

FORM APPROVED COUNTY COUNSEL
 BY: Patricia Munroe 11/19/13
 DATE

**SUBMITTAL TO THE BOARD OF SUPERVISORS
 COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

628



FROM: Economic Development Agency/Facilities Management

SUBMITTAL DATE:
 November 26, 2013

SUBJECT: Lease Agreement - Department of Mental Health - 7 year Lease, District 3/3, CEQA Exempt [\$3,831,182]; 100% State

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve the attached Lease Agreement;
2. Authorize the Chairman of the Board to execute the same on behalf of the County; and
3. Find that the project is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15301, Existing Facilities.

BACKGROUND:

Summary

(Commences on Page 2)

FISCAL PROCEDURES APPROVED
 PAUL ANGULO, CPA, AUDITOR-CONTROLLER
 BY: Paul Angulo 11/27/13

Robert Field

Robert Field
 Assistant County Executive Officer/EDA

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 440,459	\$ 378,022	\$ 3,831,182	\$ 0	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0	

SOURCE OF FUNDS: State 100%	Budget Adjustment: No
	For Fiscal Year: 2013/14

C.E.O. RECOMMENDATION:

APPROVE

BY: Rohini Dasika
 Rohini Dasika

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

Prev. Agn. Ref.: 3.18 of 12/11/2012 | District: 3/3 | Agenda Number:

3-17

Departmental Concurrence

By: Jerry Wengert
 Director

- A-30
- 4/5 Vote
- Positions Added
- Change Order

SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

Economic Development Agency

FORM 11: Lease Agreement - Department of Mental Health - 7 year Lease, District 3/3, CEQA Exempt
[\$3,831,182]; 100% State

DATE: November 26, 2013

Page 2 of 3

BACKGROUND:

On December 11, 2012, the Board of Supervisors approved Agenda Item 3.18 authorizing the Economic Development Agency (EDA), Real Estate Division, to locate suitable office space for the Department of Mental Health (DOMH) in Temecula. The Real Estate Division issued a request for Proposal and received submittals from area landlords. The new facility will house Adult Mental Health, Integrated Healthcare, Jefferson Transitional Program and Older Adult Mental Health. The 16,624 square foot facility located at 40925 County Center Drive, Temecula, will not only accommodate program staff needs, improve consumer care but will provide future growth. The requested tenant improvements include comprehensive renovation of building interior: new offices, restrooms, group rooms, break rooms and conference room are required. The Occupancy is anticipated to commence in May 2014.

Pursuant to the California Environmental Quality Act (CEQA), the Lease was reviewed and determined to be categorically exempt from CEQA under CEQA Guidelines 15301, Class 1 – Existing Facilities. The proposed project, the Lease, is the letting of property involving existing facilities and no expansion of an existing use will occur.

This Lease is summarized below:

Lessor:	Stewart Group LLC 2612 26 th Street Santa Monica, California 90405-2822
Premises Location:	40925 County Center Drive, Temecula
Size:	16,624
Rent:	\$ 1.70 per sq. ft. \$ 28,260.80 per month \$339,129.60 per year
Term:	Seven year lease
Annual Increase:	Three (3%) annual increase
Custodial:	Landlord
Maintenance:	Landlord
RCIT:	\$147,250
Improvements:	Not-to-exceed \$221,868.28 (includes 10% contingency); County to pay upon completion.

The attached Lease has been reviewed and approved by County Counsel as to legal form.

(Continued)

SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

Economic Development Agency

FORM 11: Lease Agreement - Department of Mental Health - 7 year Lease, District 3/3, CEQA Exempt
[\$3,831,182]; 100% State

DATE: November 26, 2013

Page 3 of 3

BACKGROUND:

Summary (Continued)

Impact on Residents and Businesses

There will be no foreseeable impact on residents and local businesses.

SUPPLEMENTAL:

Additional Fiscal Information

See attached Exhibit A, B, & C

The DOMH has budgeted these costs in FY 2013/14 and will reimburse EDA for all lease costs on a monthly basis.

Contract History and Price Reasonableness

This is a new seven year lease.

Attachments:

Exhibit A, B, & C

Lease

Exhibit A

Department of Mental Health Lease Cost Analysis FY 2013/14 40925 County Center Drive, Temecula

ESTIMATED AMOUNTS

Total Square Footage to be Leased:

Current Office:	16,624	SQFT		
Approximate Cost per SQFT (July - April)	\$	-		
Approximate Cost per SQFT (May - Jun)	\$	1.70		
Lease Cost per Month (July - April)		\$	-	
Lease Cost per Month (May - June)		\$	28,260.80	
Total Lease Cost (July - April)		\$	-	
Total Lease Cost (May - June)		\$	56,521.60	
Total Estimated Lease Cost for FY 2013/14		\$	56,521.60	

Estimated Additional Costs:

Utility Cost per Square Foot	\$	0.12		
Estimated Utility Costs per Month (July - June)		\$	<u>1,994.88</u>	
Total Estimated Utility Cost		\$	3,989.76	
RCIT		\$	147,250.00	
Tenant Improvement		\$	221,868.28	
EDA Lease Management Fee (Based @ 3.89%)		\$	<u>10,829.37</u>	
TOTAL ESTIMATED COST FOR FY 2013/14		\$	<u>440,459.01</u>	

Exhibit B

Department of Mental Health Lease Cost Analysis FY 2014/15 40925 County Center Drive, Temecula

ESTIMATED AMOUNTS

Total Square Footage to be Leased:

Current Office:	16,624	SQFT	
Approximate Cost per SQFT (July - April)	\$	1.70	
Approximate Cost per SQFT (May - Jun)	\$	1.75	
Lease Cost per Month (July - April)		\$	28,260.80
Lease Cost per Month (May - June)		\$	29,108.62
Total Lease Cost (July - April)		\$	282,608.00
Total Lease Cost (May - June)		\$	58,217.25
Total Estimated Lease Cost for FY 2014/15		\$	340,825.25

Estimated Additional Costs:

Utility Cost per Square Foot	\$	0.12	
Estimated Utility Costs per Month (July - June)		\$	1,994.88
Total Estimated Utility Cost		\$	23,938.56
EDA Lease Management Fee (Based @ 3.89%)		\$	13,258.10
TOTAL ESTIMATED COST FOR FY 2014/15		\$	378,021.91

Exhibit C

Department of Mental Health Lease Cost Analysis FY 2015/16 to FY 2020/21 40925 County Center Drive, Temecula

ESTIMATED AMOUNTS

Total Square Footage to be Leased:

Current Office:

16,624 SQFT

	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
Approximate Cost per SQFT (July - April)	\$ 1.75	\$ 1.80	\$ 1.86	\$ 1.91	\$ 1.97	\$ 1.97
Approximate Cost per SQFT (May - Jun)	\$ 1.80	\$ 1.86	\$ 1.91	\$ 1.97	\$ 1.97	\$ -
Lease Cost per Month (July - April)	\$ 29,108.62	\$ 29,981.88	\$ 30,881.34	\$ 31,807.78	\$ 32,762.01	\$ 32,762.01
Lease Cost per Month (May - June)	\$ 29,981.88	\$ 30,881.34	\$ 31,807.78	\$ 32,762.01	\$ 32,762.01	\$ -
Total Lease Cost (July - April)	\$ 291,086.24	\$ 299,818.83	\$ 308,813.39	\$ 318,077.79	\$ 327,620.13	\$ 327,620.13
Total Lease Cost (May - June)	\$ 59,963.77	\$ 61,762.68	\$ 63,615.56	\$ 65,524.03	\$ 65,524.03	\$ -
Total Estimated Lease Cost for FY 2015/16 to FY 2020/21	\$ 351,050.01	\$ 361,581.51	\$ 372,428.95	\$ 383,601.82	\$ 393,144.15	\$ 327,620.13

Estimated Additional Costs:

Utility Cost per Square Foot	\$ 0.12	\$ 0.12	\$ 0.12	\$ 1.12	\$ 2.12	\$ 0.12
Estimated Utility Costs per Month (July - June)	\$ 1,994.88	\$ 1,994.88	\$ 1,994.88	\$ 18,618.88	\$ 35,242.88	\$ 1,994.88

Total Estimated Utility Cost \$ 23,938.56 \$ 23,938.56 \$ 23,938.56 \$ 223,426.56 \$ 422,914.56 \$ 19,948.80

EDA Lease Management Fee (Based @ 3.89%) \$ 13,655.85 \$ 14,065.52 \$ 14,487.49 \$ 14,922.11 \$ 15,293.31 \$ 12,744.42

TOTAL ESTIMATED COST FOR FY 2015/16 to FY 2020/21 **\$ 388,644.41** **\$ 399,586.59** **\$ 410,855.00** **\$ 621,950.49** **\$ 831,352.02** **\$ 360,313.35**

TOTAL REMAINING COST: **\$ 3,012,700.86**

TOTAL COST **\$ 3,831,181.77** F11: Total Cost

LEASE
Department of Mental Health
40925 County Center Drive, Temecula, CA

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EXHIBITS

The following exhibits are attached hereto and made a part of this Lease:

13	Site Plan.....	Exhibit A
14	Pricing Plan.....	Exhibit A-1
	Leasehold Improvement Agreement.....	Exhibit B
15	Asbestos.....	Exhibit C
	Confirmation of Lease Information.....	Exhibit D
16	Custodial Services Agreement.....	Exhibit E
	General Construction Specifications for Leased Facilities.....	Exhibit F
17	Estoppel Certificate.....	Exhibit G
18	Subordination, Non-Disturbance & Attornment Agreement.....	Exhibit H
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1 LEASE
2 COUNTY OF RIVERSIDE
3

4 **1. Parties.**

5 **1.1** This Lease ("Lease") is made by and between the **COUNTY OF**
6 **RIVERSIDE**, a political subdivision hereinafter referred to as "County" and **STEWART**
7 **GROUP, a California Limited Liability Company, LLC.**, hereinafter referred to as
8 "Lessor." County and Lessor are hereinafter collectively referred to as the "Parties" or
9 individually as a "Party."

10 **2. Premises.**

11 **2.1 Letting.** Lessor hereby leases to County, and County hereby
12 leases from Lessor, the Premises, for the term, at the rental, and upon all terms,
13 covenants and conditions set forth in this Lease.

14 **2.2 Defined.** The Premises shall consist of that certain portion of the
15 Project, as defined herein, including all improvements therein or to be provided by
16 Lessor under the terms of this Lease, and commonly known as 40925 County Center
17 Drive, located in the City of Temecula, County of Riverside, State of California, also
18 identified as Assessor Parcel Number 910-110-085 and generally described as an
19 office building consisting of approximately twenty-two thousand seven hundred thirty-
20 nine (22,739) gross square feet, and the Leased Premises consisting of approximately
21 sixteen thousand six hundred twenty-four (16,624) gross square feet of which 5,130
22 gross square feet is located on the first floor and 11,494 gross square feet on the
23 second floor, with 84 unreserved parking spaces and 6 reserved parking spaces, all as
24 shown on the site plan attached as Exhibit "A." It is understood that the Premises
25 include all appurtenances and easements thereto and the non-exclusive right of
26 ingress and egress at all times to and from the public streets and highways for County,
27 its employees and invitees. The Premises, the building, the Common Areas, the land
28 upon which they are located, along with all other buildings and improvements thereon,

1 are herein collectively referred to as the "Project." Notwithstanding anything contained
2 in the lease to the contrary, the parties agree and acknowledge that any statement of
3 size, square footage or dimension set forth in this lease is a reasonable approximation.
4 All rents and/or expense recoveries based thereon are not subject to revision or
5 modification whether or not the actual size is greater or less than stated herein.

6 **2.3 Common Areas Defined.** The term "Common Areas" is defined
7 as all areas and facilities outside the Premises and within the exterior boundary line of
8 the Project and interior utility raceways and installations within the Premises that are
9 provided by and designated by the Lessor from time to time for the general non-
10 exclusive use of Lessor, County, and other tenants of the Project and their respective
11 employees, suppliers, shippers, customers, contractors, and invitees, including but not
12 limited to common restrooms, parking areas, loading and unloading zones, trash areas,
13 roadways, walkways, driveways, and landscaped areas.

14 **2.4 County's Rights-Common Areas.** Lessor grants to County, for
15 the benefit of the County and its employees, suppliers, shippers, customers,
16 contractors, and invitees, during the term of this Lease, the non-exclusive right to use,
17 in common with others entitled to such use, the Common Areas as same may from
18 time to time exist. Lessor shall have the right to promulgate rules and regulations for
19 the management, safety, care, and cleanliness of the Common Areas provided,
20 however, that said rules and regulations shall be subject to the approval of County.
21 County's prior approval shall be required for any changes to the Common Areas which
22 adversely affect County's use and occupancy of the Premises, the parking, or
23 accessibility of the Premises.

24 **2.5 Preparation of Premises/Acceptance.** The rights and obligations
25 of the Parties regarding the construction of the Premises before the commencement of
26 the Lease Term are stated in the attached Leasehold Improvement Agreement, Exhibit
27 "B." If this Lease conflicts with the Leasehold Improvement Agreement, the Leasehold
28 Improvement Agreement shall prevail.

1 **2.6 Condition of Premises.** Lessor shall deliver the Premises to
2 County in a fully clean and safe condition, free of hazards and debris, entirely permitted
3 and inspected by local authorities, on the Commencement Date, and Lessor warrants
4 for the term of this Lease, that all systems and equipment, including, but not limited to,
5 electrical, plumbing, fire sprinkler, fire suppression system, fire/life/safety system,
6 elevators, security systems, lighting, heating, ventilating and air conditioning systems
7 (“HVAC”), loading doors, if any, that serve the Premises and all other such elements in
8 the Premises (herein defined as the “Base Building Systems”), other than those
9 installed or constructed by County, shall be in safe, hazard free, good operating
10 condition, and, the roof, bearing walls and foundation of the Premises shall be free of
11 material defect.

12 **3. Use.**

13 **3.1** County shall use and occupy the Premises for the purpose of
14 providing office space for use by the Department of Mental Health, but the Premises
15 may be used for any official business of County government or any other legal use
16 which is reasonably comparable thereto. Nothing contained in this Lease shall be
17 construed to require County to occupy the Premises continuously.

18 **4. Term.**

19 **4.1 Commencement.** This Lease shall be effective upon the date of
20 its full execution by the parties hereto. The Term of this Lease shall be for a period of
21 84 months (“Original Term”) commencing on the earlier of (a) the date County staff
22 occupies the Premises, or (b) the date on which County accepts the Premises for
23 occupancy (“Commencement Date”), which shall occur only after Lessor delivers to
24 County a copy of the Certificate of Occupancy executed by the appropriate governing
25 authority, if applicable, and provided that County, in its sole discretion, is satisfied that
26 all leasehold improvements have been completed in accordance with Exhibit “B” and
27 Exhibit “F,” excepting minor punch list items. The Original Term shall expire at
28 midnight on the last day of the eighty-four (84) month term (“Expiration Date”).

1 **4.2 Confirmation of Lease Information.** At such time as the
2 Commencement Date of this Lease has been determined, either Party may deliver to
3 the other Party a notice in the form set forth in the attached Exhibit "D," which the
4 receiving Party shall execute, after making any corrections necessary to conform the
5 information to the provisions of this Lease, and return to the forwarding Party within
6 thirty (30) days after receipt. Either Party will use reasonable efforts to deliver the
7 notice to the other Party within thirty (30) days after the Lease Commencement Date.
8 Anything to the contrary notwithstanding, failure to forward or execute said notice shall
9 not invalidate or nullify the provisions of this Lease.

10 **4.3 Delay in Delivery of Premises.** If the Original Term of this Lease
11 has not commenced by one hundred twenty (120) days from Lessor's receipt of
12 building permits by City of Temecula, County may, at its sole option, either: (a) deduct
13 from any rents that may become due hereunder the sum of \$942.03 for each day the
14 Premises are not substantially complete and available for occupancy as per paragraph
15 2.6, after said date, as liquidated damages for failure to provide occupancy in a timely
16 manner as prescribed hereunder. Lessor and County agree that such damages are to
17 be one of the mutually exclusive remedies, as prescribed in this Section 4, for such
18 failure, in that at the time of entering into this Lease it would be impractical and
19 extremely difficult to fix the actual damages that would flow from Lessor's failure to
20 provide occupancy in a timely manner, including, but not limited to, the difference in
21 money between the total sum to be paid by County to another party for rent to Lease
22 such party's real property, if the rental hereunder is less than the rental to be paid such
23 other party; or if the Original Term of this Lease has not commenced by 120 days from
24 County's execution of this Lease, or (b) cancel this Lease, and Lessor hereby waives
25 any and all rights that it may have against County for any costs, expenses and/or
26 charges that Lessor may have incurred as a result of preparing the Premises for
27 occupancy. Lessor shall submit building plans to City of Temecula within thirty (30) day
28 from Lease execution.

1 **4.4 Holding Over.** Any holding over by County after the expiration of
2 said term or any extension thereof shall be deemed a month to month tenancy upon
3 the same terms and conditions of this Lease.

4 **5. Rent.** The anniversary dates shall be deemed to fall on the first day of
5 the first full month of each lease year following commencement of the Lease term.

6 **5.1 Rent.** County shall pay the sum of \$28,260.80 per month to
7 Lessor as rent for the Leased Premises, payable, in advance, on the first day of the
8 month or as soon thereafter as a warrant can be issued in the normal course of
9 County's business; provided, however, in the event rent for any period during the term
10 hereof which is for less than one (1) full calendar month said rent shall be pro-rated
11 based upon the actual number of days of said month. The monthly rent shall be paid
12 by County to Lessor without deduction or offset unless County exercises its rights
13 pursuant to Sections 8, 10, and 17 of this Lease.

14 **5.2 Percentage Increase.** Notwithstanding the provisions of Section
15 5.1 herein, the monthly rent shall be increased on each anniversary of this Lease by an
16 amount equal to three percent (3%) of such monthly rental except for the rent
17 commencing and continuing in year seven of the lease term.

18 **5.3 Leasehold Improvement Reimbursement.** Notwithstanding the
19 provisions of Section 5.1 and 5.2 above, County shall pay to Lessor a one-time
20 payment not to exceed \$221,868.28 (which includes a 10% contingency) upon
21 completion and acceptance of the improvements by County as provided in Exhibit "B,"
22 Section 8 of this Lease.

23 **6. Options.**

24 **6.1 Option to Extend Term.** Lessor grants to County two option(s) to
25 extend the Lease term ("Extension Option(s)"). Each Extension Option shall be for a
26 period of one year ("Extended Term"), subject to the conditions described in this
27 Section 6.1.
28

1 **6.1.1 Exercise of Option.** The Extension Option(s) shall be
2 exercised by County delivering to Lessor written notice thereof no later than one
3 hundred twenty (120) days prior to the expiration of the Original Term or any extension
4 thereof.

5 **6.1.2 Option Rent.** The rent payable by County during the first
6 and second year of the Extended Term shall be calculated based on "Fair Market
7 Rent." The "Fair Market Rent" shall mean the monthly rental rate in recent transactions
8 with tenants in comparable space of the approximately same size, for an office use, in
9 comparable buildings in the city of Temecula leasing market vicinity. In its Written
10 Notice of Exercise of Option, County shall set forth County's opinion of the Monthly
11 Rent to be payable during the Option Term, including County's opinion of the Fair
12 Market Rent. If within thirty (30) days of receipt of County's Written Notice of Exercise
13 of Option, Lessor does not serve County written notice of Lessor's opinion of the
14 Monthly Rent to be payable during the Extended Term, such Monthly Rent shall be the
15 Monthly Rent as set forth in County's Written Notice of Exercise of Option. If the
16 Lessor objects thereto, within thirty (30) days of receipt of County's Written Notice of
17 Exercise of Option, Lessor shall give County written notice of Lessor's opinion of the
18 Monthly Rent to be payable during the Option Term, including Lessor's opinion of Fair
19 Market Rent. If County objects to Lessor's opinion of the Fair Market Rent, within thirty
20 (30) days after County's receipt thereof, County shall appoint an appraiser or broker
21 (collectively, an "Appraiser") to determine the Fair Market Rent and serve notice
22 thereof on Lessor ("Notice of Appointment of "Appraiser"). If appraiser(s) are used,
23 any such appraiser shall have at least five (5) years experience in the appraisal of
24 office real estate in the area of the Building and shall be members of professional
25 organizations such as MAI or equivalent. If broker(s) are used, the broker(s) shall have
26 at least five (5) years of experience in the sale and leasing of office real estate in the
27 area in which the Building is located. If County does not appoint an Appraiser within
28 (30) thirty days, the rent to be paid during the Option Term shall be (without further

1 objection) the Monthly Rent as set forth by Lessor. Lessor may within thirty (30) days of
2 receipt of County's Notice of Appointment of Appraiser appoint its own Appraiser to
3 determine The Fair Market Rent. If Lessor gives County timely Notice to Appointment
4 of Appraiser, Lessor and County shall each instruct their respective Appraisers to meet
5 promptly with the other Appraiser and select a third Appraiser. If Lessor timely
6 appoints an Appraiser, the final and binding determination of Fair Market Rent shall be
7 the arithmetic average of the two closest of the three appraisals. If Lessor elects not to
8 appoint an Appraiser, County's Appraiser shall determine the Fair Market Rent as
9 herein provided and the determination of such appraiser shall be final and binding on
10 all parties. Each party shall pay the cost of its own Appraiser and one-half (1/2) of the
11 cost of the third Appraiser making the determination. The appraiser/broker should be of
12 good reputation, neutral and impartial, and not engaged by either the Landlord or the
13 Tenant during the preceding 5 years.

14 **6.1.3** All terms and conditions of this Lease with exception of
15 Rent and Lease Term shall remain in full force and effect during the Extended Term.

16 **6.2 Right of First Refusal to Lease Additional Space.** Lessor
17 hereby grants to County a right of first refusal to lease the other premises in the
18 building containing the leased Premises ("Adjacent Premises"), in the event Lessor
19 received a bona fide offer from a third party to lease any portion of the Adjacent
20 Premises, which offer is acceptable to Lessor. Lessor shall promptly notify County in
21 writing of the offer, including the square footage of the portion of the Adjacent Premises
22 proposed to be let and other terms and conditions of the offer. County shall have thirty
23 (30) days within which to notify Lessor in writing whether County agrees to lease the
24 portion of the Adjacent Premises under such offer upon the terms and conditions set
25 forth in such offer. In the event County fails to give written notice of its election to lease
26 the proposed additional space, Lessor shall be free to accept the bona fide offer and
27 lease the Adjacent Premises to the third party. If the third party fails to lease such
28 portion of the Adjacent Premises and the Adjacent Premises (or remaining portion of

1 the Adjacent Premises) remains available, County shall have the same right of first
2 refusal granted herein with regard to any future offer to lease such portion of the
3 Adjacent Premises.

4 **6.3 Right of First Refusal to Extend Lease Term.** Prior to such time
5 as the Original Term and/or Extended Terms have expired, in further consideration of
6 the Rent, covenants, and conditions to be paid, performed, and observed by County,
7 Lessor hereby grants to County a right of first refusal to extend the Lease of the
8 Premises. In the event Lessor receives a bona fide offer from a third party to lease the
9 Premises, which offer is acceptable to Lessor, Lessor shall promptly notify County in
10 writing of the offer, including the amount of rent offered and other terms and conditions
11 of the offer. County shall have thirty (30) business days within which to notify Lessor in
12 writing whether County agrees to extend the Lease of the Premises on the same terms
13 and conditions as the third party offer. In the event County elects to extend the Lease
14 of the Premises, the Lease shall be subject to the same terms and conditions as the
15 third party offer, including, but not limited to, amount of rent, term, and commencement
16 date. In the event County fails to give written notice of its election to extend the Lease
17 of the Premises, Lessor shall be free to accept the bona fide offer and lease the
18 Premises to the third party. If the third party fails to lease the Premises and the
19 Premises remains available, County shall have the same right of first refusal granted
20 herein with respect to a bona fide offer to lease the Premises by a subsequent third
21 party offerer.

22 **6.4 County's Right to Early Termination.** The Parties hereto
23 recognize and understand that the rental consideration hereunder originates from
24 County, State and/or Federal sources, and therefore County shall have the right to
25 terminate this Lease (a) if such funding is reduced or otherwise becomes unavailable,
26 based on County's annual fiscal budget, or (b) if any law, rule or regulation precludes,
27 prohibits or materially adversely impairs County's ability to use the Premises for the
28 use permitted herein.

1 **6.4.1 Notice.** County shall provide Lessor with written notification
2 of its election to terminate this Lease at least one hundred twenty (120) days prior to
3 the date of termination. County's notice shall state the reason for its termination of this
4 Lease. County's obligation to pay Rent shall continue through the termination date.

5 **6.4.2 Satisfaction.** In the event County terminates this Lease for
6 the reasons stated in Section 6.4(a) or 6.4(b) herein, and said termination occurs
7 during the Original Term, County agrees to pay Lessor the unamortized balance of
8 Lessor's Share of Leasehold Improvement Costs in the amount of \$219,461.59 as set
9 forth in Section 7.1 of Exhibit B and Lessor's related costs in the amount of
10 \$113,328.37. The unamortized balance of the Lessor's share of Leasehold
11 Improvement Costs is set forth as the "Ending Balance," as indicated in the Table in
12 Exhibit B – Addendum 1. In the event of termination, County shall pay to Lessor the
13 unamortized balance of the Lessor's Share of Leasehold Improvements Costs based
14 upon the month and year of termination. This Paragraph and Exhibit B - Addendum 1
15 shall not be interpreted as requiring County to pay Lessor monthly payments for these
16 unamortized costs as they are Lessor's share of the Leasehold Improvement Cost and
17 they are only owing to Lessor in the event of Termination by County. Such payment
18 shall be due and payable within thirty (30) days of the date of such termination.

19 In addition, in the event that County terminates this Lease as provided in
20 Section 6.4 herein, County agrees to pay to Lessor a penalty as full satisfaction a sum
21 equal to ten percent (10%) of the monthly rent that would have been paid to Lessor for
22 the remaining term of the Lease in effect from the date of termination through the
23 scheduled expiration date, or six (6) months of the then rent, whichever is greater.

24 **7. Compliance.**

25 **7.1 Compliance.** Lessor warrants that the Premises and improvements on
26 the Premises shall comply with all applicable State and Federal laws, covenants or
27 restrictions of record, building codes, regulations and ordinances ("Applicable
28 Requirements") in effect on the Commencement Date of this Lease, regardless of the

1 use to which County will put the Premises. If the Premises do not comply with said
2 warranty, Lessor shall, promptly after receipt of written notice from County or any
3 governmental agency having jurisdiction over such matters setting forth the nature and
4 extent of such non-compliance, rectify the same at Lessor's expense. If the Applicable
5 Requirements are hereinafter changed so as to require during the term of this Lease,
6 unless same is the result of the use to which County puts the Premises, the construction
7 of an addition to or an alteration of the Premises, the remediation of any Hazardous
8 Substance as hereinafter defined, or the reinforcement or other physical modification of
9 the Premises Lessor shall, promptly after receipt of written notice from County or any
10 governmental agency having jurisdiction over such matters setting forth the nature and
11 extent of such non-compliance, rectify the same at Lessor's expense. Unless introduced
12 to the Premises by County, its agents, employees or invitees.

13 **7.2 Americans with Disabilities.** Lessor warrants and represents the
14 Premises shall be readily accessible to and usable by individuals with disabilities in
15 compliance with Title III of the Americans with Disabilities Act of 1990 and California
16 Title 24, as amended from time to time and regulations issued pursuant thereto and in
17 effect from time to time. Any cost incurred to cause the Premises to comply with said
18 Act shall be borne by Lessor.

19 **7.3 Asbestos and Lead Based Paint.** Lessor warrants and
20 represents the Premises shall be constructed, operated and maintained free of hazard
21 from asbestos and lead based paint, as more fully set forth in the attached Exhibit "C."

22 **7.4 Hazardous Substance.** It is the intent of the Parties to construe
23 the term "Hazardous Substances" in its broadest sense. Hazardous Substance shall
24 be defined as any product, substance, or waste whose presence, use, manufacture,
25 disposal, transportation, or release, either by itself or in combination with other
26 materials, is either: (a) potentially injurious to the public health, safety or welfare, the
27 environment or the Premises; (b) regulated or monitored by any governmental
28

1 authority; or (c) a basis for potential liability of County to any governmental agency or
2 third party under any applicable statute or common law theory.

3 Lessor acknowledges that County's use may from time to time require the
4 presence of Hazardous Substances at the Premises. County agrees that all such
5 Hazardous Substances located in, at, or on the Premises shall be used, stored,
6 handled, treated, transported, and disposed of in compliance with all applicable laws.

7 Lessor warrants and represents to County that Lessor has not used, discharged,
8 dumped, spilled or stored any Hazardous Substances on or about the Premises,
9 whether accidentally or intentionally, legally or illegally, and has received no notice of
10 such occurrence and has no knowledge that any such condition exists at the Premises.
11 If any claim is ever made against County relating to Hazardous Substances present at
12 or around the Premises, whether or not such substances are present as of the date
13 hereof, or any such Hazardous Substances are hereafter discovered at the Premises
14 (unless introduced by County, its agents, invitees or employees), all costs of removal
15 incurred by, all liability imposed upon, or damages suffered by County because of the
16 same shall be borne by Lessor, and Lessor hereby indemnifies and agrees to be
17 responsible for and defend and hold County harmless from and against all such costs,
18 losses, liabilities and damages, including, without limitation, all third-party claims
19 (including sums paid in settlement thereof, with or without legal proceedings) for
20 personal injury or property damage and other claims, actions, administrative
21 proceedings, judgments, compensatory and punitive damages, lost profits, penalties,
22 fines, costs, losses, attorneys' fees and expenses (through all levels of proceedings),
23 consultants or experts fees and costs incurred in enforcing this indemnity. The
24 representation, warranty and indemnity of Lessor described in this Paragraph shall
25 survive the termination or expiration of this Lease.

26 **7.5 Sick Building Syndrome.** Lessor warrants and represents the
27 Premises shall be constructed, operated and maintained free of certain hazards,
28 including, but not limited to: spores, fungus, molds, bacteria, chemicals or fumes or

1 other causes of any hazardous micro-environments, sometimes known as "Sick
2 Building Syndrome," emanating from or within the Premises that may potentially cause
3 discomfort, bodily injury, sickness or death. Should it be determined that remediation is
4 necessary based on a report by a trained investigator, Lessor will promptly contract
5 with a qualified and experienced company to safely remove the micro-environments
6 using remediation guidelines recommended or required by the appropriate
7 governmental agency. Any cost incurred to cause the Premises to be free of such
8 hazard shall be borne by Lessor. Unless introduced to the Premises by County, its
9 agents, employees or invitees.

10 **7.6 Waste Water.** Lessor shall be responsible for compliance with all
11 Federal, state or local laws, regulations or permits pertaining to storm water pollution,
12 prevention plans ("SWPP") and all National Pollution Discharge Elimination System
13 ("NPDES") laws or regulations adopted or to be adopted by the United States
14 Environmental Protection Agency. Parking lot sweeping shall be done as required by
15 NPDES rules or as needed, at least two times per year, once prior to the rainy season.

16 **8. Custodial Services.**

17 **8.1 Custodial Services.** Lessor shall provide, or cause to be
18 provided, and pay for all custodial services in connection with the Leased Premises
19 and such services shall be provided as set forth in the attached Exhibit "E." The
20 provider of such custodial services will perform background checks through LiveScan
21 or in the manner specified by County, of qualified permanent and temporary employees
22 to determine their suitability for employment. The provider will be bonded in the sum of
23 \$10,000.00, and proof of such insurance, as supplied by the Lessor, shall be furnished
24 prior to occupancy of Premises by County. In addition to bonding as required herein,
25 Lessor shall also receive proof of statutory workers' compensation insurance,
26 commercial general liability and vehicle liability insurance from the provider of any
27 custodial functions performed at the Premises location.

28

1 **8.2 County's Right to Provide Custodial Service and Deduct Cost.**

2 If County provides written notice to Lessor of an event or circumstance that requires
3 the action of Lessor with respect to the custodial services as set forth in Section 8.1
4 and Exhibit "E," and Lessor fails to provide such action as required by the terms of this
5 Lease within three (3) days of County's notice, County may take the required action to
6 provide custodial services by its staff or those of a custodial contractor if: (1) County
7 delivers to Lessor an additional written notice advising Lessor that County intends to
8 take the required action if Lessor does not begin the required action within forty-eight
9 (48) hours after the written notice; and (2) Lessor fails to begin the required work within
10 this forty-eight (48) hour period. Upon demand by County, Lessor shall promptly
11 reimburse County the actual cost and expenses thereof, provided said costs and
12 expenses are reasonable. Should Lessor fail to promptly pay the cost and expenses,
13 County may deduct and offset that amount from Rent payable under this Lease. For
14 purposes of this Section, notice given by fax or e-mail shall be deemed sufficient.

15 **9. Utilities.**

16 **9.1** Lessor warrants and represents to County that during the term of this
17 Lease and any extension thereof that sufficient utility service to provide water,
18 telecommunications, electric power, natural gas and sewers necessary to meet
19 County's requirements exists or are available for use by County within the Premises.

20 **9.2** County shall pay for all telephone, natural gas and electrical
21 services within the leased space which will be used in connection with the Leased
22 Premises. Lessor shall provide, or cause to be provided, and pay for all other utility
23 services, including, but not limited to, water, refuse collection and sewer services, as
24 may be required in the maintenance, operation and use of the Leased Premises.

25 **10. Repairs and Maintenance.**

26 **10.1 Lessor's Repair and Maintenance Obligations.** Lessor shall, at
27 Lessor's sole expense and in accordance with the terms of this Lease, repair, replace
28 and maintain in attractive condition, good order and function throughout the term in

1 accordance with Exhibit "F," General Construction Specifications for Leased Facilities,
2 (a) the structural portions of the Premises (understood to include the roof, foundation
3 and load bearing walls); (b) the nonstructural portions of the Premises (understood to
4 include the roof covering and membrane) including, but not limited to, all
5 improvements, alterations, fixtures, but excluding furnishings; (c) all systems and
6 equipment, including, but not limited to, Base Premises Systems as heretofore
7 described that serve the Premises; and (d) the exterior portions of the Premises, and
8 real property including, but not limited to, landscaping, driveways, sidewalks, lighting
9 and parking facilities servicing the Premises. It is the intent of this paragraph that
10 Lessor performs any and all building repairs, replacements and maintenance. Lessor
11 agrees to make all repairs to or alterations of the Premises that may become
12 necessary by reason of industry standard for age, wear and tear, deferred
13 maintenance or defects in any construction thereof by Lessor.

14 **10.2 Lessor's Default.** Repairs shall be made promptly when
15 appropriate to keep the applicable portion of the Premises and other items in the
16 condition described in this Section. Lessor understands certain response time is
17 required to ensure County operations continue with minimal interruption to ensure the
18 safety of employees and delivery of services. The commencement of repairs within
19 eight (8) hours from written notice include electrical power, HVAC operations and
20 certain essential daily custodial services. Lessor shall not be in default of its repair and
21 maintenance obligations under this Section 10, if Lessor commences the repairs and
22 maintenance within eight (8) hours of the aforementioned areas and thirty (30) days for
23 all others after written notice by County to Lessor of the need for such repairs and
24 maintenance. If, due to the nature of the particular repair or maintenance obligation,
25 more than thirty (30) days are reasonably required to complete it, Lessor shall not be in
26 default under this Section 10 if Lessor begins work within this thirty (30) day period and
27 diligently pursues this work to completion.

28

1 **10.3 County's Right to Make Repairs and Deduct Cost.** If County
2 provides notice to Lessor of an event or circumstance that requires the action of Lessor
3 with respect to the reasonable replacement, repair or maintenance to the Premises or
4 Base Building Systems serving the Premises as set forth in Section 10.1 and Lessor
5 fails to provide such action as required by the terms of this Lease within the period
6 specified in Section 10.2, County may (but shall not be obligated to do so) take the
7 required action if: (1) County delivers to Lessor an additional written notice advising
8 Lessor that County intends to take the required action if Lessor does not begin the
9 required repair or maintenance within twenty four (24) hours, after the written notice;
10 and (2) Lessor fails to begin the required work within this twenty four (24) hour period.

11 **10.3.1** Lessor grants to County a license, effective during the
12 Lease Term, to enter upon those portions of the Premises access to which is
13 reasonably necessary for County to take such action.

14 **10.3.2** If such action was required under the terms of this Lease to
15 be taken by Lessor, County shall be entitled to prompt reimbursement by Lessor of
16 County's reasonable costs and expenses in taking such action, plus interest at the then
17 prevailing legal rate of interest from the date these costs are incurred until the date of
18 Lessor's repayment. Lessor's obligation to reimburse County shall survive expiration or
19 earlier termination of this Lease.

20 **10.3.3** If, within thirty (30) days after receipt of County's written
21 demand for payment of County's costs incurred in taking such action on Lessor's
22 behalf, Lessor has not paid the invoice or delivered to County a detailed written
23 objection to it, County may deduct from Rent payable by County under this Lease the
24 amount set forth in the invoice, plus interest at the interest rate described above from
25 the date these costs are incurred until the date of County's Rent set off.

26 **10.4 Emergency Repairs.**

27 **10.4.1** An "Emergency Repair Situation" is defined as the
28 existence of any condition that requires prompt repair, replacement or service to

1 minimize the impact of an event or situation which affects County's ability to conduct
2 business in a neat, clean, safe and functional environment.

3 **10.4.2** If County notifies Lessor of an Emergency Repair Situation
4 which occurs in or about the Premises which is the responsibility of the Lessor to repair
5 or maintain, then Lessor shall commence appropriate repairs or maintenance
6 immediately after notice of the condition is given by County, which notice may be via
7 telephone, facsimile, personal contact or any other means, and Lessor shall thereafter
8 diligently pursue to completion said repairs or maintenance.

9 **10.4.3** If Lessor fails to commence repairs within twenty-four (24)
10 hours of the aforementioned notice, or if the County is unable to contact Lessor
11 or any designated agent within a reasonable time based upon the seriousness of the
12 event or situation, County may, but shall not be so obligated to, cause said repairs or
13 replacements to be made or such maintenance to be performed. Upon demand by
14 County, Lessor shall promptly reimburse County the actual cost and expenses thereof,
15 provided said costs and expenses are reasonable. Should Lessor fail to promptly pay
16 the cost and expenses, County may deduct and offset that amount from Rent payable
17 under this Lease.

18 **10.5 Periodic Services.** Lessor shall provide, or cause to be provided,
19 and pay for all Periodic Services (but shall not including removal and replacement of
20 County's furniture, fixtures and equipment) , including, interior painting of common
21 areas every five years, if so requested by County; monthly pest control services;
22 quarterly HVAC standard preventative maintenance and changing of air filters; annual
23 fire extinguisher inspections; reset interior and exterior time clocks for time changes;
24 annual roof inspections and maintenance to include roof repairs/replacement; cleaning
25 of roof gutters, drains, and down spouts prior to rainy season.

26 **11. Alterations and Additions.**

27 **11.1 Improvements by Lessor.**

28

1 **11.1.1** Lessor recognizes and understands that any initial County
2 improvements requested by the County to be completed by Lessor during the term of
3 this Lease shall be undertaken according to Exhibit "B," Leasehold Improvement
4 Agreement, and Exhibit "F," General Construction Specifications for Leased Facilities.

5 **11.1.2** Prevailing wages are required for work done that falls within
6 the definition of "public works" under California Labor Code §1720. "Public works" are
7 defined as "construction, alteration, demolition, installation, done under contract and
8 paid for in whole or in part out of public funds...." For those projects which are "public
9 works" pursuant to Labor Code §1720.2, the following applies:

10 **11.1.3** Lessor shall require that Contractor shall comply with
11 prevailing wage requirements and be subject to restrictions and penalties in
12 accordance with §1770 et seq. of the Labor Code which requires prevailing wages be
13 paid to appropriate work classifications in all bid specifications and subcontracts.

14 **11.1.4** The Lessor shall require that Contractor shall furnish all
15 subcontractors/employees a copy of the Department of Industrial Relations prevailing
16 wage rates at which Lessor will post at the job site. All prevailing wages shall be
17 obtained by the Lessor/Contractor from:

18 Department of Industrial Relations
19 Division of Labor Statistics and Research
20 455 Golden Gate Avenue, 8th Floor
21 San Francisco, CA 94102

22 **11.1.5** Lessor shall require that Contractor shall comply with the
23 payroll record keeping and availability requirement of §1776 of the Labor Code.

24 **11.1.6** Lessor shall require that Contractor shall make travel and
25 subsistence payments to workers needed for performance of work in accordance with
26 §1773.8 of the Labor Code.

1 **11.1.7** Prior to commencement of work, Lessor shall require that
2 Contractor shall contact the Division of Apprenticeship Standards and comply with
3 §1777.5, §1777.6 and §1777.7 of the Labor Code and applicable regulations.

4 **11.1.8** Lessor shall comply and stay current with all applicable
5 local, state and federal building codes and laws as from time to time amended,
6 including, but not limited to, the Americans with Disabilities Act requirements in
7 providing the County with any requested County improvements.

8 **11.1.9** If any agency, division or department of any governmental
9 entity with appropriate jurisdiction condemns the Premises or any part of the Premises
10 as unsafe or not in conformity with any of the laws or regulations controlling their
11 construction, occupation or use, or orders or requires any alteration, repair or
12 reconstruction of the Premises the responsible party shall be the Lessor who at its sole
13 cost and expense (and without any right of reimbursement from County) immediately
14 effect all necessary alterations and repairs required for the Premises full and exact
15 compliance.

16 **11.1.10** Lessor shall cause all County improvements to be
17 lien free, completed at Lessor's cost in a workmanlike manner and in compliance with
18 all applicable law.

19 **11.1.11** County agrees when requested by Lessor to execute
20 and deliver any applications, consents or other instruments required to permit Lessor to
21 complete such County improvements or to obtain permits for the work.

22 **11.1.12** Post occupancy tenant improvements requested by
23 County and completed by Lessor shall be reimbursed by County at Lessor's cost plus
24 10%. Lessor's invoices for such improvements shall be itemized according to material,
25 sales tax, labor, and Lessor's 10% overhead handling charge.

26 **11.1.13** Due to County fiscal year funding and accounting
27 practices, any costs due to Lessor for reimbursement of tenant improvements during
28

1 the term must be invoiced and received by the County prior to May 1st of each fiscal
2 year in which services to County were provided to ensure payment.

3 **11.2 Improvements by County.**

4 **11.2.1** Any alterations, improvements or installation of fixtures to
5 be undertaken by County shall have the prior written consent of Lessor. Such consent
6 shall not be unreasonably withheld, conditioned or delayed by Lessor.

7 **11.2.2** All alterations and improvements made, and fixtures
8 installed, by County shall remain County property and may be removed by County at or
9 prior to the expiration of this Lease; provided, however, that such removal does not
10 cause injury or damage to the Leased Premises beyond normal wear and tear.

11 **11.3 Communications Equipment.** County may, from time to time,
12 install maintain, replace and/or remove any satellite dishes, links, duct bank or
13 antennas on the grounds, roof and/or exterior walls or parapet of the Premises as
14 County deems reasonably necessary or desirable, provided County shall first obtain
15 Lessor's written approval, which approval shall not be unreasonably withheld,
16 conditioned, or delayed. Upon the removal by County of any such satellite dishes, links
17 or antennas, County shall repair any damage incurred in connection with such removal.

18 **12. Exculpation, Indemnification, and Insurance.**

19 **12.1 Exculpation.** To the fullest extent permitted by law, Lessor, on its
20 behalf and on behalf of all Lessor Parties, as hereinafter defined, waives all claims (in
21 law, equity, or otherwise) against County Parties, as hereinafter defined, arising out of,
22 knowingly and voluntarily assumes the risk of, and agrees that County Parties shall not
23 be liable to Lessor Parties for any of the following: (1) injury to or death of any person;
24 or (2) loss of, injury or damage to, or destruction of any tangible or intangible property,
25 including the resulting loss of use, economic losses, and consequential or resulting
26 damage of any kind from any cause. County Parties shall not be liable under this
27 Section regardless of whether the liability results from any active or passive act, error,
28 omission, or negligence of any of County Parties; or is based on claims in which liability

1 without fault or strict liability is imposed or sought to be imposed on any of County
2 Parties. The foregoing notwithstanding, this exculpation Section shall not apply to claims
3 against County Parties to the extent that a final judgment of a court of competent
4 jurisdiction establishes that the injury, loss, damage, or destruction was proximately
5 caused by County Parties' fraud, willful misconduct or injury to person or property, or
6 violation of law.

7 **12.1.1 Definition of "County Parties" and "Lessor Parties."**

8 For purposes of this Section 12, the term "County Parties" refers singularly and
9 collectively to County, Special Districts, their respective Directors, Officers, Board of
10 Supervisors, agents, employees, and independent contractors as well as to all persons
11 and entities claiming through any of these persons or entities. The term "Lessor
12 Parties" refers singularly and collectively to Lessor and the partners, venturers,
13 trustees, and ancillary trustees of Lessor and the respective officers, directors,
14 shareholders, members, parents, subsidiaries, and any other affiliated entities,
15 personal representatives, executors, heirs, assigns, licensees, invites, beneficiaries,
16 agents, servants, employees, and independent contractors of these persons or entities.

17 **12.1.2 Survival of Exculpation.** The paragraphs of this Section

18 12 shall survive the expiration or earlier termination of this Lease until all claims within
19 the scope of this Section 12 are fully, finally, and absolutely barred by the applicable
20 statutes of limitations.

21 **12.1.3 Lessor's Acknowledgment of Fairness.** Lessor

22 acknowledges that this Section 12 was negotiated with County, that the consideration
23 for it is fair and adequate, and that Lessor had a fair opportunity to negotiate, accept,
24 reject, modify, or alter it.

25 **12.1.4 Waiver of Civil Code Section 1542.** With respect to the

26 exculpation provided in this Section 12, Lessor waives the benefits of Civil Code
27 Section 1542, which provides:

28 A general release does not extend to claims which the creditor does not know or

1 suspect to exist in his favor at the time of executing the release, which if known by him
2 must have materially affected his settlement with the debtor.

3 **12.2 Indemnification and Hold Harmless.**

4 **12.2.1** Lessor shall indemnify and hold harmless the County
5 Parties from any liability, including but not limited to, property damage, bodily damage,
6 bodily injury, or death, or from any services provided by Lessor Parties or any act,
7 error, omission, of Lessor Parties or of any invitee, guest, or licensee of Lessor in, on,
8 or about the Project arising out of, from or in any way relating to willful misconduct of
9 Lessor Parties or the breach of any provision of this Lease imposing any duty upon Lessor
10 Parties. When indemnifying County Parties, Lessor shall defend at its sole cost and
11 expense, including but not limited to, attorney fees, cost of investigation, defense and
12 settlements or awards, on behalf of the County parties in any claim or action based
13 upon such liability. The foregoing notwithstanding, Lessor Parties shall not indemnify County
14 Parties from damages or claims arising from the willful misconduct of County Parties, its
15 agents, employees, licensees or invitees.

16 **12.2.2** County shall indemnify and hold harmless the Lessor
17 Parties from any liability whatsoever, including but not limited to, property damage,
18 bodily injury, or death, based or asserted on events which may occur within the County
19 leased premises and is under the control of the County arising out of or from its use
20 and occupancy relating to this Lease. County Parties shall not indemnify Lessor
21 Parties for liability arising within the County leased Premises when such liability arose
22 out of or from Lessor's responsibilities under the terms of this Lease. County shall
23 defend at its sole cost and expense, including but not limited to, attorney fees, cost of
24 investigation, defense and settlements or awards, on behalf of the Lessor Parties in
25 any claim or action based upon such liability.

26 **12.2.3** With respect to any action or claim subject to
27 indemnification herein, the indemnifying party shall, at their sole cost, have the right to
28 use counsel of their choice and shall have the right to adjust, settle, or compromise any

1 such action or claim without the prior consent of the indemnified party; provided,
2 however, that any such adjustment, settlement or compromise in no manner
3 whatsoever limits or circumscribes the indemnifying party's obligation to indemnify as
4 set forth herein.

5 **12.2.4** The indemnifying party's obligation hereunder shall be
6 satisfied when they have provided the indemnified party the appropriate form of
7 dismissal relieving the indemnified party from any liability for the action or claim
8 involved.

9 **12.2.5** The specified insurance limits required in this Lease shall in
10 no way limit or circumscribe the indemnifying party's obligation to indemnify as set forth
11 herein.

12 **12.2.6** In the event there is conflict between this clause and
13 California Civil Code Section 2782, this clause shall be interpreted to comply with Civil
14 Code 2782. Such interpretation shall not relieve the indemnifying party's obligation to
15 provide indemnification to the fullest extent allowed by law.

16 **12.2.7 Survival of Indemnification.** The paragraphs of this
17 Section 12 shall survive the expiration or earlier termination of this Lease until all
18 claims against County Parties involving any of the indemnified matters are fully, finally,
19 and absolutely barred by the applicable statutes of limitations.

20 **12.3 Insurance.**

21 **12.3.1 Lessor's Insurance.** Without limiting or diminishing any
22 indemnification contained within this Lease, Lessor and/or their authorized
23 representatives, including, if any, a property management company, shall procure and
24 maintain or cause to be maintained, at its sole cost and expense, the following
25 insurance coverage during the term of this Lease:

26 **12.3.1.1 Workers' Compensation.** Workers' Compensation
27 Insurance (Coverage A) as prescribed by the laws of the State of California. Policy
28 shall include Employers' Liability (Coverage B) including Occupational Disease with

1 limits not less than \$1,000,000 per person per accident. The policy shall be endorsed
2 to waive subrogation in favor of The County of Riverside. Lessor may alternatively
3 verify existing workers compensation insurance provided by independent contractors
4 hired to work on the property. Lessor shall be exempt from providing workers
5 compensation insurance for such contractors that have existing coverage.

6 **12.3.1.2 Commercial General Liability.** Commercial
7 General Liability Insurance coverage, including but not limited to, premises liability,
8 contractual liability, products/completed operations, personal and advertising injury,
9 cross liability coverage and employment practices liability covering bodily injury,
10 property damage, and personal injury arising out of or relating, directly or indirectly, to
11 the design, construction, maintenance, repair, alteration and ownership of the
12 Premises and all areas appurtenant thereto including claims which may arise from or
13 out of Lessor's operations, use, and management of the Premises, or the performance
14 of its obligations hereunder. Policy shall name the County of Riverside, its Special
15 Districts, Agencies, Districts and Departments, their respective Directors, Officers,
16 Board of Supervisors, elected and appointed officials, employees, agents, independent
17 contractors or representatives as an Additional Insured. Policy limits shall not be less
18 than \$1,000,000 per occurrence. If such insurance contains a general aggregate limit,
19 it shall apply separately to this Lease or be no less than two (2) times the occurrence
20 limit.

21 **12.3.1.3 Vehicle Liability.** If vehicles or licensed
22 mobile equipment are used on the Project, County shall maintain auto liability
23 insurance for all owned, non-owned or hired automobiles in an amount not less than
24 \$1,000,000 per occurrence combined single limit. Policy shall name the County of
25 Riverside, its Special Districts, Agencies, Districts, and Departments, their respective
26 Directors, Officers, Board of Supervisors, elected and appointed officials, employees,
27 agents, independent contractors or representatives as Additional Insured.

28 **12.3.1.4 Property (Physical Damage).**

1 (a) All-Risk real property insurance coverage,
2 including flood, if applicable, for the full replacement cost value of buildings, structures,
3 fixtures, all improvements therein, and building systems on the Project as the same
4 exists at each early anniversary of the term. Policy shall include Business Interruption.
5 Policy shall name the County as a Loss Payee as their interests may appear.

6 (b) Boiler and Machinery insurance providing
7 coverage for at least, but not limited to, all high voltage electrical and rotating
8 mechanical equipment on a full replacement cost value basis. Policy shall provide
9 Business Interruption. Policy shall name the County as a Loss Payee as their interests
10 may appear.

11 **12.3.1.5 General Insurance Provisions – All Lines.**

12 (a) Any insurance carrier providing Lessor's
13 insurance coverage hereunder shall be admitted to the State of California and have an
14 A.M. BEST rating of not less than an A:VIII (A:8) unless such requirements are waived,
15 in writing, by the County Risk Manager. If the County's Risk Manager waives a
16 requirement for a particular insurer such waiver is only valid for that specific insurer
17 and only for one policy term.

18 (b) The Lessor or Lessor's insurance carrier(s)
19 must declare its insurance deductibles or self-insured retentions. If such deductibles or
20 self-insured retentions exceed \$500,000.00 per occurrence such deductibles and/or
21 retentions shall have the prior written consent of the County Risk Manager before the
22 commencement of the Lease term. Upon notification of deductibles or self insured
23 retentions which are deemed unacceptable to the County, at the election of the
24 County's Risk Manager, Lessor's carriers shall either: 1) reduce or eliminate such
25 deductibles or self-insured retentions as respects this Agreement with the County, or 2)
26 procure a bond which guarantees payment of losses and related investigations, claims
27 administration, defense costs and expenses.

28

1 (c) At the inception of this Lease and annually at
2 the Lessor's insurance policy renewal date(s), the Lessor shall cause their insurance
3 carrier(s) to furnish the County of Riverside with 1) a properly executed original
4 Certificate(s) of Insurance and certified original copies of Endorsements effecting
5 coverage as required herein; or, 2) if requested to do so orally or in writing by the
6 County Risk Manager, provide original Certified copies of policies including all
7 Endorsements and all attachments thereto, showing such insurance is in full force and
8 effect. Further, said Certificate(s) and policies of insurance shall contain the covenant
9 of the insurance carrier(s) shall provide no less than thirty (30) days written notice be
10 given to the County of Riverside prior to any material modification or cancellation of
11 such insurance. In the event of a material modification or cancellation of coverage, this
12 Lease shall terminate forthwith, unless the County of Riverside receives, prior to such
13 effective date, another properly executed original Certificate of Insurance and original
14 copies of endorsements or certified original policies, including all endorsements and
15 attachments thereto evidencing coverage and the insurance required herein is in full
16 force and effect. Individual(s) authorized by the insurance carrier to do so on its behalf
17 shall sign the original endorsements for each policy and the Certificate of Insurance.
18 The Lease term shall not commence until the County of Riverside has been furnished
19 original Certificates(s) of Insurance and certified original copies of endorsements or
20 policies of insurance including all endorsements and any and all other attachments as
21 required in this Section.

22 (d) It is understood and agreed by the parties
23 hereto and the Lessor's insurance company(s) that the Certificate(s) of Insurance and
24 policies shall so covenant and shall be construed as primary insurance, and the
25 County's insurance and/or deductibles and/or self-insured retentions or self-insured
26 programs shall not be construed as contributory.

27 **12.3.2 County's Insurance:** County maintains funded programs
28 of Self-Insurance. County shall provide to Lessor a Certificate of Self-Insurance

1 evidencing the County's Self-Insurance for the following coverage, if so requested by
2 Lessor:

3 12.3.2.1 Workers' Compensation \$1,000,000 per occurrence

4 12.3.2.2 Commercial General Liability \$1,000,000 per occurrence

5 12.3.2.3 Automobile Liability \$1,000,000 per occurrence

6 **13. Damage and Destruction.**

7 **13.1 Repair of Damage.** County agrees to notify Lessor in writing
8 promptly of any damage to the Premises resulting from fire, earthquake, or any other
9 identifiable event of a sudden, unexpected, or unusual nature ("Casualty"). If the
10 Premises, whether covered by insurance or not, are damaged by a Casualty, or the
11 Casualty results in the Premises not being provided with Base Building Systems or
12 parking facilities, and if neither Lessor nor County has elected to terminate this Lease
13 under this Section 13, Lessor shall promptly and diligently restore Premises, the
14 County Improvements originally constructed by Lessor, Base Building Systems, and
15 County's parking facilities to substantially the same condition as existed before the
16 Casualty, subject to modifications required by building codes and other laws. If County
17 requests that Lessor make any modifications to the County Improvements in
18 connection with the rebuilding, Lessor may condition its consent to those modifications
19 on: (a) confirmation by Lessor's contractor that the modifications shall not increase the
20 time needed to complete the County Improvements; (b) an agreement by County that
21 the additional construction period shall not extend the rent abatement period; and/or (c)
22 County agreeing to pay for such modifications pursuant to terms and conditions agreed upon
23 by the Lessor and County.

24 **13.2 Repair Period Notice.** Lessor shall, within thirty (30) days after
25 the date of the Casualty, provide written notice to County indicating the anticipated
26 period for repairing the Casualty ("Repair Period Notice"). The Repair Period Notice
27 shall be accompanied by a certified statement executed by the Contractor retained by
28 Lessor to complete the repairs or, if Lessor has not retained a Contractor, a licensed

1 Contractor not affiliated with Lessor, certifying the Contractor's opinion about the
2 anticipated period for repairing the Casualty. The Repair Period Notice shall also state,
3 if applicable, Lessor's election either to repair or to terminate the Lease under Section
4 13.3.

5 **13.3 Lessor's Option to Terminate or Repair.** Lessor may elect
6 either to terminate this Lease or to effectuate repairs if: (a) the Repair Period Notice
7 estimates that the period for repairing the Casualty exceeds ninety (90) days from the
8 date of the Casualty; or (b) the estimated repair cost of the Premises, even though
9 covered by insurance, exceeds fifty percent (50%) of the full replacement cost.

10 **13.4 County's Option to Terminate.** If (a) the Repair Period Notice
11 provided by Lessor indicates that the anticipated period for repairing the Casualty
12 exceeds ninety (90) days, or (b) notwithstanding the above, in the event of a
13 substantial or total casualty to the Premises or improvements, County may by written
14 notice to Lessor within thirty (30) days after such damage or destruction of its intention
15 to terminate this Lease, elect to terminate this Lease by providing written notice
16 (County's Termination Notice) to Lessor within thirty (30) days after receiving the
17 Repair Period Notice. If County does not elect to terminate within said thirty (30) day
18 period, County shall be considered to have waived its option to terminate.

19 **13.5 Rent Abatement Due to Casualty.** Lessor and County agree that
20 County's Rent shall be fully abated during the period beginning on the later of: (a) the
21 date of the Casualty; or (b) the date on which County ceases to occupy the Premises
22 and ending on the date of Substantial Completion of Lessor's restoration obligations as
23 provided in this Section 13 ("Abatement Period"). If, however, County is able to occupy
24 and does occupy a portion of the Premises, Rent shall be abated during the Abatement
25 Period only for the portion of the Premises not occupied by County.

26 **13.6 Damage Near End of Term.** Despite any other provision of this
27 Section 13, if the Premises are destroyed or damaged by a Casualty during the last
28 eighteen (18) months of the original Lease Term, Lessor and County shall each have

1 the option to terminate this Lease by giving written notice to the other of the exercise of
2 that option within thirty (30) days after that damage or destruction, provided, however,
3 County may negate Lessor's election to terminate under this Section 13.6 by electing,
4 within ten (10) days after receipt of Lessor's termination notice, to exercise any
5 unexercised option to extend this Lease. If County negates Lessor's election, this
6 Lease shall continue in effect unless Lessor has the right to, and elects to, terminate
7 this Lease under Section 13.3.

8 **13.7 Effective Date of Termination; Rent Apportionment.** If Lessor
9 or County elects to terminate this Lease under this Section 13 in connection with a
10 Casualty, this termination shall be effective thirty (30) days after delivery of notice of
11 such election. County shall pay Rent, properly apportioned up to the date of the
12 Casualty. After the effective date of the termination, Lessor and County shall be
13 discharged of all future obligations under this Lease, except for those provisions that,
14 by their terms, survive the expiration or earlier termination of the Lease.

15 **13.8 Waiver of Statutory Provisions.** The provisions of this Lease,
16 including those in this Section 13, constitute an express agreement between Lessor
17 and County that applies in the event of any Casualty to the Premises. Lessor and
18 County, therefore, fully waive the provisions of any statute or regulation, for any rights
19 or obligations concerning a Casualty including California Civil Code Sections 1932(2)
20 and 1933(4).

21 **13.9 Release on Termination.** In the event of any termination of this
22 Lease in accordance with Section 13, the Parties shall be released there from without
23 further obligation to the other Party, except as may otherwise be specifically set forth in
24 this Lease and items that have accrued and are unpaid.

25 **14. Eminent Domain.**

26 **14.1 Total Condemnation.** If all of the Premises are condemned by
27 eminent domain, inversely condemned, or sold in lieu of condemnation for any public or
28

1 quasi-public use or purpose, this Lease will terminate as of the date of title vesting in
2 that proceeding and the Rent will be abated from the date of termination.

3 **14.2 Partial Condemnation.** If any portion of the Premises is
4 condemned by eminent domain, inversely condemned, or sold in lieu of condemnation
5 for any public or quasi-public use or purpose and the partial condemnation renders the
6 Premises unusable for County's business, this Lease will terminate as of the date of
7 title vesting or order of immediate possession in that proceeding and the Rent will be
8 abated to the date of termination. If the partial condemnation does not render the
9 Premises unusable for the business of County and less than a substantial portion of the
10 Premises is condemned, Lessor must promptly restore the Premises to the extent of
11 any condemnation proceeds recovered by Lessor, excluding the portion lost in the
12 condemnation, and this Lease will continue in full force, except that after the date of the
13 title vesting, the Rent will be adjusted, as reasonably determined by Lessor and
14 County.

15 **14.3 Award.** If the Premises are wholly or partially condemned, Lessor
16 will be entitled to the entire award paid for the condemnation, and County waives any
17 claim to any part of the award from Lessor or the condemning authority. County,
18 however, will have the right to recover from the condemning authority any
19 compensation that may be separately awarded to County in connection with costs in
20 removing County's merchandise, furniture, fixtures, leasehold improvements, and
21 equipment to a new location.

22 **14.4 Temporary Condemnation.** In the event of a temporary
23 condemnation, this Lease will remain in effect, County will continue to pay Rent, and
24 County will receive any award made for the condemnation. If a temporary
25 condemnation remains in effect at the expiration or earlier termination of this Lease,
26 County will pay Lessor the reasonable cost of performing any obligations required of
27 County with respect to the surrender of the Premises. If a temporary condemnation is
28 for a period that extends beyond the Term, this Lease will terminate as of the date of

1 occupancy by the condemning authority and any award will be distributed in
2 accordance with Section 14.3.

3 **15. Estoppel Certificates.**

4 **15.1** Within twenty (20) business days after receipt of a written request
5 by either party, the other party shall execute and deliver to the requesting party an
6 Estoppel Certificate, in the form of the attached Exhibit "G," indicating in the certificate
7 any exceptions to the statements in the certificate that may exist at that time.

8 **16. Subordination, Non-Disturbance, and Attornment.**

9 **16.1 Subordination, Non-Disturbance, and Attornment Agreement.**

10 To carry out the purposes of Section 16.2 and Section 16.3, the Parties agree to
11 execute a Subordination, Non-Disturbance and Attornment Agreement in the form set
12 forth in the attached Exhibit "H."

13 **16.2 Subordination.** County agrees that within forty-five (45) business
14 days after Lessor's written request, it shall execute the agreement referred to in
15 Section 16.1 that Lessor reasonably considers necessary to evidence or confirm the
16 subordination or inferiority of this Lease to the lien of any mortgage, deed of trust or
17 other encumbrance of the Premises or any renewal, extension, modification,
18 replacement thereof, provided however, that such Subordination Agreement shall be
19 strictly limited to matters contained in the Agreement referred to in Section 16.1 and no
20 such Subordination Agreement shall materially increase any of County's obligations or
21 materially decrease any of County's rights under this Lease, nor shall the possession of
22 County be disturbed, by reason of any foreclosure, sale or other action under any such
23 trust deed, mortgage or other encumbrance.

24 **16.3 Attornment.** If Lessor's interest in the Premises passes to a
25 successor, and provided County has received the Non-Disturbance agreement referred
26 to in Section 16.1, County shall, within forty-five (45) business days after Lessor's
27 transferee's request, execute the agreement referred to in Section 16.1, thereby
28 agreeing to attorn and to recognize the transferee as the Lessor under this Lease;

1 provided the transfer of Lessor's interest in the Premises was by sale, lease,
2 foreclosure, deed in lieu of foreclosure, exercise of any remedy provided in any
3 encumbrance or operation of law.

4 **17. Breach by Lessor.**

5 **17.1 Lessor's Default.** Except as provided to the contrary in this
6 Lease, Lessor's failure to perform any of its obligations under this Lease shall
7 constitute a default by Lessor under the Lease if the failure continues for thirty (30)
8 days after written notice of the failure from County to Lessor. If the required
9 performance cannot be completed within thirty (30) days, Lessor's failure to perform
10 shall constitute a default under the Lease unless Lessor undertakes to cure the failure
11 within thirty (30) days and diligently and continuously attempts to complete this cure as
12 soon as reasonably possible.

13 **17.2 County's Right to Cure Lessor's Default and Deduct Cost.**

14 Except as provided to the contrary in this Lease, if County provides notice to Lessor of
15 Lessor's failure to perform any of its obligations under this Lease and Lessor fails to
16 provide such action as required by the terms of this Lease within the period specified,
17 County may take the required action if: (a) County delivers to Lessor an additional
18 written notice advising Lessor that County intends to take the required action if Lessor
19 does not begin the required action within ten (10) days after the written notice; and (b)
20 Lessor fails to begin the required action within this ten (10) day period.

21 **17.3 Rent Setoff.** If, within thirty (30) days after receipt of County's
22 written demand for payment of County's costs incurred in taking such action on
23 Lessor's behalf, Lessor has not paid the invoice or delivered to County a detailed
24 written objection to it, County may deduct from Rent payable by County under this
25 Lease the amount set forth in the invoice, including transaction costs and attorneys'
26 fees, plus interest at the then legal rate of interest from the date these costs are
27 incurred until the date of County's Rent setoff.

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1 **18. Lessor's Representations and Warranties.** Lessor represents and
2 warrants to County that:

3 **18.1 Title.** County's Leasehold interest in the Premises is free and
4 clear of restrictions which would restrict County's rights under this Lease.

5 **18.2 Certificate of Authority.** Lessor covenants that it is a duly
6 constituted under the laws of the state of its organization, and that the person(s) who is
7 acting as its signatory in this Lease is duly authorized and empowered to act for and on
8 behalf of the Lessor. Lessor shall furnish County prior to the execution hereof with
9 evidence of the authority of the signatory to bind the entity or trust as contemplated
10 herein.

11 **18.3 No Litigation.** There are no judicial, quasi-judicial, administrative
12 or other orders, injunctions, moratoria or pending proceedings against Lessor or the
13 Premises which preclude or interfere with, or would preclude or interfere with, the
14 construction contemplated herein or the occupancy and use of the Premises by County
15 for the purposes herein contemplated.

16 **18.4 Easements.** Lessor shall not (a) subdivide, parcel or otherwise
17 divide the Premises, (b) create, modify or terminate any ingress or egress to or from
18 the premises, or (c) create any easements in the Premises, without County's prior
19 written approval, which shall not be unreasonably withheld, conditioned or delayed.

20 **19. Miscellaneous.**

21 **19.1 Quiet Enjoyment.** Lessor covenants that County shall at all times
22 during the term of this Lease peaceably and quietly have, hold and enjoy the use of the
23 Premises so long as County shall fully and faithfully perform the terms and conditions
24 that it is required to do under this Lease. If the Premises are part of a building shared
25 with other tenants of Lessor, during County's tenancy, Lessor may make or permit
26 other tenants to make alterations, renovations and improvements to those portions of
27 the building not occupied by County. Lessor covenants for itself and anyone deriving
28 title from or holding title under Lessor that County's access, ingress, loading and

1 unloading and sufficient parking for County's business shall not unreasonably be
2 obstructed nor shall the daily business of County be disrupted as a result of such
3 alterations, renovations and improvements.

4 **19.2 Non-Waiver.** No waiver of any provision of this Lease shall be
5 implied by any failure of either party to enforce any remedy for the violation of that
6 provision, even if that violation continues or is repeated. Any waiver by a party of any
7 provision of this Lease must be in writing. Such written waiver shall affect only the
8 provision specified and only for the time and in the manner stated in the writing.

9 **19.3 Binding on Successors.** The terms and conditions herein
10 contained shall apply to and bind the heirs, successors in interest, executors,
11 administrators, representatives and assigns of all the Parties hereto.

12 **19.4 Severability.** The invalidity of any provision in this Lease as
13 determined by a court of competent jurisdiction shall in no way affect the validity of any
14 other provision hereof.

15 **19.5 Venue.** Any action at law or in equity brought by either of the
16 Parties hereto for the purpose of enforcing a right or rights provided for by this Lease
17 shall be tried in a court of competent jurisdiction in the County of Riverside, State of
18 California, and the Parties hereto waive all provisions of law providing for a change of
19 venue in such proceedings to any other county.

20 **19.6 Attorneys' Fees.** In the event of any litigation or arbitration
21 between Lessor and County to enforce any of the provisions of this Lease or any right
22 of either party hereto, the unsuccessful party to such litigation or arbitration agrees to
23 pay to the successful party all costs and expenses, including reasonable attorneys'
24 fees, incurred therein by the successful party, all of which shall be included in and as a
25 part of the judgment rendered in such litigation or arbitration.

26 **19.7 County's Representative.** County hereby appoints the
27 Assistant County Executive Officer/EDA as its authorized representative to administer
28 this Lease.

1 **19.8 Agent for Service of Process.** It is expressly understood and
2 agreed that in the event Lessor is not a resident of the State of California or it is an
3 association or partnership without a member or partner resident of the State of
4 California, or it is a foreign corporation, then in any such event, Lessor shall file with
5 County's Assistant County Executive Officer/EDA, upon its execution hereof, a
6 designation of a natural person residing in the State of California, giving his or her
7 name, residence and business addresses, as its agent for the purpose of service of
8 process in any court action arising out of or based upon this Lease, and the delivery to
9 such agent of a copy of any process in any such action shall constitute valid service
10 upon Lessor. It is further expressly understood and agreed that if for any reason
11 service of such process upon such agent is not feasible, then in such event, Lessor
12 may be personally served with such process out of this county and that such service
13 shall constitute valid service upon Lessor. It is further expressly understood and
14 agreed that Lessor is amenable to the process so served, submits to the jurisdiction of
15 the court so obtained and waives any and all objections and protests thereto.

16 **19.9 Entire Lease.** This Lease is intended by the Parties hereto as a
17 final expression of their understanding with respect to the subject matter hereof and as
18 a complete and exclusive statement of the terms and conditions thereof and
19 supersedes any and all prior and contemporaneous leases, agreements and
20 understandings, oral or written, in connection therewith. This Lease may be changed
21 or modified only upon the written consent of the Parties hereto.

22 **19.10 Interpretation.** The Parties hereto have negotiated this Lease at
23 arms length and have been advised by their respective attorneys, or if not represented
24 by an attorney, represent that they had an opportunity to be so represented and no
25 provision contained herein shall be construed against County solely because it
26 prepared this Lease in its executed form.

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1 **19.11 Time of Essence.** Time is of the essence with respect to the
2 performance of all obligations to be performed or observed by the Parties under this
3 Lease.

4 **19.12 Recording.** Either Lessor or County shall, upon request of the
5 other, execute, acknowledge and deliver to the other a short form memorandum
6 of this Lease for recording purposes. The Party requesting recordation shall be
7 responsible for payment of any fees applicable thereto. Upon termination of this Lease
8 and upon request of Lessor, County shall execute a release of such memorandum in
9 recordable form removing such memorandum as an exception to title.

10 **19.13 Consent.** Whenever Lessor's or County's consent is required
11 under any provision of this Lease, it shall not be unreasonably withheld, conditioned or
12 delayed.

13 **19.14 Title.** Lessor covenants that Lessor is well seized of and has
14 good title to the Premises, and Lessor does warrant and will defend the title thereto,
15 and will indemnify County against any damage and expense which County may suffer
16 by reason of any lien, encumbrance, restriction or defect in title or description herein of
17 the Premises. If, at any time, Lessor's title or right to receive Rent and any other sums
18 due hereunder is disputed, County may withhold such sums thereafter accruing until
19 County is furnished satisfactory evidence as to the Party entitled thereto.

20 **19.15 Conveyance by Lessor.** Should Lessor convey the Premises,
21 all rights and obligations inuring to the Lessor by virtue of this Lease shall pass to the
22 grantee named in such conveyance, and the grantor shall be relieved of all obligations
23 or liabilities hereunder, except those theretofore accrued and not discharged.

24 **19.16 Mechanic's Liens.** If any mechanic's or materialmen's lien or
25 liens shall be filed against the Premises for work done or materials furnished to a Party,
26 that Party shall, at its own cost and expense, cause such lien or liens to be discharged
27 within fifteen (15) days after notice thereof by filing or causing to be filed a bond or
28 bonds for that purpose. In the event any notice preliminary to establishing such a lien

1 (such as the California Preliminary 20-Day Notice) is served on Lessor for work done
2 on the Premises, Lessor shall immediately forward a copy of such notice to Lessee.

3 **19.17 Surrender.** County shall, after the last day of the term or any
4 extension thereof or upon any earlier termination of such term, surrender and yield up to
5 Lessor the Premises in good order, condition and state of repair, reasonable wear and
6 tear and damage by fire or other casualty excepted. County may, but shall not be
7 required to: (a) patch or paint any walls/surfaces; (b) remove any leasehold
8 improvements constructed or installed prior to or during the term of this Lease or any
9 extension thereof; or (c) remove any fixtures or equipment installed prior to or during the
10 term of this Lease or any extension thereof. Damage to the Premises caused by
11 County's removal of leasehold improvements, fixtures or equipment installed by County
12 shall be repaired by County.

13 **19.18 Notice.** Except as expressly provided elsewhere in this Lease, all
14 notices and other communication required under this Lease shall be in writing and
15 delivered by: (a) Certified Mail, postage prepaid, return receipt requested, in the United
16 States mail; or (b) via an overnight courier that provides written evidence of delivery
17 and addressed to the Party hereto to whom the same is directed at the addresses set
18 forth in Section 19.18 herein. Either Party hereto may from time to time change its
19 mailing address by written notice to the other Party.

20 **County's Notification Address:**

21 County of Riverside
22 Economic Development Agency – Real Estate Division
23 3403 Tenth St., Suite 500
24 Riverside, California 92501
25 Attention: Deputy Director of Real Estate

26 **Lessor's Notification Address:**

27 Stewart Group LLC
28 2612 26th Street

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Santa Monica, CA 90405-2822

Attention: David Botfeld

19.19 Authority. If Lessor is a corporation, general or limited partnership or individual owner, each individual executing this Lease on behalf of said corporation, partnership, or individual represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of said corporation, in accordance with bylaws of said corporation, or as a partner or individual is authorized to execute this Lease and that this Lease is binding upon said corporation and/or partnership or individual.

19.20 Approval of Supervisors. Anything to the contrary notwithstanding, this Lease shall not be binding or effective until its approval and execution by the Chairman of the Riverside County Board of Supervisors.

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1 **19.21 Separate Writing and Exhibits.** Any exhibits or writings referenced
2 herein this Lease shall constitute a part of this Lease Agreement and are incorporated
3 into this Lease by this reference. If any inconsistency exists or arises between a
4 provision of this Lease and a provision of any exhibit, the provisions of this Lease shall
5 control.

6 **LESSEE:**
7 COUNTY OF RIVERSIDE

LESSOR:
STEWART GROUP, a California limited
liability company, LLC

8
9 By: _____
10 John J. Benoit, Chairman
11 Board of Supervisors

By:  _____
David Botfeld

12
13 **ATTEST:**
14 Kecia Harper-Ihem
15 Clerk of the Board

16 By: _____
Deputy

17 **APPROVED AS TO FORM:**
18 Pamela J. Walls
19 County Counsel

20 By:  _____
21 Patricia Munroe
22 Deputy County Counsel

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