

LEASE**1900 Lake Tahoe Boulevard, South Lake Tahoe CA**

THIS LEASE (this "**Lease**") is made as of February 19th, 2014 (the "**Effective Date**"), by and between **William P. Floyd Family Limited Partnership, a California Limited Partnership** ("Lessor") and the County of El Dorado ("Lessee"), a political subdivision of the State of California upon the following terms and conditions.

SECTION 1: BASIC LEASE PROVISIONS.

These Basic Lease Provisions set forth the basic terms of this Lease. In the event of any inconsistency between the terms set forth in these Provisions and any other provision of this Lease, the Basic Lease Provisions shall prevail.

1.1	<u>Lessee:</u>	Name: EL DORADO COUNTY Address for Notices: Chief Administrative Office Attention: Facilities Manager 330 Fair Lane Placerville CA 95667				
1.2	<u>Lessor:</u>	Name: William P. Floyd Family Limited Partnership, a California Limited Partnership Address for Notices: Attn: Coles E. Buck 79 E Daily Drive #283 Camarillo, CA 93010				
1.3	<u>Premises:</u>	Building consisting approximately 7,444 rentable square feet and the surrounding parking areas. The Premises are more fully described in <u>Exhibit A</u> , attached hereto and made a part hereof by reference.				
1.4	<u>Property:</u>	The property contains that certain office building ("Building") where the Premises are located and the surrounding parking areas, located at 1900 Lake Tahoe Boulevard, South Lake Tahoe California.				
1.5	<u>Term:</u>	One hundred twenty (120) months from Commencement Date, plus any partial month running from the Commencement Date to the first day of the next succeeding month. <u>Commencement Date:</u> The date of Lessor's delivery of the Premises to Lessee with Tenant Improvements Substantially Completed, which date is anticipated to be May 1, 2014 (the "Anticipated Commencement Date") or sooner. <u>Option to Extend:</u> Two (2) 5-year option periods, as more specifically described in Section 4.				
1.6	<u>Rent:</u>	<table border="0" style="width: 100%;"> <tr> <td style="width: 50%;">Monthly Rent</td> <td style="width: 50%;">Monthly PSF Rent, Modified Gross</td> </tr> <tr> <td style="text-align: center;">\$10,421.60</td> <td style="text-align: center;">\$1.40</td> </tr> </table> Rent shall increase by 2.5% per rentable square foot on an annual basis	Monthly Rent	Monthly PSF Rent, Modified Gross	\$10,421.60	\$1.40
Monthly Rent	Monthly PSF Rent, Modified Gross					
\$10,421.60	\$1.40					

		during the Term. Rent increases shall be effective on the first day of the month following completion of twelve (12) consecutive month period during the Lease term (the "Rental Increase Date"). For example, if the actual Commencement Date is January 15, 2014, the first Rental Increase Date would be February 1, 2015 and each subsequent Rental Increase Date would be February 1 of each subsequent year. As more fully described in section 3.2, rent shall be abated for months 1, 2, 24, 36, and 48.
1.7	<u>Security Deposit:</u>	None.
1.9	<u>Permitted Use:</u>	General office space use, including government operations or uses related thereto.
1.10	<u>Definitions:</u>	All capitalized terms used in this Lease shall have the meanings specified in this Section 1 or in Section 41.
1.11	<u>Exhibits:</u>	The following Exhibits are attached to this Lease and incorporated herein by this reference: Exhibit A: Premises Exhibit B: Tenant Improvement Exhibit B-1: Demolition and Construction / Space Plan from LJ2 Interiors dated Friday, January 24 th , 2014; Approved Construction Plan Exhibit C: Termination Penalty Schedule
	<u>Addendum:</u>	Attached: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

SECTION 2: PREMISES AND COMMON AREAS

2.1 **Premises.** Lessor hereby leases the Premises to Lessee and Lessee hereby leases from Lessor the Premises, as outlined on the floor plan in **Exhibit A**, attached hereto and incorporated herein by reference. The Premises shall include the Tenant Improvement Work specified in **Exhibit B**, attached hereto and incorporated herein by reference.

2.2 The rentable and usable square feet of the Premises are subject to verification within thirty (30) days of the Commencement Date by Lessee's architect/space planner. The term "**rentable square feet**" as used in this Lease will be the area of the Premises as determined in accordance with the Building Owners and Management Association Method for Measuring Floor Area in Office Buildings, ANSI Z65.1-1996 (the "**BOMA Standard**"). In the event that Lessee's architect/space planner determines that the amounts thereof shall be different from those set forth in this Lease, Lessee shall give Lessor written notice thereof within five (5) days of the expiration of such 30-day period. If Lessor disagrees with Lessee's architect/space planner determination, Lessor's architect shall meet with Lessee's architect/space planner within five (5) business days after receiving Lessee's architect/space planner's determination. If Lessor's architect and Lessee's architect/space planner are unable to reach agreement upon the rentable and usable square footage of the Premises within ten (10) business days after the matter is referred to them, the parties shall appoint an independent architect to measure the space and in such event, such architect's determination shall be binding upon the parties. The fees and expenses of the independent architect shall be shared equally by the parties. If the rentable square feet are modified, all amounts, percentages and figures appearing or referred to in this Lease based upon such incorrect amount (including, without limitation, the amount of the Rent and Lessee's Proportionate Share) shall be modified retroactively to the Commencement Date in accordance with such determination. Once such determination is agreed upon or otherwise determined, it

will be confirmed in writing by the parties and shall not be subject to adjustment, during either the Term or any extensions thereof, unless Lessee leases additional space.

2.3 Common Areas. Lessee shall have the nonexclusive right to use the Common Areas, subject to reasonable rules and regulations for the management, safety, care, and cleanliness of the grounds, the parking and unloading of vehicles and the preservation of good order, as well as for the convenience of other occupants or tenants of the Building. Lessee's rights are subject to Lessor's right to make changes to the Common Areas or the use of such Common Areas which Lessor deems reasonable, perform maintenance and repairs and otherwise use the Common Areas as Lessor may deem appropriate in its reasonable judgment. Notwithstanding the foregoing, in no event shall Lessor's activities pursuant to this section interfere with Lessee's access to or use of the Premises.

2.4 Delivery of Premises.

2.4.1 Lessor shall deliver to Lessee possession of the Premises, with the Tenant Improvements Substantially Complete in accordance with the terms and conditions set forth in Exhibit B and related exhibits thereto, and free and clear of all other tenants and occupancies on the Premises. Lessor shall deliver the Premises in a clean condition on the Commencement Date, and warrants that the existing electrical, plumbing, fire sprinkler, lighting, heating, ventilating and air conditioning systems ("HVAC"), and all other items which the Lessor is obligated to construct shall be in good operating condition on said date, that the structural elements of the roof, bearing walls and foundation of the Premises shall be free of material defects, and that the Premises do not contain hazardous levels of mold or fungi defined as toxic under applicable state or federal law.

2.4.2 Delay in Possession. Lessor agrees to use its best commercially reasonable efforts to deliver possession of the Premises to Lessee by the Anticipated Commencement Date. Lessee shall not be obligated to pay Rent or perform its obligations until Lessor delivers possession of the Premise and any period for rent abatement that Lessee would otherwise have enjoyed shall run from the date of delivery of possession and continue for a period equal to what Lessee would otherwise have enjoyed under the terms of this Lease. If possession is not delivered within ninety (90) days after the Anticipated Commencement Date, as the same may be extended by mutual agreement of the Parties, either Party may cancel the Lease by giving the other written notice within ten (10) days after the end of such 90-day period, and the Parties shall have no further rights or obligations to each pursuant to this Lease. Assuming that Lessee has not caused any delay in possession, in the event that full completion of the Tenant Improvement Work takes longer than one hundred twenty (120) days after the Commencement Date, Lessor shall provide one additional day of base rent and operating expense abatement for each day the Premises is delayed from occupancy.

2.4.3 Early Access. Lessee shall have three (3) weeks early access to the Premises for installation of Tenant's furniture, fixtures and equipment.

2.5 Compliance with Laws. Lessor warrants that the Lessor is delivering the Premises, including the Tenant Improvements, and the Property in compliance with all applicable local, state, and federal laws, including, without limitation, the American Disabilities Act and any amendments thereto or regulations promulgated thereunder, ordinances, orders, rules, resolutions, and other governmental requirements relating to the use, condition, or occupancy of the Premises and the Building ("Applicable Requirements"). If the Property does not comply with Applicable Requirements, Lessee shall have the right to terminate this Lease as provided in Section 15.

2.5.1 If the Applicable Requirements are hereafter changed so as to require during the Lease Term the construction, alteration, or retrofit of the Premises, the remediation of any Hazardous Materials, or the reinforcement or other physical modification of the Premises, Lessor shall be solely responsible for the cost of such work, except where such work is triggered by Lessee as a result of an actual or proposed change in use or modification to the Premises.

2.5.2 Lessor shall, at its own cost and expense, be responsible for compliance with existing federal, state and local statutes, codes and ordinances, including the American Disabilities Act ("ADA") and Title 24 requirements in the construction, alteration, or other physical modifications that may be required on the Property. Prior to execution of the Lease, Lessor shall, at

its sole cost and expense, commission a Certified Access Specialist (CASp) to inspect and audit the Building and prepare a comprehensive Americans with Disabilities Act (“ADA”) report.

2.5.3 During the Term and any extension, Lessor shall be responsible for any repairs, improvements, retrofits, or upgrades to the interior and exterior of the Building and the Property that are required to comply with the Applicable Requirements, including the evaluation, installation, and costs arising from changes necessary to bring the Property and the Building up to ADA accessibility standards due to changes in the Applicable Requirements after Lease commencement. Lessor shall defend and indemnify Lessee for any claims, liability, costs, or damages associated with Lessor’s failure to comply with the ADA requirements. If Lessee makes any alterations or improvements to the interior of the Premises after the Commencement Date, Lessee shall, at its sole cost and expense, be responsible for insuring that any alterations or improvements to the Premises made by Lessee comply with Applicable Requirements.

2.5.4 Notwithstanding anything to the contrary contained in Section 2.5.2, the Premises being leased has undergone inspection by a Certified Access Specialist (CASp) and has been determined to meet all applicable construction-related accessibility standards pursuant to California Civil Code Section 55.53 at the time of lease execution. After construction of the Tenant Improvements is completed, Lessor shall, at its sole cost and expense, have the CASp prepare an updated ADA report. Lessor shall, at its sole cost and expense, construct, replace or repair any items identified in the reports to fully comply with ADA. Any future tenant improvement work or alterations shall meet the then current ADA standard.

2.6 Vehicle Parking. All parking areas will be dedicated to Lessee’s use. Parking shall be free for the initial and extended term(s) of the Lease. Parking areas shall have appropriate and adequate overhead lighting. Lessor shall, at its sole cost and expense, re-surface and/or slurry coat and re-stripe the parking areas to maximize occupancy, including repairing and completing all drainage work, as soon as reasonably possible, but not later than six (6) months after the Commencement Date. Any work in the parking areas must be coordinated with Lessee to minimize any interference with Lessee’s access to or use of the Premises. Lessor shall provide any necessary substitute parking free of charge at nearby facilities to accommodate Lessee’s access to and use of the Premises. In the event Lessee requires additional parking during the Term of this Lease, Lessor shall use its best efforts to work with Lessee to accommodate such additional parking need.

2.7 Quiet Possession. So long as Lessee is not in Default, Lessee shall be entitled to quietly have, hold, and enjoy the Premises during the Term, subject to Lessor’s rights under this Lease.

2.8 Use of Premises. Lessee shall use the Premises for the purpose of conducting business and activities permitted by law, including any government operations or uses related thereto. The parties agree that Lessee may use the Premises for public meetings, provided such meetings are conducted in a safe and professional manner and not unreasonably disturb any other tenants in the Building. Lessor shall have the right from time to time to promulgate rules and regulations and amendments thereto for the safety, cleanliness and care of the Building in which the Premises are located. Upon delivery of a copy of such rules and regulations or upon receiving written notice of such rules and regulations together with a copy thereof, Lessee will comply with the rules and regulations. Lessor shall make reasonable efforts to enforce any such rules and regulations uniformly against all tenants in the Building. No such rules and regulations shall require Lessee to pay additional rent under this Lease.

2.9 Changes to Property. Except for the Premises, Lessor reserves the right to make or allow permanent or temporary changes or replacements to the Property during the Term. Lessor’s activities may require the temporary alteration of means of ingress and egress to the Property and the installation of scaffolding and other temporary structures while the work is in progress. Such work shall be performed in a manner reasonably designed to minimize interference with Lessee’s conduct of business from the Premises. Notwithstanding the foregoing, Lessor shall not block Lessee’s ingress and egress of the Premises.

SECTION 3: RENT

3.1 Rent shall be paid in advance on or before the first day of each calendar month. If the Commencement Date or the expiration date of this Lease occurs on a day other than the first or last day of a

calendar month, then the rent for the fractional month shall be prorated on the basis of a thirty (30) day month.

3.2 Rent shall be paid in accordance with the monthly rent schedule specified below. No rent shall be due for months one (1), two (2), twenty-four (24), thirty-six (36), and forty-eight (48). If the occupancy date occurs on a day other than the first day of a month, the rent shall be prorated on the basis of a thirty (30) day month.

Month 1 and 2:	\$0.00
Month 3 through 12:	\$10,421.60
Month 13 through 23:	\$10,682.14
Month 24:	\$0.00
Months 25 through 35:	\$10,949.19
Month 36:	\$0.00
Month 37 through 47:	\$11,222.92
Month 48:	\$0.00
Month 49 through 60:	\$11,503.50
Month 61 through 72:	\$11,791.08
Month 73 through 84:	\$12,085.86
Month 85 through 96:	\$12,388.01
Month 97 through 108:	\$12,697.71
Month 109 through 120:	\$13,015.15

SECTION 4: OPTIONS TO EXTEND.

Provided Lessee is not in Default as of the date of exercise or the commencement of the renewal term, Lessee shall be entitled to two (2) options (each, an “Option”) to extend the term of the Lease for a period of five (5) years (each, an “Option Term”) for the Premises, on the same terms and conditions of the Lease, except that (a) the Rent at the beginning of each Option Term shall be the lesser of the rental rate then being paid or ninety-five percent (95%) of the current fair market rate for the Premise. Such Option shall be exercised (if at all) by Lessee giving written notice to Lessor at least six (6) months prior to the expiration of the Term, or the first Option Term, as applicable. Lessee’s exercise of any option(s) shall be subject to approval by Lessee’s Board of Supervisors. The Options shall be transferable to permitted transferees.

The prevailing market rental rate for the first year of each Option shall be determined in the following manner, which shall reflect the prevailing market rent for comparable space within the Property and comparable first-class office buildings in Placer county and El Dorado County as of the date of commencement of the relevant Option. Prevailing market rental rate shall be determined taking into account all relevant factors, including (to the extent relevant) number of months of free rent, if any (which shall be part of the determination of the rental rate), Lessee improvement obligations, moving allowances, and leasing commissions and costs. The term “comparable leases” shall not include leases entered into under special circumstances affecting the economics of the tenancies, including following the exercise of options to lease space at other than then current prevailing market rate, or the sublease of space by a sublessor not primarily in the business of leasing space similar to the Premises.

The Parties shall commence negotiations of the rental rate one (1) year prior to the expiration of the then current term. Lessor shall give Lessee notice of Lessor's proposed prevailing market rental value for the Premises. Lessee shall give Lessor written notice within thirty (30) days thereafter as to whether or not Lessee agrees with Lessor's proposed prevailing market rental value. If Lessee disagrees with Lessor's proposed prevailing market rental value, the parties shall negotiate in good faith to resolve their differences for a period of thirty (30) days. Upon the expiration of such thirty day period, if the parties are not in agreement as to such fair market rental value, then either party may initiate appraisal to determine the fair market rental value by giving written notice to the other party, such notice containing the name of an appraiser. If the Parties cannot agree upon a rate, the matter may be referred for arbitration to the nearest local office of the American Arbitration Association with each party equally sharing the cost thereof. If, following the arbitration, the fair market is not acceptable to Lessee, Lessee may rescind its exercise of the option to renew.

Rent shall increase on the first day of the second year of each Option Term, and on each anniversary thereof throughout each Option Term by two and one half percent (2.5%). All appraisers shall be members of the MAI and shall have at least ten (10) years' experience appraising similar property in the South Lake Tahoe area. Each party shall bear the cost of the appraiser appointed by such party, and the parties shall share equally in the cost of the third appraiser, if appointed. If the two appraisers initially appointed are unable to agree on a third appraiser, then either party shall have the right to apply to the presiding judge of the Superior Court having jurisdiction over the Building for the appointment of a third appraiser.

In the event Lessee exercises its Option(s), Lessor shall pay Cornish & Carey Commercial a leasing commission equal to two and one-half percent (2.5%) of the gross rent for the option term(s). This commission shall be due and payable immediately upon mutual execution of Lessee's Option.

SECTION 5: RIGHT OF FIRST REFUSAL. Lessor shall provide Lessee the right of first refusal to purchase the Property, subject to Board of Supervisors approval. If Lessor receives a bona fide offer to purchase the Property from a third party that is acceptable to Lessor, Lessor shall provide Lessee with a copy of the acceptable offer. Lessee shall notify and provide Lessor with a copy of the acceptable offer, and Lessee shall notify Lessor within ten (10) business days of receipt thereof of its intent to exercise the right of first refusal.

Lessee's failure to give written notice to Lessor of Lessee's intent to exercise the right of first refusal shall be deemed to be Lessee's waiver of its rights hereunder with respect to such transaction even if the terms of such transaction shall be amended or modified as part of the ongoing purchase and sale transaction.

SECTION 6: ALTERATIONS AND IMPROVEMENTS.

6.1 **Lessor Improvements.** Lessor, at its sole cost and expense, shall construct and provide the Tenant Improvements described in Exhibit B and related exhibits thereto and any required ADA upgrades. The Tenant Improvement work shall be performed at prevailing wage pursuant to California Labor Code section 1720.2, as may be amended from time to time.

6.2 **Lessee Alterations.** Lessee shall not make any alterations to the interior of the Premises without the prior written consent of Lessor, which consent shall not be unreasonably withheld. Except as provided in Exhibit B, Lessee, at its own cost, may install in the Premises the equipment needed for telecommunication system and computer terminals including, but not limited to, the following: (a) telephone, internet, and/or cable; (b) key system units; (c) intercom system; (d) security system. Upon termination of the Lease, Lessee shall have the right to remove from the Premises such equipment installed by Lessee. Throughout the term of this Lease or any renewal or extension thereof, Lessor shall not charge any coordination or review fee for Lessee's construction of alterations including all expansion space in the Premises.

6.3 With the exception of previously approved relocatable walls and other alterations readily removable without significant damage to the Premises, any alterations permanently affixed to realty, that may be made or installed upon the Premises by either of the parties and that in any manner are attached to the floors, walls, or ceilings, shall become the property of the Lessor and surrendered with the Premises, provided, however, Lessee may remove trade fixtures or equipment if Lessee repairs any damage to the Premises caused by such removal. However, any floor covering that may be cemented or otherwise affixed to the floor of the Premises shall become property of Lessor.

SECTION 7: REPAIR AND MAINTENANCE.

7.1 Notwithstanding any other provisions in this Lease, Lessor shall inspect bi-monthly and, at its sole cost and expense, maintain and repair, throughout the initial and extended term(s) of the Lease, or cause to be maintained and repaired, in good working order, repair, and condition:

- (a) Systems and Equipment of the Building and Property, including the backup generator;
- (b) Foundation, exterior lighting, windows, exterior walls, stairs, elevators, structural components, and roof of the Building;
- (c) Building and Common Areas.
- (d) all Land and Building landscaping
- (e) all land and Building plumbing, HVAC, mechanical, fire safety, security and electrical systems

Prior to lease execution, Lessor shall provide Lessee with a third party contractor's written assessment or inspection report of the Building's mechanical systems (including the HVAC system), roof and the backup generator. The report shall identify the remaining useful life for these items and verify whether they are in good, operational condition. Lessor shall, at its sole cost and expense, service, repair or replace the Building's mechanical systems (including the HVAC system), roof and backup generator to ensure they are in good, operational condition prior to Lessee's occupancy of the Premises and that they comply with the following requirements: five (5) years of useful life remaining for the Building mechanical systems (including the HVAC system) and backup generator and two (2) years of useful life remaining for the roof.

Lessor shall have ten (10) days after notice from Lessee to perform its obligations hereunder, except Lessor shall perform its obligations immediately if the nature of the problem presents a material hazard or emergency as determined by Lessee. Any notice or demand concerning a material hazard or emergency may be made orally, by telephone or otherwise, provided that written confirmation is given within two (2) days after the oral notice or demand is made.

7.2 If Lessor does not perform its obligations within the time limitations provided herein, Lessee, after notice to Lessor, may perform the obligations and has the right to be reimbursed for the sum Lessee actually and reasonably expends (including charges for use of Lessee's employees and equipment) in the performance of Lessor's obligations. If Lessor does not reimburse Lessee within ten (10) days after demand from Lessee, Lessee shall have the right to withhold from future rent due the sum Lessee has expended until Lessee is reimbursed in full. Lessor shall also be liable for interruption or interference in Lessee's business, or for any other damages (whether direct or consequential), and rent shall be abated, on account of Lessor's failure to perform its maintenance and repair obligations.

7.3 Lessee shall contract directly with its janitorial vendor for replacing light bulbs inside the Premises.

SECTION 8: BUILDING SERVICES, UTILITIES, TAXES AND ASSESSMENTS.

8.1 Lessor shall furnish the Premises with the following utilities and services:

(a) Heating, ventilation, and air conditioning ("**HVAC**") for the comfortable occupancy of Premises for general office purposes (permissible temperature not to exceed 78 degrees in summer or less than 68 degrees in winter), subject to any energy conservation or other regulations which may be applicable from time to time. The HVAC system shall be inspected each year by a qualified inspector. Lessor shall notify Lessee when the inspection shall occur and shall provide Lessee with a copy of the inspection report within five (5) days of receipt by Lessor. Lessor at its sole cost and expense, shall correct any problems identified in the inspection report within ten (10) days of the date of the inspection. Lessor shall change the HVAC filters and clean the HVAC vents quarterly.

(b) Gas and/or electrical current for routine lighting and the operation of general office machines such as personal computers, copy machines, printers, office equipment, and the like, which use 110

volt electric power. If additional electrical capacity is required in the future, any additional capacity shall be at the Lessee's expense.

(c) Water and sewer suitable for the intended use of the Premises.

(d) Right of access to, from and within the Building (including a pathway to the Premises) to Lessee and/or its telecommunication companies, including but not limited to local exchange telecommunications companies and alternative access vendor service companies, for the installation and operation of Lessee's telecommunication systems, including but not limited to voice, video, data, and any other telecommunication services provided over wire, fiber optic, microwave, wireless, and any other transmission systems, for part or all of Lessee's telecommunications to, from and within the Building and Premises.

(e) Telephone and/or fiber optic to the Premises. Lessee shall be responsible for the ongoing monthly costs of the service.

8.2 Lessee shall have the option, at its sole cost and expense, to install and operate a satellite antenna dish and cables thereto on the roof or exterior of the Building at no charge. Lessor shall provide local Cable TV connection to the Premises. At Lessee's option and sole cost, Lessee may contract with the local provider Cable TV services for Lessee's use. Lessee shall be responsible for the installation and removal of the satellite antenna dish and cables thereto and any necessary repair to the Building due to their installation and removal.

8.3 Lessee agrees to reasonably cooperate with Lessor, and to abide by all regulations and requirements which Lessor may prescribe for the proper functioning and protection of the Building's HVAC, electrical, and plumbing systems, and telephone, internet, wireless and similar electronic facilities.

8.4 Unless due to any fault on the part of Lessee, its employees or agents, Lessee's obligation to pay rent shall abate proportionately during any period in which Lessee's access to, or use of, all or any portion of the Premises for their intended purpose is so impaired that Lessee cannot, and actually does not, use all or such portion of the Premise for a period in excess of five (5) consecutive business days; the rent abatement in such case to commence as of the sixth (6th) business day. Lessee shall give Lessor notice of any such interruption of access, use, or service prior to Lessee ceasing to use all or any portion of the Premises. If such interruption or discontinuation in services continues beyond thirty (30) consecutive business days, Lessee has the right to terminate the Lease with no additional financial obligation to Lessor.

8.5 Should Lessee require, and should Lessor provide, additional building services during the Lease Term, Lessee agrees to pay the expense of such additional services as mutually agreed upon by both parties.

8.6 In the event that building services provided by Lessor under the Lease are discontinued due to Lessor's failure to pay, Lessee shall have the option to assume payment for such building services, in which event Lessee will be entitled to a rent credit equal to the amount thus paid by Lessee, plus 15% annual interest, which shall be applied against the first installments of rent due under the Lease until the obligation is fully satisfied.

8.7 Lessor shall pay all real property taxes, special taxes and assessments on or attributable to the Premises.

8.8 Building Services. Lessor shall also be solely responsible for the cost of providing the following services to the Property and Premises:

- a) Building and Liability insurance
- b) Real property taxes
- c) Snow and ice removal when snow level exceeds four (4) inches or more
- d) Water
- e) Sewer
- f) Landscaping

- g) Exterior Trash/Disposal Services
- h) Pest control/extermination
- i) Replacement light fixtures
- j) HVAC filters

8.9 Lessee shall be responsible for electricity costs, gas costs, natural gas costs, and providing janitorial services to the Premises. Lessee shall contract directly with a vendor for janitorial services, including the cleaning of the interior windows and replacement of light globes or fluorescent tubes in the Premises.

8.10 Lessee shall notify Lessor of any necessary repairs that Lessor shall perform at its sole cost and expense (including but not limited to light fixtures, exterior bulbs, paint, mechanical repairs, electrical and plumbing), except for any damage caused by Lessee or normal wear and tear.

8.11 Signage. Lessor shall provide the following sign identity rights, to be installed at Lessor's sole cost and expense upon Lessor's approval of the design and specifications: (a) in a mutually acceptable location on the Building facade; (b) in the most prominent position or "top billing" on the Building's monument sign(s); and (c) at its corporate standard Premises double door entry. Any signage shall comply with local sign ordinances.

SECTION 9: ASSIGNMENT AND SUBLETTING.

9.1 Restriction on Assignment and Subletting. This Lease shall not be assigned by Lessee without the written consent of the Lessor, which consent shall not be unreasonably withheld. The party requesting assignment or subletting ("Transfer") of the Lease shall provide the other party with prior written notice of the proposed Transfer containing the items specified in Section 9.2 below. Within ten (10) business days after receipt of the Transfer notice, the other party shall notify the requesting party of its election to (a) approve the requested Transfer or (b) disapprove the requested Transfer, which disapproval shall specify the reasons for such disapproval. Notwithstanding the foregoing, an assignment or sublet of the Lease by Lessee to any agencies, departments, affiliates, or contractors of Lessee shall not constitute a Transfer and shall only require prior written notice to Lessor but not Lessor's consent.

9.2 Documentation Required. The Transfer notice shall be accompanied by each of the following (to be provided by Lessee):

- (a) A copy of all proposed Transfer documents.
- (b) A statement setting forth the name, address and telephone number of the transferee, and all principal owners of the transferee.
- (c) Current financial information regarding the proposed transferee, including a statement of financial condition.
- (d) For any sublease, a description of the portion of the Premises to be sublet.
- (e) Any other information reasonably required by the party in order to determine the financial responsibility, character, and reputation of the proposed transferee, nature of such transferee's business, or proposed use of the Building or portion thereof.

9.3 In the event of any Transfer by any Lessor of its interest, Lessor shall be relieved from all liability accruing from and after the date of the transfer or conveyance, but shall not be released from the obligation to indemnify Lessee for acts or omission occurring prior to the transfer unless so released by Lessee in writing. Upon any conveyance of title to the Property, the grantee or transferee shall be deemed to have assumed Lessor's obligations to be performed under this Lease from and after the date of such conveyance.

9.4 Lessor and Lessee shall share equally in any profit made from the Transfer of the Lease by Lessee.

SECTION 10: INSURANCE

10.1 Prior to Commencement Date, Lessor shall furnish to Lessee proof of a policy of insurance issued by an insurance company that is acceptable and satisfactory to Lessee's Risk Manager and documentation evidencing that Lessor maintains insurance that meets the following requirements:

- a) Commercial General Liability insurance of not less than \$1,000,000 combined single limit per occurrence for bodily injury and property damage and a \$2,000,000 aggregate limit.
- b) Workers' Compensation and Employers' Liability Insurance covering all employees of Lessor as required by law in the State of California.
- c) Property insurance on real property covered by this Lease under a standard "all Risk" policy." The policy shall insure for not less than ninety percent (90%) of the replacement value of the property.
- d) The certificate of insurance must include a provision stating that insurer will not cancel insured's coverage without thirty (30) days written notice to Lessee.

10.2 Lessor shall maintain the required insurance in effect at all times during the Term of this Lease. In the event said insurance expires at any time during the Term, Lessor agrees to provide at least thirty (30) days prior to said expiration date, a new certificate of insurance evidencing insurance coverage as provided for herein for not less than the remainder of the Term of the Lease, or for a period not less than one (1) year. New certificates of insurance are subject to the approval of the Lessee. Failure to maintain in effect at all times the insurance coverage specified herein shall be deemed a default by Lessor and, Lessee may, in addition to any other remedies it may have (and subject to any Lessor cure period), elect to obtain the insurance coverage, in which event Lessee shall be entitled to a rent credit equal to the amount of insurance premiums.

SECTION 11: INDEMNITY

11.1 Lessee shall defend, indemnify and hold Lessor harmless from and against any and all losses, damages, claims, suits, liability, costs, including reasonable attorney's fees, for any damage to property or injury to any person occurring in, on, or about the Premises, or any part thereof, caused by, arising out of, or in connection with the performance under this Lease by Lessee, its officers and employees, except to the extent such damage or injury is caused in whole or in part by the negligence or willful misconduct of Lessor, its employees, agents or contractor.

11.2 Lessor shall defend, indemnify and hold Lessee harmless from and against any and all losses, damages, claims, suits, costs, and liability including reasonable attorney's fees, for any damage to property or injuries to or death of any person, or any economic or consequential losses which are claimed to or in any way caused by, arise out of, or are connected with the operations, acts, omissions, or performance under this Lease by Lessor, its employees, agents or contractors, except to the extent such damage or injury is caused by the negligence or willful misconduct of Lessee, its officers and employees.

SECTION 12: DAMAGE OR DESTRUCTION; EMINENT DOMAIN

12.1 Damage or Destruction. If any part of the Premises or the Property is damaged by fire, Hazardous Substance Condition, or other casualty and the damage affects Lessee's use or occupancy of the Premises, Lessee shall give prompt notice to Lessor, and Lessor shall repair such damage with reasonable diligence. Except as provided herein, Lessor shall, at its sole cost and expense, restore or repair the Premises diligently and to their condition immediately prior to the damage. If such casualty occurs and a portion of the Premises is still usable by Lessee, the rent shall be abated and prorated on a square footage basis of usable space until the Premises are restored to their original condition.

12.1.1 In the event of damage or destruction or Hazardous Substance Condition to the Premises or the Property and a portion of the Premises is still usable, the rent payable by Lessee for the period required for the repair or remediation of such damage shall be abated and prorated on a square footage basis of usable space until the Premises are restored to their original condition immediately prior to the damage.

12.1.2 If Lessor is obligated to repair or restore the Premises and does not commence, in a substantial and meaningful way, such repair, remediation, or restoration of the Premises within 90 days after such obligation shall accrue, Lessee may at any time prior to the commencement of such repair or restoration give written notice to Lessor and to any Lenders, of which Lessee has actual notice, of Lessee's election to terminate the Lease on a date not less than 60 days following the giving of such notice. If Lessee gives such notice and repair or restoration is not commenced within 30 days thereafter, this Lease shall terminate as of the date specified in said notice. If the repair or restoration is commenced within such 30 days, this Lease shall continue in full force and effect. "Commence" shall mean the beginning of the actual work on the Premises including obtaining the necessary permits and other governmental approvals necessary to commence actual construction.

12.1.3 Exceptions to Obligation to Rebuild. Notwithstanding the above, this Lease may be terminated by Lessor in any of the following situations:

(a) If substantial alteration or reconstruction of the Property or Premises is required as a result of the damage, to an extent exceeding forty percent (40%) of the full insurable value thereof.

(b) If the damage to the Property or Premises is caused by the gross negligence or willful misconduct of Lessee, its employees or agents.

(c) If existing laws do not permit the Premises to be restored to substantially the same condition as they were in immediately before the destruction.

(d) If the damage occurs during the last six (6) months of the Lease Term.

Any such election to terminate this Lease shall be exercised by notice to Lessee delivered within 60 days after the occurrence of the event of casualty causing such damage. The notice shall specify the date of termination, which shall be at least sixty (60) days after such notice is given. If Lessor gives such notice of termination, this Lease shall terminate as of the date specified, and all rent shall be prorated to the later of the date of termination or Lessee's vacation of the Premises.

12.1.4 Lessee's Right to Terminate. If the Premises are rendered unusable for the conduct of Lessee's business by reason of such damage, Lessor shall give Lessee a reasonable estimate of the time required for repair within 45 days after the date of damage. If Lessor reasonably estimates that the time needed for repair will extend more than nine (9) months after the date of damage, then Lessee shall have the right to terminate this Lease by giving written notice within fifteen (15) days after receipt of Lessor's estimate. The termination shall be effective ten (10) days after the date such notice of termination is given.

12.2 Eminent Domain. If the Property or Premises, or such portion thereof shall be taken for public or quasi-public purpose by any lawful power or authority by exercise of the right of appropriation, condemnation, or eminent domain, or sold to prevent such taking, either party shall have the right to terminate this Lease effective as of the date possession is required to be surrendered to said authority.

12.2.1 Lessee shall not assert any claim against Lessor or the taking authority for any compensation because of such taking and Lessor shall be entitled to receive the entire amount of any award without deduction for any estate or interest of Lessee. However, Lessee shall not be precluded from claiming from the condemning authority any compensation to which Lessee may otherwise

lawfully be entitled in respect to personal property or fixtures belonging to Lessee, or for relocating to new space, or for the unamortized portion of any Tenant Improvements installed in the Premises to the extent they were paid for by Lessee or for the loss of goodwill.

12.2.2 In the event of taking of less than the entire Premises, Lessee may elect to terminate the Lease by giving thirty (30) days written advanced notice to Lessor. If Lessee does not so elect, Lessor shall promptly proceed to restore the Premises (including the Tenant Improvements and any Lessee's alterations) to substantially their same condition prior to such partial taking and a proportionate allowance shall be made to Lessee for the rent corresponding to the time during which, and to the part of the Premises of which Lessee shall be so deprived on account of such taking and restoration. Notwithstanding the foregoing, if the costs of restoration exceed the portion of the condemnation award allocated to restoration costs, Lessor may elect to terminate this Lease unless Lessee elects to pay such excess.

SECTION 13: DEFAULT

13.1 The occurrence of any one or more of the following shall be deemed a default by Lessee, or as and where the context allows, by Lessor:

13.1.1 Abandonment or Vacation of Premises. Abandonment or vacation of the Premises by Lessee, together with the non-payment of rent, for a continuous period in excess of 30 consecutive days.

13.1.2 Nonpayment of Rent. Lessee's failure to pay rent when due, if the failure continues for ten (10) days after written notice has been given to Lessee.

13.1.3 Other Obligations. Except as otherwise expressly provided in this Lease, the failure to perform any other provisions or obligations under this Lease if the failure to perform is not cured within thirty (30) days after written notice has been given to the defaulting party (the "Cure Period"). The time to cure may be extended at the discretion of the party giving notice. Any extension of time to cure must be in writing, prepared by the party in default for signature by the party giving notice and must specify the reason(s) for the extension and the date on which the extension of time to cure expires.

13.2 Notice given under this Section 13 shall specify the alleged default and applicable lease provisions, and shall demand that the defaulting party perform the provisions of this Lease or pay the rent that is in arrears, as the case may be, within the applicable period of time. If the nature of the obligation is such that more than thirty (30) days are reasonably required for its performance, the party shall not be in default if the party commences to cure such default within the Cure Period and is diligently pursuing the cure to completion with reasonable promptness. No such notice shall be deemed a forfeiture or a termination of this Lease unless the party giving notice so elects in the notice, or the party giving notice so elects in a subsequent written notice after the time to cure has expired.

13.3 Lessee agrees to give Lessor's lenders, by registered or certified mail, return receipt requested, a copy of any notice of default served upon Lessor, provided that prior to such obligation to give notice, Lessee has been notified, in writing of the addresses of the Lenders. Lessee further agrees that if Lessor shall have failed to cure such default within the time provided in this Lease, then before Lessee pursues its other remedies, Lessor's lenders shall have an additional thirty (30) days (the "Lender Cure Period") within which to cure the default on behalf of Lessor or such additional time as may be required provided that Lessor's lender has commenced to cure such default within the Lender Cure Period and is diligently pursuing such cure.

SECTION 14: REMEDIES UPON DEFAULT.

14.1 Termination. In the event of a default, either party may elect to terminate this Lease or can cure the default at the defaulting party's cost. The election to terminate may be stated in any notice served upon the defaulting party.

14.2 Any sum paid by the non-defaulting party to cure the default shall be due within five (5) days of notice of such sum, and if paid at a later date shall bear interest at the maximum rate permitted by law. Lessee shall have the right to withhold from future rent due the sum Lessee has expended until Lessee is reimbursed in full for the sum and interest on it.

14.3 Remedies Cumulative. All rights, privileges and elections of remedies are cumulative and, to the extent permitted by law, are in addition to and do not in any manner limit other remedies set forth in other sections of this Lease.

SECTION 15: TERMINATION.

15.1 This Lease may be terminated upon the occurrence of one or more of the following:

- (a) The failure to remedy any default or breach of any provisions of this Lease.
- (b) The failure to comply with any provisions of this Lease.
- (c) Damage or destruction, or condemnation of the Premises as specified in Section 10.
- (d) In the case of bankruptcy, voluntary or involuntary, or insolvency of either party.

15.2 Non-Appropriation. Lessee's business operations are funded by federal, state, county, local, and/or private foundations ("Funding Sources"). Pursuant to Section 18, article XVI of the California Constitution, and notwithstanding any provisions in this Lease, if during the Term of the Lease, the Funding Sources reduce, eliminate, withhold, fail to allocate, or make unavailable to Lessee sufficient funds for Lessee's continued operations and/or administration of programs at the Premises or to meet the obligations of this Lease, Lessee shall have the right to terminate this Lease upon ninety (90) days written notice of such termination to Lessor. If Lessee exercises this right to terminate, Lessee shall pay a penalty equal to one-hundred thousand dollars (\$100,000.00) straight lined over the first sixty (60) months of the Lease ("Termination Penalty"). The Termination Penalty shall only apply if Lessee terminates the Lease in the first sixty (60) months of the Lease Term. If Lessee terminates this Lease after the first sixty (60) months of the Lease Term, there shall be no termination penalty or further financial obligations by the Lessee. The Termination Penalty schedule is attached to this Lease as Exhibit C.

SECTION 16: SUBORDINATION AND ATTORNMENT.

16.1 Subordination. At the election of the Lessor or any first mortgagee with a lien on the property or any ground lessor with respect to the property, this Lease shall be subject to and subordinate the lien of any mortgage or deed of trust which may now exist or hereafter be executed for which the Building, land, ground leases or underlying leases, or Lessor's interest or estate in any said items is specified as security. If requested by Lessor, Lessee agrees to execute and deliver to Lessor, within 10 business days after written demand therefor, and in the form requested by Lessor or such further instruments confirming the subordination of this Lease to the lien of any such mortgage or deed trust as may be requested by Lessor or any Lender from time to time. Any failure or refusal of Lessee to execute such instrument, which incorporates Lessee's reasonable changes, within 10 business days, shall constitute a default. However, Lessor agrees that as a condition to any subordination of this Lease to any future mortgage, deed of trust or ground lease, Lessee shall first receive a subordination, attornment and non-disturbance agreement from such lender or ground lessor on commercially reasonable terms.

16.2 Attornment. In the event of the foreclosure of any mortgage or cancellation, Lessee, at the request of the then successor to the Lessor following such event, shall attorn to and recognize the successor (herein referred to as the "***Successor Lessor***"), as Lessor under this Lease. Lessee agrees to execute and deliver at any time upon request of any Lender or purchaser, and the successors of either, any instrument reasonably requested to further evidence such attornment.

16.3 Non-Disturbance Protection. Notwithstanding anything to the contrary contained herein, Lessee's obligations to subordinate its rights hereunder to any future mortgage or to attorn to any future lender shall be conditioned upon Lessor's obtaining from the Lender (upon request from Lessee) a non-disturbance agreement in such other commercially reasonable form as may be acceptable to Lessor's lender providing in substance that: (i) so long as Lessee is not in default under this Lease, Lessee's tenancy will not be disturbed, nor its rights under this Lease affected by, any default under such mortgage nor shall Lessee be named as a defendant in any foreclosure proceeding (unless the Lender is legally required to do so), (ii) any Successor Lessor shall assume the obligations of Lessor under this Lease accruing thereafter, and (iii) the non-disturbance agreement shall be binding upon and inure to the benefit of the successors or assigns of the parties thereto.

SECTION 17: ENTRY AND ACCESS.

17.1 Lessor and its agents or representatives may enter the Premises only in case of emergencies or required maintenance and/or repairs of the Premises. Any inspection, entry or access to the Premises shall be coordinated through Lessee's management or personnel and with no less than 24 hours prior notice. Access to the Premises will be under supervision and accompanied at all times by Lessee's employees. All work shall be done as expeditiously as reasonably feasible so as to cause as little interference to Lessee as reasonably possible. Lessor shall at all times have a key to all doors providing entry to the Premises, but excluding Lessee's vaults, safes, files, or security rooms, and any areas designated by Lessee, as to which Lessee shall provide Lessor with supervised access for the purpose of Lessor performing its obligations under the Lease.

18.2 Lessee shall have access 24 hours per day, 7 days per week, 52 weeks per year to the Premises, the Building and parking facilities.

SECTION 18: RELOCATION. Lessor shall not have the right to relocate Lessee under any circumstances.

SECTION 19: SURRENDER OF PREMISES.

19.1 Upon the expiration or earlier termination of this Lease, Lessee shall surrender the Premises in the same condition as when received, ordinary wear and tear excepted. Lessee, at its own expense, shall perform all necessary restoration made necessary by the removal of Lessee's personal property or alterations in the Premises, at or prior to the expiration or termination of this Lease.

19.2 Lessor may elect to retain or dispose of, in any manner, any personal property or alterations in the Premises made by Lessee that Lessee does not remove from the Premises upon expiration or earlier termination of the Term, provided, however, that in the event of an early termination, Lessee shall have thirty (30) days to remove its personal property from the Premises.

19.3 Hold Over. Lessee shall have the right to remain in the Premises on a month-to-month basis at the then base monthly rent in effect as of the last day of the Term for a period of up to three (3) months. After the 3-month period, the rental rate shall be one hundred ten percent (110%) of the then current base monthly rent. The holdover tenancy shall be terminable by Lessee upon thirty (30) days' advanced written notice.

SECTION 20: HIPAA. To the extent applicable, Lessor shall comply with all applicable provisions of the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") including, but not limited to, Privacy Rule (45 CFR Parts 160 and 164), as such are implemented and revised from time to time, including, without limitation, the American Recovery and Reinvestment Act ("ARRA") and the objectives of the guidelines establishing privacy standards as adopted by any federal regulatory agencies having jurisdiction over Lessee's affairs (the "Privacy Guidelines"). "Protected health information" ("PHI") shall have the meaning defined by the Standards for Privacy of Individually Identifiable Health Information, 45

C.F.R. Part 160 and Subparts A and E of Part 164 and all amendments thereto (commonly known as the "Privacy Standards"), as promulgated by the U.S. Department of Health and Human Services pursuant to the Administrative Simplification provisions of the Health Insurance Portability and Accountability Act of 1996 and all amendments thereto ("HIPAA"). Neither Lessor nor Lessor's employees, agents or contractors shall need access to, or the use of, any PHI. In the event PHI is seen by or disclosed (whether inadvertently or otherwise) to Lessor or its employees, agents or contractors, the party discovering such disclosure shall promptly notify Lessee, and if required by applicable law, to regulatory agencies. Lessor shall promptly take commercially reasonable measures to prevent any subsequent dissemination by Lessor or its employees or agents of such PHI to third parties, and if required by applicable law, to regulatory agencies. The parties agree that the provisions of this section do not create, and are not intended to create, a "business associate" relationship between the parties as that term is defined by the Privacy Standards.

SECTION 21: MOLD; AIR QUALITY. Lessor warrants and represents that as of the Commencement Date, the Premises comply with existing laws and regulations applicable to mold and air quality. Lessor, at its sole cost and expense, shall remove, mitigate or remediate any such mold or odors that Lessee identifies during the initial and extended term(s) of the Lease, except for mold or odor resulting from Lessee's use of the Premises.

SECTION 22: HAZARDOUS MATERIALS. Lessor hereby represents and warrants that to Lessor's actual knowledge that as of the date hereof the Premises comply with all federal and state laws and regulations applicable to Hazardous Materials on or under the Premises or Property and that Lessor has received no written notice stating that any portion of the Property is in violation of any Hazardous Material laws. Removal or remediation of any Hazardous Materials which existed on the Premises or Property prior to Lessee's occupancy or not caused by the gross negligence or willful acts or omissions of Lessee, its employees or agents shall be the sole obligation of Lessor. Lessor and Lessee shall indemnify, defend and hold each other harmless, its respective employees or agents, from and against any and all losses, liability, claims, lawsuits, damages, destruction of property, or injuries incurred by either party in connection with or as the result of the presence, use, or disposal of any Hazardous Materials in or about the Premises or Property (collectively "Claims"), except for Claims resulting from Lessee's use of the Premises.

SECTION 23: BROKERS. Both Lessor and Lessee acknowledge that Scott Kingston with Cornish & Carey Commercial ("Lessee's Broker") represent Lessee in this transaction and that all brokerage fees in this transaction shall be the obligation of Lessor. Lessee's Broker shall be paid a commission equal to three and one-quarter percent (3.25%) of the gross rent consideration paid over the initial term of the Lease. Lessor shall pay in full the first sixty (60) months of the 3.25% commission due to Lessee's Broker, equivalent to \$19,618.78 immediately upon lease execution. Lessee shall pay the balance of the commission, equivalent to \$24,516.55 upon Lessee's occupancy of the Premises. If Lessor fails to pay the commission due to Lessee's Broker when such commission is due and payable, Lessee may pay the commission due to Lessee's Broker that Lessor failed to pay, in which event Lessee shall be entitled to reimbursement of any payments made by Lessee or a rent credit equal to the commission thus paid by Lessee, plus 15% annual interest, which shall be applied against the first installments of rent due under the Lease until the obligation is fully satisfied.

SECTION 24: AUTHORITY. Each of the persons executing this Lease on behalf of any entity warrants and represents that he or she has been duly authorized to do so by the entity on whose behalf he or she executes this Lease and that said entity will thereby be obligated to perform the terms of this Lease.

SECTION 25: ENTIRE AGREEMENT. This Lease constitutes the entire understanding of the parties with respect to the Premises and supersedes all prior or contemporaneous understandings and agreements relating to the subject matter thereof. There are no other promises, covenants, understandings, agreements, representations, or warranties with respect to the subject matter of this Lease except as expressly set forth herein or in any instrument executed concurrently herewith.

SECTION 26: AMENDMENTS. This Lease may not be modified or amended except pursuant to a written instrument duly executed by all of the parties hereto.

SECTION 27: FURTHER ASSURANCES. From time to time, either party, at the request of the other party, and without further consideration, shall execute and deliver further instruments and take such other actions as the requesting party may reasonably require to complete more effectively the transactions contemplated by this Agreement.

SECTION 28: NO THIRD PARTY BENEFITS. This Lease is made and entered into for the sole benefit and protection of the parties hereto, and the parties do not intend to create any rights or benefits under this Lease for any person who is not a party to this Lease, other than a Lender and the Indemnified Parties.

SECTION 29: WAIVER. The waiver by any party of any term, covenant, agreement or condition herein contained shall be effective only if in writing and shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant, agreement or condition herein contained, nor shall any custom or practice which may develop between the parties in the administration of this Lease be construed to waive or to lessen the right of any party to insist upon the performance by the other party in strict accordance with all of the terms, covenants, agreements and conditions of this Lease.

SECTION 30: FORCE MAJEURE. Whether or not any specific provision of this Lease expressly excepts delays caused by Force Majeure, neither Lessee nor Lessor shall be chargeable with, or be liable or responsible to the otherwise chargeable, liable or responsible party for, anything or in any amount for any failure to perform or delay in performing caused by Force Majeure, provided that nothing herein shall affect or relieve Lessee's obligation to pay rent under this Lease. Any such failure or delay due to Force Majeure shall not be deemed a breach of or default in the performance of this Lease by either Lessee or Lessor. Notwithstanding the foregoing, those provisions of this Lease that exclude specifically Force Majeure events shall govern and control over this Section 30.

SECTION 31: TIME OF THE ESSENCE. Time is of the essence with respect to the performance of this Lease.

SECTION 32: ESTOPPEL CERTIFICATE. Lessee, shall at any time, and from time to time, upon twenty (20) business days' prior written notice from Lessor, execute, acknowledge and deliver to Lessor an Estoppel Certificate. Any Estoppel Certificate may be relied upon by any Lender or any prospective lender with respect to, or any prospective purchaser of any interest in, the Property. Any failure or refusal by Lessee to execute and return a requested Estoppel Certificate within the time period specified in this Section 32 (without additional time, despite any other provision of this Lease) shall constitute a default.

SECTION 33: NOTICES. All notices, requests, demands or other communications required or desired to be given hereunder, to be legally binding, shall be in writing and may be served either personally (including service by any commercial messenger or courier service), by registered or certified United States mail, return receipt requested, with all postage and fees fully prepaid, via facsimile or electronically. Any written notice must be addressed to the respective addresses set forth in Section 1.1 and 1.2 above, or to such other address as the party to whom the notice is addressed has theretofore specified in a notice served upon the other party in accordance with the requirements hereof. All notices shall be effective upon actual delivery to the addressee, as evidenced by the return receipt if service is by mail, except in the case of a party that has relocated and has not served upon the other party a notice of a new address for service of notices as specified above, or in the case if a party to whom the notice is addressed that refuses to accept delivery of the notice, in either of which cases the notice shall be deemed effective upon the first date of attempted delivery, as indicated by the return receipt if the attempted service was by mail, at the last address of which the party attempting to make the service had notice. In addition, a copy of any notice with respect to a default of or claim against Lessor, which is served upon Lessor, shall be sent concurrently to all Lenders of which Lessee has notice.

SECTION 34: GOVERNING LAW. This Lease shall be governed by and construed pursuant to the law of the State of California, without reference to conflicts of laws rules.

SECTION 35: SEVERABILITY. In the event that any provision of this Lease shall be adjudicated to be void, illegal, invalid, or unenforceable, the remaining terms and provisions of this Lease shall remain in full force and effect.

SECTION 36: SUCCESSORS AND ASSIGNS. Subject to all restrictions set forth herein, the terms, covenants, conditions and agreements herein contained shall inure to the benefit of and bind the heirs, successors, legal representatives and assigns of the parties hereto.

SECTION 37: INTERPRETATION. The provisions of this Lease shall be construed, in all cases, according to its fair meaning, and not for or against either party hereto.

SECTION 38: COUNTERPARTS. This Lease may be executed in counterparts, each of which shall be deemed an original including copies sent to a party by facsimile transmission or in portable document format (pdf), but which together shall constitute one and the same instrument.

SECTION 39: LEASE ADMINISTRATION. The County officer or employee with responsibility for administering this Lease is Russell Fackrell, Facilities Manager, Chief Administrative Office, or successor.

SECTION 40: DEFINITIONS. In addition to the terms defined in Section 1 of the Lease, the following terms shall have the meanings specified below when used in the Lease:

“Common Areas” means all areas within the exterior boundaries of the Property now or later made available for the general use of Lessor and other persons entitled to occupy floor area in the Property, including the common entrances, lobbies, restrooms, elevators, stairways and accessways, loading docks, ramps, parking stalls or areas, parkways, sidewalks, retaining walls, driveways and roadways, loading and unloading areas, trash areas, landscaped areas in the Property, and the common pipes, conduits, wires and appurtenant equipment serving the Premises. Any enlargement of or addition to the Common Areas shall be included in the definition of Common Areas.

“Days” means calendar days unless otherwise specifically referred to as business days.

“Estoppel Certificate” means a certificate to be executed by Lessee as together with such additional information as any Lender or prospective purchaser may reasonably require.

“Force Majeure” means fire or other casualty, earthquake, explosion, flood, hurricane, acts of God, enemy or hostile governmental action, civil commotion, war, invasion, terrorist attack, insurrection, rebellion, riots, strikes or lockouts, or any other cause or occurrence beyond the reasonable control of the party obligated to perform.

“Hazardous Materials” means any substance, material, product, chemical, waste, contaminant, or pollutant including but not limited to, asbestos and asbestos-containing materials, urea formaldehyde, radioactive substance, flammable explosives, petroleum including crude oil or any fraction thereof, polychlorinated biphenyls, and all other hazardous substance, materials, waste regulated by existing or future federal, state or local law, ordinance, regulation, code, resolution, administrative or legal decisions, and any common law theory relating to such materials.

“Person” means an individual, trust, partnership, joint venture, association, corporation, and any other legal or business entity.


“Personal Property” means any trade fixtures, furnishings or equipment, and all other personal property contained in the Premises from time to time.

“Property” shall mean the Property described in Section 1.4, including the land, the Building thereon and all roads, plazas, landscaped areas, Common Areas, improvements and other facilities situated on or adjacent to the land, as the same may be modified, altered, reduced or expanded from time to time throughout the Term of this Lease.

“Systems and Equipment” means any plant, machinery, transformers, duct work, cable, wires, equipment, facilities, or systems designed to supply heat, ventilation, air conditioning, humidity, or any other services or utilities, or comprising or serving as any component or portion of the electrical, gas, steam, plumbing, sprinkler, communications, alarm, security, or fire/life/safety systems or equipment, or any other mechanical, electrical, electronic, computer or other systems or equipment utilized for the Property or any portion of it.

--Signatures Next Page--

DEPARTMENT HEAD CONCURRENCE


By: 
Don Ashton, ~~Interim~~ Director
Human Health & Human Services Agency

Date: 2/27/2014

IN WITNESS WHEREOF, the parties have executed this Lease on the day and year specified above.

“Lessee”:

COUNTY OF EL DORADO

By: 
Ron Briggs, *Norma Santiago*
Chairman, Board of Supervisors

Date: 3/11/14


Attest:

James Mitrising, Clerk of the Board of Supervisors


By: 
Date: 3/11/14

“Lessor”:

WILLIAM P. FLOYD FAMILY LIMITED PARTNERSHIP
A California Limited Partnership

By: 
William P. Floyd, Trustee, U/D/T dated 9/8/94, as amended
F/B/O The Floyd Management Trust, General Partner

Date: Feb. 19, 2014

By: 
Celes Buck, Trustee, U/D/T dated 9/9/94, as amended
F/B/O The Floyd Management Trust, General Partner

Date: Feb 19, 2014

EXHIBIT A

PREMISES

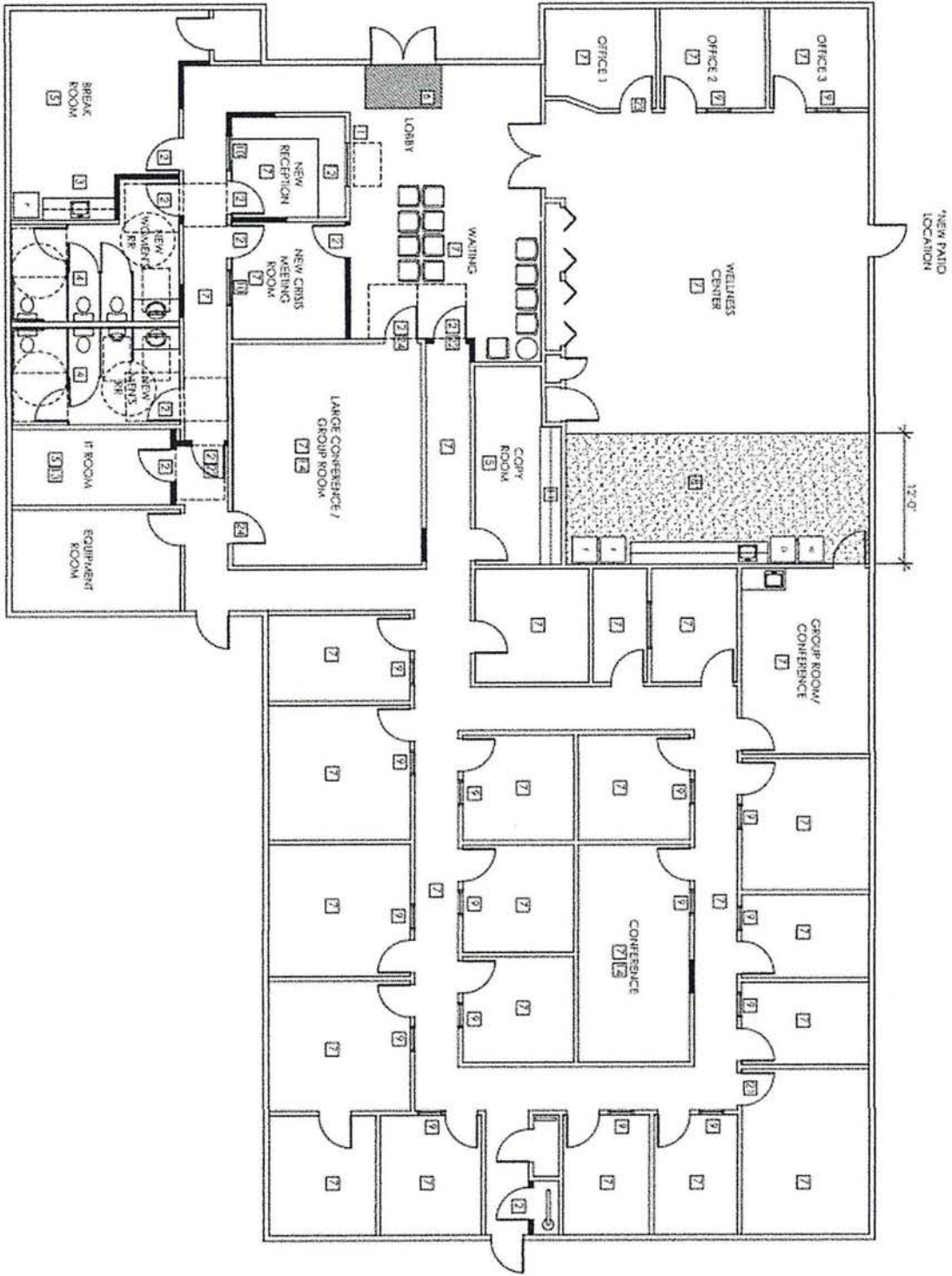


EXHIBIT B

TENANT IMPROVEMENTS

SECTION 1 CONSTRUCTION OF TENANT IMPROVEMENTS

1.1 Lessor will, at its sole cost and expense, construct turn-key improvements, including ADA improvements, in the Premises pursuant to mutually agreed upon plans and specifications, inclusive of window coverings (the "Tenant Improvements"). Lessee estimates that the Tenant Improvements will include and/or be similar to those specified in the mutually agreed upon conceptual space plan and specifications from Leslie Reinking of LJ2 Interiors, dated October 18th, 2013, attached hereto and incorporated herein by reference as Exhibit B-1. All costs associated with the permitting, installation, and construction of the Tenant Improvements shall be the sole financial responsibility of Lessor.

1.2 Lessee shall have the right to select the architects and/or engineers for the purpose of producing its construction documents. Lessor shall provide an allowance equal to \$1.50 per rentable square foot (\$11,166.00) or actual cost, whichever is less, for Lessee to pay for the cost of space planning services, construction drawings, and detailed plans and specification for the Tenant Improvements ("Construction Plans"). Lessor shall be responsible for paying this allowance directly to Lessee's architects and/or engineers. In the event the cost to prepare the Construction Plans exceed the allowance provided herein, Lessee shall have the option to pay for the balance of the overage in a lump sum payment, or pay for the amount above and beyond the allowance which shall be amortized on top of Lessee's base monthly rent on a straight-lined bases over the initial Lease term.

1.3 The Construction Plans shall be subject to Lessee's prior written approval, which shall not be unreasonably withheld or delayed, provided however that Lessee shall not be entitled to disapprove any portion, component or aspect of the Construction Plans that are consistent with the Plans. Within seven (7) business days after receipt of the Construction Plans, Lessee shall approve and/or note suggested modifications to the Construction Plans. Any disapproval of the Construction Plans shall be accompanied by a detailed written explanation of the reasons for Lessee's disapproval. Failure of Lessee to act on the Construction Plans within said fourteen (14) business days shall be deemed to constitute Lessee's approval thereof. The approved Construction Plans will be appended hereto and incorporated herein by reference as part of Exhibit B-1.

1.4 Unless specifically noted to the contrary on the approved Construction Plans, the Tenant Improvements shall be constructed using building standard specifications and materials as determined by Lessor, and in compliance with applicable federal, state and local laws. Lessor, at its sole cost and expense, shall be responsible for ensuring that the Tenant Improvements and the exterior of the Building are compliant and will be constructed in compliance with current ADA laws and implementing regulations and all other applicable federal, state, and local laws, requirements, ordinances, resolutions and regulations throughout the initial and extended term(s) of the Lease.

1.5 Pursuant to California Labor Code Section 1720.2, Lessor shall require all Tenant Improvement work to be performed at prevailing wage.

SECTION 2 SECURITY SYSTEM AND TELECOMMUNICATIONS WIRING

Lessor shall provide an allowance equal to \$2.00 per rentable square foot (\$14,888.00) for Lessee to use towards Lessee's security system and/or internet/telephony/telecommunications wiring. In the event the security system and telecommunication components and installation exceed the amount of the allowance provided herein, Lessee shall have the option to pay for the balance of the overage in a lump sum payment, or pay for the amount above and beyond the allowance which shall be amortized on top of Lessee's base monthly rent on a straight-lined basis over the initial Lease term.

SECTION 3 RETENTION OF CONTRACTOR

Lessor shall solicit bids from three (3) qualified, licensed and reputable general contractors to construct the Tenant Improvements. Additionally, Lessor shall require at least three (3) bids from any subcontractors providing work in excess of \$10,000 as part of the Tenant Improvement construction. Lessor and Lessee shall mutually agree upon the contractor from among the three (3) proposals.

SECTION 4
COMPLETION OF THE TENANT IMPROVEMENTS

4.1 Construction Schedule. Within ten (10) business days after the Construction Plans are approved, Lessor shall provide to Lessee a construction schedule for completion of the Tenant Improvements in accordance with the approved Construction Plans. Said construction schedule shall become part of this Exhibit B upon acknowledgment in writing by Lessee's representative. Lessor shall have ninety (90) days for Substantial Completion of the Tenant Improvements unless (a) delays in the Substantial Completion result from the acts or omissions of Lessee, its agents or employees; or (b) parties mutually agree in writing to extend the time period for Substantial Completion of the Tenant Improvements.

4.2 For purposes of this Lease, "Substantial Completion" of the Tenant Improvements in the Premises shall occur upon the completion of the construction of the Tenant Improvements pursuant to the Approved Construction Plans, together with the issuance of appropriate certificate of occupancy, with the exception of any punch list items and any Lessee fixtures, work-stations, built-in furniture, or equipment to be installed by Lessee.

4.3 Provided that Lessee and its agents or employees do not interfere with work contractor's work in the Building and the Premises, Lessee and its contractors, subcontractors, laborers, materialmen and suppliers shall be given access to the Premises for a period of three (3) weeks prior Substantial Completion of the Tenant Improvements for the purpose of Lessee installing communication lines, moveable work stations and other personal property. Prior to Lessee's entry, Lessee will submit a schedule detailing the timing and purpose of Lessee's entry to Lessor and Contractor for their approval, which approval cannot be unreasonably withheld.

SECTION 5
MISCELLANEOUS

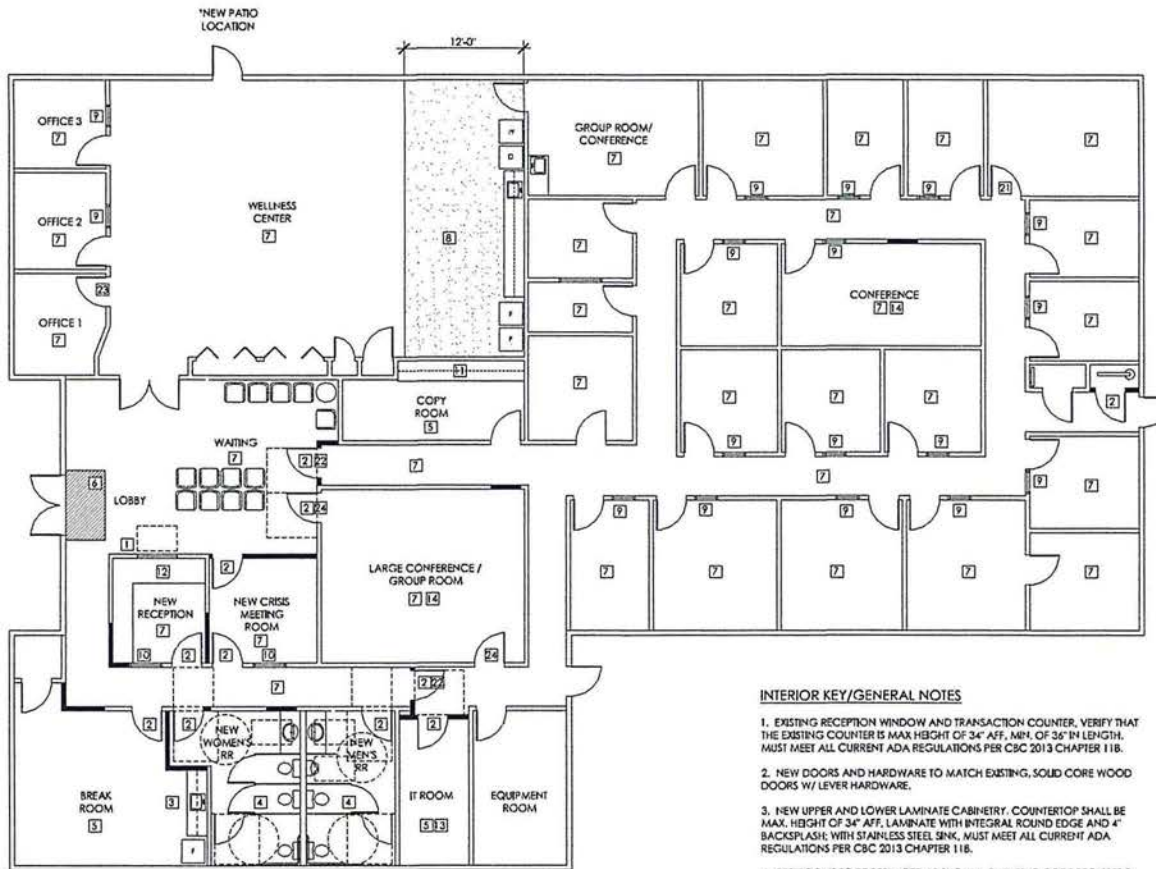
5.1 Lessee's Representative. Lessee has designated Russ Fackrell, Facilities Manager, or designee as its sole representative with respect to the matters set forth in this Exhibit B and any attachments thereto, who, until further notice to Lessor, shall have full authority and responsibility to act on behalf of the Lessee as required in this Work Letter.

5.2 Lessor's Representative. Prior to the commencement of construction, Lessor shall designate its representative with respect to the matters set forth in this Exhibit, who, until further notice to Lessee, shall have full authority and responsibility to act on behalf of the Lessor as required in this Exhibit.



Handwritten signature and initials

EXHIBIT B-1



PROPOSED NEW FLOOR PLAN

EL DORADO COUNTY
HEALTH & HUMAN SERVICES - 7,444 RSF
 1900 LAKE TAHOE BLVD.
 SOUTH LAKE TAHOE, CA



INTERIOR KEY/GENERAL NOTES

1. EXISTING RECEPTION WINDOW AND TRANSACTION COUNTER. VERIFY THAT THE EXISTING COUNTER IS MAX HEIGHT OF 34" AFF, MIN OF 36" IN LENGTH. MUST MEET ALL CURRENT ADA REGULATIONS PER CBC 2013 CHAPTER 11B.
2. NEW DOORS AND HARDWARE TO MATCH EXISTING, SOLID CORE WOOD DOORS W/ LEVER HARDWARE.
3. NEW UPPER AND LOWER LAMINATE CABINERY. COUNTERTOP SHALL BE MAX. HEIGHT OF 34" AFF. LAMINATE WITH INTEGRAL ROUND EDGE AND 4" BACKSPLASH. WITH STAINLESS STEEL SINK, MUST MEET ALL CURRENT ADA REGULATIONS PER CBC 2013 CHAPTER 11B.
4. RESTROOMS TO BE REPLACED AS SHOWN. PLUMBING CODE REQUIRES 3 FIXTURES FOR EACH SEX; RESTROOMS TO COMPLY WITH ALL CURRENT ADA REGULATIONS PER CBC 2013 CHAPTER 11B. FINISHES TO BE SHEET VINYL FLOORING WITH INTEGRAL 6" COVED BASE, FRP ON ALL WET WALLS UP TO 48" AFF WITH SEMI-GLOSS PAINT ABOVE, LAMINATE TOILET PARTITIONS AND SOLID SURFACE COUNTERTOP AT SINK.
5. PROVIDE NEW YCT, RUBBER BASE AND PAINT.
6. PROVIDE FERG-MAT OR EQ. WALK OFF MAT SYSTEM AT ENTRY.
7. PROVIDE NEW CARPET, RUBBER BASE AND PAINT.
 CARPET SPEC:
 PATCRAFT, MANNER CLASSICBAC, STYLE 0247, PATTERN LOOP, SOLUTION NYLON FIBER TYPE, 24OZ, OR EQUIVALENT PRODUCT.
8. PROVIDE 12'-0" OF NEW SHEET VINYL. VERIFY THAT CURRENT CABINERY DOES NOT MEET ADA, MAX. COUNTER HEIGHT OF 34" AFF. IF NOT CABINERY TO BE MODIFIED OR REPLACED TO MEET ADA, PROVIDE A MINIMUM OF 60" IN LENGTH OF ACCESSIBLE COUNTER. THIS SECTION TO INCLUDE THE SINK CABINET, MAXIMUM HEIGHT OF 34" AFF. UNOBSTRUCTED KNEE CLEARANCE IS PROVIDED UNDER THE KITCHEN SINK COUNTER AREA THAT IS A MINIMUM OF 33" WIDE AND 27" MINIMUM IN HEIGHT; DISHWASHER AND RANGE ALSO NEED TO BE REPLACED WITH ACCESSIBLE UNITS. THE MICROWAVE/HOOD SHALL BE REPLACED WITH A STANDARD RESIDENTIAL STYLE HOOD BUT WILL HAVE INSTALLED FIRE SUPPRESSION SYSTEM, GUARDIAN III, MODEL G300R.
9. WHERE NO OFFICE SIDELIGHTS EXIST, LESSOR TO PROVIDE NEW 12" x 12" WINDOW IN DOOR. GLASS TO BE TEMPERED.

EXTERIOR GENERAL NOTES

1. PROVIDE UPDATED ADA PARKING PER CBC 2013. PER CODE WE ARE REQUIRED TO HAVE (1) VAN ACCESSIBLE AND (1) STANDARD STALL. PROVIDE AN ACCESSIBLE PATH OF TRAVEL FROM THE PARKING TO THE FRONT ENTRY TO THE BUILDING AND PATH OF TRAVEL FROM THE FRONT ENTRY TO THE PUBLIC WAY (SIDEWALK).
2. IT IS THE LANDLORD'S RESPONSIBILITY TO RE-SURFACE AND/OR SLURRY COAT AND RE-STRIP THE PARKING LOT TO MAXIMIZE OCCUPANCY (AS WELL AS CORRECT ALL DRAINAGE ISSUES) WHEN WEATHER PERMITS DURING SPRING OF 2014.
3. IT IS THE LANDLORD'S RESPONSIBILITY TO REPLACE THE EXISTING FENCE AROUND THE PERIMETER OF THE PREMISES.
4. IT IS THE LANDLORD'S RESPONSIBILITY TO CONSTRUCT AN EXTERIOR PATIO WITH THE FOLLOWING FEATURES AND AN NOT TO EXCEED ALLOWANCE OF \$5,000.00.
 A. FENCED ON NORTH AND EAST SIDES
 B. CONCRETE PAVERS TO FORM SURFACE
 C. SIZE APX. 25' X 25'

INTERIOR KEY/GENERAL NOTES CONT.

10. PROVIDE NEW 36" X 36" WINDOW, TEMPERED GLASS.
11. PROVIDE APX. 12'-8" NEW LOWER LAMINATE CABINERY, MAX. HEIGHT 34" AFF. ALSO PROVIDE DEDICATED ELECTRICAL AT FAR WALL FOR COOPER.
12. PROVIDE NEW L-SHAPED LAMINATE WALL MOUNTED RECEPTION COUNTERTOP, PROVIDE (2) 3" GROMMETS AND (1) BOX, BOX, FILE STORAGE CABINET.
13. ADD DEDICATED 1 TO 2 TON MH-8-SPLIT HVAC SYSTEM.
14. ADD LINEAR SUSPENDED ENERGY EFFICIENT PARABOLIC FLUORESCENT FIXTURES.
15. REPLACE EXISTING SURFACE MOUNTED LIGHT FIXTURES WITH NEW ENERGY EFFICIENT PARABOLIC FIXTURES. REPLACE ALL RECESSED LIGHT FIXTURES IN T-BAR WILL BE RETROFITTED TO LED LIGHTING.
16. REPAINT T-BAR CEILING IN AN OFF-WHITE COLOR WHERE T-BAR OCCURS
17. LESSEE AT ITS SOLE COST AND EXPENSE, HAS THE OPTION TO PROVIDE SOUND INSULATION AT ALL INTERIOR WALLS WITH AN STC RATING RANGE OF 40-45 AND INSTALL SOUND MASKING THROUGHOUT THE SPACE PER LOGISON / ARCHOSTIC WEST SPECIFICATIONS. LESSOR SHALL WORK COOPERATIVELY WITH LESSEE'S VENDORS AND CONTRACTORS FOR THE TIMELY PERFORMANCE OF THIS WORK.
18. PROVIDE 2 ELECTRICAL OUTLETS AND DATA DROPS PER OFFICE; PROVIDE DATA AND ELECTRICAL IN THE CEILING AT LARGE CONFERENCE/GROUP ROOM FOR PROJECTOR. PROVIDE 2 OUTLETS PER EACH WALL IN ALL CONFERENCE/GROUP ROOMS.
19. PROVIDE MINI-BLINDS ON ALL EXTERIOR WINDOWS.
20. PER LABOR CODE SECTION 1720.2, LANDLORD SHALL PREPARE ALL TENANT IMPROVEMENT WORK TO BE PERFORMED AT PREVAILING WAGE.
21. PROVIDE WINDOW IN EXISTING DOOR.
22. DOOR CLOSURE MERRCA D404 LEVER DOOR.
23. PROVIDE 12" x 12" TEMPERED GLASS WINDOW IN DOOR.
24. PROVIDE 12" x 12" TEMPERED GLASS WINDOW IN DOOR AND DOOR CLOSURE MERRCA D404 LEVER DOOR.

Exhibit C - Termination Penalty Schedule

Lease Month	Penalty Amount
1	\$98,333.33
2	\$96,666.67
3	\$95,000.00
4	\$93,333.33
5	\$91,666.67
6	\$90,000.00
7	\$88,333.33
8	\$86,666.67
9	\$85,000.00
10	\$83,333.33
11	\$81,666.67
12	\$80,000.00
13	\$78,333.33
14	\$76,666.67
15	\$75,000.00
16	\$73,333.33
17	\$71,666.67
18	\$70,000.00
19	\$68,333.33
20	\$66,666.67
21	\$65,000.00
22	\$63,333.33
23	\$61,666.67
24	\$60,000.00
25	\$58,333.33
26	\$56,666.67
27	\$55,000.00
28	\$53,333.33
29	\$51,666.67
30	\$50,000.00
31	\$48,333.33
32	\$46,666.67
33	\$45,000.00
34	\$43,333.33
35	\$41,666.67
36	\$40,000.00
37	\$38,333.33
38	\$36,666.67
39	\$35,000.00
40	\$33,333.33
41	\$31,666.67
42	\$30,000.00
43	\$28,333.33
44	\$26,666.67
45	\$25,000.00
46	\$23,333.33
47	\$21,666.67
48	\$20,000.00
49	\$18,333.33
50	\$16,666.67
51	\$15,000.00
52	\$13,333.33
53	\$11,666.67
54	\$10,000.00
55	\$8,333.33
56	\$6,666.67
57	\$5,000.00
58	\$3,333.33
59	\$1,666.67
60	(\$0.00)

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