

when such termination shall become effective. If the State fails to complete its move out within the notice period and remains in the premises, additional rent shall be paid and prorated on a thirty (30) day month, based on the actual number of days the State occupies the premises following the effective date of termination.

Rent

4. Rental shall be paid by the State in arrears on the last day of each month during said term as follows:

TWELVE THOUSAND TWO HUNDRED SEVENTY SEVEN AND NO/100 DOLLARS (\$12,277.00) from July 15, 2003 through December 31, 2003; then (provided that the Premises are ready for occupancy on or before July 15, 2003, in accordance with Paragraph 6, in that event, the rent for the period of July 15, 2003 through July 31, 2003 shall be prorated as set forth hereinafter)

TWELVE THOUSAND SEVEN HUNDRED FOURTEEN AND NO/100 DOLLARS (\$12,714.00) from January 1, 2004 through December 31, 2004; then

TWELVE THOUSAND NINE HUNDRED THIRTY FIVE AND NO/100 DOLLARS (\$12,935.00) from January 1, 2005 through December 31, 2005; then

THIRTEEN THOUSAND ONE HUNDRED FIFTY SIX AND NO/100 DOLLARS (\$13,156.00) from January 1, 2006 through December 31, 2006; then

THIRTEEN THOUSAND TWENTY FIVE DOLLARS AND NO/100 DOLLARS (\$13,025.00) from January 1, 2007 through December 31, 2007; then

THIRTEEN THOUSAND TWO HUNDRED FORTY SIX AND NO/100 DOLLARS (\$13,246.00) from January 1, 2008 through December 31, 2008; then

THIRTEEN THOUSAND FOUR HUNDRED SIXTY SEVEN AND NO/100 DOLLARS (\$13,467.00) from January 1, 2009 through December 31, 2009; then

THIRTEEN THOUSAND SIX HUNDRED EIGHTY EIGHT AND NO/100 DOLLARS (\$13,688.00) from January 1, 2010 through December 31, 2010 and thereafter.

Rental payable hereunder for any period of time less than one month shall be determined by prorating the monthly rental herein specified based on the actual number of days in the month. Rental shall be paid to Lessor at the address specified in Paragraph 5 or to such other address as the Lessor may designate by a notice in writing. If the premises are not complete pursuant to Paragraph 6, and the exhibits to the lease, by the date shown in Paragraph 2, it is understood and agreed by and between the parties that, at the State's sole option, the dates shown in Paragraphs 2 and 3 and the dates and dollar amounts shown in Paragraph 4 may be adjusted to the first of the month following the State's acceptance of the completed premises, such acceptance shall not unreasonably be withheld. If the State exercises this option, it is agreed the State will complete unilaterally an amendment to the lease to revise the herein above stated dates. Any accrued rents for the period of time prior to the unilaterally adjusted commencement date will be paid in accordance with Paragraph 8. Additionally, it is understood and agreed between the parties that, at the State's option, the dates shown in the "CPI Escalator Operating Expenses" paragraph, if incorporated herein, shall be adjusted to reflect the time delay between lease commencement and the first of the month following the actual acceptance date

Notices

5. All notices and correspondence herein provided to be given, or which may be given by either party to the other, shall be deemed to have been fully given when made in writing and deposited in the United States Mail, certified and postage prepaid and addressed as follows:

To the Lessor CA-400 Capitol Mall Limited Partnership
c/o Equity Office Management, L.L.C.
400 Capitol Mall, Suite 670
Sacramento, California 95814
Attn: Property Manager
Phone No: (916) 448-0400
Fax No: (916) 448-4440

With a Copy to: Equity Office Properties Trust, Two North Riverside Plaza, Suite 2100, Chicago, IL, 60606, Attn:
Regional Counsel, San Francisco- Region.

and to the State:

**DEPARTMENT OF GENERAL SERVICES,
REAL ESTATE SERVICES DIVISION
LEASE MANAGEMENT B -5245-001
707 THIRD STREET, SUITE 5-305
WEST SACRAMENTO, CA 95605**

PHONE NO. (916) 375-4172

FAX NO. (916) 375-4173

**ALL NOTICES AND CORRESPONDENCE MUST REFERENCE TENANT AGENCY
AND PREMISES ADDRESS**

Rental warrants shall be made payable to: Equity Office Properties

and mailed to: Dept. 12430, File 73835
P.O. Box 60000
San Francisco, CA 94160-3835

Or such other place as Lessor may designate from time to time.

Nothing herein contained shall preclude the giving of any such written notice by personal service. The address to which notices and correspondence shall be mailed to either party may be changed by giving written notice to the other party.

**Completion and
Compliance with
Plans and
Specifications**

6. ~~Subject to the provisions of Sections 7 and 9 below, Lessor agrees that, prior to July 15, 2003 and at prior to~~ and at Lessor's sole cost and expense, all required construction, improvements and/or alterations, if any, all required construction, improvements and/or alterations, if any, shall be completed ~~completed~~ and the leased premises made ready for State's occupancy in full compliance with Exhibit "A", consisting of 42 sheets titled, "Facility Design Program" Project No. 114564 dated February 3, 2003, together with the Rider thereto, Office Quarters, Project No. " dated, and in accordance with Exhibit "B", consisting of 74 pages, titled, "Outline Specifications, Project No. 114564 " dated February 3, 2003, together with the Rider thereto, and Exhibit "C" consisting of 21 pages titled, "State Fire Marshal, Cal-ADA Access Compliance & Sustainable Measure Procedures", dated February 3, 2003 together with the Rider thereto, Lessor Compliance Procedures", Exhibit "D" consisting of 35 pages, titled "Voice and Data Communication Specifications", dated February 3, 2003 together with the Rider thereto, Exhibit "E" consisting of 5 pages titled "Revised Pricing Quotation and Related Scope Letter" dated May 28, 2003 together with 15 pages titled "Construction Documents" by Stafford Space Planning dated May 19, 2003, and Exhibit "F" consisting of 4 pages, titled "Building Rules and Regulations", which Exhibits "A" and "B" and "C" and "D" and "E" and "F" are by this reference incorporated herein.

**Notice of
Completion and
Access to Premises
during
Construction**

7. Lessor shall notify the State in writing by certified mail, by personal delivery or by nationally recognized overnight courier of the date the leased premises will be completed and ready for occupancy at least thirty (30) days prior thereto. Such notice shall be a condition precedent to the accrual of rental hereunder, except however, that if the State occupies the premises prior to the receipt of such notice or prior to the expiration of the notice period of such notice, rental shall commence to accrue as of the date of occupancy.

Following execution of this lease, and not more than sixty days (60) prior to completion of construction and occupancy under this lease, State or its contractors or other representatives shall have the right to enter the premises for the purpose of installing certain equipment such as, but not limited to, modular system furniture, and electrical and telecommunications cabling and equipment.

State agrees to indemnify and hold Lessor harmless from and against any claims, damages, or other injury suffered by Lessor as a result of the work to be performed pursuant to this right to enter the premises prior to State's acceptance and occupancy of the premises. Lessor agrees to indemnify and hold State and its agents, contractors or other representatives harmless from and against any claims, damages, injury or other harm suffered by reason of the negligence or other wrongful act of Lessor or any of Lessor's agents, contractors, or other representatives.

In no event shall the exercise of this right of entry be construed so as to cause an acceleration of the occupancy date of this lease or the obligation of the State to pay rent.

Lessor and State shall each make all reasonable efforts to ensure that the respective construction and installation work is scheduled in such a manner so as to not interfere with or delay the other.

In the event that one or the other party causes a delay in the other party's work, such injured party shall be compensated in the following manner:

Delays caused by the Lessor:

Credit the State a compensating day of delay in the occupancy date and corresponding day of delay in payment of rent.

Delays caused by the State:

Credit the Lessor a compensating day of payment of rent from the actual date of occupancy.

Compensation will be in one day increments. Each party shall notify the other of any claimed delays as soon as reasonably possible after it becomes aware of such delay.

The parties agree that this shall be the sole remedy for delay, in that the calculation of damages in any other manner is too uncertain and not susceptible of accurate determination.

Early Occupancy

8. Lessor agrees that if the leased premises are ready for occupancy prior to the completion date specified above in Paragraph 6, State may elect to occupy the premises on the earliest date practical after its receipt of the herein required completion notice. The rent payable for any such early occupancy by the State shall be at the rate of \$12,277.00 per month, and shall be prorated on a daily basis for any partial month, and all terms and conditions of this lease shall apply

**Time limit and
Prior Tenancy**

9. No rental shall accrue under this lease, nor shall the State have any obligation to perform the covenants or observe the conditions herein contained until the leased premises have been made ready for occupancy in accordance with the provisions hereof. It is specifically agreed that in the event the leased premises are not completed and ready for occupancy, in accordance with the lease and exhibits, by the State on or before October 31, 2003, then and in that event the State may, at its option and in addition to any other remedies it may have, terminate this lease and be relieved of any further obligations hereunder, providing that a fair and reasonable allowance for the following delays shall be added to said time for completion:

- A. Acts of the State, its agents or employees, or those claiming under agreement with or grant from the State (including, without limitation, any acts or delays caused or contributed to by the State Fire Marshal); or by
- B. The acts of God which Lessor could not reasonably have foreseen or guarded against; or by
- C. Any strikes, boycotts or like obstructive actions by employees or labor organizations and which are beyond control of Lessor, and which cannot be reasonably overcome; or by
- D. Restrictive regulations by the Federal Government which are enforced in connection with a National Emergency.

In the event that the State elects to occupy premises before the work on the premises specified in Exhibit A and B is fully completed, the State will provide the Lessor with a punch list of work remaining to be completed (referenced as the State's "Punch List"). Lessor agrees to complete the remaining work no later than 14 calendar days from the date of receipt of said Punch List. If said Punch List is not completed within the specified 14-day period, Lessor agrees that, beginning on the first day after said 14-day period following occupancy of premises by the State, rent may at the State's sole option be reduced to \$8,593.90 which is 70% of the base rent specified in paragraph 4 herein (excluding any amortization payments) until such time that the Punch List work is completed in full and that such completion of work is inspected and accepted by the State. The portion of the rent specified for amortization of tenant improvements, if any shall continue to be paid in full without interruption.

It is understood and agreed that the rent reduction specified above does not relieve Lessor of its obligation to complete said work and the State shall maintain all other remedies specified in the Lease.

Conformity to Exhibits

10. Occupancy of the leased premises by the State shall not relieve Lessor in any respect from full compliance at all times with aforesaid Exhibits "A", ~~and "B"~~, ~~and "C"~~, "D", "E" and "F". It is further understood and agreed that any installation not in conformity with said Exhibits "A", ~~and "B"~~, ~~and "C"~~, "D", "E" and "F" shall be immediately corrected by the Lessor at Lessor's sole cost and expense. In the event Lessor shall, after notice in writing from the State requiring the Lessor to comply with the requirements of this paragraph in regard to a specified condition, fail, refuse or neglect to remedy such condition, State may terminate this lease without further obligation, or as to such specified condition, at its option and in addition to any other remedy the State may have, withhold rent due and bring the leased premises into conformity with said Exhibits at its own cost including State's Administrative costs, if any, and deduct the amount thereof from the rent that may then be or thereafter become due hereunder.

Asbestos

11. Lessor hereby warrants and guarantees that the space leased to the State will be operated and maintained free of hazard from Asbestos Containing Materials (ACM) and agrees to the conditions for survey, testing, and abatement of ACM described in Exhibit "B" as applicable. Lessor specifically agrees that, in the event the State elects to exercise its rights under the provisions of Paragraph 16 of this lease, any costs related to abatement or hazard from asbestos shall be the Lessor's responsibility as described in the aforementioned Exhibit "B."

Parking

12. Lessor, at Lessor's sole cost and expense, shall clearly mark the one (1) parking spaces described hereinabove as reserved. Said parking spaces will be arranged and maintained so as to provide unobstructed access to the parking space at all times. In addition to the reserved parking space, subject to 1.) the building rules and regulations attached hereto as Exhibit "F", 2.) the parking hours of operation, and 3.) the parking charges as may be levied and changed from time to time, State and its invitees shall have equal access to any available unreserved public parking at hourly rates in the parking garage, on a first-come, first-served basis.

Services, Utilities, and Supplies

13. Lessor, at Lessor's sole cost and expense, during the term of this lease shall furnish the following services, utilities, and supplies to the area leased by the State, and also to the "common" building areas (if any) such as lobbies, elevators, stairways, corridors, etc., which State shares with other tenants, if any:

- A. Sewer, trash disposal, and water service, including both hot and cold water to the lavatories except lavatories in Employment Development Department public toilet rooms in lobby areas which need only cold water.
- B. Elevator (if any) service.
- C. Electricity and/or gas as necessary to provide power for heating, ventilating, and air conditioning, and electrical or gas service as needed for State's operations.
- D. Janitorial services sufficient to maintain the interior in a clean well-maintained condition; that is, to eliminate all visible dust, dirt, litter, grime, stains, smears, finger marks, etc., to the greatest practical degree possible, by performing at least the following:

Daily:

- (1) Empty and clean all trash containers, and dispose of all trash and rubbish.
- (2) Clean and maintain in a sanitary and odor-free condition all floors, wash mirrors, basins, toilet bowls, and urinals.
- (3) Furnish and replenish all toilet room supplies (including soap, towels, seat covers, toilet tissue, and sanitary napkins).
- (4) Sweep or dust mop all hard surface floors, and carpet sweep all carpeted areas, including stairways and halls. Offices with hard surface floors in the public lobby area shall be damp-mopped daily.
- (5) Remove finger marks and smudges from all glass entrance doors.
- (6) Specifically check, and if action is needed, then:
 - a. Dust the tops of all furniture, counters, cabinets, and window sills, (which are free of interfering objects).
 - b. Remove spots and/or spills from the carpets, floors, and stairways.

As needed, but not less frequently than:

Twice Weekly: Vacuum all carpets.

Weekly:

- (1) Damp mop all hard surface floors.
- (2) Dust all window blinds.
- (3) Treat stainless steel fountains and sinks to eliminate stains and mineral deposits.
- (4) Spot clean the walls.
- (5) Sweep parking areas and sidewalks.

Quarterly:

- (1) Strip all hard surface floors and apply a new coat of floor finish; buff as necessary to produce a uniformly shining appearance.
- (2) Treat carpets for static electricity control (if not integrated in the fabric).

Semi-annually: Wash all windows, window blinds, light fixtures, walls, and painted surfaces.

Annually:

- (1) Steam clean carpets to remove all stains and spots.
- (2) Clean drapes.

In the event of failure by the Lessor to furnish any of the above services or supplies in a satisfactory manner, the State may furnish the same at its own cost; and, in addition to any other remedy the State may have, may deduct the amount thereof, including State's administrative costs, from the rent that may then be, or thereafter become due hereunder. Lessor shall perform such janitorial services between the hours of 2:00 p.m. and 5:00 p.m. Monday through Friday.

Repair and Maintenance

14. A. During the lease term, the Lessor shall maintain the leased premises in good repair and tenable condition, so as to minimize breakdowns and loss of the State's use of the premises caused by deferred or inadequate maintenance, including, but not limited to:

- (1) Generally maintaining the leased premises in good, vermin-free, operating condition and appearance.
- (2) Furnishing prompt, good quality repair of the building, equipment, and appurtenances.
- (3) Furnishing preventative maintenance, including, but not limited to, manufacturer's recommended servicing of equipment such as elevator (if any), heating, ventilating and air conditioning equipment, and fixtures.

- (4) Furnishing ongoing maintenance and prompt repair of any and all special equipment and systems referenced in Exhibits A and B including but not limited to, security and access control systems, fire suppression systems, special HVAC systems for computer rooms, and UPS systems.
 - (5) Furnishing and promptly replacing any inoperative light bulbs, fluorescent tubes, ballast, starters, and filters for the heating, ventilating and air conditioning equipment as required.
 - (6) Furnishing remedial painting as necessary to maintain the premises in a neat, clean and orderly condition.
 - (7) Annual testing and maintenance of all fire extinguishers in or adjacent to the leased premises.
 - (8) Repairing and replacing as necessary intrabuilding network cable and inside wire cable used for voice and data transmission from the point of entry into the building to the telephone closet on the floor which the premises are located. In addition, if the State contracts with the Lessor for the installation of any network cable or wire in any portion of the premises, Lessor will also be responsible for the repair or replacement of any cable. If, however, the State is responsible for any disruption or breakage of said network cable or wire, the State shall reimburse Lessor for the cost of repairs.
 - (9) Repairing and replacing parking lot bumpers and paving as necessary. Repaint directional arrows, striping, etc., as necessary.
 - (10) Maintaining landscaped areas, including sprinklers, drainage, etc., on a weekly basis, in a growing, litter-free, weedfree, and neatly mowed and/or trimmed condition.
 - (11) Repairing and replacing floor covering as necessary due to normal wear and tear or premature failure. Lessor, at Lessor's sole cost, shall arrange for moving of furniture and equipment prior and subsequent to the repairing or replacement of floor covering.
 - (12) Keeping all walkways, parking lots, entrances, and auxiliary areas free of snow, water, oil spills, debris, or other materials which may be hazardous to users of the building.
- B. Lessor shall provide prompt repair or correction for any damage except damage arising from a willful or negligent act of the State's agents, employees or invitees.
 - C. Except in emergency situations, the Lessor shall give not less than 24 hour prior notice to State tenants, when any pest control, remodeling, renovation, or repair work affecting the State occupied space may result in employee health concerns in the work environment.
 - D. In case Lessor, after notice in writing from the State requiring the Lessor to comply with the requirements of this paragraph in regard to a specified condition, shall fail, refuse or neglect to comply with such notice, or in the event of an emergency constituting a hazard to the health or safety of the State's employees, property, or invitees, the State may terminate this lease without further obligation or at its option, perform such maintenance or make such repair at its own cost and, in addition to any other remedy the State may have, may withhold rent due and deduct the amount thereof, including necessary costs incurred by the State required for the administration of such maintenance and repairs, from the rent that may then be or thereafter become due hereunder.

Painting

15. In addition to any painting completed prior to the commencement of this lease, and touch-up painting required after initial occupancy upon receipt of written request from the State, Lessor agrees at Lessor's sole cost and expense to repaint all painted surfaces (interior and exterior) of the leased premises in accordance with the attached Exhibits "A" and "B". In no event shall Lessor be required to repaint more than once during the first sixty (60) month period of this lease after the painting completed prior to the commencement date, and once during any succeeding sixty (60) month period. Lessor shall, within forty-five (45) days from the giving of any such notice, arrange for and complete the painting. Colors are to be approved by the State from the building standard paint selections, provided said building standard paint selections are in accordance with Exhibit "B". Lessor, at Lessor's sole cost, shall arrange for moving of furniture and equipment prior and subsequent to the repainting, and provide drop cloths, and covers as necessary.

Change Orders and Alterations

16. The State shall have the right during the existence of this lease to make change orders and alterations; attach fixtures; and erect additions, structures, or signs in or upon the leased premises. Such fixtures, additions, structures, or signs so placed in or upon or attached to the premises under this lease or any extension hereof shall be and remain the property of the State and may be removed therefrom by the State prior to the termination or expiration of this lease or any renewal or extension hereof, or within a reasonable time thereafter.

In the event alterations, fixtures, additions, structures, or signs in or upon the leased premises are desired by State and State elects not to perform the work, any such work, when authorized in writing by the State shall be performed by the Lessor in accordance with plans and specifications provided by State. Lessor agrees to obtain competitive bids from at least three licensed contractors and to contract with the lowest bidder. Lessor further agrees that the overhead and profit for the work shall not exceed fifteen percent (15%) total for Lessor and any general contractor combined. Within forty-five (45) days after receiving Lessor's notice of completion of the requested work and an invoice requesting payment therefor, together with a complete detailed accounting of all costs for each trade, State agrees to either reimburse Lessor by a single total payment for the cost of such work; or, with Lessor's prior written approval, State will amortize the cost of the requested work over the remaining term of this lease by increasing the monthly rent by an amount to include principal and interest on the unpaid balance. The interest rate may not exceed the prime rate (the base rate on corporate loans posted by at least seventy five percent (75%) of the nation's 30 largest banks) plus 2 percent (2%) as of the date of the State's written authorization to proceed.

In the event State terminates this lease on or after the end of the firm term, but before the expiration date of the lease, State agrees to pay to Lessor the portion of the principal balance which is unamortized as of the effective date of termination. Said payment shall be a single payment to be made within forty-five (45) days after the effective date of the termination. Notwithstanding anything in this lease to the contrary, the State shall not have the right to perform any structural alterations or improvements without obtaining in advance Lessor's prior written consent, which consent shall not be unreasonably withheld.

Assignment and Subletting

17. The State shall not assign this lease without prior written consent of the Lessor, which shall not be unreasonably withheld, but shall in any event have the right to sublet the leased premises. State agrees that the use of the leased premises shall be limited solely to office uses, and in no event shall the leased premises be used for telemarketing business, medical office or similar office that would accept patient visits, EDD Job Services purposes or parole operations.

Quiet Possession

18. The Lessor agrees that the State, while keeping and performing the covenants herein contained, shall at all times during the existence of this lease, peaceably and quietly have, hold, and enjoy the leased premises without suit, trouble, or hindrance from the Lessor or any person claiming under Lessor.

Inspection

19. The Lessor reserves the right to enter and inspect the leased premises at reasonable times, and to render services and make any necessary repairs to the premises.

Destruction

20. If the leased premises are totally destroyed by fire or other casualty, this lease shall terminate. If such casualty shall render 10 percent (10%) or less of the floor space of the leased premises unusable for the purpose intended, Lessor shall effect restoration of the premises as quickly as is reasonably possible, but in any event within thirty (30).

In the event such casualty shall render more than ten percent (10%) of such floor space unusable but not constitute total destruction, Lessor shall forthwith give notice to State of the specific number of days required to repair the same. If Lessor under such circumstances shall not give such notice within fifteen (15) calendar days after such destruction, or if such notice shall specify that such repairs will require more than ninety (90) days to complete from date such notice is given, State, in either such event, at its option may terminate this lease or, upon notice to Lessor, may maintain occupancy and elect to undertake the repairs itself, deducting the cost thereof from the rental due or to become due under this lease and any other lease between Lessor and State.

In the event of any such destruction other than total, where the State has not terminated the lease as herein provided, or pursuant to the terms hereof has not elected to make the repairs itself, Lessor shall diligently prosecute the repair of said premises and, in any event, if said repairs are not completed within the period of thirty (30) days for destruction aggregating ten percent (10%) or less of the floor space, or within the period specified in Lessor's notice in connection with partial destruction aggregating more than ten percent (10%), the State shall have the option to terminate this lease or complete the repairs itself, deducting the cost thereof from the rental due or to become due under this lease and any other lease between Lessor and State.

In the event the State remains in possession of said premises though partially damaged, the rental as herein provided shall be reduced by the same ratio as the net square feet the State is thus precluded from occupying bears to the total net square feet in the leased premises. "Net square feet" shall mean actual inside dimensions and shall not include public corridors, stairwells, elevators, and restrooms.

It is understood and agreed that the State or its agent has the right to enter its destroyed or partially destroyed leased facilities no matter what the condition. At the State's request, the Lessor shall immediately identify an appropriate route through the building to access the State leased space. If the Lessor cannot identify an appropriate access route, it is agreed that the State may use any and all means of access at its discretion in order to enter its leased space.

Subrogation Waived

21. To the extent authorized by any fire and extended coverage insurance policy issued to Lessor on the herein leased premises, Lessor hereby waives the subrogation rights of the insurer, and releases the State from liability for any loss or damage covered by said insurance.

Prevailing Wage Provision

22. For those projects defined as "public works" pursuant to Labor Code §1720.2, the following shall apply:

- A. Lessor/contractor shall comply with prevailing wage requirements and be subject to restrictions and penalties in accordance with §1770 et seq. of the Labor Code which requires prevailing wages be paid to appropriate work classifications in all bid specifications and subcontracts.
- B. The Lessor/contractor shall furnish all subcontractors/employees a copy of the Department of Industrial Relations prevailing wage rates which Lessor will post at the job site. All prevailing wage rates shall be obtained by the Lessor/contractor from:

Department of Industrial Relations
Division of Labor Statistics and Research
455 Golden Gate Avenue, 8th Floor

San Francisco, California 94102

- C. Lessor/contractor shall comply with the payroll record keeping and availability requirement of §1776 of the Labor Code.
- D. Lessor/contractor shall make travel and subsistence payments to workers needed for performance of work in accordance with the Labor Code.
- E. Prior to commencement of work, Lessor/contractor shall contact the Division of Apprenticeship Standards and comply with §1777.5, §1777.6, and §1777.7 of the Labor Code and Applicable Regulations

Fair Employment Practices

23. During the performance of this lease, the Lessor shall not deny benefits to any person on the basis of religion, color, ethnic group identification, sex, age, physical or mental disability, nor shall they discriminate unlawfully against any employee or applicant for employment because of race, religion, color, national origin, ancestry, physical handicap, mental disability, medical condition, marital status, age, or sex. Lessor shall insure that the evaluation and treatment of employees and applicants for employment are free of such discrimination.

Lessor shall comply with the provisions of the Fair Employment and Housing Act (Government Code, Section 12900 et seq.), the regulations promulgated thereunder (California Administrative Code, Title 2, Section 7285.0 et seq.), the provisions of Article 9.5, Chapter 1, Part 1, Division 3, Title 2 of the Government Code (Government Code, Sections 11135-11139.5), and the regulations or standards adopted by the awarding State agency to implement such article.

DVBE Participation Requirement

24. Lessor hereby represents and certifies that it has fully complied with all Disabled Veteran Business Enterprise (DVBE) participation goals or has made good faith efforts, as the case may be, as required by Public Contract Code §10115 et seq., and further agrees that the State or its designees will have the right to review, obtain, and copy all records pertaining to the contract. Lessor agrees to provide the State or its designee with any requested relevant information and shall permit the State or its designee access to its premises, upon reasonable notice, during normal business hours for the purpose of interviewing employees and inspecting and copying such books, records, accounts, and other material that may be relevant to a matter under investigation for the purpose of determining compliance with this requirement. Lessor further agrees to maintain such records for a period of three (3) years after final payment under the contract.

Upon completion of this lease, Lessor agrees to submit a final report identifying all DVBEs used in providing services or supplies to this lease. Efforts to include DVBEs in this contract shall continue throughout the lease term and any extensions or renewals hereof involving purchases of materials and supplies by the Lessor.

Service Companies

25. Within fifteen (15) days after occupancy of the leased premises by the State, Lessor shall provide the State with the name, address, and telephone number of an agency or person convenient to the State as a local source of service regarding the Lessor's responsibilities under this lease as to repairs, maintenance, and servicing of the premises and any or all related equipment, fixtures, and appurtenances.

Service Credit

26. Lessor agrees that the rental provided under the terms of Paragraph 4 hereof is based in part upon the costs of the services, utilities, and supplies to be furnished by Lessor in accordance with Paragraph 13 hereof. In the event the State vacate the premises prior to the end of the term of this lease, or, if after notice in writing from the State, all or any part of such services, utilities, or supplies for any reason are not used by the State, then, in such event, the monthly rental as to each month or portion thereof as to which such services, utilities, or supplies are not used by the State shall be reduced by an amount equal to the average monthly costs of such unused services, utilities, or supplies during the six-month period immediately preceding the first month in which such services, utilities, or supplies are not used.

Holding Over

27. In the event the State remains in possession of the premises after the expiration of the lease term, or any extension or renewal thereof, this lease shall be automatically extended on a month to month basis, subject to thirty (30) days termination by either party, and otherwise on the terms and conditions herein specified, so far as applicable. If the last rental amount shown in Paragraph 4 included the amortization of a capital sum expended by Lessor for certain alterations and improvements, as described in a separate paragraph herein, and the capital sum has been fully amortized, the holdover rent shall be reduced by the amount of the monthly amortization. If the State fails to vacate the premises within the notice period and remains for an extended period, additional rent shall be paid and prorated on a thirty (30) day month, based on the actual number of days the State occupies the premises following the effective date of termination.

Surrender of Possession

28. Upon termination or expiration of this lease, the State will peacefully surrender to the Lessor the leased premises in as good order and condition as when received, except for reasonable use and wear thereof and damage by earthquake, fire, public calamity, the elements, acts of God, or circumstances over which State has no control or for which Lessor is responsible pursuant to this lease. The State shall have no duty to remove any improvements or fixtures placed by it on the premises or to restore any portion of the premises altered by it, save and except in the event State elects to remove any such improvements or fixtures and such removal causes damages or injury to the leased premises, and then only to the extent of any such damage or injury.

Time of Essence, Binding upon Successors

29. Time is of the essence of this lease, and the terms and provisions of this lease shall extend to and be binding upon and inure to the benefit of the heirs, executors, administrators, successors, and assigns to the respective parties hereto. All of the parties hereto shall be jointly and severally liable hereunder.

No Oral Agreements

30. It is mutually understood and agreed that no alterations or variations of the terms of this lease shall be valid unless made in writing and signed by the parties hereto, and that no oral understanding or agreement not incorporated herein, shall be binding on any of the parties hereto.

Insurance

31 Lessor understands and agrees to the following:

The State of California has elected to be insured for its motor vehicle and general liability exposures through a self insurance program. The State Attorney General administers the general liability program through an annual appropriation from the General Fund. The Office of Risk and Insurance Management administers the motor vehicle liability program.

Under this form of insurance, the State and its employees (as defined in §810.2 Government Code) are insured for any tort liability that may develop through carrying out official activities, including State official operations on non-State owned property. Should any claims arise by reason of such operations or under an official contract or license agreement, they should be referred to the Attorney General, State of California, Tort Liability Section, 1300 "I" Street, 11th Floor, Sacramento, California 95814. Claims arising from operations of a State-owned vehicle should be forwarded to the Office of Risk and Insurance Management, Auto Self-Insurance, 1325 "J" Street, Suite 1800, Sacramento, California 95814.

The State of California has entered into a Master Agreement with the State Compensation Insurance Fund to administer workers' compensation benefits for all State employees, as required by the Labor Code.

Indemnification

32 State agrees to indemnify and defend Lessor in the event of any claim, demand, causes of action, judgments, obligations, or liabilities, and all reasonable litigation and attorney's expenses which Lessor may suffer as a direct and proximate result of the negligence or other wrongful act or violation of law by the State, its employees, or any person or persons acting under the direct control and authority of the State or its employees, in connection with the State's occupancy under and during the term of this lease, whether or not such claim is ultimately proved meritorious and/or successful, except to the extent that any such damages or expenses suffered by Lessor are the result of Lessor's negligent or wrongful acts or any persons acting under or on behalf of the Lessor and/or except where the State is found to have no liability by reason of any immunity arising by statute or common law in connection with the fulfillment of State's constitutional and statutory public responsibilities.

Estoppel

Certificates

33 Upon Lessor's written request, State shall deliver to Lessor a written statement consisting of the following information:

- A. The status of the lease.
- B. An explanation of any default claims State may have against Lessor.
- C. The term of the lease.
- D. The monthly rental payable.

State shall deliver such statement to Lessor or to any prospective purchaser upon Lessor's request. Any such statement by State may be given by Lessor to any prospective purchaser or encumbrancer of the property.

Additional

Employee

Parking

It is understood and agreed by the parties hereto that in addition to the One (1) parking spaces specified in Paragraph 1 herein, Lessor shall make available to State approximately 8 unreserved, unobstructed parking spaces located in the parking structure at an initial monthly rental rate of \$140.00 per month, per space.

All eight (8) spaces set forth in this paragraph, excluding the one (1) space specified in Paragraph 1 herein, are subject to an annual rental adjustment based on fair market value. The first adjustment date may be no earlier than January 1, 2004 and the State shall be provided with a minimum sixty (60) day prior written notice for changes in the parking rate for any and all annual adjustments.

It is understood and agreed by the parties hereto that any and all parking in excess of the one (1) specified in Paragraph 1 hereinabove are to be hired and paid for by each individual user, and specifically are not part of this lease; nor shall rental for said additional parking spaces be paid by the State as additional rent.

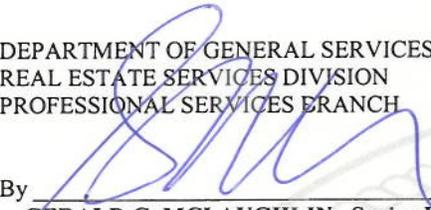
IN WITNESS WHEREOF, this lease has been executed by the parties hereto as of the date first above written.

STATE OF CALIFORNIA
Approval Recommended

LESSOR

DEPARTMENT OF GENERAL SERVICES
REAL ESTATE SERVICES DIVISION
PROFESSIONAL SERVICES BRANCH

CA-400 CAPITOL MALL LIMITED PARTNERSHIP, a
Delaware limited partnership

By 
GERALD G. MCLAUGHLIN, Senior Real Estate Officer
Real Estate Services Section

By: EOM GP, L.L.C., A DELAWARE LIMITED LIABILITY
COMPANY, ITS GENERAL PARTNER

Approved

DIRECTOR OF THE DEPARTMENT
OF GENERAL SERVICES

By: EQUITY OFFICE MANAGEMENT, L.L.C., A DELAWARE
LIMITED LIABILITY COMPANY, ITS NON-MEMBER
MANAGER

By 
TERRY W. BIRD, Leasing Manager
Real Estate Services Section

FOR

By 
Name Mark Geisreiter
Senior Vice President
Title