

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

637



SUBMITTAL DATE:

January 28, 2016

FROM: Economic Development Agency

SUBJECT: Lease Agreement, Emergency Management Department, Western Riverside, 5 Year Lease, District 2, CEQA Exempt, [\$1,274,446], 52% EMD Budget; 27% Contract Revenue, 21% Fire Department General Fund Budget

RECOMMENDED MOTION: That the Board of Supervisors:

1. Find that the project is exempt from the California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15301, Existing Facilities, and Section 15061 (b)(3), the common sense exemption;
2. Ratify the Lease and authorize the Chairman of the Board to execute the lease on behalf of the County; and
3. Direct the Clerk of the Board to file the Notice of Exemption with the County Clerk upon approval of the project.

BACKGROUND:

Summary (Commences on Page 2)

FISCAL PROCEDURES APPROVED
PAUL ANGULO, CPA, AUDITOR-CONTROLLER
BY: Susana Garcia-Bocanegra 2/3/16

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 | \$ 356,299 | \$ 194,303 | \$ 1,274,446 | \$ 0 | Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/> |
| NET COUNTY COST | \$ 0 | \$ 58,291 | \$ 275,444 | \$ 0 | |
| SOURCE OF FUNDS: 52% EMD Budget; 27% Contract Revenue, 21% Fire Department General Fund Budget | | | | Budget Adjustment: No | |
| | | | | For Fiscal Year: 2015/16 – 20/21 | |

C.E.O. RECOMMENDATION:

REVIEWED BY CIP

Ivan M. Chand 2/3/2016

APPROVE
BY:
Imelda Delos Santos

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

FORM APPROVED COUNTY COUNSEL 1/25/16
BY:
GREGORY P. PRIAMOS
District/Political Concurrence
By:
Kim Saruwatari, Director
Emergency Management Department

- 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, Emergency Management Department, Western Riverside, 5 Year Lease, District 2, CEQA Exempt, [\$1,274,446], 52% EMD Budget; 27% Contract Revenue, 21% Fire Department General Fund Budget

DATE: January 28, 2016

PAGE: 2 of 3

BACKGROUND:

Summary

On July 21, 2015 the Board of Supervisors approved an Approval In-Principle minute order directing EDA's Real Estate Division to identify suitable space consisting of approximately 5,000-6,000 square feet to support the Emergency Management Department (EMD) in the City of Riverside. To assist EMD with their request for additional space and to centralize the emergency management functions, EDA has negotiated a five year lease at Riverwalk where two Divisions of EMD, the Riverside Emergency Medical Services Agency (REMSA) and Public Health Emergency Preparedness and Response (PHEPR), are currently located. EDA Real Estate has negotiated a sizeable tenant improvement credit of \$305,399.46, to offset the total amount of tenant improvements thereby reducing the cost of the tenant improvements to \$182,036.

The improvements will include telecom and IT infrastructure, several offices, HVAC, carpet, paint, VCT, cabinets and an operable partition in the conference room. Window micro shades will also be installed on all exterior windows. EMD will pay for any overages outside of the allowance upon completion, acceptance and approval by the County.

EMD will lease this space for approximately five years, with an option to terminate after three years in the event the County builds a new Emergency Operations Center (EOC). A new EOC will include office space to house the entire Department: EMD Administration; REMSA and PHEPR (both previously with the Department of Public Health); and the Office of Emergency Services (previously with Riverside County Fire). The costs associated with the lease at Riverwalk do not include moving the EOC.

Pursuant to the California Environmental Quality Act (CEQA), the Lease was reviewed and determined to be categorically exempt from CEQA pursuant to State CEQA Guidelines Section 15301, Class 1-Existing Facilities and Section 15061 (b) (3), the common sense exemption. The proposed project, the Lease, is the letting of property involving existing facilities with tenant improvement alterations and no negligible expansion of an existing use will occur.

The Lease is summarized as follows:

Location: 4210 Riverwalk, Suite 320 and Suite 370, Riverside County

Lessor: Davenport Riverwalk Partners LLC

Size: Suite 320 1,736 Sq. Ft., Suite 370 5,479 Sq. Ft., for a total of 7,215 Sq. Ft.

Term: Five Years, commencing upon completion, approval and acceptance of tenant improvements. Estimated commencement date: January 1, 2016 thru December 31, 2020

Options: First option to extend the five year Lease term for one year
Second option to terminate after year three
Options require one hundred eighty days written notice to Lessor

(Continued)

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

Economic Development Agency

FORM 11: Lease Agreement, Emergency Management Department, Western Riverside, 5 Year Lease, District 2, CEQA Exempt, [\$1,274,446], 52% EMD Budget; 27% Contract Revenue, 21% Fire Department General Fund Budget

DATE: January 28, 2016

PAGE: 3 of 3

BACKGROUND:

Summary (Continued)

Rent: \$ 14,502.15 Per Month
 \$ 174,025.80 Per Year

Annual Escalator: Three percent

Tenant Improvements: The tenant improvements shall not exceed \$182,036.00. The improvement allowance includes a 15% contingency.

RCIT: \$70,970.00

Maintenance: Lessor

Utilities: Lessor shall provide trash and sewer service, County shall pay for electricity and phone service

Custodial: Lessor

Impact on Citizens and Businesses

EMD remaining at this site and expanding the space to include the operations of OES and EMD Administration will allow for better utilization of resources, maximization of cross-training opportunities, and overall enhanced emergency management capabilities for Riverside County. The integration of staff and resources will allow EMD to expand preparedness and response capabilities and to minimize the impact of incidents or disasters on the residents and businesses of Riverside County.

SUPPLEMENTAL:

Additional Fiscal Information

See attached Exhibits A, B & C. The total cost for the 5 year lease is \$1,274,446. As shown on Exhibit A, EMD will cover the FY 15/16 costs of \$356,298.51 using departmental salary savings and fund balances. In FY 2016/17, EMD will propose a budget of \$64,120 for lease costs and will work closely with the Riverside County Fire Department to allocate an additional \$71,892 in revenue from contract cities for services provided by EMD. The \$58,291 remaining balance for FY 2016/17 lease costs will come from the Fire Department's general fund budget as shown in Exhibit B. Therefore, the percentage mix of revenue sources throughout the term of the lease starting in FY 2016/17 is approximately: 52% EMD budget, 27% Contract revenue, 21% General fund (Fire's budget)

Contract History and Price Reasonableness

The lease rate is deemed competitive based upon the current market.

Attachments:

Exhibits A, B & C

Lease

Notice of Exemption

Aerial Image

Exhibit A

FY 2015/16

Emergency Management Department
4210 Riverwalk, Suite's 320 & 370, Riverside

ESTIMATED AMOUNTS

Total Square Footage to be Leased:

| | | | |
|--|----|------------|---------------------|
| Current Office: | | 7,215 SQFT | |
| Approximate Cost per SQFT (Jan. - June) | \$ | 2.01 | |
| Lease Cost per Month (Jan. - June) | | \$ | 14,502.15 |
| Total Lease Cost (Jan. - June) | | | \$ 87,012.90 |
| Total Estimated Lease Cost for FY 2015/16 | | | \$ 87,012.90 |

Estimated Additional Costs:

| | | | |
|--|----|------|-----------------------------|
| Utility Cost per Square Foot | \$ | 0.12 | |
| Estimated Utility Costs per Month (Jan - June) | | \$ | <u>865.80</u> |
| Total Estimated Utility Cost | | | \$ 5,194.80 |
| RCIT | | | \$ 70,970.00 |
| Tenant Improvement | | | \$ 182,036.00 |
| EDA Lease Management Fee - 4.12% | | | <u>\$ 11,084.81</u> |
| TOTAL ESTIMATED COST FOR FY 2015/16 | | | <u>\$ 356,298.51</u> |

Exhibit B

FY 2016/17

Emergency Management Department
4210 Riverwalk, Suite's 320 & 370, Riverside

ESTIMATED AMOUNTS

Total Square Footage to be Leased:

| | | | | |
|--|----|-------|-----------|-------------------|
| Current Office: | | 7,215 | SQFT | |
| Approximate Cost per SQFT (Jul. - Dec.) | \$ | 2.01 | | |
| Approximate Cost per SQFT (Jan. - Jun.) | \$ | 2.07 | | |
| Lease Cost per Month (Jul. - Dec.) | | \$ | 14,502.15 | |
| Lease Cost per Month (Jan. - Jun.) | | \$ | 14,937.21 | |
| Total Lease Cost (Jul. - Dec.) | | | \$ | 87,012.90 |
| Total Lease Cost (Jan. - Jun.) | | | \$ | 89,623.29 |
| Total Estimated Lease Cost for FY 2016/17 | | | \$ | 176,636.19 |

Estimated Additional Costs:

| | | | | |
|---|----|------|-----------|-------------------|
| Utility Cost per Square Foot | \$ | 0.12 | | |
| Estimated Utility Costs per Month (Jul - Jun) | | | \$ | 865.80 |
| Total Estimated Utility Cost | | | \$ | 10,389.60 |
| EDA Lease Management Fee - 4.12% | | | \$ | 7,277.41 |
| TOTAL ESTIMATED COST FOR FY 2016/17 | | | \$ | 194,303.20 |
| TOTAL COUNTY COST 30% | | | \$ | 58,290.96 |

Exhibit C

FY 2017/18 to FY 2020/21
Emergency Management Department
4210 Riverwalk, Suite's 320 & 370, Riverside

ESTIMATED AMOUNTS

Total Square Footage to be Leased:

Current Office:

7,215 SQFT

| | | FY 2017/18 | | FY 2018/19 | | FY 2019/20 | | FY 2020/21 |
|--|-----------|-------------------|-----------|-------------------|-----------|-------------------|-----------|------------------|
| Approximate Cost per SQFT (Jul. - Dec.) | \$ | 2.07 | \$ | 2.13 | \$ | 2.20 | \$ | 2.26 |
| Approximate Cost per SQFT (Jan. - Jun.) | \$ | 2.13 | \$ | 2.20 | \$ | 2.26 | \$ | - |
| Lease Cost per Month (Jul. - Dec.) | \$ | 14,937.21 | \$ | 15,385.33 | \$ | 15,846.89 | \$ | 16,322.30 |
| Lease Cost per Month (Jan. - Jun.) | \$ | 15,385.33 | \$ | 15,846.89 | \$ | 16,322.30 | \$ | - |
| Total Lease Cost (Jul. - Dec.) | \$ | 89,623.29 | \$ | 92,311.99 | \$ | 95,081.35 | \$ | 97,933.79 |
| Total Lease Cost (Jan. - Jun.) | \$ | 92,311.99 | \$ | 95,081.35 | \$ | 97,933.79 | \$ | - |
| Total Estimated Lease Cost for FY 2017/18 to FY 2020/21 | \$ | 181,935.27 | \$ | 187,393.33 | \$ | 193,015.13 | \$ | 97,933.79 |

Estimated Additional Costs:

| | | | | | | | | |
|--|-----------|-------------------|-----------|-------------------|-----------|-------------------|-----------|-------------------|
| Utility Cost per Square Foot | \$ | 0.12 | \$ | 0.12 | \$ | 0.12 | \$ | 0.12 |
| Estimated Utility Costs per Month (Jul - Jun) | \$ | 865.80 | \$ | 865.80 | \$ | 865.80 | \$ | 865.80 |
| Total Estimated Utility Cost | \$ | 10,389.60 | \$ | 10,389.60 | \$ | 10,389.60 | \$ | 5,194.80 |
| EDA Lease Management Fee - 4.12% | \$ | 7,495.73 | \$ | 7,720.61 | \$ | 7,952.22 | \$ | 4,034.87 |
| TOTAL ESTIMATED COST FOR FY 2017/18 to FY 2020/21 | \$ | 199,820.61 | \$ | 205,503.54 | \$ | 211,356.95 | \$ | 107,163.46 |
| Total County Cost 30% | \$ | 59,946.18 | \$ | 61,651.06 | \$ | 63,407.09 | \$ | 32,149.04 |

F11: Cost - Total Cost \$ 1,274,446.27
F11: Net County Cost - Total Cost \$ 275,444.33



NOTICE OF EXEMPTION

November 18, 2015

Project Name: County of Riverside, Economic Development Agency (EDA) Emergency Management Department Lease, Riverwalk, Riverside

Project Number: FM0414200014

Project Location: 4210 Riverwalk Parkway, Suite 320 and 370, north of Pierce Street, Riverside, California 92505; APN 141260031; (See Attached Exhibit)

Description of Project: The County of Riverside (County) Board of Supervisors approved an Approval In-Principal minute order on July 21, 2015 for EDA to identify suitable space to support Emergency Management Department in the City of Riverside. To assist EMD with their request for additional space and to centralize the emergency management functions, the EDA has negotiated a five-year lease agreement at 4210 Riverwalk Parkway where a portion of EMD, Public Health Emergency Preparedness, and Department of Corrections are currently located. The agreement includes a generous tenant improvement allowance of \$305,399.46. The improvements shall include telecom and information technology infrastructure, heating ventilation and air conditioning, carpet, paint, cabinets, window micro shades installed on all exterior windows several offices, and an operable partition in the conference room. EMD shall pay for any overages outside of the allowance upon completion, acceptance and approval by County. EMD will lease this space for approximately five years, with an option to terminate after year three in the event the County builds a new Emergency Operations Center. The letting of the Lease and improvements to the office space is identified as the proposed Project under the California Environmental Quality Act (CEQA). No expansion of an existing use will occur. The operation of the facility will continue to provide office services and will result in a negligible expansion or no expansion of existing use. No additional direct or indirect physical environmental impacts are anticipated.

Name of Public Agency Approving Project: County of Riverside, Economic Development Agency

Name of Person or Agency Carrying Out Project: County of Riverside, Economic Development Agency

Exempt Status: State CEQA Guidelines, Section 15301, Class 1, Existing Facilities Exemption; Section 15061(b) (3), General Rule or "Common Sense" Exemption, Codified under Title 14, Articles 5 and 19, Sections 15061 and 15300 to 15301.

Reasons Why Project is Exempt: The proposed Project is categorically exempt from the provisions of CEQA specifically by the State CEQA Guidelines as identified below. The Project will not result in any specific or general exceptions to the use of the categorical exemption as detailed under State CEQA Guidelines Section 15300.2. The Project will not cause an impact to an environmental resource of hazardous or critical concern nor would the Project include a reasonable possibility of having a significant effect on the environment due to unusual circumstances. The Project would not result in impacts to scenic highways, hazardous waste sites, historic resources, or other sensitive natural environments, or have a cumulative effect to the environment. No significant environmental impacts are anticipated to occur with the Lease and tenant improvements to the existing office spaces.

P.O. Box 1180 • Riverside, California • 92502 • T: 951.955.8916 • F: 951.955.6686

www.rivcoeda.org

Administration
Aviation
Business Intelligence
Cultural Services
Community Services
Custodial

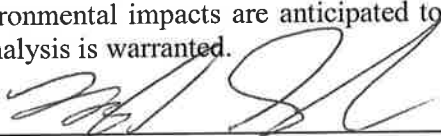
Housing
Housing Authority
Information Technology
Maintenance
Marketing

Economic Development
Edward-Dean Museum
Environmental Planning
Fair & National Date Festival
Foreign Trade
Graffiti Abatement

Parking
Project Management
Purchasing Group
Real Property
Redevelopment Agency
Workforce Development

- Section 15301 – Class 1 Existing Facilities Exemption:** This categorical exemption includes the operation, repair, maintenance, leasing, or minor alteration of existing public or private structures or facilities, provided the exemption only involves negligible or no expansion of the previous site’s use. The Project, as proposed, is limited to lease agreement and tenant improvements to existing office space. The proposed tenant improvements consist of interior alterations to an existing office space and are limited to the continued use of the site in a similar capacity. The tenant improvements encompass an area of 7,215 square feet, would be consistent with the planned land use, would occur on a developed area and would not require any expansion of public services and facilities; therefore, the Project is exempt as the Project meets the scope and intent of the Class 1 Exemption identified in Section 15301, Article 19, Categorical Exemptions of the CEQA Guidelines.
- Section 15061 (b) (3) – “Common Sense” Exemption:** In accordance with CEQA, the use of the Common Sense Exemption is based on the “general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment.” State CEQA Guidelines, Section 15061(b) (3). The use of this exemption is appropriate if “it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.” *Ibid.* This determination is an issue of fact and if sufficient evidence exists in the record that the activity cannot have a significant effect on the environment, then the exemption applies and no further evaluation under CEQA is required. See *No Oil, Inc. v. City of Los Angeles* (1974) 13 Cal. 3d 68. The ruling in this case stated that if a project falls within a category exempt by administrative regulation or 'it can be seen with certainty that the activity in question will not have a significant effect on the environment', no further agency evaluation is required. With certainty, there is no possibility that the Project may have a significant effect on the environment. The proposed Lease and tenant improvements will not result in any direct or indirect physical environmental impacts. The use and operation of the facility will be substantially similar to the existing use and will not create any new environmental impacts to the surrounding area. No alterations and no impacts beyond the ongoing, existing use of the site would occur. Therefore, in no way, would the Project as proposed have the potential to cause a significant environmental impact and the Project is exempt from further CEQA analysis.

Based upon the identified exemptions above, the County of Riverside, Economic Development Agency hereby concludes that no physical environmental impacts are anticipated to occur and the Project as proposed is exempt under CEQA. No further environmental analysis is warranted.

Signed:  Date: 11/12/15

Mike Sullivan, Senior Environmental Planner
 County of Riverside, Economic Development Agency

RIVERSIDE COUNTY CLERK & RECORDER

**AUTHORIZATION
TO BILL
BY JOURNAL VOUCHER**

Project Name: Emergency Management Department Lease and Tenant Improvements-
Riverwalk

Accounting String: 524830-47220-7200400000- FM0414200014

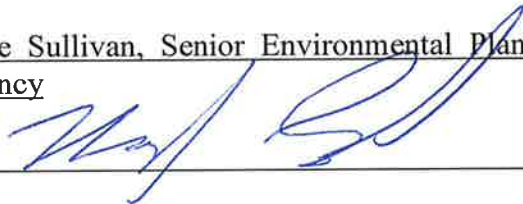
DATE: November 12, 2015

AGENCY: Riverside County Economic Development Agency

THIS AUTHORIZES THE COUNTY CLERK & RECORDER TO BILL FOR FILING AND HANDLING FEES FOR THE ACCOMPANYING DOCUMENT(S).

NUMBER OF DOCUMENTS INCLUDED: One (1)

AUTHORIZED BY: Mike Sullivan, Senior Environmental Planner, Economic Development Agency

Signature:  _____

PRESENTED BY: Cindy Campos, Real Property Agent III, Economic Development Agency

-TO BE FILLED IN BY COUNTY CLERK-

ACCEPTED BY: -

DATE: -

RECEIPT # (S) -



Date: November 12, 2015

To: Mary Ann Meyer, Office of the County Clerk

From: Mike Sullivan, Senior Environmental Planner, Project Management Office

Subject: **County of Riverside Economic Development Agency Project # FM0414200014**
Emergency Management Department Lease and Tenant Improvements-Riverwalk

The Riverside County's Economic Development Agency's Project Management Office is requesting that you post the attached Notice of Exemption. Attached you will find an authorization to bill by journal voucher for your posting fee.

After posting, please return the document to:

Mail Stop #1330

Attention: Mike Sullivan, Senior Environmental Planner,

Economic Development Agency,

3403 10th Street, Suite 400, Riverside, CA 92501

If you have any questions, please contact Mike Sullivan at 955-8009.

Attachment

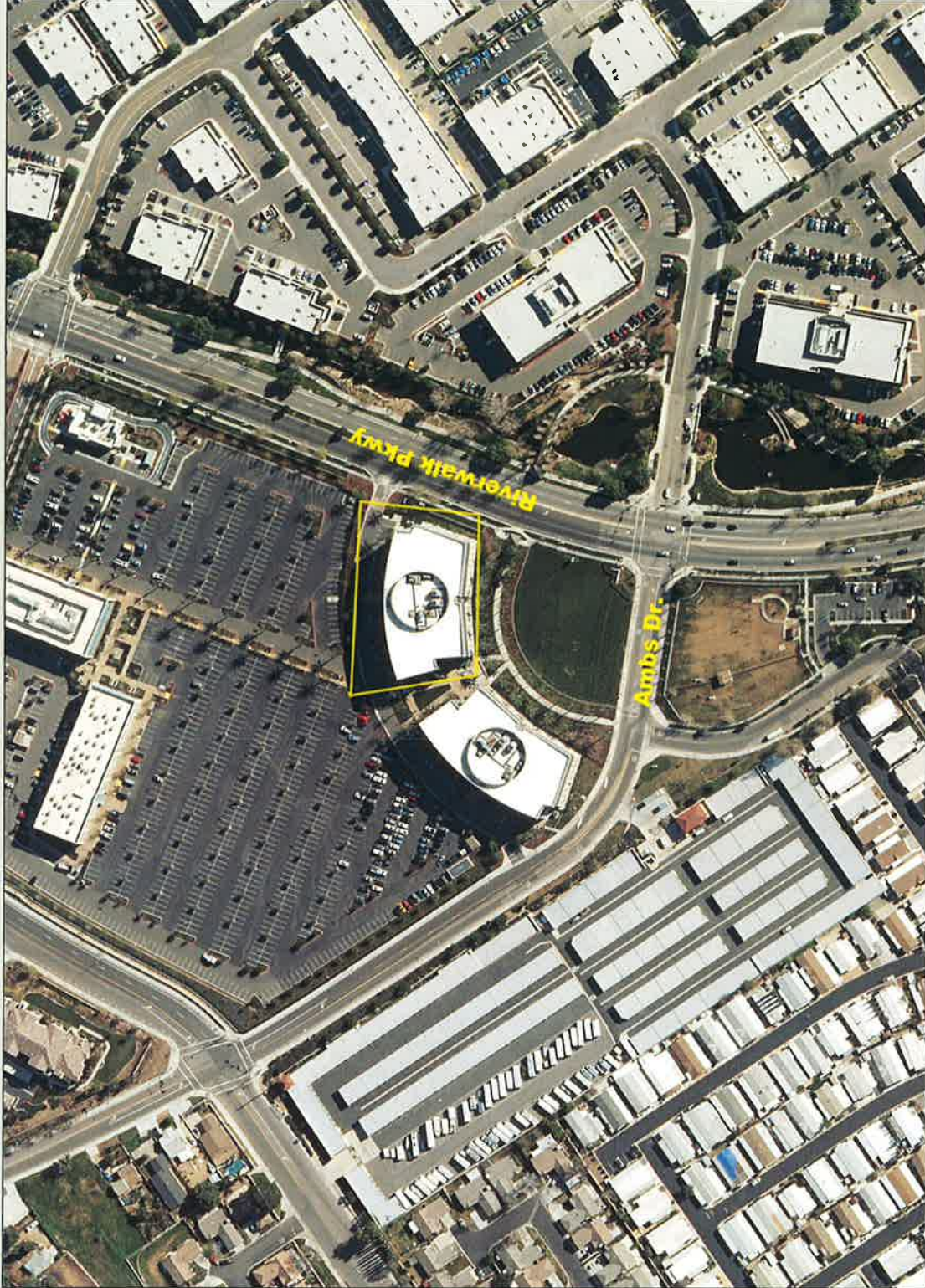
cc: file

Lease

Emergency Management Department



Legend



Notes
APN141260031 / District 2

IMPORTANT Maps and data are to be used for reference purposes only. Map features are approximate, and are not necessarily accurate to surveying or engineering standards. The County of Riverside makes no warranty or guarantee as to the content (the source is often third party), accuracy, timeliness, or completeness of any of the data provided, and assumes no legal responsibility for the information contained on this map. Any use of this product with respect to accuracy and precision shall be the sole responsibility of the user.



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REPORT PRINTED ON... 11/18/2015 9:59:12 AM

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LEASE
EMERGENCY MANAGEMENT DEPARTMENT
COUNTY OF RIVERSIDE
4210 Riverwalk Parkway, Suites 320, and 370
Riverside, CA

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EXHIBITS

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

| | |
|--|-------------|
| Site Plan..... | Exhibit A |
| Parking Rules and Regulations..... | Exhibit A-1 |
| Project Rules & Regulations..... | Exhibit A-2 |
| Leasehold Improvement Agreement..... | Exhibit B |
| Improvements..... | Exhibit B-1 |
| Space Plans..... | Exhibit B-2 |
| Final Working Drawings..... | Exhibit B-3 |
| Asbestos..... | Exhibit C |
| Confirmation of Lease Information..... | Exhibit D |
| Custodial Services Agreement..... | Exhibit E |
| General Construction Specifications for Leased Facilities..... | Exhibit F |
| Lessors Specifications for Leased Facilities..... | Exhibit F-1 |
| Estoppel Certificate..... | Exhibit G |
| Subordination, Non-Disturbance & Attornment Agreement..... | Exhibit H |

**EMERGENCY MANAGEMENT DEPARTMENT
COUNTY OF RIVERSIDE**
4210 Riverwalk Parkway, Suites 320 and 370
Riverside, CA

1. Parties.

1.1 This Lease ("Lease") is made by and between the **COUNTY OF RIVERSIDE**, a political subdivision of the State of California hereinafter referred to as "County" and **DAVENPORT RIVERWALK PARTNERS LLC**, a Delaware limited liability company hereinafter referred to as "Lessor." County and Lessor are hereinafter collectively referred to as the "Parties" or individually as a "Party."

2. Premises.

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

2.2 Defined. The Premises shall consist of that certain portion of the Project, as defined herein, including all improvements therein or to be provided by Lessor under the terms of this Lease, and commonly known as 4210 Riverwalk Parkway, Suite number 320 consisting of 1,736 rentable square feet and Suite number 370 consisting of 5,479 rentable square feet, located in the City of Riverside, County of Riverside, State of California, and generally described as combined office space consisting of approximately 7,215 square feet with approximately four per thousand square feet leased unreserved parking spaces (currently 19 unreserved spaces), all as shown on the site plan attached as Exhibit "A." It is understood that the Premises include all appurtenances and easements thereto and the non-exclusive right of ingress and egress at all times to and from the public streets and highways for County, its employees and invitees. The Premises, the building, the Common Areas, the land upon which they are located, along with all other buildings and improvements thereon, are herein collectively referred to as the "Project." County and County's parties shall

have the right to the nonexclusive use of the parking facilities of the Project. The use of such parking facilities shall be subject to the rules and regulations attached hereto as Exhibit A-1, as such rules and regulations may be modified by Lessor from time to time, for the use of such facilities.

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

2.4 County's Rights-Common Areas. Lessor grants to County, for the benefit of the County and its employees, suppliers, shippers, customers, contractors, and invitees, during the term of this Lease, the non-exclusive right to use, in common with others entitled to such use, the Common Areas as same may from time to time exist. Lessor shall have the right to promulgate rules and regulations for the management, safety, care, and cleanliness of the Common Areas and County agrees to abide by those rules and regulations. A copy of the current rules and regulations for the Project is attached hereto as Exhibit A-2, provided such rules and regulations does not adversely affect County's use and occupancy of the Premises, the parking, or accessibility of the Premises.

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

2.6 Condition of Premises. Lessor shall deliver the Premises to County in a fully clean and safe condition, free of hazards and debris, entirely permitted and inspected by local authorities, on the Commencement Date, and Lessor warrants for the term of this Lease, that all systems and equipment, including, but not limited to, electrical, plumbing, fire sprinkler, fire suppression system, fire/life/safety system, elevators, building security systems including, security, lobby and door signage, lighting, heating, ventilating and air conditioning systems ("HVAC,") that serve the Premises and all other such elements in the Premises (herein defined as the "Base Building Systems,") other than those installed or constructed by County, shall be in safe, hazard free, good operating condition, and, the roof, bearing walls and foundation of the Premises shall be free of material defect.

2.7 Security Services. Lessor to provide security patrol in parking lots in evenings, currently from 10:00 p.m. to 6:00 a.m., Monday through Friday and subject to changes from time to time by Riverwalk Commercial Owners Association.

3. Use.

3.1 County shall use and occupy the Premises for the purpose of providing office space for use by Emergency Management Department for general office/administrative, emergency preparedness and trainings uses. Should the Premises be used for any other business of County government or any other legal use which is reasonably comparable thereto then County agrees to obtain Lessor's prior written approval, which approval shall not be reasonably withheld. Nothing contained in this Lease shall be construed to require County to occupy the Premises continuously.

4. Term.

4.1 Commencement. This Lease shall be effective upon the date of its full execution by the Parties hereto. The Term of this Lease shall be for a period of sixty (60) months, ("Original Term") commencing on the date on which the Tenant Improvements, as defined in the attached Leasehold Improvement Agreement, are substantially complete and both Lessor and County accepts the Premises for

occupancy, which shall occur only after Lessor delivers to County a copy of the signed permit card issued by City Inspector, and executed by the appropriate governing authority, if applicable, and provided that County, in its' sole discretion, is satisfied that all leasehold improvements have been completed in accordance with Exhibit "B" and Exhibit "F," and "F-1," excepting minor punch list items. The Original Term shall expire at midnight on the last day of the sixty (60) month term ("Expiration Date").

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

4.3 Delay in Delivery of Premises. If the Original Term of this Lease has not commenced within 240 days from County's execution of this Lease, County may, at its sole option, cancel this lease, and Lessor hereby waives any and all rights that it may have against County for any costs, expenses and/or charges the Lessor may have incurred as a result of preparing the Premises for occupancy.

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

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

5.1 Rent. County shall pay the sum of \$14,502.15 per month to Lessor as rent for the Leased Premises, payable, in advance, on the first day of the month or as soon thereafter as a warrant can be issued in the normal course of

County's business; provided, however, in the event rent for any period during the term hereof which is for less than one (1) full calendar month said rent shall be pro-rated based upon the actual number of days of said month. First month's rent shall be due upon occupancy.

5.2 Percentage Increase. Notwithstanding the provisions of Section 5.1 herein, the monthly rent shall be increased on each anniversary of this Lease by an amount equal to three percent (3%) of such monthly rental.

6. Options.

6.1 Option to Extend Term. Lessor grants to County one (1) option to extend the Lease term ("Extension Option"). Extension Option shall be for a period of one (1) year ("Extended Term,") subject to the conditions described in this Section 6.

6.1.1 Exercise of Option. The Extension Option shall be exercised by County delivering to Lessor written notice (herein "Notice of Exercise of Option") thereof no later than one hundred eighty (180) days prior to the expiration of the Original Term or any extension thereof.

6.1.2 Option Rent. The rent payable by County during any Extended Term shall be at the Fair Market Rent. The "Fair Market Rent," shall be defined as the monthly rental in comparable space, for a comparable use for a comparable period of time, in comparable buildings in the Riverside leasing market vicinity. In its Notice of Exercise of Option, County shall set forth County's opinion of the Rent to be payable during the Extension Option, including County's opinion of the Fair Market Rent including Market Rental increases. If Lessor objects thereto, within thirty (30) days of receipt of County's Notice of Exercise of Option, Lessor shall give County written notice of Lessor's opinion of the Rent to be payable during the Extension Option. After County's receipt thereof, County shall appoint an appraiser or broker (collectively an "Appraiser") to determine the Fair Market Rent and serve notice thereof on Lessor (Notice of Appointment of Appraiser"). If appraiser(s) are used, any such appraiser shall have at least five (5) years' experience in professional organization such as MAI

or equivalent. If broker(s) are used, the broker(s) shall have at least five (5) years of experience in the sale and leasing of office real estate in the area in which the Building is located. If County does not appoint an appraiser within thirty (60) days, the rent to be paid during the Extension Option shall be (without further objection) the Rent as set forth by Lessor. Lessor may within thirty (30) days of receipt of County's Notice of Appointment of Appraiser appoint its own appraiser to determine Fair Market Rent. If Lessor provides County timely Notice of Appointment of Appraiser, Lessor and County shall each instruct their respective appraiser to meet promptly with the other appraiser and select a third appraiser. If Lessor timely appoints an appraiser, the final and binding determination of Fair Market Rent shall be the arithmetic average of the two closest of the three appraisals. If Lessor elects not to appoint an appraiser, County's Appraiser shall determine the Fair Market Rent as herein provided and the determination of solely such appraiser shall be final and bind on all parties. Each party shall pay the cost of their own Appraiser and one-half the cost of the third Appraiser making the determination.

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

6.2 Right of First Offer to Lease Additional Space. Subject and subordinate to any existing rights of tenants in the Building existing at the time of this lease, Lessor hereby grants to County a right of first offer to lease any directly adjacent space to the Premises in the Building containing the leased Premises ("Adjacent Premises,"). Lessor shall promptly notify County in writing of any available adjacent space in the Building, including the square footage of the portion of the Adjacent Premises proposed to be let and other terms and conditions for which County may lease such adjacent available space. County shall have thirty (30) days within which to notify Lessor in writing whether County agrees to lease the portion of the Adjacent Premises under such terms and conditions set forth in Lessor's proposal. In the event County fails to give written notice of its election to lease the proposed adjacent

available space, Lessor shall be free to offer and lease the Adjacent Premises to a third party.

6.3 County's Right to Early Termination. During the Original Term of this Lease, County shall have a one-time right to terminate the Agreement any time after year three (3) of the Original Term. County shall provide Lessor one hundred eighty (180) days advance written notice of its intention to terminate this Agreement and tender to Lessor with its written notice.

6.3.1 Notice. County shall provide Lessor with written notification of its election to terminate this Lease at least one hundred eighty (180) days prior to the date of termination. County's notice shall state the reason for its termination of this Lease. County's obligation to pay Rent shall continue through the termination date.

7. Compliance.

7.1 Compliance. Lessor warrants that the Premises and improvements on the Premises shall comply with all applicable State and Federal laws, covenants or restrictions of record, building codes, regulations and ordinances ("Applicable Requirements") in effect on the Commencement Date of this Lease. If the Premises do not comply with said warranty, Lessor shall, promptly after receipt of written notice from County or any governmental agency having jurisdiction over such matters setting forth the nature and extent of such non-compliance, rectify the same at Lessor's expense. If the Applicable Requirements are hereinafter changed so as to require during the term of this Lease, the construction of an addition to or an alteration of the Premises, the remediation of any Hazardous Substance as hereinafter defined, or the reinforcement or other physical modification of the Premises Lessor shall, promptly after receipt of written notice from County or any governmental agency having jurisdiction over such matters setting forth the nature and extent of such non-compliance, rectify the same at Lessor's expense.

7.2 Americans with Disabilities. Lessor warrants and represents the Premises shall be readily accessible to and usable by individuals with disabilities in

compliance with Title III of the Americans with Disabilities Act of 1990 and California Title 24, as amended from time to time and regulations issued pursuant thereto and in effect from time to time. Any cost incurred to cause the Premises to comply with said Act shall be borne by Lessor.

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

7.4 Hazardous Substance. It is the intent of the Parties to construe the term "Hazardous Substances" in its broadest sense. Hazardous Substance shall be defined as any product, substance, or waste whose presence, use, manufacture, disposal, transportation, or release, either by itself or in combination with other materials, is either: (a) potentially injurious to the public health, safety or welfare, the environment or the Premises; (b) regulated or monitored by any governmental authority; or (c) a basis for potential liability of County to any governmental agency or third party under any applicable statute or common law theory.

Lessor acknowledges that County's use may from time to time require the presence of Hazardous Substances at the Premises. County agrees that all such Hazardous Substances located in, at, or on the Premises shall be used, stored, handled, treated, transported, and disposed of in compliance with all applicable laws. County shall indemnify, defend and hold Lessor and each of their respective directors, shareholders, partners, lenders, members, managers, contractors, affiliates and employees (collectively, "**Lessor Indemnities**") harmless from and against all claims, demands, proceedings, losses, obligations, liabilities, causes of action, suits, judgments, damages, penalties, costs and expenses (including, without limitation, reasonable attorneys' fees and court costs) arising from or asserted in connection with the use or presence of Hazardous Substances on the Premises by County or any County Party, including, without limitation, by reason of any release of any Hazardous Substances by County or any County Party in, under, on, or about the Project, except

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

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

8. Custodial Services.

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

9. Utilities.

9.1 Lessor shall provide County sufficient utility service to provide water, telecommunications, electric power, natural gas and sewers necessary to meet County's requirements within the Premises.

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

9.3 Lessor shall be paid only in accordance with an invoice submitted to County by Lessor and County shall pay the invoice within thirty (30) working days from the date of receipt of the invoice. Payment shall be made to Lessor only after utilities have been provided to County. Lessor shall prepare invoices in duplicate, and send the original and duplicate copies of invoices to:

County of Riverside
Attention: Accounts Payable
3133 Mission Inn Avenue
Riverside, CA 92507
Phone: (951) 955-4800

Each invoice shall be provided monthly and shall contain a minimum of the following information: Invoice number and date; remittance address; if provided by Riverside Public Utilities (or other supplier of utilities to the Building), an itemization of the utilities provided (rate tiers, kilowatts used per tier, public utility rate schedule, reliability charge, state energy charge, user taxes, electrical public benefit charges, other charges and taxes that may be imposed in the future, and should reasonably resemble, and generally contain the same level of detail as possible as bills rendered by Riverside Public Utilities (or other supplier of utilities to the Building), (if applicable) it being understood by County that Lessor shall have the right to reasonably estimate County's kilowatt hours used by tier and such estimate will not produce the exact actual tier usage of the electricity used by County, however Lessor's good faith determination shall nevertheless be final and binding on County; and an invoice total. Lessor shall further provide a copy of each utility bill for the entire building along with each monthly invoice.

9.3.1 In accordance with California Government Code Section 926.10, County is not allowed to pay excess interest and late charges.

10. Repairs and Maintenance.

10.1 Lessor's Repair and Maintenance Obligations. Lessor shall, at Lessor's sole expense and in accordance with the terms of this Lease, repair, replace and maintain in attractive condition, good order and function throughout the term in accordance with Exhibit "F," General Construction Specifications for Leased Facilities,

(a) the structural portions of the Premises (understood to include the roof, foundation and load bearing walls); (b) the nonstructural portions of the Premises (understood to include the roof covering and membrane) including, but not limited to, all improvements, alterations, fixtures, but excluding furnishings; (c) all systems and equipment, including, but not limited to, Base Premises Systems as heretofore described that serve the Premises; and (d) the exterior portions of the Premises, and real property including, but not limited to, landscaping, driveways, sidewalks, lighting and parking facilities servicing the Premises. It is the intent of this paragraph that Lessor performs any and all building repairs, replacements and maintenance. Lessor agrees to make all repairs to or alterations of the Premises that may become necessary by reason of industry standard for age, wear and tear, deferred maintenance or defects in any construction thereof by Lessor.

10.2 County's Obligation to Maintain in Clean Condition. County shall maintain at all times during the Term of this Lease the Premises and all portions and components of the improvements and systems contained therein in good, clean condition, and shall not permit or allow to remain any waste over and above normal usage. County shall repair or replace, as needed, subject to Landlord's direction and supervision, any intentional damage to the Building or the Project caused by County. If County does not repair or replace such intentional damage, then Lessor may elect to perform such obligations and repair such damage itself at County's expense. The cost of all repair or replacement work performed by Lessor under this Paragraph 10.2, shall be paid by County to Lessor within thirty (30) days of receipt of Lessor's invoice therefore.

10.3 Lessor's Default. Repairs shall be made promptly when appropriate to keep the applicable portion of the Premises and other items in the condition described in this Section. Lessor understands certain response time is required to ensure County operations continue with minimal interruption to ensure the safety of employees and delivery of services. The commencement of repairs within

eight (8) hours from Lessor's acknowledgment of receipt of verbal, or email notice by County include electrical power, HVAC operations and certain essential daily custodial services. Lessor shall not be in default of its repair and maintenance obligations under this Section 10, if Lessor commences the repairs and maintenance within eight (8) hours of the aforementioned areas and thirty (30) days for all others after written notice by County to Lessor of the need for such repairs and maintenance and Lessor's acknowledgment of receipt of the need for such repairs. If, due to the nature of the particular repair or maintenance obligation, more than thirty (30) days are reasonably required to complete it, Lessor shall not be in default under this Section 10 if Lessor begins work within this thirty (30) day period and diligently pursues this work to completion.

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

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

10.4.2 If such action was required under the terms of this Lease to be taken by Lessor, County shall be entitled to prompt reimbursement by Lessor of County's reasonable costs and expenses in taking such action, plus interest at the then prevailing legal rate of interest from the date these costs are incurred until the date of

Lessor's repayment. Lessor's obligation to reimburse County shall survive expiration or earlier termination of this Lease.

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

10.5 Emergency Repairs.

10.5.1 An "Emergency Repair Situation" is defined as the existence of any condition that requires prompt repair, replacement or service to minimize the impact of an event or situation which affects County's ability to conduct business in a neat, clean, safe and functional environment.

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

10.5.3 If Lessor fails to commence repairs within twenty four (24) hours of Lessor acknowledging receipt of the aforementioned notice, or if the County is unable to contact Lessor or any designated agent within a reasonable time based upon the seriousness of the event or situation, County may, but shall not be so obligated to, cause said repairs or replacements to be made or such maintenance to be performed. Upon demand by County, Lessor shall promptly reimburse County the actual cost and expenses thereof, provided said costs and expenses are reasonable. Should Lessor fail to promptly pay the cost and expenses, County may with Lessor's

prior written approval which approval shall not unreasonably withheld deduct and offset that amount from Rent payable under this Lease.

10.6 Periodic Services. Lessor shall provide, or cause to be provided, and pay for all Periodic Services, including, interior painting of common areas (as needed or as requested by the County, but no more than once every three years), if so requested by County; monthly pest control services; quarterly HVAC standard preventative maintenance and changing of air filters; annual fire extinguisher inspections; reset interior and exterior time clocks for time changes; annual roof inspections and maintenance to include roof repairs/replacement; cleaning of roof gutters, drains, and down spouts prior to rainy season.

11. Alterations and Additions.

11.1 Improvements by Lessor.

11.1.1 Lessor recognizes and understands that any County improvements requested by the County to be completed by Lessor during the term of this Lease shall be undertaken according to Exhibit "B," Leasehold Improvement Agreement, and Exhibit "F," General Construction Specifications for Leased Facilities, as well as Exhibit "F-1," Lessors Building Specifications.

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

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

11.1.2.2 The Lessor shall require that Contractor shall furnish all subcontractors/employees a copy of the Department of Industrial Relations prevailing

wage rates at which Lessor will post at the job site. All prevailing wages shall be obtained by the Lessor/Contractor from:

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

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

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

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

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

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

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

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

11.2 Improvements by County.

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

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

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

12. Exculpation, Indemnification, and Insurance.

12.1 Exculpation. To the fullest extent permitted by law, Lessor, on its behalf and on behalf of all Lessor Parties, as hereinafter defined, waives all claims (in law, equity, or otherwise but not including claims for indemnity pursuant to Section 12.2.2) against County Parties, as hereinafter defined, arising out of, knowingly and voluntarily assumes the risk of, and agrees that County Parties shall not be liable to

Lessor Parties for any of the following: (1) injury to or death of any person; or (2) loss of, injury or damage to, or destruction of any tangible or intangible property, Including the resulting loss of use, economic losses, and consequential or resulting damage of any kind from any cause. County Parties shall not be liable under this Section regardless of whether the liability results from any active or passive act, error, omission, or negligence of any of County Parties; or is based on claims in which liability without fault or strict liability is imposed or sought to be imposed on any of County Parties. This exculpation Section shall not apply to claims against County Parties to the extent that the injury, loss, damage, or destruction was caused by County Parties' fraud, gross negligence, willful injury to person or property, or violation of law. To the fullest extent permitted by law, County, on its behalf and on behalf of all County Parties, as hereinafter defined, waives all claims (in law, equity, or otherwise, but not including claims for indemnity pursuant to Section 12.2.2) against Lessor Parties, as hereinafter defined, arising out of, knowingly and voluntarily assumes the risk of, and agrees that Lessor Parties shall not be liable to County Parties for any of the following: (1) injury to or death of any person; or (2) loss of, injury or damage to, or destruction of any tangible or intangible property, including the resulting loss of use, economic losses, and consequential or resulting damage of any kind from any cause. Lessor Parties shall not be liable under this Section regardless of whether the liability results from any active or passive act, error, omission, or negligence of any of Lessor Parties; or is based on claims in which liability without fault or strict liability is imposed or sought to be imposed on any of Lessor Parties. This exculpation Section shall not apply to claims against Lessor Parties to the extent that the injury, loss, damage, or destruction was caused by Lessor Parties' fraud, gross negligence, willful injury to person or property, or violation of law.

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

For purposes of this Section 12, the term "County Parties" refers singularly and collectively to County, Special Districts, their respective Directors, Officers, Board of

Supervisors, agents, employees, and independent contractors as well as to all persons and entities claiming through any of these persons or entities. The term "Lessor Parties" refers singularly and collectively to Lessor and the partners, venturers, trustees, and ancillary trustees of Lessor and the respective officers, directors, shareholders, members, parents, subsidiaries of these persons or entities.

12.1.2 Survival of Exculpation. The paragraphs of this Section 12 shall survive the expiration or earlier termination of this Lease until all claims within the scope of this Section 12 are fully, finally, and absolutely barred by the applicable statutes of limitations.

12.1.3 Lessor's Acknowledgment of Fairness. Lessor acknowledges that this Section 12 was negotiated with County, that the consideration for it is fair and adequate, and that Lessor had a fair opportunity to negotiate, accept, reject, modify, or alter it.

12.1.4 Waiver of Civil Code Section 1542. With respect to the exculpation provided in this Section 12, each party waives the benefits of Civil Code Section 1542, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

12.2 Indemnification and Hold Harmless.

12.2.1 Lessor shall indemnify and hold harmless the County of Riverside, its agencies, Districts, Special Districts and Departments, their respective directors, officers, Board of Supervisors, elected and appointed officials, employees, agents and representatives (individually and collectively hereinafter referred to as Indemnitees) from any liability whatsoever, based or asserted upon any services of Lessor, its officer, employees, subtenants, agents or representatives arising out of or in any way relating to Lessor's breach of this Agreement or the negligence or willful

misconduct of Lessor, including but not limited to property damage bodily injury, or death or any other element of any kind or nature whatsoever arising from the performance of Lessor, its officer, employees, subtenants, agent or representatives Indemnitors form this Agreement, provided that Lessor shall not be required to indemnify or hold harmless Indemnitees to the extent that such liability arises due to the breach of this Agreement by County or the negligence or willful misconduct or County. Lessor shall defend, at its sole expense, all costs and fees including but not limited, to attorney fees, costs of investigation, defense and settlements or awards, the indemnitees in ay claim or action based upon such alleged acts or omissions.

(a) With respect to any action or claim subject to indemnification herein by Lessor, Lessor shall, at their sole cost, have the right to use counsel of their own choice and shall have the right to adjust, settle, or compromise any such action or claim without the prior consent of County; provided, however that any such adjustment, settlement or compromise in no manner whatsoever limits or circumscribes Lessor's indemnification to Indemnitees as set forth herein.

(b) Lessor's obligation hereunder shall be satisfied when Lessor has provided to County the appropriate form of dismissal relieving County from any liability for the action or claim involved.

(c) The specified insurance limits required in the Agreement shall in no way limit or circumscribe Lessor's obligation to indemnify and hold harmless the Indemnitees herein from third party claims.

(d) In the event there is conflict between this clause and California Civil code Section 2782, this clause shall be interpreted to comply with Civil code 2782. Such interpretation shall not relieve the Lessor from indemnifying the Indemnitees to the fullest extent allowed by law.

12.2.2 County shall indemnify and hold harmless the Lessor Parties from any liability whatsoever, including but not limited to, property damage, bodily injury, or death, based or asserted on events which may occur within or about

the County leased premises arising out of or from its use and occupancy relating to this Lease. County Parties shall not indemnify Lessor Parties for liability arising within the County leased Premises when such liability arises due to the breach of this Agreement by Lessor or the negligence or willful misconduct of County. County shall defend at its sole cost and expense, including but not limited to, attorney fees, cost of investigation, defense and settlements or awards, on behalf of the Lessor Parties in any claim or action based upon such liability.

12.2.3 With respect to any action or claim subject to indemnification herein, the indemnifying party shall, at their sole cost, have the right to use counsel of their choice and shall have the right to adjust, settle, or compromise any such action or claim without the prior consent of the indemnified party; provided, however, that any such adjustment, settlement or compromise in no manner whatsoever limits or circumscribes the indemnifying party's obligation to indemnify as set forth herein.

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

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

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

12.2.7 Survival of Indemnification. The paragraphs of this Section 12 shall survive the expiration or earlier termination of this Lease until all

claims against County Parties or Lessor Parties involving any of the indemnified matters are fully, finally, and absolutely barred by the applicable statutes of limitations.

12.3 Insurance.

12.3.1 Lessor's Insurance. Without limiting or diminishing the Lessor's obligation to indemnify or hold the County harmless, Lessor shall procure and maintain or cause to be maintained, at its sole cost and expense, the following insurance coverage's during the term of this Agreement. As respects to the insurance section only, the County herein refers to the County of Riverside, its Agencies, Districts, and Departments, their respective directors, officers, Board of Supervisors, employees, elected or appointed officials, agents or representatives as additional insureds

12.3.1.1 Workers' Compensation. If the Lessor has employees as defined by the state of California, the Lessor shall maintain statutory Workers' Compensation Insurance (Coverage A) as prescribed by the laws of the State of California. Policy shall include Employers' Liability (Coverage B) including Occupational Disease with limits not less than \$1,000,000 per person per accident. The policy shall be endorsed to waive subrogation in favor of The County of Riverside.

12.3.1.2 Commercial General Liability. Commercial General Liability Insurance coverage, including but not limited to, premises liability, contractual liability, products and completed operations liability, personal and advertising injury, and by endorsement if applicable cross liability coverage, covering claims which may arise from or out of Lessor's performance of its obligations hereunder. Policy shall name the County as Additional Insured. Policy limits shall not be less than \$1,000,000 per occurrence combined single limit. If such insurance contains a general aggregate limit, it shall apply separately to this Agreement or be no less than two (2) times the occurrence limit.

12.3.1.3 Vehicle Liability. If vehicles or mobile equipment are used under this Agreement, then Lessor shall maintain auto liability insurance for

all owned, non-owned or hired automobiles in an amount not less than \$1,000,000 per occurrence combined single limit. If such insurance contains a general aggregate limit, it shall apply separately to this Agreement or be no less than two (2) times the occurrence limit. Policy shall name the County as Additional Insureds.

12.3.1.4 Property (Physical Damage).

(a) All-Risk real property insurance coverage, for the full replacement cost value of buildings, structures, fixtures, all improvements therein, and building systems on the Project as the same exists at each early anniversary of the term. Policy shall include Business Interruption, Extra Expense, and Expediting Expense coverage as well as coverage for off-premises power failure.

(b) Boiler and Machinery insurance providing coverage for at least, but not limited to, all high voltage electrical and rotating mechanical equipment on a full replacement cost value basis. Policy shall provide Business Interruption, Extra Expense, and Expediting Expense coverage as well as coverage for off-premises power failure. (c) During such time, prior to the commencement of this Lease while Lessor is preparing the Premises in accordance with Exhibit "B," Lessor shall keep or require its Contractor to keep in full force and effect, a policy of Course of Construction Insurance covering loss or damage to the Premises for the full replacement value of such work. The Named Insured shall include the Lessor, County and Contractor as their interests appear. Lessor or their Contractor shall be responsible for any deductible payments that result from a loss at the Premises under this coverage. If, at the time of any loss to the property described on Exhibit "B," it is determined that the insurance has not been carried or the insurance does not cover the loss of property being installed, the Lessor shall be responsible to pay the loss without contribution from the County.

12.3.1.5 General Insurance Provisions – All Lines.

(a) Any insurance carrier providing coverage hereunder shall be admitted to the State of California and have an A.M. BEST rating of

not less than an A:VIII (A:8) unless such requirements are waived, in writing, by the County Risk Manager. If the County's Risk Manager waives a requirement for a particular insurer such waiver is only valid for that specific insurer and only for one policy term.

(b) The Lessor or Lessor's insurance carrier(s) must declare its insurance deductibles or self-insured retentions. If such deductibles or self-insured retentions exceed \$500,000.00 per occurrence each such retention exceed \$500,000 per occurrence each such retention shall have the prior written consent of the County Risk Manager before the commencement of operations under this Agreement. Upon notification of self-insured retention unacceptable to the County, and the election of the County's Risk Manager, Lessor's carriers shall either: 1) reduce or eliminate such deductibles or self-insured retentions as respects this Agreement with the County, or 2) procure a bond which guarantees payment of losses and related investigations, claims administration, defense costs and expenses.

(c) Lessor shall cause Lessor's insurance carrier(s) to furnish the County of Riverside with either 1) a properly executed original Certificate(s) of Insurance and certified original copies of Endorsements effecting coverage as required herein; or, 2) if requested to do so orally or in writing by the County Risk Manager, provide original Certified copies of policies including all Endorsements and all attachments thereto, showing such insurance is in full force and effect. Further, said Certificate(s) and policies of insurance shall contain the covenant of the insurance carrier's.

(d) In the event of a material modification, cancellation, expiration, or reduction in coverage, this Agreement shall terminate forthwith, unless the County of Riverside receives prior to such effective date, another properly executed original Certificate of Insurance and original copies of endorsements or certified original policies, including all endorsements and attachments thereto evidencing coverage's set forth herein and the insurance required herein is in full force

and effect. Lessor shall not commence operations until the County has been furnished original Certificate(s) of Insurance and certified original copies of endorsements and if requested, certified original policies of insurance including all endorsements and any and all other attachments as required in this Section. An individual authorized by the insurance carrier to do so on its behalf shall sign the original endorsements for each policy and the Certificate of Insurance.

(e) It is understood and agreed by the parties hereto and the Lessor's insurance shall be construed as primary insurance for Lessor's obligations herein, and the County's insurance and/or deductibles and/or self-insured retentions or self-insured programs shall not be construed as contributory.

(f) If, during the term of the Agreement or any extension thereof, there is a material change in the scope of services; or, there is a material change [typo] in the equipment to be used in the performance of the scope of work; or, the term of this Agreement, including any extensions thereof, exceeds five (5) years; the County reserves the right to adjust the types of insurance and the monetary limits of liability required under this Agreement, if in the County Risk Manager's reasonable judgment, the amount or type of insurance carried by the Lessor has become inadequate.

(g) Lessor shall pass down the insurance obligations contained herein to all tiers of subcontractors working under this Agreement.

(h) The insurance requirements contained in this Agreement may be met with a program(s) of self-insurance acceptable to the County.

(i) Lessor agrees to notify County of any claim by a third party or any incident or event that may give rise to a claim arising from the performance of this Agreement.

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

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

| | |
|---------------------------------------|----------------------------|
| 12.3.2.1 Workers' Compensation | \$1,000,000 per occurrence |
| 12.3.2.2 Commercial General Liability | \$1,000,000 per occurrence |
| 12.3.2.3 Automobile Liability | \$1,000,000 per occurrence |

13. Damage and Destruction.

13.1 Repair of Damage. County agrees to notify Lessor in writing promptly of any damage to the Premises resulting from fire, earthquake, or any other identifiable event of a sudden, unexpected, or unusual nature ("Casualty"). If the Premises, whether covered by insurance or not, are damaged by a Casualty, or the Casualty results in the Premises not being provided with Base Building Systems or parking facilities, and if neither Lessor nor County has elected to terminate this Lease under this Section 13, Lessor shall promptly and diligently restore Premises, the County Improvements originally constructed by Lessor, Base Building Systems, and County's parking facilities to substantially the same condition as existed before the Casualty, subject to modifications required by building codes and other laws. If County requests that Lessor make any modifications to the County Improvements in connection with the rebuilding, Lessor may condition its consent to those modifications on: (a) confirmation by Lessor's contractor that the modifications shall not increase the time needed to complete the County Improvements; or (b) an agreement by County that the additional construction period shall not extend the rent abatement period.

13.2 Repair Period Notice. Lessor shall, within thirty (30) days after the date of the Casualty, provide written notice to County indicating the anticipated period for repairing the Casualty ("Repair Period Notice"). The Repair Period Notice shall be accompanied by a certified statement executed by the Contractor retained by Lessor to complete the repairs or, if Lessor has not retained a Contractor, a licensed Contractor not affiliated with Lessor, certifying the Contractor's opinion about the anticipated period for repairing the Casualty. The Repair Period Notice shall also state,

if applicable, Lessor's election either to repair or to terminate the Lease under Section 13.3.

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

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

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

13.6 Damage near End of Term. Despite any other provision of this Section 13, if the Premises are destroyed or damaged by a Casualty during the last eighteen (18) months of the Original Lease Term, Lessor and County shall each have the option to terminate this Lease by giving written notice to the other of the exercise of that option within thirty (30) days after that damage or destruction, provided, however,

County may negate Lessor's election to terminate under this Section 13.6 by electing, within ten (10) days after receipt of Lessor's termination notice, to exercise any unexercised option to extend this Lease. If County negates Lessor's election, this Lease shall continue in effect unless Lessor has the right to, and elects to, terminate this Lease under Section 13.3.

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

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

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

14. Eminent Domain.

14.1 Total Condemnation. If all of the Premises are condemned by eminent domain, inversely condemned, or sold in lieu of condemnation for any public or quasi-public use or purpose, this Lease will terminate as of the date of title vesting in that proceeding and the Rent will be abated from the date of termination.

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

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

14.4 Temporary Condemnation. In the event of a temporary condemnation, this Lease will remain in effect, County will continue to pay Rent, and County will receive any award made for the condemnation. If a temporary condemnation remains in effect at the expiration or earlier termination of this Lease, County will pay Lessor the reasonable cost of performing any obligations required of County with respect to the surrender of the Premises. If a temporary condemnation is for a period that extends beyond the Term, this Lease will terminate as of the date of occupancy by the condemning authority and any award will be distributed in accordance with Section 14.3.

15. Estoppel Certificates.

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

16. Subordination, Non-Disturbance, and Attornment.

16.1 Subordination, Non-Disturbance, and Attornment Agreement.

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

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

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

foreclosure, deed in lieu of foreclosure, exercise of any remedy provided in any encumbrance or operation of law.

17. Breach and Default.

17.1 Lessor's Default. Except as provided to the contrary in this Lease, Lessor's failure to perform any of its obligations under this Lease shall constitute a default by Lessor under the Lease if the failure continues for thirty (30) days after written notice of the failure from County to Lessor and to the holder of any mortgage or deed of trust encumbering the Project whose name and address shall have theretofore been furnished to County in writing, specifying wherein Landlord has failed to perform such obligation. If the required performance cannot be completed within thirty (30) days, Lessor's failure to perform shall constitute a default under the Lease unless Lessor undertakes to cure the failure within thirty (30) days and diligently attempts to complete this cure as soon as reasonably possible.

17.2 County's Right to Cure Lessor's Default and Deduct Cost. Except as provided to the contrary in this Lease, if County provides notice to Lessor and to the holder of any mortgage or deed of trust encumbering the Project of Lessor's failure to perform any of its obligations under this Lease and Lessor fails to provide such action as required by the terms of this Lease within the period specified, County may take the required action if: (a) County delivers to Lessor and to the holder of any mortgage or deed of trust encumbering the Project an additional written notice advising Lessor that County intends to take the required action if Lessor does not begin the required action within ten (10) days after the written notice; and (b) Lessor fails to begin the required action within this ten (10) day period (or such longer period of time as may be specified in any agreement between County and the holder of any mortgage or deed of trust encumbering the Project). In the event of a default by Lessor under this Lease, County shall use reasonable efforts to mitigate its damages and losses arising from any such default.

17.3 Rent Setoff. If, within thirty (30) days after receipt of County's written demand for payment of County's costs incurred in taking such action on Lessor's behalf, Lessor has not paid the invoice or delivered to County a detailed written objection to it, County may deduct from Rent payable by County under this Lease the reasonable amount set forth in the invoice

17.4 County Default. Each of the following occurrences shall be an "Event of Default" and shall constitute a material default and breach of this Lease by County: (a) any failure by County to pay any installment of Rent or to make any other payment required to be made by County hereunder when due and such default shall continue for a period of ten (10) days after receipt of notice from Lessor of such delinquency; except County's payment of rent for the calendar month of July throughout the lease term, option periods, or lease term extensions (b) the abandonment or vacation of the Premises by County, (c) any failure by County to execute and deliver any estoppel certificate or other document or instrument requested by Lessor, where such failure continues for five (5) days after delivery of written notice of such failure by Lessor to County; (d) any failure by County to fully perform any other obligation of County under this Lease, where such failure continues for thirty (30) days (except where a shorter period of time is specified in this Lease, in which case such shorter time period shall apply) after delivery of written notice of such failure by Lessor to County; (e) the voluntary or involuntary filing of a petition by or against County or any general partner of County (i) in any bankruptcy or other insolvency proceeding, (ii) seeking any relief under any state or federal debtor relief law, (iii) for the appointment of a liquidator or receiver for all or substantially all of County's property or for County's interest in this Lease, or (iv) for the reorganization or modification of County's capital structure (provided, however, that if such a petition is filed against County, then such filing shall not be an Event of Default unless County fails to have the proceedings initiated by such petition dismissed within sixty (60) days after the filing thereof). Any notice of any failure of County required under this Paragraph 17 shall be in lieu of, and

not in addition to, any notice required under Section 1161 et seq. of the California Code of Civil Procedure.

17.5 Remedies by Lessor. Upon the occurrence of any Event of Default by County, Lessor shall have, in addition to any other remedies available to Lessor at law or in equity (all of which remedies shall be distinct, separate, and cumulative), the option to pursue any one (1) or more of the following remedies, each and all of which shall be cumulative and nonexclusive, without any notice or demand whatsoever:

(a) Terminate this Lease, and Lessor may recover from County the following: (i) the worth at the time of any unpaid rent which has been earned at the time of such termination; plus (ii) the worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that County proves could have been reasonably avoided; plus (iii) the worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss that County proves could have been reasonably avoided; plus (iv) any other amount necessary to compensate Lessor for all the detriment proximately caused by County's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom (specifically including, without limitation, brokerage commissions and advertising expenses incurred, expenses of remodeling the Premises or any portion thereof for a new tenant, whether for the same or a different use, and any special concessions made to obtain a new tenant); and (v) at Lessor's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable law. The term "rent" as used in this Paragraph 17(a) shall be deemed to be and to mean all sums of every nature required to be paid by County pursuant to the terms of this Lease, whether to Lessor or to others. As used in Paragraphs 17(a)(i) and (ii), above, the "worth at the time of award" shall be computed by allowing interest at the Default Rate, but in no case greater than the maximum amount of such interest permitted by law. As used in Paragraph 17(a)(iii) above, the "worth at the time of award" shall be computed by discounting such amount

at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

(b) Lessor shall have the remedy described in California Civil Code Section 1951.4 (lessor may continue lease in effect after lessee's breach and abandonment and recover rent as it becomes due, if lessee has the right to sublet or assign, subject only to reasonable limitations). Accordingly, if Lessor does not elect to terminate this Lease on account of any Event of Default by County, Lessor may, from time to time, without terminating this Lease, enforce all of its rights and remedies under this Lease, including the right to recover all Rent as it becomes due.

(c) Lessor shall at all times have the rights and remedies (which shall be cumulative with each other and cumulative and in addition to those rights and remedies available under Paragraphs 17(a) and 17(b) above, or any law or other provision of this Lease), without prior demand or notice except as required by applicable law, to seek any declaratory, injunctive, or other equitable relief, and specifically enforce this Lease, or restrain or enjoin a violation or breach of any provision hereof.

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

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

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

18.3 No Litigation. There are no judicial, quasi-judicial, administrative or other orders, injunctions, moratoria or pending proceedings against Lessor or the Premises which preclude or interfere with, or would preclude or interfere with, the

construction contemplated herein or the occupancy and use of the Premises by County for the purposes herein contemplated.

18.4 Easements. Lessor shall not (a) subdivide, parcel or otherwise divide the Premises, (b) create, modify or terminate any ingress or egress to or from the premises, or (c) create any easements in the Premises, without County's prior written approval.

19. Miscellaneous.

19.1 Quiet Enjoyment. Lessor covenants that County shall at all times during the term of this Lease peaceably and quietly have, hold and enjoy the use of the Premises so long as County shall fully and faithfully perform the terms and conditions that it is required to do under this Lease. If the Premises are part of a building shared with other tenants of Lessor, during County's tenancy, Lessor may make or permit other tenants to make alterations, renovations and improvements to those portions of the building not occupied by County. Lessor covenants for itself and anyone deriving title from or holding title under Lessor that County's access, ingress, loading and unloading and sufficient parking for County's business shall not unreasonably be obstructed nor shall the daily business of County be disrupted as a result of such alterations, renovations and improvements.

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

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

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

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

19.6 Attorneys' Fees. If either party hereto incurs attorneys' fees in order to enforce, defend or interpret any of the terms, provisions or conditions of this Agreement or because of a breach of this Agreement by the other party, the prevailing party may be entitled to recover reasonable attorneys' fees from the other party only if the prevailing party has prevailed in a judgment by a court of competent jurisdiction.

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

19.8 Agent for Service of Process. It is expressly understood and agreed that in the event Lessor is not a resident of the State of California or it is an association or partnership without a member or partner resident of the State of California, or it is a foreign corporation, then in any such event, Lessor shall file with County's Assistant County Executive Officer/EDA, upon its execution hereof, a designation of a natural person residing in the State of California, giving his or her name, residence and business addresses, as its agent for the purpose of service of process in any court action arising out of or based upon this Lease, and the delivery to such agent of a copy of any process in any such action shall constitute valid service upon Lessor. It is further expressly understood and agreed that if for any reason service of such process upon such agent is not feasible, then in such event, Lessor may be personally served with such process out of this county and that such service shall constitute valid service upon Lessor. It is further expressly understood and

agreed that Lessor is amenable to the process so served, submits to the jurisdiction of the court so obtained and waives any and all objections and protests thereto.

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

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

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

19.12 Recording. Either Lessor or County shall, upon request of the other, execute, acknowledge and deliver to the other a short form memorandum of this Lease for recording purposes. The Party requesting recordation shall be responsible for payment of any fees applicable thereto.

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

19.14 Title. Lessor covenants that Lessor is well seized of and has good title to the Premises, and Lessor does warrant and will defend the title thereto, and will indemnify County against any damage and expense which County may suffer by reason of any lien, encumbrance, restriction or defect in title or description herein of the Premises. If, at any time, Lessor's title or right to receive Rent and any other sums