

**THIS LEASE** is made by and between **COUNTY OF EL DORADO**, a political subdivision of the State of California, hereinafter called "Lessee", and **DUROCK PROPERTIES LLC**, herein after referred to as "Lessor".

IT IS AGREED between the parties hereto as follows:

**1. PREMISES**

Lessor hereby leases to Lessee and Lessee hereby leases from Lessor, for and in consideration of the rents, covenants and agreement hereinafter set forth, the "Premises" is more particularly described as follows:

**Building B**  
**Units 205, 206, 207, 208, 209, 210, & 211**  
**3974 Durock Road**  
**Shingle Springs, CA**

The Premises consists of 10,346 square feet of improved office space together with the use of common parking areas.

**2. TERM**

The term of this Lease shall be for five (5) years commencing upon receipt of a certificate of occupancy and ending five (5) years from that date, subject however, to earlier termination as hereinafter more particularly provided in Paragraph 20.

**3. PAYMENT**

Lessee agrees to pay to Lessor as rent the sum of **Eighteen Thousand Four Hundred Fifteen Dollars and Eighty-Eight cents (\$18,415.88)** per month payable on the first day of each and every month. Rent payments shall not commence until Lessee is in receipt of a certificate of occupancy indicating the date upon which the Lease term shall begin and rent payments shall commence each and every month thereafter. Said monthly rent amount shall be adjusted one (1) year upon the date of occupancy and annually thereafter, in the amount of five cents (\$.05) per square foot of the then current price per square foot.

Rent shall be paid to the order of: **Durock Properties LLC, 4551 Rancho Road, Cameron Park, CA 95682 Attn: Nello Olivo**

**4. OPTION FOR ADDITIONAL TERMS**

Lessee shall have the option to Lease the subject Premises for two (2) additional five (5) year terms after the initial Lease expiration date. Lessee shall notify Lessor in writing approximately sixty (60) days prior to the expiration of the first five (5) year term and each additional two (2) five (5) year terms thereafter, should Lessee elect to exercise said option (s). Lease payments for the sixth (6) year shall be at (\$2.00psf) for the amount of **Twenty Thousand Six Hundred Ninety-Two Dollars (\$20,692.00)** per month and shall be adjusted one (1) year from the date the option is extended in an amount equal to three and one half (3.5%) percent of the than current monthly rent and annually thereafter. All other terms and conditions of the lease during the option period shall remain the same unless a written amendment has been executed by all parties hereto.

**5. USE OF PREMISES**

The Premises are leased to the Lessee for the purpose of conducting business and activities permitted by law, including any government operations or uses related thereto. Lessee shall comply with all uses, property restrictions and occupancy limitations as required by the Durock Business Plaza Declaration of Covenants, Conditions and Restrictions recorded with the County of El Dorado on July 10, 2007, document no. 2007-00445099, a copy of which is attached hereto as Exhibit "A".

**6. PROHIBITED USE**

Lessee shall not commit or permit the commission of any acts on the Premises nor permit the use of the Premises in any way that will:

- (a) Increase the existing fire rates or cancel any fire, casualty, liability or other insurance policy insuring the building or its contents;
- (b) Violate or conflict with any law, statute, ordinance, governmental rule or regulation whether now in force or hereinafter enacted, governing the Premises;
- (c) Obstruct or interfere with the rights of other tenants or occupants of the building or injure or annoy them; and
- (d) Constitute commission of a waste on the Premises.

**7. INSURANCE**

Lessor shall provide proof of a policy of insurance satisfactory to the El Dorado County 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.
- B. If Lessor maintains employees, Workers' Compensation and Employers' Liability Insurance covering all employees of Lessor as required by law in the State of California.
- C. Lessor shall furnish a certificate of insurance satisfactory to the Lessee as evidence that the insurance required above is being maintained.
- D. The insurance shall be issued by an insurance company acceptable to Lessee or be provided through partial or total self-insurance likewise acceptable to Lessee. Lessee's consent shall not be unreasonably withheld. In the event Lessee refuses to accept Lessor's insurer, Lessee shall provide, in writing, the basis for such refusal.
- E. Lessor agrees that the insurance required above shall be in effect at all times during the term of this Lease. In the event said insurance coverage expires at any time or times during the term of this Lease, 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 of not less than one (1) year. New certificates of insurance are subject to the approval of Lessee and Lessor agrees that the Lease shall not commence prior to the giving of such approval. In the event the Lessor fails to keep in effect at all times insurance coverage as herein provided, Lessee may, in addition to any other remedies it may have, terminate this Lease upon the occurrence of such event.
- F. The certificate of insurance must include a provision stating that the insurer will not cancel the insured's coverage without 30 day prior written notice to the Lessee.
- G. Any deductibles or self-insured retention must be declared to and approved by the Lessee. At the option of the Lessee either the insurer shall reduce or

eliminate such deductibles or self-insured retention as respects the Lessee, its officers, officials and employees; or Lessor shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses.

- H. Any failure to comply with the reporting provisions of the policies shall not affect coverage provided to the Lessee, its officers, officials, employees or volunteers.
- I. The insurance companies shall have no recourse against the Lessee, its officers, officials or employees for payment of any premiums or assessments under any policy issued by any insurance company.
- J. Lessor's obligations shall not be limited by the foregoing requirements and shall survive the expiration of this Agreement.
- K. In the event Lessor cannot provide an occurrence policy, Lessor shall provide insurance covering claims made as a result of performance of this Lease for not less than three (3) years following completion of this Lease.
- L. The Certificate of Insurance shall meet additional standards as may be determined by the Lessee, either independently or in consultation with Lessee's Risk Manager, as essential for protection of Lessee.
- M. Lessor shall provide property insurance on all real property owned by Lessor 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.

## **8. INDEMNIFICATION**

Lessor shall indemnify, defend, and hold harmless Lessee, its officers, agents and employees, from and against any claims, actions, suits, costs, expenses (including reasonable attorney's fees) and other cost of defense incurred or liabilities, whether for damage to or loss of property, or injury to or death of person, which in any way arise from or are connected with the acts or omissions of Lessor or its officers, agents, employees, contractors, subcontractors, or business invitees, or Lessor's use of the Premises, unless such damage, loss, injury, or death shall be caused by the sole, or active negligence of County, or the willful misconduct of County, as expressly provided by statute.

Lessee shall indemnify, defend, and hold harmless Lessor, its officers, agents, and employees, from and against any claims, actions, suits, costs, expenses (including

reasonable attorney fees) and other cost of defense incurred or liabilities, whether for damage to or loss of property, or injury to or death of person, which in any way arise from or are connect with the acts or omissions of Lessee or its officers, agents, employees, contractors, subcontractors, or business invitees, or Lessee's use of the Premises to the extent such loss, damage, injury, or liability is not covered by the insurance required as provided for in paragraph 7. "INSURANCE" above, unless such damage, loss, injury or death shall be caused by the sole, or active negligence of Lessor, or the willful misconduct of Lessor.

The duties of Lessor or Lessee to indemnify and save each other harmless include the duties to defend as set forth in California Civil Code Section 2778. The provisions of this section shall survive the termination of the Lease for any event occurring prior to the termination.

## **9. ALTERATIONS**

A. Lessor shall provide, at its own expense, prior to occupancy by the Lessee, the alterations in accordance with Exhibit "B", marked "Tenant Improvements", incorporated herein and made by reference by a part hereof, to be completed within 60 days after the issuance of permits, but in no case shall the construction of the tenant improvements take longer than 60 days after the execution of this lease. Lessor shall pay and require payments of wages in accordance with a scale of prevailing wage rates determined by California Law, which scale is on file at the El Dorado County Department of General Services, Facilities Division. Lessor shall provide Lessee with a notice of completion and certificate of occupancy indicating the date upon which the Lease term shall begin.

B. Lessee shall not make or permit any other person to make any alterations to the Premises without the written consent of Lessor first obtained. Should Lessor consent to the making of any alterations to the Premises by the Lessee, subsequent to execution of this Lease, said alterations shall be made at the sole cost and expense of Lessee by a contractor or other person selected by Lessee and approved in writing by Lessor before work commences. Any and all alterations, with the exception of previously approved relocatable walls and other alterations readily removable without significant damage to the building Premises, interior or exterior, shall on expiration or sooner termination of this Lease, become the property of Lessor and remain on the Premises.

**10. MAINTENANCE AND REPAIRS**

Lessee shall, at all times during the term of this Lease and any renewal or extension thereof, maintain, at Lessee's sole cost and expense, the Premises, in a good, clean, and safe condition, and shall on expiration or sooner termination of this Lease surrender the Premises to Lessor in as good condition and repair as they are in on the date of this Lease, reasonable wear and tear and damage by the elements excepted.

**11. ADA MODIFICATIONS**

Lessor agrees at its sole cost and expense to make changes necessary to bring the subject premises up to the accessibility standards of the Americans with Disabilities Act (ADA).

**12. INSPECTION BY LESSOR**

Lessee shall permit Lessor or Lessor's agent, representative, or employees to enter the Premises at all reasonable times for the purpose of inspecting the Premises to determine whether Lessee is complying with the terms of the Lease and for the purpose of doing other lawful acts that may be necessary to protect Lessor's interest in the Premises under this lease.

**13. SERVICES FURNISHED BY LESSOR**

Lessor is responsible for the payment of all local, state and federal taxes associated with or attributable to the property subject to this Lease Agreement, the operation of this Lease and the income flowing to Lessor through this Lease agreement. Lessor shall, at Lessor's own cost and expense, maintain the exterior walls, exterior windows, automobile parking areas, exterior lighting, sidewalks, driveway maintenance, retaining walls, ramps, plumbing, electrical, heating and air-conditioning, landscaped areas, air-conditioning and heating equipment and ductwork, and roof and structural supports of the building of which the Premises are a part, in good order and repair, excepting any repairs caused by the negligent or willful act of Lessee or Lessee's agents or servants.

**14. UTILITIES**

(a) Water and sewer suitable for the intended use of the Premises shall be provided and paid by Lessee.

(b) Gas and/or electric utilities shall be obtained and paid by Lessee.

(c) Janitorial services, including the cleaning of windows and replacement of light globes or

fluorescent tubes, shall be paid by Lessee.

(d) Garbage removal shall be provided and paid for by Lessor.

(e) Lessee shall obtain and pay for telephone service.

(f) Snow removal shall be provided for and paid by the Lessor.

**15. AIR-CONDITIONING AND HEATING**

Lessor has provided, and shall maintain, or cause to be maintained, in the building of which the Premises are a part, an air conditioning and heating system.

**16. DESTRUCTION OF PREMISES**

Should said Premises, or the building of which they are a part, be damaged or destroyed by any cause not the fault of Lessee, Lessor shall at Lessor's sole cost and expense promptly repair the same and the rent payable under this Lease shall be abated for the time and to the extent Lessee is prevented from occupying the Premises in their entirety; provided, however, that should the cost of repairing the damage or destruction exceed twenty-five (25%) percent of the full replacement cost of the Premises, Lessee may choose, in lieu of Lessor making the repairs required by this paragraph to terminate this Lease by giving Lessor ten (10) days' written notice of such termination.

**17. CONDEMNATION OF PREMISES**

Should all or any part of the Premises be taken by any public or quasi-public agency or entity under the power of eminent domain during the term of the Lease:

- (a) Either Lessor or Lessee may terminate this Lease by giving the other thirty (30) days' written notice of termination; provided, however, that Lessee cannot terminate this Lease unless the portion of the Premises taken by eminent domain is so extensive as to render the remainder of the Premises useless for the purposes intended by this Lease.
- (b) Any and all damages and compensation awarded or paid because of the taking, except for amounts paid Lessee for moving expenses or for damage to any personal property or trade fixtures owned by Lessee, shall belong to Lessor, and Lessee shall have no claim against Lessor or the entity exercising eminent domain power for the value of the unexpired term of this Lease.
- (c) Should any portion of the building containing the Premises, other than the Premises,

be taken by eminent domain, Lessor or Lessee may, at its option, terminate this Lease.

**18. ASSIGNMENT OR SUBLEASING**

Lessee shall not sub-lease, encumber, assign, or otherwise transfer its rights or interests under this Lease, without the express written consent of the Lessor first had and received, provided said consent by Lessor shall not be unreasonably withheld.

**19. ACTS CONSTITUTING BREACHES BY LESSEE**

Lessee shall be guilty of a material default and breach of this Lease should:

- (a) Any rent be unpaid when due and remain unpaid for thirty (30) days after written notice to pay such rent or to surrender possession of the Premises has been given to Lessee by Lessor;
- (b) Lessee default in the performance of or breach any provision, covenant, or condition of this Lease other than one for the payment of rent and such default or breach is not cured within thirty (30) days after written notice thereof is given by Lessor to Lessee; or
- (c) Lessee breaches this Lease and abandons the Premises prior to the expiration of the term of this Lease.

**20. NON-APPROPRIATION**

A. Lessor acknowledges that Lessee's funding for this Lease is in large part dependent upon receipt of certain state, federal and other funds by Lessee. Lessee may terminate this Lease upon sixty (60) days notice if funds are not budgeted in any fiscal year for the leasehold of these Premises. If the termination for lack of funding provision of this paragraph is utilized by the Lessee, Lessee agrees not to lease other space for the non-funded function for the remainder of the then-current fiscal year.

B. In the event, the Lessee terminates this lease, pursuant to this paragraph, Lessee shall, upon Lessor's written request, reimburse Lessor for the remaining amortized cost, if any, of the tenant improvements required by paragraph 9. In support of such request, Lessor shall provide Lessee with accounting records supporting the remaining amortized cost for tenant improvements.



**21. LESSOR'S LIABILITY**

In the event of a transfer of Lessor's title or interest to the property during the term of this Lease, Lessee agrees that the grantee of such a transfer will be substituted as Lessor under this Agreement, provided that all deposits are transferred to the grantee. Lessor shall be released from all future liability under this Lease Agreement, but shall not be released from the obligation to indemnify Lessee under paragraph 8 above for acts or omissions occurring prior to the transfer unless so released by Lessee in writing.

**22. NOTICES**

Except as otherwise expressly provided by law, any and all notices or other communications required or permitted by this Lease or by law to be served on or given to either party hereto by the other party hereto shall be in writing and shall be deemed duly served and given when personally delivered to the party, Lessor or Lessee, to whom it is directed or any managing employee of such party or, in lieu of such personal service, when deposited in the United States mail, first-class postage prepaid, addressed to:

Lessor: Durock Properties LLC  
Attn: Nello Olivio  
4331 Rancho Road  
Cameron Park, CA 95682  
Telephone: (916) 358-5555 ext 16

Lessee: County Of El Dorado, General Services Department  
360 Fair Lane  
Placerville, California 95667  
Attention: George Sanders  
Telephone: (530) 621-5846

Either party, Lessor or Lessee, may change its address for purposes of this paragraph by giving written notice of the change to the other party in the manner provided in this paragraph.

**23. BINDING ON HEIRS AND SUCCESSORS**

This Lease shall be binding on and shall inure to the benefit of the heirs, executors, administrators, successors, and assigns of the parties, Lessor and Lessee, hereto.

**24. TIME OF ESSENCE**

Time is expressly declared to be the essence of this Lease.

**25. WAIVER**

The waiver of any breach of any of the provisions of this Lease by Lessor shall not constitute a continuing waiver or a waiver of any subsequent breach by Lessee either of the same or of another provision of this Lease.

**26. SOLE AND ONLY AGREEMENT**

This instrument constitutes the sole and only agreement between Lessor and Lessee respecting the Premises and correctly sets forth the obligations of Lessor and Lessee to each other as of its date. Any agreements or representations respecting the Premises or their leasing by Lessor to Lessee not expressly set forth in this instrument are null and void.

**27. HOLD OVER**

Any holding over after the expiration of this Lease shall be construed as a month-to-month tenancy at the monthly rental amount then in effect. In the event the Lessor wishes to terminate said month to month tenancy, Lessor shall provide Lessee written notice at least ninety (90) days prior to said termination.

**28. SEVERABILITY**

If any provision, clause or part of this Lease Agreement, or the application thereof under certain circumstances, is held invalid, the remainder of this Lease Agreement or the application of such provisions, clauses, or parts under other circumstances shall not be affected thereby.

**29. CALIFORNIA FORUM AND LAW**

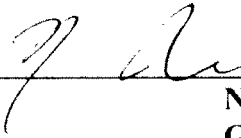
Any dispute resolution action arising out of this Lease Agreement, including, but not limited to, litigation, mediation, or arbitration, shall be brought in El Dorado County, California, and shall be resolved in accordance with the laws of the State of California.



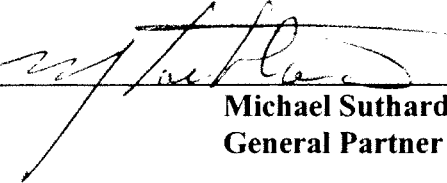
IN WITNESS WHEREOF, the parties hereto have executed this Lease Agreement the day and year first below written.

**LESSOR: DUROCK PROPERTIES LLC**

Dated: 10-22-07

Signed:   
Nello Olivo  
General Partner

Dated: 10-22-07

Signed:   
Michael Suthard  
General Partner

**LESSEE: COUNTY OF EL DORADO**

Dated: 11/6/07

Signed:   
**RON BRIGGS - SECOND VICE-CHAIRMAN**  
Board of Supervisors

**ATTEST:**  
Cindy Keck, Clerk of the  
Board of Supervisors

By: 

Dated: 11/6/07



El Dorado County  
Development Services Department

# Certificate of Occupancy

This certificate issued pursuant to the requirements of Section 109 of the Uniform Building Code certifying that, at the time of issuance, the structure described below was in compliance with the ordinances of the County regulating building construction or use.

Owner's Name and Address DUROCK ROAD A CA LLC  
2401 Capital Ave #201 Sacramento, CA 95816

Building Address 3974 Durock Rd. Bldg B Shingle Springs, CA Suites 205-211

Assessor's Parcel # 109-040-68 Permit # 180604

Occupancy Group B Use Office

Building Official Larry Lohman

Building Inspector [Signature] Date February 01, 2008

S:\DJs-shared\Master Forms\Permit Center\Forms\Certificate of Occupancy Commercial

2/15/07