

ADR has the meaning set forth in **Section 23.4.2**.

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Affiliate means, as to any Person, any other Person that, directly or indirectly, controls, is controlled by or is under common control with such Person. The term "control" (including the terms "controlled by" or "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of such Person, whether through the ability to exercise voting power, by contract or otherwise.

Architect means Tucker Sadler Architects, the architectural firm providing architectural services for the design, development and construction of the GAF.

Appurtenances has the meaning set forth in **Section 1.1**.

Bank has the meaning set forth in **Section 5.4**.

Buildings 1 and 110 has the meaning set forth in **Section 1.3.2**.

Buildings 1 and 110 Facility has the meaning set forth in **Section 1.3.2**.

Buildings 1 and 110 Land has the meaning set forth in **Section 1.3.2**.

Buildings 1 and 110 Sublease Period has the meaning set forth in **Section 1.3.2**.

Buildings 8 and 12 has the meaning set forth in **Section 1.3.1**.

Buildings 8 and 12 Facility has the meaning set forth in **Section 1.3.1**.

Buildings 8 and 12 Land has the meaning set forth in **Section 1.3.1**.

Buildings 8 and 12 Sublease Period has the meaning set forth in **Section 1.3.1**.

CCC has the meaning set forth in **Section 6.3**.

CCC Finding has the meaning set forth in **Section 6.3**.

CCDC means the Centre City Development Corporation.

CCDC Determination has the meaning set forth in **Section 6.2**.

CCDC Submittal has the meaning set forth in **Section 6.1**.

CCDC/CCC Date has the meaning set forth in **Section 6.5**.

CERCLA means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. §9601 et seq.

City has the meaning set forth in **Section 1.4**.

Claim has the meaning set forth in **Section 23.3**.

Class A Standard has the meaning set forth in **Section 5.2.2**.

Commencement Date has the meaning set forth in **Section 2.1**.

Construction Consultant has the meaning set forth in **Section 5.10**.

Construction Consultant Contract has the meaning set forth in **Section 5.10**.

County has the meaning set forth in **Section 1.4**.

CPI means, as of the date of determination, the index number for the last day for which computation has been made in the column for "All Items" in the table entitled "Consumer's Price Index, (1982-84=100) all items" as presently published in the "Monthly Labor Review" of the Bureau of Labor Statistics of the United States Department of Labor applicable to San Diego, California.

Damage has the meaning set forth in **Section 15**.

Davis-Bacon Act has the meaning set forth in **Section 29.1**.

Design Builder means the design builder under the Design Build Contract. The Design Builder shall be determined in Lessee's sole and absolute discretion, and may (in Lessee's sole and absolute discretion) be replaced at any time and from time to time, subject in each case to Government's reasonable approval. Government hereby approves of Turner Construction Company as a potential Design Builder.

Determination Date has the meaning set forth in **Section 5.4**.

Development Agreement means that certain Agreement Between The City of San Diego and The United States of America Adopting a Development Plan and Urban Design Guidelines For The Redevelopment of The Navy Broadway Complex dated December 2, 1992, as amended by a First Amendment dated as of December 3, 2001 and by a Second Amendment dated as of January 7, 2003 and as amended from time to time by the City and Lessee (with the approval of Government, such approval not to be unreasonably withheld, delayed or conditioned). A copy of the Development Agreement is attached to this Lease as **Exhibit "K"**.

Development Agreement Indemnitees means the City, the Agency, the CCDC and their respective officers, agents, contractors and employees.

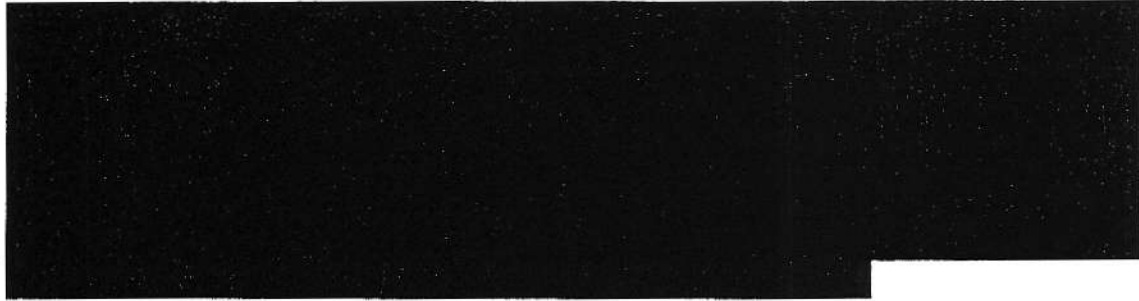
Development Fee has the meaning set forth in **Section 5.2.5**.

Development Services has the meaning set forth in **Section 5.2.5**.

Deviation has the meaning set forth in **Section 6.3**.

Effective Date has the meaning set forth in the first paragraph of this Lease.

Escrow Account has the meaning set forth in **Section 5.4**.



Environmental Baseline Survey means the Environmental Baseline Survey of the Premises, as amended from time to time prior to the Commencement Date.

Environmental Laws means any past, present or future federal, state or local statutory or common law and any regulation, ordinance, code, plan, order, permit, grant, restriction or agreement issued, entered, promulgated or approved thereunder or in compliance therewith applicable to the Premises, relating to: (a) the use, generation, manufacture, installation, release, discharge, storage or disposal of Hazardous Materials relating to the protection of human health or the environment, including but not limited to those pertaining to reporting, licensing, permitting, investigation and remediation of emissions, discharges, release or threatened releases of Hazardous Materials, chemical substances, pollutants, contaminants or hazardous or toxic substances, materials or wastes.; (b) wetlands; (c) environmental protection; (d) human health or safety; or (e) endangered species, including without limitation, CERCLA, RCRA, the Federal Insecticide, Fungicide and Rodenticide Act, the Hazardous Materials Transportation Act, the Clean Water Act, the Federal Water Pollution Control Act, the Clean Air Act, the Toxic Substances Control Act, the Safe Drinking Water Act, as any of the same may be amended from time to time, and any similar federal, California state and local laws and ordinances, and regulations now or hereafter adopted pursuant thereto.

Environmental Permits means any permit or written approval issued by state, federal local or any other government authority, pursuant to any Environmental Law and related to the Premises or the use, operation or development of the Premises or activities conducted at or from the Premises by Lessee or Lessee's employees, agents, or contractors, providing an allowance, endorsement, approval, authorization, consent, license or permission.

Environmental Response shall mean "respond or response" as that term is defined in CERCLA, 42 U.S.C. § 9601(25), and any action taken related to a release or threatened release of a hazardous substance, pollutant, or contaminant on the Premises or migrating or threatening to migrate to or from the Premises, or a violation of the Environmental Laws, and shall include such repair, closure, remediation, removal or other Environmental Response of Hazardous Materials or action taken in relation to any Environmental Law as is acceptable to Government, undertaken and completed in

compliance with all applicable Environmental Laws, the acquisition of a "no further action" or equivalent response from the applicable governmental authorities, and compliance with any requirement to file an assessment, mitigation plan, risk assessment or other information with any such governmental authority. Environmental response includes all claims, judgments, damages, fines, liabilities, encumbrances, liens, costs and expenses of investigation, any settlement or judgment of whatever kind or nature, matured or unmatured, foreseeable or unforeseeable, including without limitation reasonable attorneys' and consultants' fees resulting from the existence or migration of Hazardous Materials upon, beneath, from or onto the Premises, or a violation of Environmental Laws relating to the Premises, including damages to natural resources occurring on or off the property.

Environmental Site Assessment shall mean and include, but not be limited to: (a) a Phase I environmental site assessment conducted in accordance with the then current standards of the American Society for Testing and Materials ("ASTM"); and (b) sampling and testing of the Premises based upon conditions revealed by the environmental site assessment, including without limitation: (1) an asbestos survey conducted according to the standards of the Asbestos Hazard Emergency Response Act protocol; (2) testing of any transformers on the Premises for PCBs; (3) testing for lead based paints; (4) soil and groundwater sampling to measure the effect of any actual or suspected release or discharge of Hazardous Materials on, about or around the Premises pursuant to a Phase II environmental site assessment conducted in accordance with the then current standards of ASTM; and (5) such other sampling and testing reasonably necessary to determine the environmental condition of the Premises.

EPA means the U.S. Environmental Protection Agency.

Executive Order has the meaning set forth in **Section 21.1**.

Existing Encumbrances has the meaning set forth in **Section 1.1**.

Existing Improvements has the meaning set forth in **Section 1.1**.

Expiration Date has the meaning set forth in **Section 2.1**.

Final Acceptance of the GAF shall mean that the Construction Consultant has certified to Government and Lessee that (a) the GAF is sufficiently complete in accordance with the Design/Build Contract and applicable laws so that Government can occupy or use the GAF for its intended general office uses, (b) the GAF meets the occupancy standards of the City (as if a certificate of occupancy, or temporary certificate of occupancy, would be issued if construction of the GAF were subject to building permit requirements), and (c) all punch list items for the remaining work (which Lessee shall remain obligated to complete as soon as reasonably practicable) will not materially interfere with or hamper Government's intended general office uses of the GAF.

Final Plans and Specifications has the meaning set forth in **Section 5.2.1**.

First Notice to Proceed Date has the meaning set forth in **Section 1.3.1**.

FONSI has the meaning set forth in **Section 1.7**.

Force Majeure has the meaning set forth in **Section 8.3.2**.

FOSL has the meaning set forth in **Section 1.6**.

FOSL Restrictions has the meaning set forth in **Section 1.6**.

GAF means the building and related infrastructure and improvements to be constructed by Lessee for Government on the GAF Site in order to provide in-kind consideration to Government in accordance with the terms of this Lease and, in particular, in accordance with the terms and standards set forth in **Exhibit C** and **Exhibit C-1**.

GAF Construction Period has the meaning set forth in **Section 1.3.3**.

GAF Construction Site has the meaning set forth in **Section 1.5**.

GAF Cost has the meaning set forth in **Section 5.2.4**.

GAF Deadline has the meaning set forth in **Section 5.2**.

GAF Notice has the meaning set forth in **Section 5.2.6**.

GAF Notice Date has the meaning set forth in **Section 5.2.6**.

GAF Parking Completion Date has the meaning set forth in **Section 1.3.3**.

GAF Site has the meaning set forth in **Section 1.2**.

GAF Start Date has the meaning set forth in **Section 5.2.3**.

Government has the meaning set forth in the first paragraph of this Lease.

Government Indemnitees shall mean Government and its respective officers, agents, contractors and employees.

Guarantors means Manchester Financial Group, L.P., a California limited partnership, and the Design Builder.

Guaranty means the joint and several Guaranty of completion of the GAF in accordance with this Lease in the form attached as **Exhibit H**, to be executed by the Guarantors, as defined in this Lease, concurrently with the execution of this Lease, and which Guaranty includes (but solely from Manchester Financial Group, L.P. and not from Design Builder) the guarantee of Lessee's monetary obligations with respect to the GAF outlined in **Section 5.2** and **Section 5.4** (but subject to **Section 6.8**).

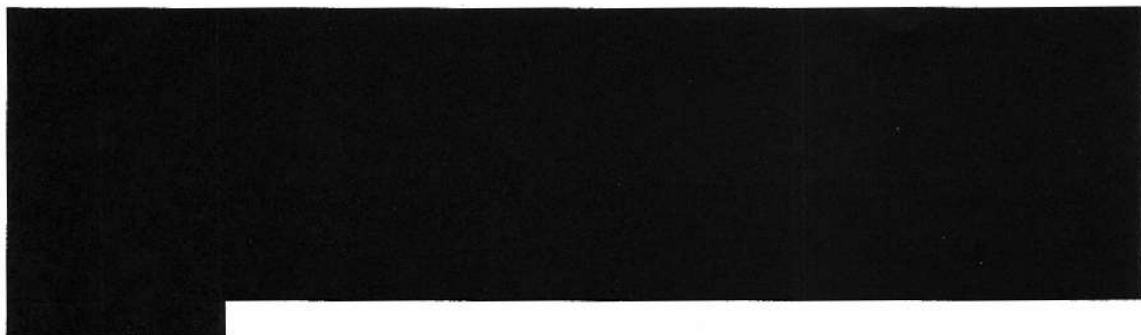
Hazardous Materials means: (a) any substance the presence of which requires investigation or remediation under any applicable federal, state or local statute, regulation, ordinance, order, action, policy or common law; or (b) any substance which is

or becomes defined as “hazardous waste” or “hazardous substance,” pollutant or contaminant pursuant to any federal, state or local statute, regulation, rule or ordinance now or hereafter in effect, including the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) (42 U.S.C. § 9601 *et seq*) and/or the Resource Conservation and Recovery Act (RCRA) (42 U.S.C. § 6901 *et seq*); and/or the California Health & Safety Code §§ 25100 *et seq*.; or (c) any hazardous or toxic material, substance or waste as now or hereafter designated or regulated under any applicable federal, state, or local law, statute, ordinance, rule, regulation, order or ruling, including, without limitation: (i) petroleum; (ii) asbestos; (iii) polychlorinated biphenyls; (iv) radioactive materials; (v) radon gas; (vi) materials that are of an explosive, flammable, or pyrotechnic nature; or (d) any substance which is toxic, reactive, explosive, corrosive, ignitable, flammable, infectious, radioactive, carcinogenic, or otherwise hazardous and is or becomes regulated by any governmental authority, agency, department, commission, board, agency or instrumentality of the United States, the State of California or any political subdivision thereof; or (e) any chemical, material or substance defined as or included in the definition of “hazardous substances,” “hazardous wastes,” “hazardous materials,” “extremely hazardous waste,” “restricted hazardous waste” or “toxic substances” or words of similar import under any applicable Environmental Laws. The term “Hazardous Materials” expressly excludes any material referenced at 40 CFR Section 261.4(b)(i), the “household waste” exclusion under RCRA.

Hazardous Materials Response Plan has the meaning set forth in **Section 11.18**.

Improvements means and includes all buildings and other improvements and any additional or replacement improvements, by whomsoever made, now existing or at any time hereafter during the Term placed on the Premises by Lessee (or its assignees or sublessees).

Indemnify means the protection of the relevant indemnitee(s), by a money payment if necessary, against out-of-pocket loss. The term shall include an obligation by Lessee to defend and hold the relevant indemnitee(s) harmless in connection with any claim against which the indemnity operates.



Initial In-Kind Credit has the meaning set forth in **Section 5.4**.

In-Kind Credits has the meaning set forth in **Section 5.4**.

LBP O & M Plan means the Operations and Maintenance Program for Lead-Based Paint for the Premises.

Land has the meaning set forth in **Section 1.1**.

LBP has the meaning set forth in **Section 11.14**.

Lease has the meaning set forth in the first paragraph of this Lease.

Lessee has the meaning set forth in the first paragraph of this Lease.

Lessee – Specific Default has the meaning set forth in **Section 22.2.3**.

Lessee Event of Default has the meaning set forth in **Section 8.1**.

Lessee's Agents means Lessee's employees acting within the scope of their employment; Lessee's subtenants, licensees, or others occupying the Premises through Lessee at any tier and invitees of any of them; Lessee's contractors and subcontractors of any tier; entities with a contractual relationship with Lessee (other than Government); any entity acting as an agent or sub-agent of Lessee; or anyone for whom Lessee is or may be responsible.

Lessee's Demolition Obligation has the meaning set forth in **Section 5.6.2**.

Lessee's Environmental Obligation has the meaning set forth in **Section 5.6.1**.

Lessee's Improvements means and includes all Improvements to the Premises made by Lessee or on Lessee's behalf or any improvements to the Premises made by and through Lessee's rights hereunder (including those made by Lessee's tenants) during the Term.

Litigation has the meaning set forth in **Section 6.6**.

Look-Back Year has the meaning set forth in **Section 5.8**.

Metro Area PA has the meaning set forth in **Section 11.24**.

Mortgage has the meaning set forth in **Section 22.1**.

Mortgagee has the meaning set forth in **Section 22.1**.

Notice has the meaning set forth in **Section 20.1**.

NPDES has the meaning set forth in **Section 11.22**.

Operation Obligations has the meaning set forth in **Section 5.5**.

Parcel means the initial blocks that comprise the Premises, such as 1A, 1B, 2A, etc. or any legal lots that are later created with respect to the Land by Lessee's subdivision thereof.

Party or Parties shall have the meaning assigned thereto in the first paragraph of this Lease.

Permitted Materials means: (a) commonly used office, cleaning and maintenance, repair, cooling, cooking, heating, fueling, lubricating, operating, or similar substances, supplies, or materials in the use or operation of offices and work areas, related vehicles, and associated activities of the types contemplated by this Lease, provided there are not commercially reasonable substitutes to such supplies and they are used in quantities appropriate for their intended use; and (b) Hazardous Materials used in the demolition, renovation or construction of Improvements and the GAF and ancillary activities of the types contemplated by this Lease if no feasible alternative is available and such Hazardous Materials are used in accordance with the terms of this Lease and applicable Environmental Laws. Notwithstanding the foregoing, Permitted Materials shall not include any materials, the use or storage of which would require a RCRA or similar federal or state permit under applicable Environmental Laws, or any materials which would otherwise be Permitted Materials, but by passage of time, chemical breakdown or similar process, no longer meet specifications for such materials in their intended use, or through some similar process such materials become materials classified as "hazardous wastes" or "extremely hazardous wastes" under applicable Environmental Laws.

Person means any individual, corporation (including any non-profit corporation), general or limited partnership, limited liability company, joint venture, estate, trust, association, organization, or other entity or governmental body.

Personal Property has the meaning set forth in **Section 1.1**.

Pesticide Management Plan has the meaning set forth in **Section 11.19**.

Pre-existing Conditions has the meaning set forth in **Section 11.8**.

Premises means, collectively, the Land, the Appurtenances, the Improvements and the Personal Property.

Property Management Services means all property management services for the GAF consistent with those provided to Class "A" quality office buildings located in the San Diego, California metropolitan area standard.

Proposed Development and Uses has the meaning set forth in **Section 6.1**.

Real Estate Contracting Officer means Director, Real Estate Services, Naval Facilities Engineering Command, or if such position is no longer designated, the position that then performs the functions previously performed by such Director.

RCRA means the Resource Conservation and Recovery Act, as amended, 42 U.S.C. §6901 et seq.

Resolution Date has the meaning set forth in **Section 6.7**.

RFP means Government's Request for Proposal No. N62473-06-RP-06X01, as amended.

Safety Plan has the meaning set forth in **Section 17**.

Security Agreement has the meaning set forth in **Section 5.4**.

Soft Development Costs has the meaning set forth in **Section 5.2.4**.

State has the meaning set forth in **Section 1.4**.

Task Orders has the meaning set forth in **Section 5.4**.

Term has the meaning set forth in **Section 2.1**.

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Third Party Warranties has the meaning set forth in **Section 5.11**.

Total Site has the meaning set forth in **Section 1.2**.