of income.

(f) **Automobile Liability.** Tenant's expense, maintain in full force and effect during the Term of this Lease, Commercial Automobile Liability. Such policy shall be in an amount of not less than One Million Dollars (\$1,000,000) combined singled limit. Such policy of insurance shall be issued by an insurance company authorized to do business in the state of California and rated A-: VII or better in the Best's Key Rating Guide.

15.2 Requirements For All Policies. Each policy of insurance required under Section 15.1 shall: (a) be in a form, and written by an insurer, reasonably acceptable to Landlord, (b) be maintained at Tenant's sole cost and expense, and (c) require at least thirty (30) days' written notice to Landlord prior to any cancellation, nonrenewal or modification of insurance coverage. Insurance companies issuing such policies shall have rating classifications of "A-" or better and financial size category ratings of "VII" or better according to the latest edition of the Best Key Rating Guide. All insurance companies issuing such policies shall be admitted carriers licensed to do business in the state where the Property is located. The foregoing notwithstanding, Landlord acknowledges that the insurance carrier for Commercial Pollution Legal Liability is not an admitted carrier in California. Any deductible amount under such insurance shall not exceed \$5,000, except for the policy covering Tenant's Commercial Pollution Legal Liability Insurance obligation which policy may have a \$25,000 deductible or self-insurance retention amount. Tenant shall provide to Landlord, upon request, evidence that the insurance required to be carried by Tenant pursuant to this Section, including any endorsement affecting the additional insured status, is in full force and effect and that premiums therefor have been paid. Tenant shall, at least thirty (30) days prior to expiration of each policy, furnish Landlord with certificates of renewal thereof and shall provide Landlord with at least thirty days prior written notice of any cancellation or modification. Landlord and Tenant agree, to the extent such waivers are commercially reasonable, to have their respective insurance companies waive any rights of subrogation that such company may have against Landlord or Tenant, as the case may be.

15.3 Certificates of Insurance. Upon execution of this Lease by Tenant, and not less than thirty (30) days prior to expiration of any policy thereafter, Tenant shall furnish to Landlord a certificate of insurance reflecting that the insurance required by this Article is in force, accompanied by an endorsement(s) showing the required additional insureds satisfactory to Landlord in substance and form.

15.4 Landlord's Insurance. During the Term, Landlord may, at its sole and absolute discretion, keep in effect property insurance covering the Building in amounts not less than the

full insurance replacement value thereof (but not on any Alterations or any Tenant's Property) with customary limits and deductibles, together with such other types of insurance coverage, if any, as Landlord, in Landlord's sole discretion, may elect to carry. As of the Lease Date, Landlord does carry such insurance on the Building.

16. DAMAGE OR DESTRUCTION.

16.1 Definitions.

(a) **"Premises Partial Damage"** shall mean damage or destruction to the improvements on the Premises (or Hazardous Material Condition for which Tenant is not responsible), other than Tenant's Property (as defined at Section 15.1(b)), or Alterations (as defined at Article 10), which can reasonably be repaired in six (6) months or less from the date of the damage or destruction. Landlord shall notify Tenant in writing within thirty (30) days from the date of the damage or destruction as to whether or not the damage is Partial or Total and the estimated time for repairing said damage. Notwithstanding the foregoing, Premises Partial Damage shall not include damage to windows, doors, and/or other similar items which Tenant has the responsibility to repair or replace pursuant to the provisions of Section 11.1.

(b) **"Premises Total Destruction"** shall mean damage or destruction to the Premises (or Hazardous Material Condition for which Tenant is not responsible), other than Tenant's Property (as defined at Section 15.1(b)), or Alterations (as defined at Article 10), which cannot reasonably be repaired in six (6) months or less from the date of the damage or destruction. Landlord shall notify Tenant in writing within thirty (30) days from the date of the damage or destruction as to whether or not the damage is Partial or Total.

(c) **"Insured Loss"** shall mean damage or destruction to improvements on the Premises, other than Tenant's Property (as defined at Section 15.1(b)), or Alterations (as defined at Article 10), which was caused by an event required to be covered by the insurance described in Section 15.4, irrespective of any deductible amounts or coverage limits involved.

(d) **"Replacement Cost"** shall mean the cost to repair or rebuild the improvements owned by Landlord (excluding Alterations) at the time of the occurrence to their condition existing immediately prior thereto, including demolition, debris removal and upgrading required by the operation of Laws governing the Premises, and without deduction for depreciation.

(e) **"Hazardous Material Condition"** shall mean the occurrence or discovery of a condition involving the presence of, or a contamination by, a Hazardous Material as (defined in Section 12.1), in, on, or under the Premises which requires repair, remediation, or restoration.

16.2 Partial Damage - Insured Loss. If a Premises Partial Damage that is an Insured Loss occurs, Landlord shall repair such damage (but not Tenant's Property or Alterations) as soon as reasonably possible and this Lease shall continue in full force and effect; provided, however, that Tenant shall, at Landlord's election, make the repair of any damage or destruction

the total cost to repair of which is \$10,000 or less, and, in such event, Landlord shall make any applicable insurance proceeds available to Tenant on a reasonable basis for that purpose. Notwithstanding the foregoing, if the required insurance was not in force or the insurance proceeds are not sufficient to effect such repair, Tenant shall promptly contribute the shortage in proceeds (except as to the deductible which is Tenant's responsibility) as and when required to complete said repairs. In the event, however, such shortage was due to the fact that, by reason of the unique nature of the improvements, full replacement cost insurance coverage was not commercially reasonable and available, Landlord shall have no obligation to fully restore the unique aspects of the Premises unless Tenant provides Landlord with the funds to cover same, or adequate assurance thereof, within ten (10) days following receipt of written notice of such shortage and request therefor. If Landlord receives said funds or adequate assurance thereof within said ten (10) day period, the party responsible for making the repairs shall complete them as soon as reasonably possible and this Lease shall remain in full force and effect. If such funds or assurance are not so received, Landlord may nevertheless elect by written notice to Tenant within ten (10) days thereafter to: (a) make such restoration and repair as is commercially reasonable with Landlord paying any shortage in proceeds, in which case this Lease shall remain in full force and effect, or (b) have this Lease terminate thirty (30) days thereafter. Tenant shall not be entitled to reimbursement of any funds contributed by Tenant to repair any such damage or destruction. Premises Partial Damage due to flood or earthquake shall be subject to Section 16.3, notwithstanding that there may be some insurance coverage, but the net proceeds of any such insurance shall be made available for the repairs if made by either Party.

16.3 Partial Damage - Uninsured Loss. If a Premises Partial Damage that is not an Insured Loss occurs, unless caused by a negligent or willful act of Tenant (in which event Tenant shall make the repairs at Tenant's expense), Landlord may either: (a) repair such damage as soon as reasonably possible at Landlord's expense, in which event this Lease shall continue in full force and effect, or (b) terminate this Lease by giving written notice to Tenant within thirty (30) days after receipt by Landlord of knowledge of the occurrence of such damage. Such termination shall be effective sixty (60) days following the date of such notice. In the event Landlord elects to terminate this Lease, Tenant shall have the right within ten (10) days after receipt of the termination notice to give written notice to Landlord of Tenant's commitment to pay for the repair of such damage without reimbursement from Landlord. Tenant shall provide Landlord with said funds or satisfactory assurance thereof within thirty (30) days after making such commitment. In such event this Lease shall continue in full force and effect, and Landlord shall proceed to make such repairs as soon as reasonably possible after the required funds are available. If Tenant does not make the required commitment, this Lease shall terminate as of the date specified in the termination notice.

16.4 Total Destruction. Notwithstanding any other provision hereof, if a Premises Total Destruction occurs, this Lease shall terminate sixty (60) days following such Destruction. If the damage or destruction was caused by the gross negligence or willful misconduct of Tenant, Landlord shall have the right to recover Landlord's damages from Tenant.

16.5 Damage Near End of Term. If at any time during the last six (6) months of this Lease Term (or the last 6 months of any Renewal Term) there is damage for which the cost to repair exceeds one month's Base Rent, whether or not an Insured Loss, Landlord may terminate this Lease effective sixty (60) days following the date of occurrence of such damage by giving a

written termination notice to Tenant within thirty (30) days after the date of occurrence of such damage. Notwithstanding the foregoing, if Tenant at that time has an exercisable option to extend this Lease or to purchase the Premises, then Tenant may preserve this Lease by (a) exercising such option and (b) providing Landlord with any shortage in insurance proceeds (or adequate assurance thereof) needed to make the repairs on or before the earlier of (i) the date which is ten (10) days after Tenant's receipt of Landlord's written notice purporting to terminate this Lease, or (ii) the day prior to the date upon which such option expires. If Tenant duly exercises such option during such period and provides Landlord with funds (or adequate assurance thereof) to cover any shortage in insurance proceeds, Landlord shall, at Landlord's commercially reasonable expense, repair such damage as soon as reasonably possible and this Lease shall continue in full force and effect. If Tenant fails to exercise such option and provide such funds or assurance during such period, then this Lease shall terminate on the date specified in the termination notice and Tenant's option shall be extinguished.

16.6 Abatement of Rent. In the event of Premises Partial Damage, Premises Total Destruction or Hazardous Material Condition for which Tenant is not responsible under this Lease, the Rent payable by Tenant for the period required for the repair, remediation or restoration of such damage shall be abated in proportion to the degree to which Tenant's use of the Premises is impaired, and such abatement shall be Tenant's sole remedy for such impairment of use. All other obligations of Tenant hereunder shall be performed by Tenant, and Landlord shall have no liability for any such damage, destruction, Hazardous Material Condition, remediation, repair or restoration except as provided herein.

17. CONDEMNATION.

If the whole or if any material part of the Premises or Building is taken or condemned for any public or quasi-public use under either state or federal law, by eminent domain or purchase in lieu thereof (a "Taking"), and (a) such Taking renders the Premises or Building unsuitable, in Landlord's reasonable opinion, for the purposes for which they were constructed; or (b) the Premises or Building cannot be repaired, restored or replaced at reasonable expense to an economically profitable unit, then Landlord may, at its option, terminate this Lease as of the date possession vests in the condemning party. If twenty-five percent (25%) or more of the Premises is taken and if the Premises remaining after such Taking and any repairs by Landlord would be untenable (in Tenant's reasonable opinion) for the conduct of Tenant's business operations, Tenant shall have the right to terminate this Lease as of the date possession vests in the condemning party. The terminating party shall provide written notice of termination to the other party within thirty (30) days after it first receives notice of the Taking. The termination shall be effective as of the effective date of any order granting possession to, or vesting legal title in, the condemning authority. If this Lease is not terminated, Base Rent shall be appropriately adjusted to account for any reduction in the square footage of the Premises. If only a part of the Premises is subject to a Taking and this Lease is not terminated, Landlord, with reasonable diligence, will restore the remaining portion of the Premises as nearly as practicable to the condition immediately prior to the Taking. Tenant hereby waives any and all rights it might otherwise have pursuant to Section 1265.130 of the California Code of Civil Procedure, or any similar or successor Laws. Landlord shall be entitled to any and all compensation, damages, income, rent, awards or any interest thereon which may be paid or made in connection with any such Taking, and Tenant shall have no claim against

Landlord for the value of any expired term of this Lease or otherwise; provided, however, that Tenant shall be entitled to receive any award separately allocated by the condemning authority to Tenant for Tenant's relocation expenses, the value of Tenant's fixture, equipment and personal property (specifically excluding components of the Premises which under this Lease or by law are or at the expiration of the Term will become the property of Landlord, including, without limitation, fixtures and Alterations), or Tenant's loss of business goodwill, provide that such award does not reduce any award otherwise allocable or payable to Landlord.

18. DEFAULT.

18.1 Events of Default. The occurrence of any of the following shall constitute a "Default" by Tenant:

(a) Tenant fails to make any payment of Rent when due, if payment in full is not received by Landlord within five (5) days after written notice that it is past due.

(b) Tenant abandons the Premises as defined in Section 1951.3 of the California Civil Code.

(c) Tenant fails timely to deliver any subordination document or estoppel certificate requested by Landlord within the applicable time period specified herein below.

(d) Tenant violates the restrictions on Transfer set forth in Article 13.

(e) Tenant ceases doing business as a going concern; makes an assignment for the benefit of creditors; is adjudicated an insolvent, files a petition (or files an answer admitting the material allegations of a petition) seeking relief under any state or federal bankruptcy or other statute, law or regulation affecting creditors' rights; all or substantially all of Tenant's assets are subject to judicial seizure or attachment and are not released within thirty (30) days, or Tenant consents to or acquiesces in the appointment of a trustee, receiver or liquidator for Tenant or for all or any substantial part of Tenant's assets.

(f) Tenant fails to perform or comply with any provision of this Lease other than those described in (a) through (e) above, and does not fully cure such failure within fifteen (15) days after notice to Tenant or, if such failure cannot be cured within such fifteen (15) day period, Tenant fails within such fifteen (15)-day period to commence, and thereafter diligently proceed with, all actions necessary to cure such failure as soon as reasonably possible but in all events within ninety (90) days of such notice.

18.2 Remedies. Upon the occurrence of any Default under this Lease, whether enumerated in Section 18.1 or not, Landlord shall have the option to pursue any one or more of the following remedies without any notice (except as expressly prescribed herein) or demand whatsoever. Without limiting the generality of the foregoing, Tenant hereby specifically waives notice and demand for payment of Rent or other obligations, and waives any and all other notices or demand requirements imposed by applicable Law:

(a) Terminate this Lease and Tenant's right to possession of the Premises and recover from Tenant an award of damages equal to the sum of the following:

(i) The Worth at the Time of Award of the unpaid Rent which had been earned at the time of termination;

(ii) The Worth at the Time of Award of the amount by which the unpaid Rent which would have been earned after termination until the time of award exceeds the amount of such Rent loss that Tenant affirmatively proves could have been reasonably avoided;

(iii) The Worth at the Time of Award of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds the amount of such Rent loss that Tenant affirmatively proves could be reasonably avoided discounted to the then present value;

(iv) Any other amount necessary to compensate Landlord for all the detriment either proximately caused by Tenant's failure to perform Tenant's obligations under this Lease or which in the ordinary course of things would be likely to result therefrom; and

(v) All such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time under applicable law.

The "Worth at the Time of Award" of the amounts referred to in parts (i) and (ii) above, shall be computed by allowing interest at the lesser of a per annum rate equal to: (A) the greatest per annum rate of interest permitted from time to time under applicable law, or (B) the Prime Rate plus 5% as determined by Landlord.

(b) Employ the remedy described in California Civil Code § 1951.4 (Landlord may continue this Lease in effect after Tenant's breach and abandonment and recover Rent as it becomes due, if Tenant has the right to sublet or assign, subject only to reasonable limitations); or

(c) Notwithstanding Landlord's exercise of the remedy described in California Civil Code § 1951.4 in respect of an event or events of Default, at such time thereafter as Landlord may elect in writing, to terminate this Lease and Tenant's right to possession of the Premises and recover an award of damages as provided above.

18.3 No Waiver. The subsequent acceptance of Rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease, other than the failure of Tenant to pay the particular Rent so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such Rent. No waiver by Landlord of any breach hereof shall be effective unless such waiver is in writing and signed by Landlord.

18.4 Waiver of Redemption, Reinstatement, or Restoration. Tenant hereby waives any and all rights conferred by Section 3275 of the Civil Code of California and by Sections 1174(c) and 1179 of the Code of Civil Procedure of California and any and all other laws and rules of law from time to time in effect during the Lease Term or thereafter providing that Tenant shall have any right to redeem, reinstate or restore this Lease following its termination as a result of Tenant's breach.

18.5 Remedies Cumulative. No right or remedy herein conferred upon or reserved to Landlord is intended to be exclusive of any other right or remedy, and each and every right and remedy shall be cumulative and in addition to any other right or remedy given hereunder or now or hereafter existing by agreement, applicable Law or in equity. In addition to other remedies provided in this Lease, Landlord shall be entitled, to the extent permitted by applicable Law, to injunctive relief, or to a decree compelling performance of any of the covenants, agreements, conditions or provisions of this Lease, or to any other remedy allowed to Landlord at law or in equity. Forbearance by Landlord to enforce one or more of the remedies herein provided upon an event of Default shall not be deemed or construed to constitute a waiver of such Default.

18.6 Landlord's Right to Perform Tenant's Obligations. If Tenant is in Default of any of its non-monetary obligations under this Lease, in addition to the other rights and remedies of Landlord provided herein, then Landlord may at Landlord's option, but without any obligation to do so and without further notice to Tenant, perform any such term, provision, covenant or condition or make any such payment and Landlord by reason of doing so shall not be liable or responsible for any loss or damage thereby sustained by Tenant. If Landlord performs any of Tenant's obligations hereunder in accordance with this Section 18.6, the full amount of the costs and expense incurred or the payments so made or the amount of the loss so sustained shall be immediately be owed by Tenant to Landlord, and Tenant shall promptly pay to Landlord upon demand, as Additional Rent, the full amount thereof with interest thereon from the day of payment by Landlord the lower of ten percent (10%) per annum, or the highest rate permitted by applicable law.

18.7 Severability. This Article 18 shall be enforceable to the maximum extent such enforcement is not prohibited by applicable Law, and the unenforceability of any portion thereof shall not thereby render unenforceable any other portion.

19. LIMITATION OF LIABILITY.

Notwithstanding anything to the contrary contained in this Lease, the liability of Landlord (and of any successor landlord) shall be limited to the interest of Landlord in the Building as the same may from time to time be encumbered. Tenant shall look solely to Landlord's interest in the Building for the recovery of any judgment. Neither Landlord nor any Landlord Related Party shall be personally liable for any judgment or deficiency, and in no event shall Landlord or any Landlord Related Party be liable to Tenant for any lost profit, damage to or loss of business or a form of special, indirect or consequential damage. Before filing suit for an alleged default by Landlord, Tenant shall give Landlord and the Mortgagee(s) whom Tenant has been notified hold Mortgages (defined in Article 22 below), notice and reasonable time to cure the alleged default.

20. SURRENDER OF PREMISES.

At the termination of this Lease or Tenant's right of possession, Tenant shall remove Tenant's property including any furniture, fixtures, equipment or cabling installed by or for the benefit of Tenant from the Premises, and quit and surrender the Premises to Landlord, broom clean, and in good order, condition and repair, ordinary wear and tear and damage which Landlord is obligated to repair hereunder excepted. Landlord may, by notice to Tenant not less than sixty (60) days prior to the Expiration Date (except in the event of a termination of this Lease prior to the scheduled Expiration Date, in which event no advance notice shall be required) require Tenant, at Tenant's expense, remove any Alterations (except as otherwise provided at Section 10.2, above) and repair any damage caused by such removal. If Tenant fails to remove any of Tenant's property, or to restore the Premises to the required condition, Landlord, at Tenant's sole cost and expense, shall be entitled (but not obligated) to remove and store Tenant's property and/or perform such restoration of the Premises. Landlord shall not be responsible for the value, preservation or safekeeping of Tenant's property. Tenant shall pay Landlord, upon demand, the expenses and storage charges incurred. If Tenant fails to remove Tenant's property from the Premises or storage, within thirty (30) days after notice, Landlord may deem all or any part of Tenant's property to be abandoned and, at Landlord's option, title to Tenant's property shall vest in Landlord or Landlord may dispose of Tenant's property in any manner Landlord deems appropriate.

21. HOLDING OVER.

If Tenant fails to surrender all or any part of the Premises at the termination of this Lease, occupancy of the Premises after termination shall be that of a tenancy at sufferance. Tenant's occupancy shall be subject to all the terms and provisions of this Lease and Tenant shall pay an amount (on a per month basis without reduction for partial months during the holdover) equal to 200% of the sum of the Base Rent due for the period immediately preceding the holdover. No holding over by Tenant shall operate to extend the Term. If Tenant does not surrender possession at the end of the Term or sooner termination of this Lease, Tenant shall indemnify and hold Landlord harmless from and against any and all losses or liability resulting from delay in Tenant so surrendering the Premises including, without limitations, any loss or liability resulting from any claim against Landlord made by any succeeding tenant or prospective tenant founded on or resulting from such delay. Any holding over by Tenant with the written consent of Landlord shall thereafter constitute a lease from month to month.

22. MORTGAGES.

22.1 Subordination to Mortgages. Tenant accepts this Lease subject and subordinate to any mortgage(s), deed(s) of trust, ground lease(s) or other lien(s) now or subsequently arising upon the Premises, or Building and any ground lease(s) or other agreements or covenants running with the land now or subsequently arising upon the Building, and to renewals, modifications, refinancing and extensions thereof (collectively referred to as a "Mortgage"). The party having the benefit of a Mortgage shall be referred to as a "Mortgagee". This clause shall be self-operative, but upon request from a Mortgagee, Tenant shall, within ten (10) days written request therefor from Landlord, execute a commercially reasonable subordination agreement in favor of the Mortgagee. Landlord shall use commercially reasonable efforts to

obtain for Tenant a non-disturbance provision in any such subordination agreement. As an alternative, a Mortgagee shall have the right at any time to subordinate its Mortgage to this Lease. Upon request, Tenant, shall attorn to any successor to Landlord's interest in this Lease.

22.2 Mortgage Protection. Tenant shall give to any Mortgagee, in accordance with the notice requirements of Article 25 below, at the same time as it is given to Landlord, a copy of any notices of default given to Landlord, provided that, prior to such notice, Tenant has been notified in writing (by way of notice of assignment of rent and leases, or otherwise) of the existence and address of such Mortgagee. Tenant further agrees that, if Landlord shall have failed to cure such default within the time provided for in this Lease, then the Mortgagee shall have an additional reasonable period of time within which to cure such default, or if such default cannot be cured without Mortgagee pursuing its remedies against Landlord, then mortgagee shall have such additional time as may be necessary to commence and complete a foreclosure proceeding. If, in connection with obtaining financing for the Project, or a portion thereof, Landlord's lender shall request reasonable modifications to this Lease as a condition to such financing, Tenant shall not unreasonably withhold, delay or defer its consent to such modifications, provided that such modifications do not materially adversely affect Tenant's rights or increase Tenant's obligations under this Lease.

23. TENANT'S ESTOPPEL CERTIFICATE.

Within ten (10) days after written request therefor, Tenant shall execute and deliver to Landlord, in a form provided by or satisfactory to Landlord, an estoppel certificate stating, that this Lease is in full force and effect, describing any amendments or modifications thereto, acknowledging that this Lease is subordinate or prior, as the case may be, to any Mortgage and stating any other information Landlord may reasonably request, including the Term, the monthly Base Rent, the date to which Rent has been paid, the amount of any security deposit or prepaid rent, whether either party hereto is in default under the terms of the Lease, and whether Landlord has completed any construction obligations hereunder. Any such estoppel certificate may be relied upon by any person or entity purchasing, acquiring an interest in or extending finance with respect to the Building, or any part thereof. If Tenant fails to provide such certificate within ten (10) days as herein provided, such failure shall at Landlord's election, constitute a Default and Tenant shall be deemed to have given such certificate as above provided without modification and shall be deemed to have admitted the accuracy of any information supplied by Landlord to a prospective purchaser or mortgagee or deed of trust holder.

24. RELOCATION.

Landlord shall have the right to relocate the entire Premises upon all the following terms, covenants and conditions: (a) Landlord shall have the right to relocate the Premises on not less than ninety (90) days prior written notice given to Tenant at any time during the Term or any extension or renewal thereof; (b) the relocated Premises must be of substantially comparable size to the initial Premises; (c) if Tenant has not occupied the Premises, Landlord shall reimburse Tenant for (i) the necessary and reasonable costs incurred by Tenant in planning for the space of the initial Premises which have been previously improved by Landlord and have no benefit to Tenant's in the relocation Premises and (ii) such other costs as Tenant may incur as a direct result of relocation which have been previously approved by Landlord; (d) if Tenant is

occupying the Premises at the time Landlord gives notices of any such relocation, Landlord shall pay the cost of moving Tenant, its property and equipment to the relocated Premises and shall, without cost or expense to Tenant, improve the new Premises with improvements substantially similar to those located in the space Tenant is to vacate; and (e) all of the other terms, covenants, and conditions of this Lease shall remain unchanged and in full force and effect, except that the Basic Lease Information shall be revised (i) to identify the location of the Premises after such relocation; (ii) state the new rentable square feet of the new Premises, Base Rent and Security Deposit relative to the relocated Premises.

25. NOTICE.

All notices shall be in writing and delivered by hand or sent by registered, express, or certified mail, with return receipt requested or with delivery confirmation requested from the U.S. postal service, or sent by overnight or same day courier service at the party's respective Notice Address(es) set forth in the Basic Lease Information ("Notice Address"). Each notice shall be deemed to have been received on the earlier to occur of actual delivery or the date on which delivery is refused, or, if Tenant has vacated the Premises or any other Notice Address of Tenant without providing a new Notice Address, 3 days after notice is deposited in the U.S. mail or with a courier service in the manner described above. Either party may, at any time, change its Notice Address (other than to a post office box address) by giving the other party written notice of the new address.

26. LABOR PROVISIONS.

26.1 Equal Opportunity. During the Term of this Lease, and with respect only to employment or employees at the Premises, Tenant agrees as follows:

(a) Tenant will not discriminate against any employee of Tenant or applicant for employment because of race, color, religion, sex or national origin. The employees of Tenant shall be treated during employment, without regard to their race, color, religion, sex, or national origin. Such action shall include, but not be limited to, the following: employment, upgrading demotion, or transfer, recruitment or recruitment advertising, layoff or termination, rate of pay or other forms of compensation, selection for training, including apprenticeship. Tenant agrees to post in conspicuous places, notices to be provided by the applicable government agencies, setting forth the provisions of this nondiscrimination provision.

(b) Tenant will, in all solicitations or advertisements for employees placed by or on behalf of Tenant, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.

(c) Tenant will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding a notice to be provided by Landlord, advising the labor union or worker's representative of Tenant's commitments under this Equal Opportunity Clause and shall post copies of notice in conspicuous places available to employee and applications for employment.

26.2 Convict Labor. In connection with the performance of work required by this Lease, Tenant agrees not to employ any person undergoing a sentence of imprisonment at hard labor.

27. MISCELLANEOUS.

27.1 Governing Law. This Lease shall be interpreted and enforced in accordance with the Laws of the State of California and Landlord and Tenant hereby irrevocably consent to the jurisdiction and proper venue of such state.

27.2 Severability. If any section, term or provision of this Lease is held invalid by a court of competent jurisdiction, all other sections, terms or severable provisions of this Lease shall not be affected thereby, but shall remain in full force and effect.

27.3 Attorneys' Fees. In the event of an action, suit, arbitration or proceeding brought by Landlord or Tenant to enforce any of the other's covenants and agreements in this Lease, the prevailing party shall be entitled to recover from the non-prevailing party any costs, expenses (including out of pocket costs and expenses) and reasonable attorneys' fees incurred in connection with such action, suit or proceeding. Without limiting the generality of the foregoing, if Landlord utilizes the services of an attorney for the purpose of collecting any Rent due and unpaid by Tenant or in connection with any other breach of this Lease by Tenant following a written demand of Landlord to pay such amount or cure such breach, Tenant agrees to pay Landlord reasonable actual attorneys' fees for such services, irrespective of whether any legal action may be commenced or filed by Landlord.

27.4 Force Majeure. Whenever a period of time is prescribed for the taking of an action by Landlord or Tenant (other than the payment of Rent), the period of time for the performance of such action shall be extended by the number of days that the performance is actually delayed due to strikes, acts of God, shortages of labor or materials, war, terrorist acts, pandemics, civil disturbances, extreme weather and other causes beyond the reasonable control of the performing party ("Force Majeure").

27.5 Sale. Landlord shall have the right to transfer and assign, in whole or in part, all of its rights and obligations under this Lease and in the Building. Upon transfer, Landlord shall be released from any further obligations hereunder and Tenant agrees to look solely to the successor in interest of Landlord for the performance of such obligations, provided that any successor pursuant to a voluntary, third party transfer shall have assumed Landlord's obligations under this Lease.

27.6 Signs. Tenant shall not place any sign upon the Premises without Landlord's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed. All signage shall comply with Landlord's signage design criteria, as exist from time to time. In addition, any style, size, materials and attachment method of any such signage shall be subject to Landlord's prior written consent. The installation of any sign on the Premises by or for Tenant shall be subject to the provisions of this Lease. Tenant shall maintain any such signs installed on the Premises.

27.7 Brokers. Landlord and Tenant each represents and warrants to the other that neither it nor its officers or agents nor anyone acting on its behalf has dealt with any real estate broker except the Broker(s) specified in the Basic Lease Information in the negotiating or making of this Lease. Each party agrees to indemnify and hold harmless the other from any claim or claims, and costs and expenses, including attorneys' fees, incurred by the indemnified party in conjunction with any such claim or claims of any other broker or brokers to a commission in connection with this Lease as a result of the actions of the indemnifying party. Provided that this Lease is fully executed by the parties hereto, Landlord shall pay a commission to Landlord's Broker pursuant to a separate written agreement between Landlord and Landlord's Broker, and Landlord's Broker shall be responsible for any fee or commission payable to Tenant's Broker, if any.

27.8 Access by Landlord. In addition to access provided by this Lease, Landlord shall be allowed access to the Premises at all reasonable times throughout the term of this Lease, for any reasonable purpose upon prior written notice to Tenant. Landlord will normally give Tenant a minimum of twenty-four (24) hours prior notice of an intention to enter the Premises, unless the entry is reasonably required on an emergency basis for safety, environmental, operations or security purposes. Tenant shall ensure that a telephone roster is maintained at all times for on-call persons representing Tenant who will be available on short notice, 24 hours a day, 365 days per year, and have authority to use all keys necessary to gain access to the Premises to facilitate entry in time of emergency. Tenant shall ensure that Landlord has a current roster of such on-call personnel and their phone numbers. Tenant shall not change any existing locks, or attach any additional locks or similar devices to any door or window, without providing to Landlord one set of keys therefor. All keys must be returned to Landlord at the expiration or termination of this Lease. Tenant shall have no claim against Landlord for exercise of its rights of access hereunder. Portions of the utilities systems serving the Naval Air Station Alameda may be located within the Premises. Tenant agrees to allow Landlord and its utility supplier reasonable access to the Premises for operation, maintenance, repair and replacement of these utilities systems as may be required. In executing operation, maintenance, repair or replacement of these systems, Landlord agrees to take commercially reasonable steps to limit interference with the use of the Premises by Tenant.

27.9 Waiver of Right to Jury Trial. Landlord and Tenant waive their respective rights to trial by jury of any contract or tort claim, counterclaim, cross-complaint, or cause of action in any action, proceeding, or hearing brought by either party against the other on any matter arising out of or in any way connected with this Lease, the relationship of Landlord and Tenant, or Tenant's use or occupancy of the Premises, including without limitation any claim of injury or damage or the enforcement of any remedy under any current or future law, statute, regulation, code, or ordinance. Landlord and Tenant agree that this paragraph constitutes a written consent to waiver of trial by jury within the meaning of California Code of Civil Procedure Section 631(f)(2), and Tenant does hereby authorize and empower Landlord to file this paragraph and/or this Lease, as required, with the clerk or judge of any court of competent jurisdiction as a written consent to waiver of jury trial. If the waiver set forth in this Section 27.9 is determined by any court to be invalid because it was executed prior to the commencement of any action, then Landlord and Tenant each covenant and agree to execute and deliver to the other, within five (5) days of a written request by the other, a waiver of the right to trial by jury similar in terms and

scope to the waiver set forth in this Section 27.9 at such time following the commencement of such action as such waiver, if then made, would be valid.

27.10 Recordation. Neither this Lease, nor any memorandum, affidavit nor other writing with respect thereto, shall be recorded by Tenant or by anyone acting through, under or on behalf of Tenant without the prior written consent of Landlord, which may be granted or withheld in Landlord's sole and absolute discretion. Any recording thereof in violation of this provision shall make this Lease null and void at Landlord's election.

27.11 Paragraph Titles. The paragraph titles use herein are not to be considered a substantive part of this Lease, but merely descriptive aids to identify the paragraph to which they referred. Use of the masculine gender includes the feminine and neuter, and vice versa.

27.12 Authority. If Tenant is a corporation, partnership, trust, association or other entity, Tenant and each person executing this Lease on behalf of Tenant does hereby covenant and warrant that (a) Tenant is duly incorporated or otherwise established or formed and validly existing under the laws of its state of incorporation, establishment or formation, (b) Tenant has and is duly qualified to do business in California, (c) Tenant has full corporate, partnership, trust, association or other power and authority to enter into this Lease and to perform all Tenant's obligations hereunder, and (d) each person (and all of the persons if more than one signs) signing this Lease on behalf of Tenant is duly and validly authorized to do so. Upon execution hereof and at Landlord's request, Tenant shall provide Landlord with a written certification of its Corporate Secretary or other appropriate authorizing officer or partner attesting that at a duly noticed meeting of its Board of Directors or other governing body a resolution has been unanimously adopted approving Tenant's execution hereof, thereby binding itself to the terms of this Lease and identifying the person(s) authorized to execute this Lease on behalf of Tenant.

27.13 Quiet Possession. Landlord covenants and agrees with Tenant that, upon Tenant's payment of Rent and observing and performing all of the terms, covenants, conditions, provisions and agreements of this Lease on Tenant's part to be observed or performed, Tenant shall have the quiet possession of the Premises throughout the Term.

27.14 Asbestos Notification for Commercial Property Constructed Before 1979. Tenant acknowledges that Landlord has advised Tenant that, because of their age, the Building may contain asbestos-containing materials ("ACMs"). If Tenant undertakes any Alterations as may be permitted by Article 10, Tenant shall, in addition to complying with the requirements of Article 10, undertake the Alterations in a manner that avoids disturbing ACMs present in the Building. If ACMs are likely to be disturbed in the course of such work, Tenant shall encapsulate or remove the ACMs in accordance with an approved asbestos-removal plan and otherwise in accordance with all applicable Environmental Laws, including giving all notices required by California Health & Safety Code Sections 25915-25919.7.

27.15 Lead Warning Statement. Tenant acknowledges that Landlord has advised Tenant that buildings built before 1978 may contain lead-based paints ("LBP"). Lead from paint, paint chips and dust can pose health hazards if not managed properly. Subject to Article 10 of this Lease, Tenant may at its sole cost and expense, have a state certified LBP Inspector

complete a LBP inspection and abatement and provide an abatement certification to Landlord. Landlord has no specific knowledge of the presence of lead-based paint in the Premises.

27.16 OFAC Certification. Tenant represents, warrants and covenants that: (a) Tenant and its principals are not acting, and will not act, directly or indirectly, for or on behalf of any person, group, entity, or nation named by any Executive Order or the United States Treasury Department as a terrorist, “**Specially Designated and Blocked Person**” or other banned or blocked person, entity, nation, or transaction pursuant to any law, order, rule or regulation that is enforced or administered by the Office of Foreign Assets Control; and (b) Tenant acknowledges that the breach of this representation, warranty and covenant by Tenant shall be an immediate Default under the Lease.

27.17 Certified Access Specialist Disclosure. In accordance with Civil Code Section 1938, Landlord hereby discloses that the Premises have not undergone inspection by a Certified Access Specialist for purposes of determining whether the property has or does not meet all applicable construction related accessibility standards pursuant to Civil Code Section 55.53.

27.18 Time of the Essence. Time is of the essence of this Lease and each and all of its provisions.

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

27.20 Rules and Regulations. Tenant shall faithfully observe and comply with the non-discriminatory rules and regulations attached hereto as **Exhibit F** and incorporated herein by this reference, as the same may be modified from time to time by Landlord. Any additions or modifications to those rules shall be binding upon Tenant upon Landlord’s delivery of a copy to Tenant.

27.21 Financial Statement. Within thirty (30) days after Landlord’s written request, Tenant shall deliver to Landlord the then current financial statements of Tenant, including a balance sheet and profit and loss statement for the most recent prior year, all prepared in accordance with generally accepted accounting principles consistently applied and shall be certified as accurate in all material respect by an officer of Tenant.

27.22 Relocation Benefits. Tenant acknowledges that upon the expiration or earlier termination of this Lease, for any reason other than a Taking as defined at Article 17, Tenant shall, and hereby does, waive any and all claims for relocation benefits, assistances and/or payments under Government Code Sections 7260 et seq., 25 California Code of Regulations Sections 600 et seq., 42 U.S.C. 4601 et seq., 29 C.F.R. Sections 121 et seq. and 49 C.F.R Sections 24.1 et seq. (collectively the “**Relocation Assistance Laws**”). Any Relocation of the Premises pursuant to Article 24 of this Lease shall be governed by the terms of said article and not the Relocation Assistance Laws. Tenant further acknowledges and agrees that upon the expiration or earlier termination of this Lease for any reason, other than a Taking as hereinabove

defined, no claim shall arise, nor shall Tenant assert any claim for loss of business goodwill (as that term is defined at CCP §1263.510) and no compensation for loss of business goodwill shall be paid by Landlord.

27.23 Alameda NAS Historic District. Tenant acknowledges that the Building, Premises and Land are located within the NAS Alameda Historic District and have been designated as contributing to the Historic District. In granting, denying or conditioning its consent to any Alterations in accordance with Section 10.1 or the placement of any signs in accordance with Section 27.6, Landlord's decision will be guided by the terms and conditions of the City's Historic Preservation Ordinance and other planning and regulatory documents governing properties located within the NAS Alameda Historic District.

27.24 Subdivision and Development of Property. Tenant acknowledges that, without any form of representation or warranty, Landlord (or its successor) may cause the Property to be subdivided or existing parcels to be assembled to facilitate the sale, development or redevelopment of portions of Property which may or may not include those portions of the Property upon which the Buildings, Land and Parking Areas are located. As a material inducement for Landlord to enter into this Lease, Tenant agrees not to take any actions, oral or in writing, in opposition to such activities, or the planning thereof by Landlord (or its successor) unless such activity threatens to materially disrupt Tenant's rights under this Lease.

27.25 Environmental and Planning Documents. Tenant acknowledges that its use of the Premises and any Alterations thereto shall comply with the terms, conditions and requirements of: (a) the Environmental Impact Report for Alameda Point and the Mitigation Monitoring and Reporting Program adopted pursuant thereto; (b) the Master Infrastructure Plan; (c) the Town Center and Waterfront Precise Plan (as applicable); and (d) the Alameda Point Transportation Demand Management Plan. Compliance with the foregoing may include the preparation of a Compliance Strategy consistent with the Transportation Management Plan.

27.26 Prevailing Wages. Tenant acknowledges and agrees any Capital Repairs, maintenance or Alterations made by or on behalf of Tenant to the Premises, or any portion thereof ("Improvement Work") whether paid for in whole or in part by Landlord or which are considered to have been paid for in whole or in part by Landlord (e.g. by virtue of any rents that are reduced, waived or forgiven), will constitute "[c]onstruction, alteration, demolition, installation, or repair work done under contract and paid for in whole or in part out of public funds..." (California Labor Code section 1720.) Accordingly, Tenant shall comply with all applicable prevailing wage policies as set forth in applicable California Labor Code sections pertaining to "public works" (California Labor Code sections 1720 et seq., as amended from time to time and implementing regulations), the Davis-Bacon Act (sec. 1-7, 46 Stat. 1949, as amended; Pub. L. 74-403, 40 U.S.C. 27a-27a-7, as amended from time to time and implementing regulations), and other applicable laws, statutes, rules, regulations or ordinances now or hereinafter in effect addressing the payment of prevailing wages in connection with any Improvement Work (collectively, "Prevailing Wage Laws"). Tenant shall require the general contractor for any Capital Repairs to submit, upon request by Landlord, certified copies of payroll records and to maintain and make records available to Landlord and its designees for inspection and copying to ensure compliance with Prevailing Wage Laws. Tenant shall also include in its general contractor agreement, and in all of its subleases and other contracts, a

provision in a format reasonably acceptable to Landlord which obligates the general contractor and others as applicable, (a) to comply with, and to require that their respective contractors and/or subcontractors comply with Prevailing Wage Laws, and (b) upon request by Landlord to submit certified copies of payroll records to Landlord and to maintain and make such payroll records available to Landlord and its designees for inspection and copying during regular business hours at the Premises or at another location within the City of Alameda. Tenant shall defend, indemnify and hold harmless Landlord and all Landlord Related Parties (as defined at Section 14.1 above) from and against any and all present and future liabilities, obligations, orders, claims, damages, fines, penalties and expenses (including attorneys' fees and costs) (collectively, "Claims") arising out of or in any way connected with Tenant's obligation to comply with all laws, statutes, rules, regulations or ordinances now or hereinafter in effect with respect to any improvement work and/or Prevailing Wage Laws, including all Claims that may be made by contractors, subcontractors or other third party claimants pursuant to Labor Code section 1726. Tenant hereby waives, releases and discharges Landlord and all Landlord Related Parties from any and all present and future claims arising out of or in any way connected with Tenant's obligations to comply with the Prevailing Wage Laws.

27.27 Counterparts. This Lease may be executed in multiple counterparts, each of which shall be deemed an original, but all of which, together, shall constitute one and the same instrument.

28. PIER 1 LICENSE.

28.1 Grant of License for Pier 1. Subject to the terms and conditions of this Article 28, Landlord, as Licensor grants to Tenant, as Licensee, a license to use that portion of Pier 1 depicted on **Exhibit H** consisting of approximately 250 lineal feet (the "Pier 1 License Area") for the berthing of a barge, the loading and unloading of equipment and building materials from said barge, and assembly and repair of equipment, so long as the same does not block access to portions of Pier 1 that are not included in the Pier 1 License Area (the "Pier 1 License"). The term of said license shall run concurrently with the term of Term of the Lease, inclusive of any Renewal Terms (the "Pier 1 License Term") unless sooner terminated.

28.2 Pier 1 License Term. The term of said license shall run concurrently with the term of Term of the Lease (the "Pier 1 License Term") unless sooner terminated.

28.3 Option to Renew Pier 1 License. Licensee shall have two (2) options to extend the Pier 1 License Term (each a "Pier 1 Renewal Option") for a period of five (5) years each (each a "Pier 1 Renewal Term"). A Pier 1 Option may be exercised, if at all, only concurrently with the exercise of a Renewal Option for a corresponding Renewal Term for the Premises under section 3.3 above. A Pier 1 Renewal Option must be exercised in the same manner prescribed for exercising a Renewal Option under section 3.3. The License Fee for each Pier 1 Renewal Term shall be in amount equal to the greater of: (a) the "Fair Market Rent" prevailing at the commencement of the Pier 1 Renewal Term or (b) the License Fee in effect at the end of the initial Pier 1 License Term or the then current Pier 1 Renewal Term. Fair Market Rent, for purposes of this section 28.3 shall be determined in accordance with the procedures set forth in section 3.3 except that the prevailing rental rate per square foot shall mean that being obtained by landlords for pier space at other comparable marinas in the San Francisco or San Pablo Bays.

The rental rate per square foot for the Pier 1 License Area upon which the License Fee for the initial Pier 1 License Term has been calculated is seventeen dollars (\$17) per square foot per month. After the License Fee has been determined for the first year of any Pier 1 Renewal Term, said License Fee shall thereafter increase at the annual rate of two percent (2%) throughout said Pier 1 Renewal Term.

28.4 LIFOC. The United States of America, acting by and through the Department of the Navy (“Government”), is the owner of real and personal property commonly referred to as the former Naval Air Station Alameda (“NAS Alameda” or the “Property”), which was closed as a military installation and is subject to disposal pursuant to and in accordance with the Defense Base Closure and Realignment Act of 1991, as amended (PUB, law No. 101-510). As surplus property, the Property may be leased to a state or local government pending final disposition of such property pursuant to the provisions of 10 U.S.C. 2667(g). Licensor and Government have agreed upon a method of conveyance of said Property as set forth in the Economic Development Conveyance Memorandum of Agreement (“EDC MOA”) dated June 6, 2000. Prior to the conditions for a deed transfer of the Property to Licensor having been met, immediate possession of all or portions of the Property was granted by the Government to Licensor’s predecessor in interest pursuant to a Lease in Furtherance of Conveyance dated June 6, 2000, as amended by that certain Amendment No. 1 to the Lease in Furtherance of Conveyance, dated November 28, 2000 and as further amended by 2 to the Lease in Furtherance of Conveyance, dated March 30, 2009 (collectively the “LIFOC”). Licensor has possession and control of the portion of the Property upon which the License Area (as defined below) are located pursuant to the LIFOC. On January 31, 2012, the Governing Board of the Alameda Reuse and Redevelopment Authority assigned its rights, assets, liabilities and obligations to the City of Alameda. On February 7, 2012, the City Council of the City of Alameda accepted the assignment. On March 9, 2012 the U.S. Department of Defense, Office of Economic Adjustment (“OEA”) acknowledged the City of Alameda as the Local Reuse Authority (“LRA”) for the former Alameda Naval Air Station. On April 4, 2012, the Department of the Navy acknowledged the City of Alameda had been recognized by the OEA as the LRA.

28.5 Subordination to LIFOC. Notwithstanding anything to the contrary contained herein, this Pier 1 License shall be subject and subordinate to all of the terms of the LIFOC and Licensee acknowledges that Licensor’s right to the Pier 1 License Area arise solely under the LIFOC and the EDC MOA. A copy of the LIFOC is available at: <http://alamedaca.gov/alameda-point/background-documents>.

(a) **Compliance with LIFOC.** Licensor and Licensee hereby agrees as follows: (i) Licensee will not do or permit anything to be done in or about the Pier 1 License Area which will cause the occurrence of a default by Licensor under the LIFOC (provided that Licensee shall not be responsible for the activities of Licensor or the Government or any of their respective agents, employees or contractors), (ii) if the LIFOC expired or is terminated for any reason, this License shall thereupon terminate, without any liability of Licensor to Licensee and without impairing the rights and obligations of the parties and Landlord and Tenant under the terms of the Lease, as if such date were the scheduled expiration date of the Pier 1 License Term as defined in Section 28.1 above.

(b) Default under LIFOC. Licensor shall have no liability to Licensee for Government's default under the LIFOC. Licensee agrees that Licensor shall not be obligated to perform any of Government's obligations under the LIFOC, except to the extent that such obligations are expressly made obligations of Licensor under this Pier 1 License. Licensee furthers agrees that neither this Pier 1 License nor any obligation hereunder, including the payment of Licensee Fees, shall be affected by the Government's default under the LIFOC, except to the extent that the LIFOC is terminated, or unless such default causes Licensor to breach the covenant of quiet enjoyment in favor of Licensee contained herein. To the extent that the provision of any service or the performance of any maintenance or other act respecting the Pier 1 License Area is the responsibility of the Government under the LIFOC, upon Licensee's request, Licensor will use its commercially reasonable efforts to cause the Government to perform such obligations under the LIFOC.

(c) Interpretation. In the event of any conflict of the rights of Licensee under this Pier 1 License and the rights of Licensor under the LIFOC, the terms, conditions and covenants of LIFOC shall control.

28.6 License Fee. The fee for use and occupancy of the Pier 1 License Area shall be in the amounts set forth herein below ("License Fee") payable in advance of the first day of each calendar month, without any setoff or deduction and without further notice or demand. One full installment of the monthly License Fee shall be due and payable on the date of execution of the Lease by Licensee and shall be applied to the first full calendar month for which the License Fee is due. If the Commencement Date should be on a date other than the first day of a calendar month, the License Fee installment paid for any fractional month during the Term shall be prorated based upon a thirty (30) day calendar month.

<i>License Fee:</i>	<i>Months</i>	<i>Monthly Base License Fee</i>
	1 – 12	\$4,250.00
	13 – 24	\$4,335.00
	25 – 36	\$4,421.70
	37 – 48	\$4,510.13
	49 – 60	\$4,600.34
	61 – 72	\$4,692.34
	73 – 84	\$4,786.19
	85 – 96	\$4,881.91
	97 – 108	\$4,979.55
	109 – 120	\$5,079.14

28.7 Maintenance of Pier 1 License Area. Licensee shall, at its sole cost and expense, maintain the Pier 1 License Area in substantially the same condition as existed on the Commencement Date of the Pier 1 License Term. Said obligation includes making all necessary repairs or restoring any damage or injury to all or a part of the Pier 1 License Area. Licensor is presently preparing a condition report for all existing piers at Alameda Point. A copy of said report will be made available to Licensee upon its completion. It is agreed by Licensor and Licensee that the condition of Pier 1 as described in said report shall be deemed to be the condition of the Pier 1 License Area as of the Commencement Date of the Pier 1 License Term. If Licensee fails to make such repairs or replacements within fifteen (15) days after notice of notice on Licensor, then Licensor may, at its option, upon prior reasonable notice to Licensee (except in an emergency) make the required repairs and replacements and the cost of such of repairs and replacements (including Licensor's administrative charge) shall be charged to Licensee as an additional License Fee which shall be become due and payable by Licensee with the monthly installment of the base License Fee next due hereunder.

28.8 Terms of Lease Applicable to Pier 1 License. Except to the extent that they conflict with the terms and conditions of this Article 28, all of the other terms and conditions applicable to the Premises as set forth in Articles 1 through 27 above, shall also apply to this Pier 1 License and the Pier 1 License Area.

Landlord and Tenant have executed this Lease as of the day and year first above written.

LANDLORD:

City of Alameda,
a charter city and municipal corporation

By: _____
Elizabeth D. Warmerdam
Interim City Manager

Date: _____

TENANT:

Power Engineering Construction Company
a California corporation

By: _____
Name: DAVID MILK
Title: PRESIDENT

Date: 9/11/15

Approved as to Form

By: _____
Janet Kern
City Attorney

By: _____
Name: _____

Date: _____

EXHIBIT A

PREMISES

California All-Purpose Acknowledgement

CIVIL CODE § 1189

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

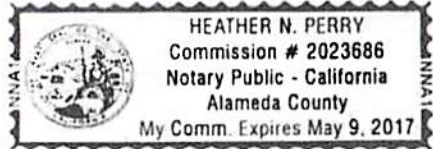
State of California)
County of Alameda)

On September 11, 2015 before me, Heather N. Perry, Notary Public, personally appeared David Mik 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 the he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Signature Heather N. Perry
Heather N. Perry
Commission No. 2023686, exp. May 9, 2017



(seal)

OPTIONAL

Description of Attached Document

Title of Type of Document: Lease Agreement Between the City of Alameda and Power Engineering Construction Company
Document Date: 09/11/15 Number of Pages: 40
Signer(s) Other Than Named Above: N/A

Capacity(ies) Claimed by Signer(s)

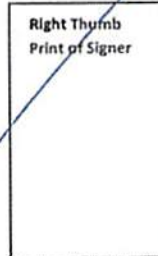
- Signers Name: David Mik
Individual
Corporate Officer - Title(s): President
Partner - Limited General
Attorney in Fact
Trustee
Guardian or Conservator
Other:

Signer is Representing: Power Engineering Construction Co.

Capacity(ies) Claimed by Signer(s)

- Signers Name:
Individual
Corporate Officer - Title(s):
Partner - Limited General
Attorney in Fact
Trustee
Guardian or Conservator
Other:

Signer is Representing:

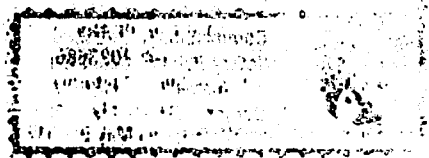


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LIBRARY

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1207 EAST 58TH STREET
CHICAGO, ILLINOIS 60637
TEL: 773-936-3000

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TEL: 773-936-3000

Exhibit A

W Criskey Ave

8th St

W Meanderoga Ave

Google

© 2015 Google

37.462848° N 122.174863° W elev 12 ft

1993

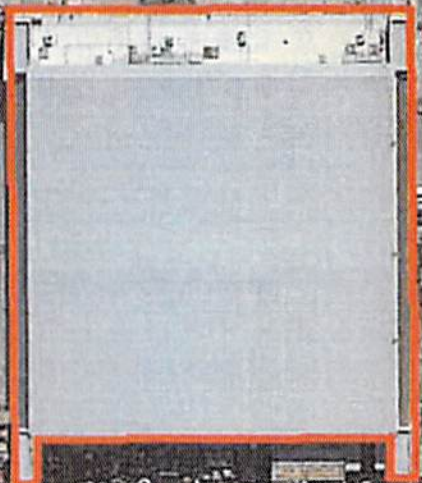
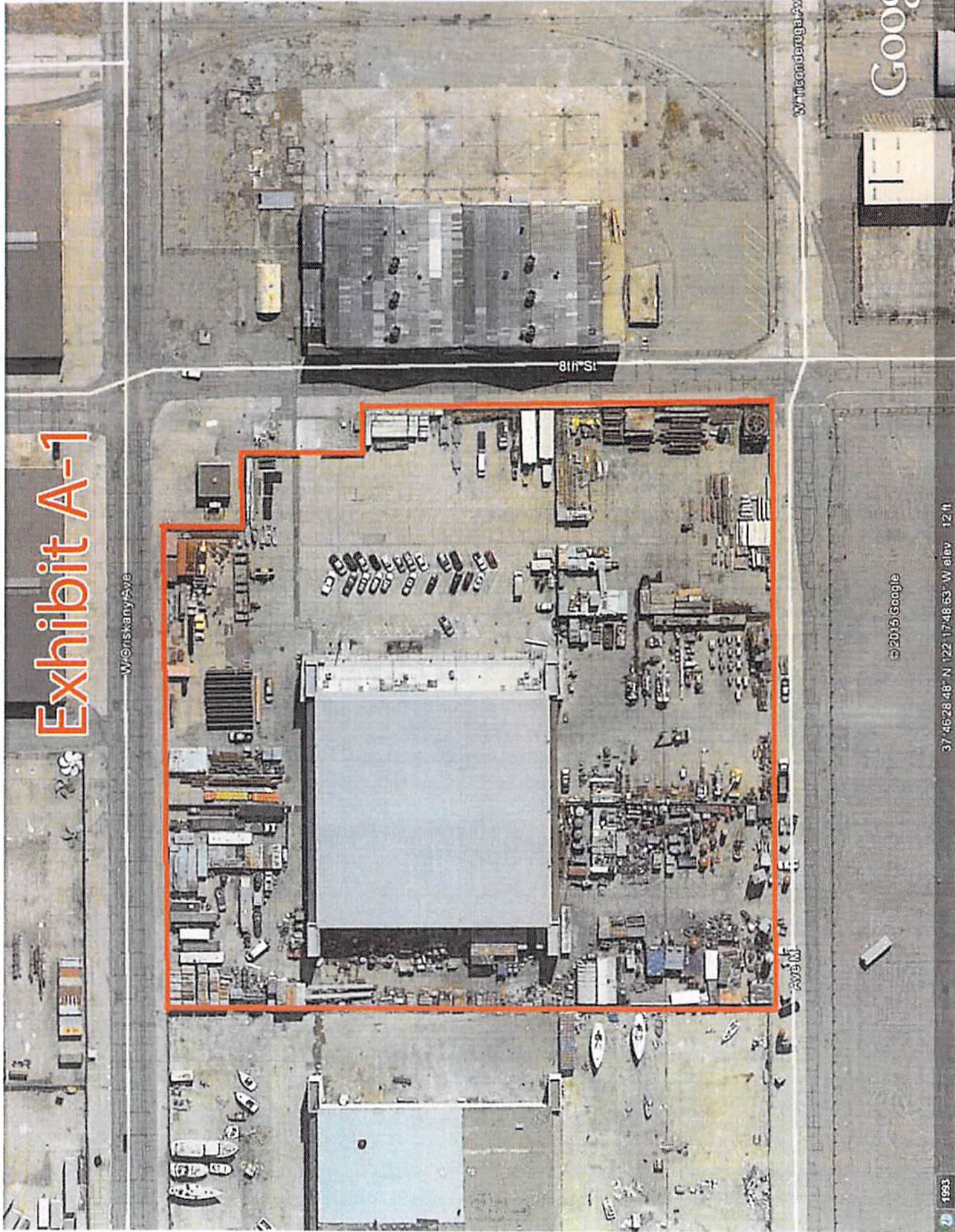


EXHIBIT A-1

LAND AREA

Exhibit A-1



Wiskany Ave

8th St

Wincondoga Av

Google

Ave M

©2015 Google

37°46'28.48" N 122°17'48.63" W elev 12 ft

1993

**EXHIBIT B
COMMENCEMENT LETTER**

Date: _____

Re: Lease dated as of _____, 2015, by and between City of Alameda, as Landlord, and _____, a _____, as Tenant, for _____ rentable square feet in the Building _____ located at _____, Alameda, California.

Dear _____:

In accordance with the terms and conditions of the above referenced Lease, Tenant accepts possession of the Premises and agrees:

1. The Commencement Date of the Lease is _____;
2. The Expiration Date of the Lease is _____.

Please acknowledge your acceptance of possession and agreement to the terms set forth above by signing all 3 counterparts of this Commencement Letter in the space provided and returning 2 fully executed counterparts to my attention.

Sincerely	Agreed and Accepted:
Landlord: City of Alameda By: _____ Name: _____ Title: _____	Tenant: _____ By: _____ Name: _____ Title: _____

[Exhibit Do not sign]

EXHIBIT C
RENEWAL NOTICE

Date: _____

Re: Lease dated as of _____, 2015, by and between City of Alameda, as Landlord, and
_____, a _____, as Tenant.

Dear _____:

In accordance with Section 3.4 (a) of the above referenced Lease, by this notice Tenant hereby irrevocably exercises its Renewal Option for the Renewal Term, at the Renewal Rate and upon the terms and conditions specified in Section 3.4.

Sincerely:

[Name of Tenant]

By: _____

Its: _____

[Exhibit Do not sign]

EXHIBIT D

ACKNOWLEDGMENT OF RECEIPT

Pursuant to that certain Lease Agreement entered into by and between City of Alameda, a charter city and municipal corporation ("Landlord") and Power Engineering Construction Company, a California corporation ("Tenant") dated as of September __, 2015 ("Lease") Tenant hereby acknowledges that Landlord has provided it with copies of the following documents:

- Quitclaim Deeds from the United States of America, acting by and through the Department of the Navy to the City of Alameda, dated June 4, 2013, recorded June 6, 2013 as Series No. 2013-199817, 2013-199818 and 2013-199820 of Official Records in the Office of the County Recorder, Alameda County, California ("Quitclaim Deeds");
- Declaration of Restrictions (Former Naval Air Station Alameda) dated June 4, 2013, recorded June 6, 2013 as Series No. 2013-199782 in the Office of the County Recorder of Alameda County ("Declaration of Restrictions").

Pursuant to Section 6.3 of the Lease, Tenant acknowledges receipt of the above referenced documents and agrees that its use of the Premises (as defined in the Lease) shall comply with the restrictions set forth in said documents and failure to do so shall constitute a Default under the Lease.

Power Engineering Construction Company,
a California corporation

By: _____
Its: PROVIDENT
Date: 9/11/15

EXHIBIT E

ENVIRONMENTAL QUESTIONNAIRE

The purpose of this form is to obtain information regarding the use, if any, of hazardous substances in the process proposed on the premises to be leased. Any such use must be approved in writing by Landlord. Prospective tenants should answer the questions in light of their proposed operations on the premises. Existing tenants should answer the questions as they relate to ongoing operations on the premises and should update any information previously submitted. If additional space is needed to answer the questions, you may attach separate sheets of paper to this form.

Your cooperation in this matter is appreciated. Any questions should be directed to, and when completed, the form should be mailed to:

PM Realty Group L.P.
Attn: Property Manager
101 West Atlantic Avenue
Alameda, California 94501
(510) 749-0304; (510) 749-1095 fax

1. General Information.

Name of Responding Company: Power Engineering Construction Co.

Check the Applicable Status: _____

Prospective Tenant Existing Tenant

Mailing Address: 1501 Viking Street, Suite 200, Alameda, CA 94501

Contact Person and Title: David Mik - President

Telephone Number: (510) 337-3800

Alameda Point Address of Proposed Premises to be Leased: _____

1501 Viking Street, Suite 200, Alameda, CA 94501

Length of Lease Term: 120 Months

Your Standard Industrial Classification (SIC) Code Number: 1600

Describe the proposed operations to take place on the property, including principal products manufactured, services and a brief process flow description to be conducted. Existing tenants should describe any proposed changes to ongoing operations.

Equipment and material storage, maintenance, and modification for Heavy Construction Contractor.
Office operations.

2. Use and/or Storage of Hazardous Materials.

2.1 Will any hazardous materials be used or stored onsite?

Hazardous Wastes Yes No
Hazardous Chemical Products Yes No

2.2 Attach the list of any hazardous materials/wastes to be used, stored, or generated the quantities that will be onsite at any given time, and the location and method of storage (e.g., 55-gallon drums on concrete pad). SEE ATTACHED

2.3 Does your company handle hazardous materials in a quantity equal to or exceeding an aggregate of 500 pounds, 55 gallons, or 200 cubic feet?

Yes No

If yes please provide Material Safety Data Sheets (MSDS) on such materials. SEE ATTACHED

2.4 Has your business filed for a Consolidated Hazardous Materials Permit from the Alameda County Environmental Management Department?

Yes No

If so, attach a copy of the permit application.

2.5 Are any of the chemicals used in your operations regulated under Proposition 65?

Yes No

If so, describe the actions taken, or proposed to be taken, to comply with Proposition 65 requirements. Signs posted at each door to warn people that the site contains a chemical known to the State of California to cause cancer.

2.6 Do you store or use or intend to store or use acutely hazardous materials above threshold quantities requiring you to prepare a risk management plan (RMP)?

Yes No

2.7 Describe the procedures followed to comply with OSHA Hazard Communication Standard requirements. Annual employee training

3. Storage Tanks and Pumps.

3.1 Are any above or below ground storage of gasoline, diesel, or other hazardous substances in tanks or pumps being used as a part of your present process or proposed for use on this leased premises?

Yes No

If yes, describe the materials to be stored, and the type, size and construction of the pump or tank. Attach copies of any permits obtained for the storage of such substances. _____

3.2 If you have an above ground storage tank (AST), do you have a spill prevention containment and countermeasures (SPCC) plan?

Yes No Not Applicable

3.3 Have any tanks, pumps or piping at you existing facilities been inspected or tested for leakage?

Yes No Not Applicable

If so, attach the results.

3.4 Have any spills or leaks occurred from such tanks, pumps or piping?

Yes No Not Applicable

If so, describe. _____

3.5 Were any regulatory agencies notified of any spills or leaks?

Yes No Not Applicable

If so, attach copies of any spill reports filed, any clearance letters or other correspondence from regulatory agencies relating to the spill or leak.

3.6 Have any underground storage tanks, sumps or piping been taken out of service or removed at the proposed facility or facilities that you operate?

Yes No Not Applicable

If yes, attach copies of any closure permits and clearance obtained from regulatory agencies relating to closure and removal of such tanks.

4. Spills.

4.1 During the past year, have any spills occurred on any site you occupy?

Yes No Not Applicable

If so, please describe the spill and attach the results of any process conducted to determine the extent of such spills.

4.2 Were any agencies notified in connection with such spills?

Yes No Not Applicable

If no, attach copies of any spill reports or other correspondence with regulatory agencies.

4.3 Were any clean-up actions undertaken in connection with the spills?

Yes No Not Applicable

If so, briefly describe the actions taken. Attach copies of any clearance letters obtained from any regulatory agencies involved and the results of any final soil or

groundwater sampling done upon completion of the clean-up work _____

5. Waste Management.

5.1 Has your business filed a Hazardous Material Plan with the Alameda County Environmental Management Department?

Yes No

5.2 Has your company been issued an EPA Hazardous Waste Generator I.D. Number?

Yes No

If yes: EPA ID# CAL000313404

5.3 Has your company filed a biennial report as a hazardous waste generator?

Yes No

If so, attach a copy of the most recent report filed.

5.4 Are hazardous wastes stored in secondary containments?

Yes No

5.5 Do you utilize subcontractors for lighting/electrical, plumbing, HVAC, pest services, landscaping and/or building maintenance services?

Yes No

If yes, do any of these subcontractors store, mix or utilize chemicals on site?

Yes No

If yes, what types and quantities? _____

Attach the list of the hazardous waste, if any, generated or to be generated at the premises, its hazard class and the quantity generated on a monthly basis.

Describe the method(s) of disposal for each waste. Indicate where and how often disposal will take place. N/A

Indicate the name of the person(s) responsible for maintaining copies of hazardous waste manifests completed for offsite shipments of hazardous waste. _____

_____ N/A _____

Is any treatment, processing and recycling of hazardous wastes currently conducted or proposed to be conducted at the premises:

Yes No

If yes, please describe any existing or proposed treatment, processing or recycling methods. _____

Attach copies of any hazardous waste permits or licenses issued to your company with respect to its operations on the premises.

6. Wastewater Treatment/Discharge.

6.1 Will your proposed operation require the discharge of wastewater to (answer Yes or No to each of the following)?

No storm drain No sewer
No surface water No no industrial discharge

6.2 Does your business have a Sewer Use Questionnaire on file with Alameda County Sanitation District?

Yes No

6.3 Is your wastewater treated before discharge?

Yes No Not Applicable

If yes, describe the type of treatment conducted.

6.4 Does your business conduct operations outside the building or store materials outside?

Yes No Not Applicable

6.5 Do you have a Storm Water Pollution Prevention Plan (SWPPP)?

Yes No Not Applicable

6.6 Does your business have a General Permit for storm water discharge associated with industrial activity?

Yes No Not Applicable

6.7 Does your business operate under a National Pollution Discharge Elimination System (NPDES) Permit?

Yes No Not Applicable

Attach copies of any wastewater discharge permits issued to your company with respect to its operations on the premises.

7. Air Discharges.¹

7.1 Do you have or intend to have any air filtration systems or stacks that discharge into the air?

Yes No

7.2 Do you operate or plan to operate any of the following types of equipment, or any other equipment requiring an air emissions permit (answer Yes or No to each of the following)?

Spray booth	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Dip tank	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Drying oven	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Incinerator	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Other (please describe)	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Boiler	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
I/C Engine	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Emergency Backup Generator	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
Processes that apply coatings, inks, adhesives or use solvents	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

7.3 Do you emit or plan to emit any toxic air contaminants?

Yes No

7.4 Are air emissions from your operations monitored?

Yes No

If so, indicate the frequency of monitoring and a description of the monitoring results. _____

Attach copies of any air emissions permits pertaining to your operations on the premises.

8. Enforcement Actions, Complaints.

8.1 Has your company, within the past five years, ever been subject to any agency enforcement actions, administrative orders, or consent decrees?

Yes No

If so, describe the actions and any continuing compliance obligations imposed as a result of these actions. _____

¹ NOTE: Businesses will have to comply with prohibitory rules regardless of whether they have or need a permit.

8.2 Has your company ever received requests for information, notice or demand letters, or any other inquiries regarding its operations?

Yes No

8.3 Have there ever been, or are there now pending, any lawsuits against the company regarding any environmental or health and safety concerns?

Yes No

8.4 Has any environmental audit ever been conducted at your company's current facility?

Yes No

If so, discuss the results of the audit. _____

8.5 Have there been any problems or complaints from neighbors at the company's current facility?

Yes No

Please describe: _____

The undersigned hereby certifies that all of the information contained in this questionnaire is accurate and correct.

Power Engineering Construction Company
a California Corporation

By: 

Title: David Mik - President

Date: 09/11/15

EXHIBIT F

RULES AND REGULATIONS

Tenant shall faithfully observe and comply with the following Rules and Regulations. Landlord shall not be responsible to Tenant for the non-performance of any of said Rules and Regulations by or otherwise with respect to the acts or omissions of any other tenants or occupants of the Building. In the event of any conflicts between the Rules and Regulations and other provisions of this Lease, the latter shall control.

1. Landlord shall have the right to control and operate the public portions of the Building and the public facilities, as well as facilities furnished for the common use of the tenants, in such manner as it deems best for the benefit of the tenants generally.

2. No advertisements, pictures or signs of any sort shall be displayed on or outside the Premises or Building without the prior written consent of Landlord. This prohibition shall include any portable signs or vehicles placed within the parking lot, common areas or on streets adjacent thereto for the purpose of advertising or display. Landlord shall have the right to remove any such unapproved item without notice and at Tenant's expense.

3. Storage of forklift propane tanks, whether interior or exterior, shall be in secured and protected storage and enclosure approved by the local fire department and, if exterior, shall be located in areas specifically designated by Landlord. Tenant shall protect electrical panels and building mechanical equipment from damage from forklift trucks.

4. Machinery, equipment and apparatus belonging to Tenant which causes noise or vibration that may be transmitted to the structure of the Building to such a degree as to be objectionable to Landlord or other tenants or to cause harm to the Building, shall be placed and maintained by Tenant, at Tenant's expense, on vibration eliminators or other devices sufficient to eliminate the transmission of such noise and vibration. Tenant shall cease using any such machinery which causes objectionable noise and vibration which cannot be sufficiently mitigated.

5. All goods, including materials used to store goods, delivered to the Premises shall be immediately moved into the Premises and shall not be left in parking or exterior loading areas overnight.

6. Tractor trailers which must be unhooked or parked with dolly wheels beyond the concrete loading areas must use steel plates or wood blocks of sufficient size to prevent damage to the asphalt paving surfaces. No parking or storage of such trailers will be permitted in the auto parking areas adjacent to the Premises or on streets adjacent thereto.

7. Tenant is responsible for the safe storage and removal of all pallets. Pallets shall be stored behind screen enclosures at locations approved by Landlord.

8. Tenant shall not store or permit the storage or placement of merchandise in or around the common areas surrounding the Premises. No displays or sales of merchandise shall be allowed in the parking lots or other common areas.

9. Tenant is responsible for the storage and removal of all trash and refuse. All such trash and refuse shall be contained in suitable receptacles stored behind screen enclosures at locations approved by Landlord.

10. The toilet rooms, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed and no foreign substances of any kind whatsoever shall be thrown therein. The expense of the repair of any breakage, stoppage or damage resulting from the violation of this rule shall be borne by the tenant who, or whose employees, agents, visitors or licensees shall have caused the same.

11. Tenant shall cooperate fully with Landlord to ensure the effective operation of the Building's air conditioning systems. If Tenant shall so use the Premises that noxious or objectionable fumes, vapors and/or odors are created, then Tenant shall provide proper ventilation equipment for the discharge of such fumes, vapors and odors so that they shall not enter into the air conditioning system or be discharged into other vents or flues of the building or annoy any of the other tenants of the Building or adjacent property. The design, location and installation of such equipment shall be subject to the Landlord's approval.

12. All window coverings installed by Tenant and visible from the outside of the Building require the prior written approval of Landlord.

13. The sashes, sash doors, skylights, windows and doors that reflect or admit light or air into the halls, passageways or other public places in the Building shall not be covered or obstructed by Tenant.

14. Tenant shall not overload the floor of the Premises.

15. No awnings or other projections over or around the windows or entrances of the Premises shall be installed by any tenant without the prior written consent of Landlord.

16. Tenant shall not permit any animals, including, but not limited to, household pets (but excluding service animals, which are permitted), to be brought or kept in or about the Premises or Building. The forgoing notwithstanding and subject to compliance with the terms and conditions hereof, Tenant shall be permitted during the Term (including any Renewal Term(s)) to allow its employees to bring up to ten (10) fully domesticated and trained dogs ("Permitted Dogs") into the Premises. Tenant shall procure, pay for and keep in full force and effect, at all times during the Term, such additional insurance as may be reasonably required by Landlord in connection therewith, which insurance shall comply with the provisions of Section 15.1(a) of the Lease. Landlord reserves the right to exclude from the Premises or Land any dog which, in the reasonable judgment of Landlord, behaves in a threatening, aggressive or disruptive manner or which is otherwise not properly controlled by its owner. As set forth in the Declaration of Restrictions, domestic dogs have been identified as potential mammalian predators of least terns, and are therefore subject to the Alameda Point Predator Management Plan for Lands West of Main Street together with the other restrictions included in the Declaration of Restrictions. In view of the foregoing, any Permitted Dogs must remain on leash at all times when they are outside of the Building, including the Land depicted in Exhibit A-1 and anywhere else on the Property, as defined at Section 2.1 of the Lease. Tenant shall further

be responsible for the prompt removal of any Permitted Dogs' defecation on the Land or Property.

17. Tenant hereby acknowledges that Landlord shall have no obligation to provide guard service or other security measures for the benefit of the Premises or Building. Tenant hereby assumes all responsibility for the protection of Tenant and its agents, employees, contractors, invitees and guests, and the property thereof, from acts of third parties, including keeping doors locked and other means of entry to the Premises closed.

18. No auction, liquidation, fire sale, going out of business or bankruptcy sale shall be conducted in or about the Premises without the prior written consent of Landlord.

19. No tenant shall use or permit the use of any portion of the Premises for living quarters, sleeping apartments or lodging rooms.

20. Tenant, Tenant's agents, servants, employees, contractors, licensees, or visitors shall not park any vehicles in driveways, service entrances, or areas posted as no parking.

21. If the Premises are or become infested with vermin as a result of the use or any misuse or neglect of the Premises by Tenant, its agents, employees, contractors, visitors or licensees, Tenant shall forthwith, at Tenant's expenses, cause the same to be exterminated from time to time to the satisfaction of Landlord and shall employ such licensed exterminators as shall be approved in writing in advance by Landlord.

22. Tenant shall not use the name of the Building for any purpose other than as the address of the business to be conducted by Tenant in the Premises, nor shall Tenant use any picture of the Building in its advertising, stationary or in any other manner without the prior written permission of Landlord. Landlord expressly reserves the right at any time to change said name without in any manner being liable to Tenant therefor.

23. Tenant, its employees and agents shall not loiter in or on the entrances, corridors, sidewalks, lobbies, courts, halls, stairways, elevators, vestibules or any common areas of the building for the purpose of smoking tobacco products or for any other purposes, nor in any way obstruct such areas, and shall use them only as a mean of ingress and egress from the Premises.

24. Landlord reserves the right to exclude from the Building or the Common Areas any person who, in the judgment of Landlord, is intoxicated or under the influence of liquor or drugs, or who shall in any manner do any act in violation of these Rules and Regulations.

25. Landlord reserves the right at any time to change or rescind any one or more of these Rules and Regulations, or to make such other and further reasonable Rules and Regulations as in Landlord's judgment may from time to time be necessary for the management, safety, care and cleanliness of the Premises, common areas of the Building and Building, and for the preservation of good order therein, as well as for the convenience of other occupants and tenants thereof. Landlord may waive any one or more of these Rules and Regulations for the benefit of any particular tenant, but no such waiver by Landlord shall be construed as a waiver of

such Rules and Regulations in favor of any other tenant, nor prevent Landlord from thereafter enforcing any such Rules and Regulations against any or all tenants of the Building. Tenant shall be deemed to have read these Rules and Regulations and to have agreed to abide by them as a condition to its occupancy of the Premises.

EXHIBIT G

TENANT WORK LETTER

This Exhibit is attached to and made a part of the Lease Agreement (the "Lease") by and by and between CITY OF ALAMEDA, a charter city and municipal corporation ("Landlord") and POWER ENGINEERING CONSTRUCTION COMPANY, a California corporation ("Tenant") for those premises consisting of approximately 55,471 rentable square feet in Building 166 located at 1501 Viking Street, Alameda, CA (the "Premises").

This Tenant Work Letter shall set forth the terms and conditions relating to certain maintenance and repair work to the Premises. All references in this Tenant Work Letter to Sections of "this Lease" shall mean the relevant portions of the Lease, and all references in this Tenant Work Letter to Sections of "this Tenant Work Letter" shall mean the relevant portions of Sections 1 through 4 of this Tenant Work Letter.

1. MAINTENANCE AND REPAIRS

1.1 **Maintenance and Repair Credit.** Tenant shall be entitled to a one-time Maintenance and Repair Credit (the "MRC") up to a maximum of Two Hundred Thousand Dollars (\$200,000) inclusive of any Maintenance and Repair Credits Tenant may have received under the Premises License, ("Maintenance and Repair Credit Amount") for the costs incurred by Tenant to repair and waterproof the exterior of Building, including window frames and the roof and to relocate the fence surrounding the Premises and Land to the area designated on Exhibit A to the Lease. Such costs may include, without limitation, all soft and hard costs applicable to the design (including consultant and project management fees), permitting and construction of maintenance and capital repairs to the Premises but excluding tenant improvements, furniture, fixtures, equipment, cabling or moving expenses (the "Maintenance and Repairs") and for the "Maintenance and Repair Credit Items" as that term is defined at Section 1.2 below. Tenant shall complete construction of the Maintenance and Repairs within the first twelve (12) months of the Term. Said MRC shall be in the form of partial offsets of Tenant's Base Rent obligations as set forth herein below. In no event shall Landlord be obligated to grant Tenant an offset to its Base Rent obligations pursuant to this Work Letter in a total amount which exceeds the total Maintenance and Repair Credit Amount. Tenant shall have no claim to any MRC, and Landlord shall have no obligation to grant Tenant an offset to its Base Rent obligations for any Maintenance and Repairs that have not been documented in accordance with Section 1.2(b)(i) within eighteen (18) months of the Commencement Date (the "MRC Completion Period"). It is understood and agreed that any Maintenance and Repairs must comply with all of the terms and provisions of this Lease, including, but not limited to, Sections 6.2, 6.3, 27.14, 27.15, 27.23, 27.24 & 27.26.

1.2 Monthly Maintenance and Repair Credit.

(a) **Maintenance and Repair Credit Items.** Except as otherwise set forth in this Tenant Work Letter, the MRC shall be credited by Landlord only for the following items and costs (collectively, the "Maintenance and Repair Credit Items") and, except as otherwise

specifically and expressly provided in this Tenant Work Letter, Landlord shall not credit any other expenses from for the MRC. The Maintenance and Repair Credit Items shall consist of:

(i) Payment of the fees and costs of any architect or Engineers costs paid to Tenant's consultants in connection with the design, construction of the Maintenance and Repairs and all related design and construction costs, including the fees and costs of Tenant's project management consultants;

(ii) The payment of plan check, permit and license fees relating to construction of the Maintenance and Repairs;

(iii) The cost of construction of the Maintenance and Repairs (including relocation of the fence), including, without limitation, testing and inspection costs, and trash removal costs, and contractors' fees and general conditions;

(iv) The cost to comply with all applicable building codes, such cost to include all direct architectural and/or engineering fees and expenses incurred in connection therewith;

(v) The cost of any changes to any construction drawings or Maintenance and Repairs required by applicable building codes;

(vi) Sales and use taxes; and

(vii) All other costs approved by or expended by Tenant in connection with the construction of the Maintenance and Repairs, but expressly excluding tenant improvements, furniture, fixtures, equipment, cabling or moving expenses.

(b) Monthly Base Rent Credits. Tenant shall receive a credit for fifty percent (50%) of the Base Rent in the amount of the Base Rent due for that month as set forth in the Basic Lease Information (the "Monthly Base Rent Credit"). Tenant shall receive such Monthly Base Rent Credits in an amount not to exceed the total Maintenance and Repair Credit Amount.

(i) Documentation of Capital Repair Credit Items. From time to time after the Commencement Date, Tenant shall deliver to Landlord: (A) invoices (either due or paid) from all of "Tenant's Agents," as that term is defined in Section 3.1(b) of this Tenant Work Letter, for labor rendered and materials delivered to the Premises; (B) executed conditional mechanics' lien or stop notice releases from all of Tenant's Agents that provide services or materials in excess of Five Thousand Dollars (\$5,000) which shall substantially comply with the appropriate provisions of California Civil Code or unconditional releases if appropriate; and (C) all other information reasonably requested in good faith by Landlord.

(ii) Cumulative Credit. Upon satisfactory documentation of Maintenance and Repair Credit Items in accordance with 1.2(b)(i) above, Tenant shall receive Monthly Base Rent Credits until the amount for such documented amount has been fully credited (but in no event in an amount greater than the total MRC amount which is inclusive of any Maintenance and Repair Credits Tenant may have received under the Premises License). If at any time before the expiration of the Documentation Period Tenant has exhausted all of its

Monthly Base Rent Credits for Maintenance and Repair Credit Items documented in accordance with 1.2(b)(i) above, then Tenant shall immediately commence payment of Base Rent in accordance with the terms of this Lease and shall continue making such payments until such time as Tenant submits further documentation of Maintenance and Repair Items, in a total amount not in excess of the total Maintenance and Repair Credit Amount.

2. **[INTENTIONALLY OMITTED]**

3. **CONSTRUCTION OF THE MAINTENANCE AND REPAIRS**

3.1 **Tenant's Selection of Contractors.**

(a) **The Contractor.** Tenant shall select, or act as its own general contractor for the Maintenance and Repairs. The general contractor selected by Tenant is referred to herein as the "Contractor."

(b) **Tenant's Agents.** The Contractor and all major trade subcontractors and suppliers used by Tenant (collectively, "Tenant's Contractors") and their respective workers shall conduct their activities in and around the Premises, the Building and the Land in accordance with this Section 3 (such major trade subcontractors and material suppliers along with all other laborers, materialmen, and suppliers, and the Contractor to be known collectively as "Tenant's Agents").

3.2 **Construction of Maintenance and Repairs by Tenant's Agents.**

(a) **Tenant's Agents.**

(i) **Landlord's General Conditions for Tenant's Agents and Maintenance and Repairs.** Tenant's and Tenant's Agents' construction of the Maintenance and Repairs shall comply with the following: (A) the Maintenance and Repairs shall be constructed in a good and workman like manner; and (B) Tenant shall abide by all construction guidelines and reasonable rules (if any) made by Landlord's property manager with respect to any matter, within reason, in connection with this Tenant Work Letter, including, without limitation, the construction of the Maintenance and Repairs.

(ii) **Indemnity.** Tenant's indemnity of Landlord as set forth, qualified and conditioned in this Lease, shall also apply with respect to any and all costs, losses, damages, injuries and liabilities related in any way to any act or omission of Tenant or Tenant's Agents, or anyone directly or indirectly employed by any of them, or in connection with Tenant's non-payment of any amount arising out of the Maintenance and Repairs.

(iii) **Requirements of Tenant's Agents.** Tenant's Contractor shall guarantee to Tenant and for the benefit of Landlord that the portion of the Maintenance and Repairs for which such contractor is responsible shall be free from any defects in workmanship and materials for a period of not less than one (1) year from the date of completion thereof. Tenant's Contractor shall be responsible for the replacement or repair, without additional charge, of all work done or furnished in accordance with its contract that shall become defective within one (1) year after completion. All such warranties or guarantees as to materials or workmanship

of or with respect to the Maintenance and Repairs shall be contained in the contract or subcontract and shall be written such that such guarantees or warranties shall inure to the benefit of both Landlord and Tenant, as their respective interests may appear, and can be directly enforced by either. Tenant covenants to give to Landlord any assignment or other assurances which may be necessary to effect such right of direct enforcement.

(iv) Insurance Requirements.

A. General Coverages. All of Tenant's Agents shall carry worker's compensation insurance covering all of their respective employees, and shall also carry public liability insurance, including property damage, all with limits, in form and with companies as are required to be carried by Tenant as set forth in this Lease, and the policies therefor shall insure Landlord and Tenant, as their interests may appear, as well as the Contractor and subcontractors.

B. Special Coverages. Contractor shall carry "Builder's All Risk" insurance, in an amount approved by Landlord but not more than the amount of the construction contract, covering the construction of the Maintenance and Repairs and such other insurance as Landlord may reasonably require.

C. General Terms. Certificates for all insurance carried pursuant to this Section shall be delivered to Landlord before the commencement of construction of the Maintenance and Repairs before the Contractor's equipment is moved onto the Land. All such policies of insurance must contain a provision that the company writing said policy will give Landlord thirty (30) days' prior notice of any cancellation or lapse of the effective date or any reduction in the amounts of such insurance. In the event that the Maintenance and Repairs are damaged by any cause during the course of the construction thereof and this Lease is not terminated, Tenant shall immediately repair the same at Tenant's sole cost and expense. Tenant's Agents shall maintain all of the foregoing insurance coverage in force until the completion of the Maintenance and Repairs. All such insurance relating to property, except Workers' Compensation, maintained by Tenant's Agents shall preclude subrogation claims by the insurer against anyone insured thereunder. Such insurance shall provide that it is primary insurance as respects the owner and that any other insurance maintained by Landlord is excess and noncontributing with the insurance required hereunder.

(b) Governmental Compliance. The Maintenance and Repairs shall comply in all respects with the following: (i) all Laws; (ii) applicable standards of the American Insurance Association (formerly, the National Board of Fire Underwriters) and the National Electrical Code; and (iii) the applicable standards of the International Building Code (2003); (iv) building material manufacturer's specifications (collectively, the "Code").

(c) Inspection by Landlord. Landlord shall have the right to inspect the Maintenance and Repairs at all reasonable times; provided, however, that Landlord's failure to inspect the Maintenance and Repairs shall in no event constitute a waiver of any of Landlord's rights hereunder nor shall Landlord's inspection of the Maintenance and Repairs constitute Landlord's approval of the same. In the event that Landlord should reasonably disapprove any portion of the Maintenance and Repairs during an inspection, Landlord shall notify Tenant in

writing within a reasonable time of such inspection of such disapproval and shall specify in reasonably clear and complete detail the items disapproved and grounds for disapproval. Any defects or deviations in, and/or disapprovals in accordance herewith by Landlord of, the Maintenance and Repairs shall be rectified by Tenant at Tenant's expense and at no additional expense to Landlord; provided, however, that in the event Landlord determines that a defect or deviation exists or reasonably disapproves of any matter in connection with any portion of the Maintenance and Repairs, Landlord may, following notice to Tenant and a reasonable period of time for Tenant to cure, take such action as Landlord deems necessary to correct the same, at Tenant's expense, and at no additional expense to Landlord, and without incurring any liability on Landlord's part.

(d) [Intentionally Omitted]

3.3 Notice of Completion; Copy of Record Set of Plans. Within ten (10) days after completion of construction of the Maintenance and Repairs, Tenant shall prepare a Notice of Completion, which Landlord shall execute if factually correct, and Tenant shall cause such Notice of Completion to be recorded in the office of the Recorder of the County of Alameda in accordance with Section 8060 of the Civil Code of the State of California or any successor statute, and shall furnish a copy thereof to Landlord upon such recordation. If Tenant fails to do so, Landlord may execute and file the same on behalf of Tenant as Tenant's agent for such purpose, at Tenant's sole cost and expense. At the conclusion of construction, Tenant shall deliver to Landlord a copy of all warranties, guaranties, and information relating to the Maintenance and Repairs.

4. MISCELLANEOUS

4.1 Tenant's Representative. Tenant has designated David Mik as its sole representative with respect to the matters set forth in this Tenant Work Letter, who shall have full authority and responsibility to act on behalf of the Tenant as required in this Tenant Work Letter. Tenant may change Tenant's representative at any time and from time to time upon at least two (2) business days' notice to Landlord.

4.2 Landlord's Representative. Landlord has designated Nanette Mocanu, Acting Assistant Community Development Director, as its sole representative with respect to the matters set forth in this Tenant Work Letter, who, until further notice to Tenant, shall have full authority and responsibility to act on behalf of the Landlord as required in this Tenant Work Letter.

4.3 Time of the Essence in This Tenant Work Letter. Unless otherwise indicated, all references herein to a "number of days" shall mean and refer to calendar days. If any item requiring approval is timely disapproved by Landlord, the procedure for preparation of the document and approval thereof shall be repeated until the document is approved by Landlord.

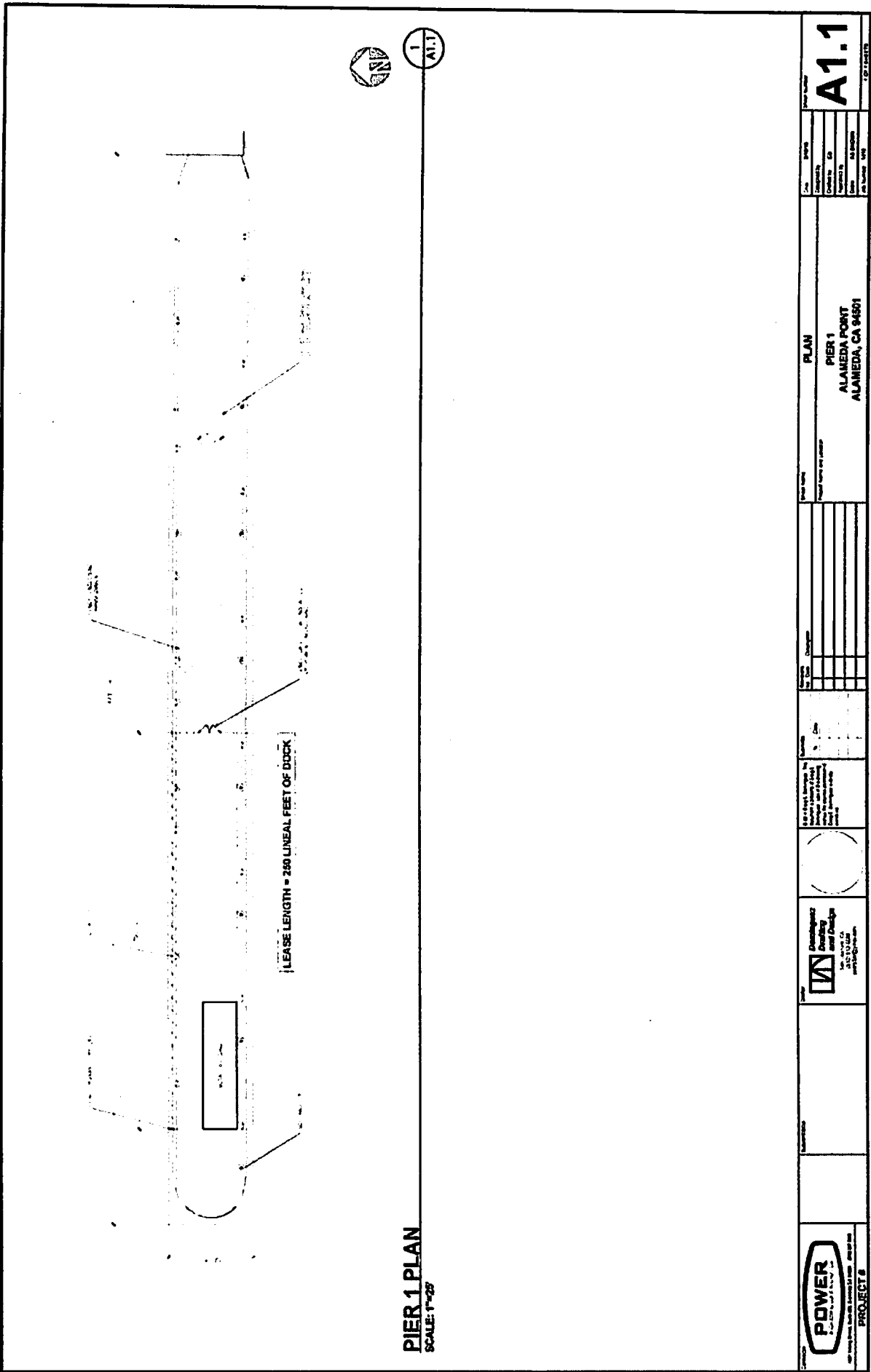
4.4 Tenant's Lease Default. Notwithstanding any terms to the contrary contained in this Lease, if Tenant is in Default of this Lease (including, without limitation, this Tenant Work Letter) at any time on or before the completion of the Maintenance and Repairs, then (i) in addition to all other rights and remedies granted to Landlord pursuant to the Lease, Landlord shall have the right to withhold all or any portion of the Maintenance and Repair Credit and

demand immediate payment of Base Rent with no further Monthly Base Rent Credits until said Default is cured by Tenant pursuant to the terms of the Lease, and (ii) all other obligations of Landlord under the terms of this Tenant Work Letter shall be suspended until such time as such Default is cured by Tenant pursuant to the terms of the Lease (in which case, Tenant shall be responsible for any delay in the completion of the Maintenance and Repairs caused by such inaction by Landlord). Notwithstanding the foregoing, if a Default by Tenant is cured, forgiven or waived, Landlord's suspended obligations shall be fully reinstated and resumed, effective immediately.

4.5 Extension of Deadlines. Any deadlines imposed on Tenant in this Tenant Work Letter shall be extended by Force Majeure (as defined in Section 27.4 of this Lease) and by any period of Landlord Delay. As used herein, "Landlord Delay" shall mean any delay resulting from the action or inaction of Landlord, its agents, contractors or employees.

EXHIBIT H

PIER 1 LICENSE AREA



 POWER CONSULTING ENGINEERS & ARCHITECTS 1000	PROJECT #	 PROFESSIONAL ENGINEER	 PROFESSIONAL ENGINEER	PROJECT NAME PIER 1 ALAMEDA POINT ALAMEDA, CA 94601	PLAN	SHEET NO.	TOTAL SHEETS
						A1.1	1

ACORD™ CERTIFICATE OF LIABILITY INSURANCE

Date (MM/DD/YR)
8/17/15

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).


PRODUCER Heffernan Insurance Brokers 1350 Carlbak Avenue, Suite 200 Walnut Creek, CA 94596 CA License #0564249	CONTACT NAME: Lorraine Remigio		
	PHONE (A/C, No, Ext): 925-934-8500	FAX (A/C, No): 925-934-8278	
EMAIL ADDRESS: LorraineR@heffins.com			
INSURED Power Engineering Construction Co. 1601 Viking Street, Suite 200 Alameda, CA 94501	INSURERS AFFORDING COVERAGE		NAIC #
	INSURER A:	Starr Indemnity & Liability Co.	38318
	INSURER B:	Zurich American Insurance Company of IL	
	INSURER C:	Hartford Fire Insurance Company	19682
	INSURER D:	Travelers Property Casualty Ins. Co. of America	25674
	INSURER E:	Illinois Union Insurance Company	27960

COVERAGES **CERTIFICATE NUMBER:** **REVISION NUMBER:**

THIS IS TO CERTIFY THAT POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS		
A	GENERAL LIABILITY	X	X	MASILSF00008115	08/01/2015	08/01/2016	EACH OCCURRENCE	\$1,000,000	
	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY						DAMAGE TO RENTED PREMISES (Ea occurrence)	\$50,000	
	CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR						MED EXP (Any one person)	\$5,000	
	<input checked="" type="checkbox"/> \$15,000 Deductible- Per Occurrence						PERSONAL & ADV INJURY	\$1,000,000	
GENL AGGREGATE LIMIT APPLIES PER									
<input checked="" type="checkbox"/> POLICY	<input type="checkbox"/> PROJECT	<input type="checkbox"/> LOC					GENERAL AGGREGATE	\$2,000,000	
C	AUTOMOBILE LIABILITY			57UUNQT6331	08/01/2015	08/01/2016	PRODUCTS - COMP/OP AGG	\$2,000,000	
	<input checked="" type="checkbox"/> ANY AUTO						EMPLOYEE BENEFITS	\$1,000,000	
	ALL OWNED AUTOS	<input type="checkbox"/> SCHEDULED AUTOS					COMBINED SINGLE LIMIT (Ea accident)	\$1,000,000	
	HIRED AUTOS	<input type="checkbox"/> NON-OWNED AUTOS					BODILY INJURY (Per person)	\$	
<input checked="" type="checkbox"/> Comp. Ded. \$1,000	<input checked="" type="checkbox"/> Col. Ded. \$1,000			BODILY INJURY (Per accident)	\$				
A	UMBRELLA LIAB	<input checked="" type="checkbox"/> OCCUR			MASILSF00008215	08/01/2015	08/01/2016	EACH OCCURRENCE	\$10,000,000
	EXCESS LIAB	<input type="checkbox"/> CLAIMS-MADE						AGGREGATE	\$10,000,000
	DED	RETENTION \$							\$
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY incl. USL&H ANY PROPRIETOR/PARTNER/EXECUTIVE/OFFICER/MEMBER EXCLUDED? (Mandatory in N.H.) If yes, describe under DESCRIPTION OF OPERATIONS below	<input type="checkbox"/> Y/N	N/A	WC474480501	10/01/2014	10/01/2015	<input checked="" type="checkbox"/> WC STATUTORY LIMITS	OTHER	
							E.L. EACH ACCIDENT	\$1,000,000	
							E.L. DISEASE - EA EMPLOYEE	\$1,000,000	
							E.L. DISEASE - POLICY LIMIT	\$1,000,000	
E	Pollution Liability			COOG22085839011	08/01/2015	08/01/2016	Aggregate Each Occurrence Self Insured Retention	\$5,000,000 \$2,000,000 \$25,000	
E	Professional Liability			COOG22085839011	08/01/2015	08/01/2016	Aggregate Each Claim Self Insured Retention	\$2,000,000 \$2,000,000 \$25,000	
A	Protection & Indemnity Incl. Jones Act Coverage			MASIHFS00002115	08/01/2015	08/01/2016	Each Occurrence Deductible	\$1,000,000 \$5,000	
D	Installation Floater			QT6601598C419TIL15	05/01/2015	08/01/2016	Limit Deductible	\$1,000,000 \$1,000	

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)
 Re: 1501 Viking Street, Suite 200, Building 166, Alameda, CA 94501. City of Alameda, Alameda Municipal Power, City of Alameda Housing Authority, Community Improvement Commission, the City Council, the Alameda Reuse and Redevelopment Authority, its Boards, Commissions, Officers, Employees, Agents and Volunteers, PM Realty Group, L.P., their officers & employees, the United States Department of the Navy and any other party designated by City of Alameda. are included as an additional insured (primary) on General Liability policy per the attached endorsement, if required. Waiver of subrogation applies to General Liability policy, if required, per the attached endorsement. Cancellation endorsement has been requested to the insurance company for General Liability policy and will be forwarded when received. This certificate replaces and supersedes any previously issued certificates.

CERTIFICATE HOLDER City of Alameda c/o PM Realty Group, L.P. as agent 101 W. Atlantic Ave. Alameda CA 94501	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE 

ACORD 25 (2010/05)

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CITY OF ALAMEDA
 Risk Management
 Date 9-15-15
 Lucretia Akil, City Risk Manager


ENDORSEMENT NO.: 6 EFFECTIVE: 12:01 A.M., August 1, 2015
ATTACHED TO AND FORMING PART OF POLICY NO.: MASII.SF00008115
OF THE: Starr Indemnity & Liability Company
ISSUED TO: Power Engineering Construction Company

✓ ADDITIONAL ASSURED AND WAIVER OF SUBROGATION ENDORSEMENT


It is agreed that the Company waives its right of subrogation against any person or organizations to whom the Named Assured is obligated by written contract to provide such waiver, but only to the extent of such obligation and only with respect to operations by or on behalf of the Named Assured or to the facilities of or used by the Named Assured.

It is further agreed that to the extent that the Named Assured is obligated by written contract to name any person or organization as additional assureds hereunder, the Company agrees that such persons or organizations shall be considered as Additional Assureds but only with respect to operations performed by or on behalf of the Named Assured or to the facilities of or used by the Named Assured.

ALL OTHER TERMS, CONDITIONS, LIMITATIONS AND EXCLUSIONS REMAIN UNCHANGED.



AUTHORIZED SIGNATURE
STARR MARINE AGENCY OF CALIFORNIA
DOING BUSINESS IN CALIFORNIA AS
STARR MARINE OF CALIFORNIA INSURANCE AGENCY

CITY OF ALAMEDA
Risk Management

Date 9-15-15
Lucretia Akil, City Risk Manager

ENDORSEMENT NO.: 7

EFFECTIVE: 12:01 A.M., August 1, 2015

ATTACHED TO AND FORMING PART OF POLICY NO.: MASILSF00008115

OF THE: Starr Indemnity & Liability Company

ISSUED TO: Power Engineering Construction Company

PRIMARY AND NON-CONTRIBUTORY INSURANCE

It is understood and agreed that, when required by a written contract, this policy shall be the principal coverage as respects the liabilities of the Named Assured and any other insurance carried by an Additional Assured shall not be contributory as respects the liabilities of the Named Assured, nor shall the Additional Assured be responsible for any premium hereunder.

ALL OTHER TERMS, CONDITIONS, LIMITATIONS AND EXCLUSIONS REMAIN UNCHANGED.

AUTHORIZED SIGNATURE
STARR MARINE AGENCY OF CALIFORNIA
DOING BUSINESS IN CALIFORNIA AS
STARR MARINE OF CALIFORNIA INSURANCE AGENCY

CITY OF ALAMEDA
Risk Management

Date 9-15-15
Lucretia Akil, City Risk Manager



EVIDENCE OF PROPERTY INSURANCE

Date (MM/DD/YYYY)
08/2015

THIS EVIDENCE OF PROPERTY INSURANCE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE ADDITIONAL INTEREST NAMED BELOW. THIS EVIDENCE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS EVIDENCE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE ADDITIONAL INTEREST.

PRODUCER NAME, CONTACT, PERSON AND ADDRESS Heffernan Insurance Brokers 1350 Carlback Ave. Ste. 200 Walnut Creek, CA 94596		Phone (A/C, No, Ext):	COMPANY NAME AND ADDRESS HARTFORD FIRE INSURANCE COMPANY	NAIC NO: 19682
FAX (A/C, No): 800-234-6787	E-MAIL ADDRESS: lorrainaR@heffins.com		IF MULTIPLE COMPANIES, COMPLETE SEPARATE FORM FOR EACH	
CODE:	SUB CODE:		POLICY TYPE COMMERCIAL PROPERTY	
AGENCY CUSTOMER ID#: POWER-8		LOAN NUMBER		POLICY NUMBER 57UUNQT6331
NAMED INSURED AND ADDRESS Power Engineering Construction Co. 1501 Viking Street, Suite 200 Alameda, CA 94501		EFFECTIVE DATE 08/01/2015	EXPIRATION DATE 08/01/2016	CONTINUED UNTIL <input type="checkbox"/> TERMINATED IF CHECKED <input type="checkbox"/>

PROPERTY INFORMATION

LOCATION/DESCRIPTION

1501 Viking Street, Suite 200, Building 166, Alameda, CA 94501

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOT WITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS EVIDENCE OF PROPERTY INSURANCE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL OF THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

COVERAGE INFORMATION

COVERAGE/PERILS/FORMS	AMOUNT OF INSURANCE	DEDUCTIBLE
BUILDING	\$1,275,000	\$2,500
BUSINESS PERSONAL PROPERTY	\$427,000	
BUSINESS INCOME	\$1,050,000	
EXTRA EXPENSES	\$25,000	

CITY OF ALAMEDA
Risk Management
9-15-15

REMARKS (Including Special Conditions)

[Signature]
Date: _____
Lucretia Akil, City Risk Manager

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

ADDITIONAL INTEREST

NAME AND ADDRESS City of Alameda c/o PM Realty Group, L.P. 101 W. Atlantic Ave. Alameda CA 94501	MORTGAGEE LOSS PAYEE	ADDITIONAL INSURED LENDERS LOSS PAYABLE
	LOAN #	
	AUTHORIZED REPRESENTATIVE <i>[Signature]</i>	

CONSENT TO SUBLEASE

THIS CONSENT TO SUBLEASE ("Consent Agreement") is entered into as of September __, 2015, by and among CITY OF ALAMEDA, a charter city and municipal corporation ("Landlord"), POWER ENGINEERING CONSTRUCTION COMPANY, a California corporation ("Sublandlord" or "Tenant"), and DELTA SANDBLASTING INC., a California corporation ("Subtenant"), with reference to the following facts:

A. Landlord, as landlord, and Sublandlord, as tenant, are parties to that certain Lease Agreement dated as of September __, 2015 (the "Master Lease"), pursuant to which Landlord will lease to Sublandlord certain premises located at 1501 Viking Street, Alameda, CA consisting of approximately 55,471 rentable square feet (the "Premises") within Building 166 (the "Building") together with a license for use of the adjacent Land. The Master Lease remains subject to approval by the Alameda City Council, which approval shall be deemed to be effective as of the effective date of an ordinance approving the Master Lease as required by the Alameda City Charter (the "Master Lease Effective Date").

B. Sublandlord and Subtenant have entered into that certain Sublease dated as of Sept. 11, 2015, a copy of which is attached hereto as Exhibit A (the "Sublease"), pursuant to which Sublandlord has agreed to sublease to Subtenant a portion of the Premises, as more particularly described in the Sublease (hereinafter, the "Sublet Premises").

C. Sublandlord and Subtenant have requested Landlord's consent to the Sublease.

D. Landlord has agreed to give such consent upon the terms and conditions contained in this Consent Agreement.

NOW THEREFORE, in consideration of the foregoing preambles which by this reference are incorporated herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, as of the Master Lease Effective Date Landlord consents to the Sublease subject to the following terms and conditions, all of which are hereby acknowledged and agreed to by Sublandlord and Subtenant:

1. **Sublease Agreement.** Sublandlord and Subtenant hereby represent that a true and complete copy of the Sublease is attached hereto and made a part hereof as Exhibit A, and Sublandlord and Subtenant agree that the Sublease shall not be modified without Landlord's prior written consent in accordance with the terms of the Lease. In the event of any conflict between the terms and provisions of the Sublease and the terms and provisions of this Consent Agreement, the terms and provisions of this Consent Agreement shall govern.

2. **Compliance by Subtenant; Enforcement.**

(a) Subtenant (i) shall comply with and perform the terms of the Sublease to be complied with or performed on the part of the Subtenant under the Sublease, (ii) shall comply with the Use Permit requirements set forth in Section 6.4 of the Lease; (iii) shall comply with the Restrictions, as defined in Section 6.3 of the Lease; (iv) shall not violate any of the terms of the Lease and (v) assumes, during the term of the Sublease, the performance of the

terms of the Lease to be performed on the part of the Tenant under the Lease to the extent that such terms are applicable to the Sublet Premises (including, without limitation, the indemnity, insurance and waiver of subrogation provisions of the Lease, which shall be applicable to the Sublet Premises as if such Sublet Premises were the Premises for the purposes of said provisions) and provided that Subtenant's liability for the payment of rent and other amounts shall be limited to amounts set forth in the Sublease. Subject to the limitations of subsection (vi) of the immediately preceding sentence with respect to Subtenant, Tenant and Subtenant shall be jointly and severally liable to Landlord for compliance with and performance of all of the terms, covenants, agreements, provisions, obligations and conditions to be performed or observed by the Tenant under the Lease.

(b) Sublandlord shall enforce the terms of the Sublease against Subtenant. Without limiting the foregoing, Landlord shall have the right, but not the obligation, to proceed directly against Subtenant (in Landlord's name or in Sublandlord's name, as determined by Landlord in Landlord's sole discretion) in order to (i) enforce compliance with and performance of all of the terms, covenants, agreements, provisions, obligations and conditions to be performed or observed by Subtenant under the Sublease, the Lease (to the extent applicable to the Subleased Premises) or under this Consent Agreement or (ii) terminate the Sublease if any action or omission of Subtenant constitutes a default under the Lease, after the expiration of all notice and cure periods, if any, provided for in the Lease (hereinafter, an "Event of Default"). Sublandlord shall cooperate with Landlord in connection with any such action or proceeding, and Sublandlord and Subtenant hereby jointly and severally indemnify and hold Landlord harmless from and against all costs and expenses including, without limitation, reasonable attorneys' fees, incurred by Landlord in connection with any such action or proceeding.

3. Representations. Sublandlord hereby represents and warrants that Sublandlord (i) has full power and authority to sublease the Sublet Premises to Subtenant, (ii) has not transferred or conveyed its interest in the Lease to any person or entity collaterally or otherwise, and (iii) has full power and authority to enter into the Sublease and this Consent Agreement. Subtenant hereby represents and warrants that Subtenant has full power and authority to enter into the Sublease and this Consent Agreement.

4. Indemnity. In consideration of Landlord's consent to the Sublease, Subtenant agrees that Landlord shall not be liable to Subtenant, and Subtenant hereby waives all claims against such parties, for any loss, injury or other damage to person or property in or about the Sublet Premises or the Building from any cause whatsoever, including without limitation, water leakage of any character from the roof, walls, basement or other portion of the Sublet Premises or the Building, or gas, fire, explosion, electricity, or any malfunction within the Sublet Premises or the Building, or acts of other tenants of the Building, provided, however, that the foregoing waiver shall be inapplicable to any loss, injury or damage resulting directly from Landlord's gross negligence or willful misconduct, and Subtenant further agrees that such parties shall in no event be liable for any consequential or remote damages or lost profits or loss of business. In addition to and without limiting the foregoing waiver or any other provision of the Sublease or this Consent Agreement, Subtenant agrees that Landlord shall not be liable for, and Subtenant expressly waives and releases Landlord and Landlord's agents, elected officials, employees, contractors and affiliates (collectively, the "Landlord Parties") from any claims,

liability, damages, costs or expenses, including without limitation, any and all consequential damages or interruption or loss of business, income or profits, or claims of constructive eviction, arising or alleged to be arising as a result of any such construction activity. Subtenant shall hold Landlord and the Landlord Parties harmless from and indemnify all such parties against any claims, liability, damages, costs or expenses, including reasonable attorneys' fees and costs incurred in defending against the same, to the extent arising from (i) Subtenant's occupancy of the Sublet Premises, and/or (ii) the acts or omissions of Subtenant, Subtenant's employees, agents, contractors, licensees, subtenants, customers, guests or invitees in or about the Building or any accident, injury or damage, howsoever and by whomsoever caused, to any person or property, occurring in or about the Sublet Premises, except to the extent any such claims, liability, damages, costs or expenses are caused directly by the gross negligence or willful misconduct of Landlord or its authorized representatives. The provisions of this Section 3 shall survive the termination of the Sublease and/or the Lease with respect to any injury, illness, death or damage occurring prior to such termination.

5. **Insurance.** Subtenant shall cause Landlord, all other Landlord Parties, and any other parties designated by Landlord to be named as additional insureds on the policy of commercial general liability insurance which Subtenant is required to carry pursuant to Article 15 of the Lease (which Article 15 shall be deemed incorporated into the Sublease notwithstanding anything to the contrary contained in the Sublease), and Subtenant shall provide Landlord with such policy or a certificate thereof upon Subtenant's execution and delivery of this Consent Agreement and shall provide Landlord with a renewal policy or certificate at least thirty (30) days prior to the expiration dates of expiring policies. In the alternative, Tenant may instead name Subtenant as additional insured on its policy of commercial general liability insurance which Subtenant would otherwise be required to carry, and Tenant shall deliver such certificate to Landlord concurrently with Tenant's delivery of this Consent Agreement.

6. **No Release.** Nothing contained in the Sublease or this Consent Agreement shall be construed as relieving or releasing Sublandlord from any of its obligations under the Lease, it being expressly understood and agreed that Sublandlord shall remain liable for such obligations notwithstanding anything contained in the Sublease or this Consent Agreement or any subsequent assignment(s), sublease(s) or transfer(s) of the interest of the tenant under the Lease. Sublandlord shall be responsible for the collection of all rent due it from Subtenant, and for the performance of all the other terms and conditions of the Sublease, it being understood that Landlord is not a party to the Sublease and, notwithstanding anything to the contrary contained in the Sublease, is not bound by any terms, provisions, representations or warranties contained in the Sublease and is not obligated to Sublandlord or Subtenant for any of the duties and obligations contained therein.

7. **Administrative Fee.** Upon Sublandlord's execution and delivery of this Consent Agreement, Sublandlord shall pay to Landlord the sum of \$750 in consideration for Landlord's review of the Sublease and the preparation and delivery of this Consent Agreement.

8. **No Transfer.** Subtenant shall not further sublease the Sublet Premises, assign its interest as the Subtenant under the Sublease or otherwise transfer its interest in the Sublet Premises or the Sublease to any person or entity without the written consent of Landlord.

9. Lease. The Sublease is subject and subordinate to the terms of the Lease. In no event shall the Sublease or this Consent Agreement be construed as granting or conferring upon the Sublandlord or the Subtenant any greater rights than those contained in the Lease nor shall there be any diminution of the rights and privileges of the Landlord under the Lease, nor shall the Lease be deemed modified in any respect. Without limiting the scope of the preceding sentence, any construction or alterations performed in or to the Sublet Premises shall be performed only with Landlord's prior written approval and in accordance with the terms and conditions of Article 10 of the Lease. It is hereby acknowledged and agreed that any provisions in the Sublease which limit the manner in which Sublandlord may amend the Lease are binding only upon Sublandlord and Subtenant as between such parties.

10. Attornment. If the Lease or Sublandlord's right to possession thereunder terminates for any reason prior to expiration of the Sublease, Subtenant agrees, at the written election of Landlord, to attorn to Landlord upon the then executory terms and conditions of the Sublease for the remainder of the term of the Sublease. In the event of any such election by Landlord, Landlord will not be (a) liable for any rent paid by Subtenant to Sublandlord more than one month in advance, or any security deposit paid by Subtenant to Sublandlord, unless same has been transferred to Landlord by Sublandlord; (b) liable for any act or omission of Sublandlord under the Lease, Sublease or any other agreement between Sublandlord and Subtenant or for any default of Sublandlord under any such documents which occurred prior to the effective date of the attornment; (c) subject to any defenses or offsets that Subtenant may have against Sublandlord which arose prior to the effective date of the attornment; (d) bound by any changes or modifications made to the Sublease without the written consent of Landlord, or (e) obligated in any manner with respect to the transfer, delivery, use or condition of any furniture, equipment or other personal property in the Sublet Premises which Sublandlord agreed would be transferred to Subtenant or which Sublandlord agreed could be used by the Subtenant during the term of the Sublease. If Landlord does not elect to have Subtenant attorn to Landlord as described above, the Sublease and all rights of Subtenant in the Sublet Premises shall terminate upon the date of termination of the Lease or Sublandlord's right to possession thereunder. The terms of this Section 10 supersede any contrary provisions in the Sublease.

11. Payments Under the Sublease. If at any time Sublandlord is in default under the terms of the Lease or a petition is filed by or against Sublandlord to declare Sublandlord bankrupt or seeking a plan of reorganization or arrangement under the Bankruptcy Act, or any amendment or substitution therefor, Landlord shall have the right to contact Subtenant and require Subtenant to pay all rent due under the Sublease directly to Landlord until such time as Sublandlord has cured such default. Subtenant agrees to pay such sums directly to Landlord if requested by Landlord, and Sublandlord agrees that any such sums paid by Subtenant shall be deemed applied against any sums owed by Subtenant under the Sublease. Any such sums received by Landlord from Subtenant shall be received by Landlord on behalf of Sublandlord and shall be applied by Landlord to any sums past due under the Lease, in such order of priority as required under the Lease or, if the Lease is silent in such regard, then in such order of priority as Landlord deems appropriate. The receipt of such funds by Landlord shall in no manner be deemed to create a direct lease or sublease between Landlord and Subtenant.

12. Excess Rent. If Landlord is entitled to any Transfer Premium (as defined in Section 13.4 of the Lease) from Sublandlord, then, in addition to all rent otherwise payable by Sublandlord to Landlord under the Lease, Sublandlord shall also pay to Landlord the Transfer Premium in the manner described in the Lease. Landlord's failure to bill Sublandlord for, or to otherwise collect, such sums shall in no manner be deemed a waiver by Landlord of its right to collect such sums in accordance with the Lease. In the alternative, Subtenant shall, upon written notice from Landlord to Sublandlord and Subtenant, pay such Transfer Premium directly to Landlord and Subtenant's monthly Base Rental payment to Sublandlord under the Sublease shall be reduced by a like amount.

13. Authority. Each signatory of this Consent Agreement represents hereby that he or she has the authority to execute and deliver the same on behalf of the party hereto for which such signatory is acting.

14. Counterparts. This Consent Agreement may be executed in multiple counterparts each of which is deemed an original but together constitute one and the same instrument. This Consent Agreement may be executed in so-called "pdf" format and each party has the right to rely upon pdf counterparts of this Consent Agreement signed by the other parties to the same extent as if such party had received original counterparts.

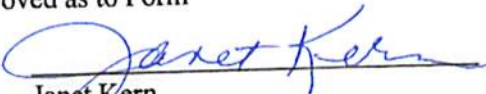
IN WITNESS WHEREOF, Landlord, Sublandlord and Subtenant have executed this Consent Agreement as of the date set forth above.

LANDLORD:

CITY OF ALAMEDA,
a charter city and municipal corporation

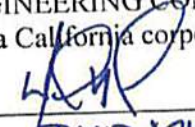
By: _____
Elizabeth D. Warmerdam
Interim City Manager

Approved as to Form

By: 
Janet Kern
City Attorney

SUBLANDLORD:

POWER ENGINEERING CONSTRUCTION
COMPANY, a California corporation

By: 
Name: DAVID MIK
Title: PRESIDENT

SUBTENANT:

DELTA SANDBLASTING INC.
a California corporation

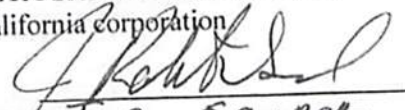
By: 
Name: J R Sanchez
Title: Pres

EXHIBIT A
SUBLEASE AGREEMENT

**SUBLEASE
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SUBLEASE

THIS SUBLEASE ("Sublease") dated as of SEPTEMBER 11, 2015, is made between POWER ENGINEERING CONSTRUCTION COMPANY, A CALIFORNIA ("Sub-landlord"), and DELTA SANDBLASTING, INC., A California Corporation ("Subtenant").

Recitals

A. Sub-landlord will enter into that certain Lease Agreement by and between the City of Alameda, a charter city and municipal corporation as LANDLORD, and Power Engineering Construction Company, a California Corporation as TENANT dated as of _____, 2015 ("Master Lease"), pursuant to which the City of Alameda, a charter city and municipal corporation ("Master Landlord") leases to Sub-landlord the real property located in the City of Alameda, County of Alameda, State of California, described as the Premises as described in the Master Lease ("Master Premises").

B. Sub-Landlord originally entered into that certain Office and Warehouse Sublease with Subtenant dated July 1, 2005 (the "Office and Warehouse Sublease") for the lease of certain property described therein.

C. A copy of the Master Lease is attached and incorporated in this Sublease as Exhibit A.

AGREEMENT

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

Section 1. Sublease

Effective upon the execution of the Master Lease, Sub-landlord subleases to Subtenant on the terms and conditions in this Sublease the following portion of the Master Premises ("Premises"): Approximately 17,500 square feet of indoor space as further outlined and illustrated on that certain diagram of the Premises set forth at Exhibit B, attached hereto and incorporated by this reference to this Sublease. Notwithstanding anything else to the contrary, for purposes of this Sublease, the term Premises as used in the Master Lease shall be defined as set forth herein. Notwithstanding anything to the contrary, the Office and Warehouse Sublease shall be of no further force and effect upon execution of this Sublease.

Section 2. Warranty by Sub-landlord

Sub-landlord warrants to Sub-tenant that the Master Lease has not been amended or modified except as expressly set forth in this Sublease; that Sub-landlord is not now, and as of the commencement of the Term of this Sublease (defined herein) will not be in default or breach of any of the provisions of the Master Lease; and that Sub-landlord has no knowledge of any claim by Master Landlord that Sub-landlord is in default or breach of any of the provisions of the Master Lease.

Section 3. Term

(a) (i) The term of this Sublease (the "Term") will commence on the latter of the Commencement Date, as that term is defined in Section 3.1 of the Master Lease ("Commencement Date"), or when Master Landlord consents to this Sublease (if consent is required under the Master Lease), whichever occurs later, and shall continue on a month-to-month basis from the first day of the month immediately following the Commencement Date unless sooner terminated in accordance with this Sublease.

(ii) This Sublease shall be terminated by either party by written notice of termination delivered to the other party. Any such termination shall be effective as of the thirtieth day following the date written notice of termination is delivered to the other party by the terminating party.

(b) If the Term commences on a date other than the Commencement Date, Sub-landlord and Subtenant will execute a memorandum setting forth the actual date of commencement of the Term.

(c) Sub-landlord and Subtenant agree and acknowledge that Subtenant is already in possession of the Premises pursuant to the terms and conditions of the Office and Warehouse Sublease and that neither Sub-Landlord or Subtenant are in violation under said sublease nor are there any breaches of its terms and conditions.

(d) If Sub-landlord exercises any option to renew under the Master Lease, then Sub-landlord and Subtenant agree and acknowledge that the Term of this Sublease shall extend through any Renewal Term unless sooner terminated herein.

Section 4. Rent

(a) Minimum Rent. Subtenant will pay to Sub-landlord as minimum rent, without deduction, setoff, notice, or demand, at Sub-Landlord's office or at any other place Sub-landlord designates by notice to Subtenant, the sum of \$8,500 per month, in advance of the first day of each month of the Term. Subtenant will pay to Sub-landlord on execution of this Sublease the sum of \$8,500 as rent for the first month. If the Term begins or ends on a day other than the first or last day of a month, the rent for the partial months will be prorated on a per diem basis. Provided that this Sublease has not been sooner terminated, the rental amount shall increase by two percent on the first anniversary date of the Commencement Date and on the anniversary date of the Commencement Date every year thereafter provided that this Sublease is still then in effect.

(b) Rent during any Renewal Term. Sub-landlord and Subtenant agree and acknowledge that Sub-landlord has two options to renew the term of the Master Lease pursuant to the terms and provision of Section 3.3. Sub-Landlord and Subtenant agree and acknowledge that Subtenant shall pay its proportionate share of the Renewal Rate during the first year of any Renewal Term as defined at section 3.3 of the Master Lease in an amount equal to the same rate as it pays for its share of Operating Costs in Section 4(b) of this Sublease. Thereafter the Renewal Rate shall increase by 2% per year on the anniversary of the Commencement Date.

Section 5. Security Deposit

Subtenant has deposited with Sub-Landlord the sum of \$7,500 pursuant to the terms of the Office & Warehouse Sublease, which sum shall be credited towards Subtenant's obligation to make a security deposit under this Sublease. Said security deposit shall serve as security for Subtenant's faithful performance of Subtenant's obligations under this Sublease ("Security Deposit"). If Subtenant fails to pay rent or other charges when due under this Sublease, or fails to perform any obligations under this Sublease, Sub-landlord may use any portion of the Security Deposit for the payment of any rent or other amount then due and unpaid, for the payment of any other sum for which Sub-landlord may become obligated because of Subtenant's default or breach, or for any loss sustained by Sub-landlord as a result of Subtenant's default or breach. If Sub-landlord uses any portion of the Security Deposit, Subtenant will, within ten (10) days after written demand by Sub-landlord, restore the Security Deposit to the full amount originally deposited. Subtenant's failure to do so will constitute a default under this Sublease. Sub-landlord will not be required to keep the Security Deposit separate from its general accounts, and will have no obligation or liability for payment of interest on the Security Deposit. If Sub-landlord assigns its interest in this Sublease, Sub-landlord will deliver to its assignee as much of the Security Deposit as Sub-landlord then holds. Within ten (10) days after the Term has expired or Subtenant has vacated the Premises or any final adjustment pursuant to Subsection 4(b) of this Sublease has been made, whichever occurs last, and provided that Subtenant is not then in default under this Sublease, the Security Deposit, or as much as remains that has not been

applied by Sub-landlord, will be returned to Subtenant or to the last assignee, if any, of Subtenant's interest under this Sublease.

Section 6. Permitted Use of Premises

The Premises will be used and occupied only for light industrial manufacturing, storage and warehousing use and for no other use or purpose (the "Permitted Use"). Notwithstanding anything else to the contrary, for purposes of this Sublease, the term Permitted Use as used in the Master Lease shall be defined as set forth herein.

Section 7. Assignment and Subletting

(a) Subtenant will not assign this Sublease or further sublet all or any part of the Premises without the prior written consent of Sub-landlord (and the consent of Master Landlord, if this is required under the terms of the Master Lease).

Section 8. Other Provisions of Sublease

(a) All applicable terms and conditions of the Master Lease are incorporated into and made a part of this Sublease as if Sub-landlord were the landlord, Subtenant the tenant, and the Premises the Master Premises, except for the following sections and any exhibit referenced in each excluded section:

Basic Lease Information, Sections 1.2, 2.2 3 (except as provided for in this Sublease), 4, 7, so much of Section 15.2 as refers to Sub-landlord's insurance carrier for commercial pollution legal liability not being an admitted carrier in California, 16, 17, 25, 27.3, 27.7, and 28.

(b) Subtenant assumes and agrees to perform the tenant's obligations under the Master Lease during the Term to the extent that these obligations are applicable to the Premises. However, the obligation to pay rent and operating costs to Master Landlord under the Master Lease will be considered performed by Subtenant to the extent and in the amount rent and operating costs are paid to Sub-landlord in accordance with Section 4 of this Sublease. Subtenant will not commit or suffer any act or omission that will violate any of the provisions of the Master Lease. Sub-landlord will exercise due diligence in attempting to cause Master Landlord to perform its obligations under the Master Lease for the benefit of Subtenant.

(c) If the Master Lease terminates, at the option of Master Landlord, this Sublease will terminate and the parties will be relieved of any further liability or obligation under this Sublease. However, if the Master Lease terminates as a result of a default or breach by Sub-landlord or Subtenant under this Sublease or the Master Lease, the defaulting party will be liable to the nondefaulting party for the damage suffered as a result of the termination. Regardless, if the Master Lease gives Sub-landlord any right to terminate the Master Lease in the event of the partial or total damage, destruction, or condemnation of the Master Premises or the building or project of which the Master Premises are a part, the exercise of this right by Sub-landlord will not constitute a default or breach.

Section 9. Attorney Fees

In the event of an action, suit, arbitration or proceeding brought by Sub-landlord or Subtenant to enforce any of the other's covenants and agreements in this Sublease, the prevailing party shall be entitled to recover from the non-prevailing party any costs, expenses (including out of pocket costs and expenses) and reasonable attorneys' fees incurred in connection with such action, suit or proceeding. Without limiting the generality of the foregoing, if Sub-landlord utilizes the services of an attorney for the purpose of collecting any Rent due and unpaid by Subtenant or in connection with any other breach of this Lease by Subtenant following a written demand of Landlord to pay such amount or cure such breach, Subtenant agrees to pay Sub-landlord reasonable actual attorneys' fees for such services, irrespective of whether any legal action may be commenced or filed by Sub-landlord.

Section 10. No Broker

Sub-landlord and Subtenant each warrant that they have not dealt with any real estate broker in connection with this transaction. Sub-landlord and Subtenant each agree to indemnify, defend, and hold the other harmless against any damages incurred as a result of the breach of the warranty contained in this Sublease.

Section 11. Notices

All notices and demands that may be required or permitted by either party to the other will be in writing. All notices and demands by the Sub-landlord to Subtenant will be sent by United States Mail, postage prepaid, addressed to the Subtenant at the Premises, and to the address in this Sublease below, or to any other place that Subtenant may from time to time designate in a notice to the Sub-landlord. All notices and demands by the Subtenant to Sub-landlord will be sent by United States Mail, postage prepaid, addressed to the Sub-landlord at the address in this Sublease, and to any other person or place that the Sub-landlord may from time to time designate in a notice to the Subtenant.

To Sub-landlord:

David Mik, President
Power Engineering Construction Company
1501 Viking Street, Suite 1500
Alameda, CA 94501

To Subtenant:

Delta Sandblasting, Inc.
c/o: J ROBERT SANDERS
850 Petaluma Blvd. North, Suite F
Petaluma, CA 94954

Section 12. Successors and Assigns

This Sublease will be binding on and inure to the benefit of the parties to it, their heirs, executors, administrators, successors in interest, and assigns.

Section 13. Attornment

If the Master Lease terminates, Subtenant will, if requested, attorn to Master Landlord and recognize Master Landlord as Sub-landlord under this Sublease. However, Subtenant's obligation to attorn to Master Landlord will be conditioned on Subtenant's receipt of a nondisturbance agreement.

Section 14. Entry

Sub-landlord reserves the right to enter the Premises on reasonable notice to Subtenant to inspect the Premises or the performance by Subtenant of the terms and conditions of this Sublease and, during the last six (6) months of the Term or any Renewal Term, to show the Premises to prospective subtenant. In an emergency, no notice will be required for entry. Such rights shall be in addition to any and all rights of entry granted to Master Landlord pursuant to Section 27.8 of the Master Lease, which Subtenant agrees apply to it as well.

Section 15. Late Charge and Interest

The late payment of any Rent will cause Sub-landlord to incur additional costs, including the cost to maintain in full force the Master Lease, administration and collection costs, and processing and accounting expenses. If Sub-landlord has not received any installment of Rent within five (5) days after that amount is due, Subtenant will pay five percent (5%) of the delinquent amount, which is agreed to represent a reasonable estimate of the cost incurred by Sub-landlord. In addition, all delinquent amounts will bear interest from the date the amount was due until paid in full at a rate per annum ("Applicable Interest Rate") equal to the greater of (a) five percent (5%) per annum plus the then federal discount rate on advances to member banks in effect at the Federal Reserve Bank of San Francisco on the 25th day of the month preceding the date of this Sublease or (b) ten percent (10%). However, in no event will the Applicable Interest Rate exceed the maximum interest rate permitted by law that may be charged under these circumstances. Sub-landlord and Subtenant recognize that the damage Sub-landlord will suffer in the event of Subtenant's failure to pay this amount is difficult to ascertain and that the late charge and interest are the best estimate of the damage that Sub-landlord will suffer. If a late charge becomes payable for any three (3) installments of Rent within any twelve (12) month period, the Rent will automatically become payable quarterly in advance.

Section 16. Entire Agreement

This Sublease sets forth all the agreements between Sub-landlord and Subtenant concerning the Premises, and there are no other agreements either oral or written other than as set forth in this Sublease.

Section 17. Time of Essence

Time is of the essence in this Sublease.

Section 18. Consent by Master Landlord

THIS SUBLEASE WILL HAVE NO EFFECT UNLESS CONSENTED TO BY MASTER LANDLORD WITHIN 10 DAYS AFTER EXECUTION, IF CONSENT IS REQUIRED UNDER THE TERMS OF THE MASTER LEASE.

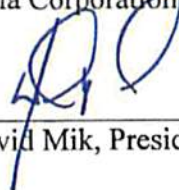
Section 19. Governing Law

This Sublease will be governed by and construed in accordance with California law.

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

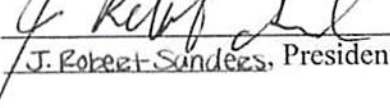
Power Engineering Construction Company
A California Corporation

Date Signed: SEPTEMBER 11, 2015

By: 
David Mik, President

Delta Sandblasting, Inc.
A California Corporation

Date Signed: 9/10, 2015

By: 
J. Robert Sanders, President

Exhibits

Exhibit A—Copy of Master Lease

Exhibit B—Diagram of Subleased Premises