

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS  
BOARD ACTION SUMMARY

DEPT: Chief Executive Office

BOARD AGENDA #: B-5

AGENDA DATE: April 19, 2016

**SUBJECT:**

Approval of the Stanislaus Veterans Center Project and Authorization to Negotiate and Execute a 10-Year Lease with Sylvan Square LLC for Space at 3500 Coffee Road, Modesto, and an Operating Agreement for the Center; and, Related Actions

**BOARD ACTION AS FOLLOWS:**

No. 2016-193

On motion of Supervisor DeMartini, Seconded by Supervisor Withrow  
and approved by the following vote,

Ayes: Supervisors: O'Brien, Chiesa, Withrow, DeMartini, and Chairman Monteith

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1)  Approved as recommended

2)  Denied

3)  Approved as amended

4)  Other:

MOTION:

ATTEST:   
ELIZABETH A. KING, Clerk of the Board of Supervisors

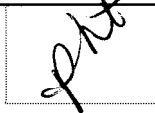
File No. C-6-L-1

**THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS  
AGENDA ITEM**

DEPT: Chief Executive Office  
Urgent  Routine

BOARD AGENDA #: B-5

AGENDA DATE: April 19, 2016



CEO CONCURRENCE:

4/5 Vote Required: Yes  No

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**SUBJECT:**

Approval of the Stanislaus Veterans Center Project and Authorization to Negotiate and Execute a 10-Year Lease with Sylvan Square LLC for Space at 3500 Coffee Road, Modesto, and an Operating Agreement for the Center; and, Related Actions

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**STAFF RECOMMENDATIONS:**

1. Authorize the Project Manager to negotiate and execute a 10-year lease with Sylvan Square LLC, to lease 37,547 square feet of space at Sylvan Square, which is within available funding for the Stanislaus Veterans Center and for the Department of Aging and Veterans Services, the Community Services Agency's Adult Protective Services program.
2. Authorize the Project Manager to negotiate and execute sub leases within the Facility to non-profit organizations.
3. Authorize the County to be the lead fiscal agency and a co-tenant of the Veterans Hall.
4. Authorize the Project Manager to negotiate and finalize an Operating Agreement between the County, Veterans Advisory Commission, City of Modesto and Veterans Foundation of Stanislaus County.
5. Authorize the Project Manager to take the actions necessary, within the approved funding plan to complete the Project.
6. Authorize the Project Manager to plan a public dedication ceremony in collaboration with the County's partners in this effort.

**DISCUSSION:**

The Veterans Advisory Commission was established by the Stanislaus County Board of Supervisors on April 3, 2012 with a mission, "To represent all veterans in Stanislaus County by advising the Board of Supervisors and staff on matters pertaining to all veterans."

A needs assessment was developed by the Commission with the number one need identified as a "One Stop" location for coordination of services and assistance.

Approval of the Stanislaus Veterans Center Project and Authorization to Negotiate and Execute a 10-Year Lease with Sylvan Square LLC for Space at 3500 Coffee Road, Modesto, and an Operating Agreement for the Center; and, Related Actions

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The Facility would focus on partner organizations that provide the following services:

- Peer Support and Social Services
- Vocational and Job Skills
- Federal Veteran Affairs Services and Veteran Medical Services
- Employment and Mortgage Services
- Education
- County Services

In addition to services the concept for the Veterans Facility includes:

- General Meeting Space
- Shared Office Space
- Small Conference Space
- Storage Space
- Banquet Hall and Food Service
- Activity Room

On September 22, 2015, following approval by the Board of Supervisors, the County, City of Modesto and the Veterans Foundation of Stanislaus County entered into a Memorandum of Understanding (MOU) for the Veterans Services Center concept. The MOU outlined responsibilities of each partner:

Stanislaus County

- County served as lead agency in receiving competitive proposals to lease the Veterans Center.
- County will manage the project to occupancy for the new Center.
- County shall be accountable to all funds contributed by and used to develop and lease the Veterans Center for a 10 year period pursuant to Government Code 6505.
- County will establish a separate fund and operating budget for the Veterans Center for the 10-year period and include it in the County annual budget.
- County will donate abandoned kitchen equipment as available.
- County will provide furnishings for co-located County Departments and functions.
- County will execute one or more leases for County operations, functions and Veterans Hall.
- County will be responsible for lease payments.

Veterans Foundation of Stanislaus County

- Will provide funding toward the lease for the Veterans Hall, furnishings and enhanced kitchen equipment for the Veterans Hall.
- Will be responsible for all liquor licensing and related insurance.
- Will be responsible for all operations except lease utilities and maintenance as defined in the lease of the Veterans Hall portion of the Veterans Center.

City of Modesto

- City will offer its resources as appropriate and assist the Foundation in the successful marketing of the Veterans Hall at no cost to the Foundation.

## Approval of the Stanislaus Veterans Center Project and Authorization to Negotiate and Execute a 10-Year Lease with Sylvan Square LLC for Space at 3500 Coffee Road, Modesto, and an Operating Agreement for the Center; and, Related Actions

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Also on September 22, 2015, the Board of Supervisors authorized the Project Manager to issue a Request for Proposals (RFP) to private property owners to seek proposals for a leased facility for a 10-year period. The RFP was issued on September 25, 2015, and on November 9, 2015 the following seven proposals were received:

- 948 11<sup>th</sup> Street and 140 Calaveras Street, Modesto
- 3500 Coffee Road, Modesto (Sylvan Square Shopping Center)
- 819 Sunset Avenue proposed by the Sportsman of Stanislaus (SOS Club)
- The Shops at Lincoln School, 1801 H Street, Modesto (former SaveMart Shopping Center)
- 705 E. Whitmore Avenue, Modesto
- 945 McHenry Avenue, Modesto (The Seasons)
- 1325 H Street, Modesto (The Modesto Bee building) by the current property owner.

An Evaluation Team, comprised of representatives from each of the partners (the City of Modesto, Veterans Advisory Commission Chairman, CEO of Veterans Foundation of Stanislaus County and the County), scored the seven proposals using the criteria listed in the RFP:

- 55% Economics of Proposal
- 25% Building, Site, Location and Parking
- 20% Suitability/Space Planning

Based on scoring, the top five ranked proposers were interviewed, and the top two finalists' proposals, 1325 H Street and 3500 Coffee Road, were requested to submit their best and final proposals. On March 2, 2016, after a vigorous selection process, the Facility Evaluation Team ranked Sylvan Square, 3500 Coffee Road as its highest ranked respondent in accordance with the criteria listed in the RFP as it fits within the approved funding plan.

On March 23, 2016, the Project Manager presented the Facility Evaluation Team recommendation to the Veterans Advisory Commission's Facility Subcommittee, who voted unanimously to support the recommendation and forward it to the Veterans Advisory Commission. On March 28, 2016, the Project Manager presented the proposed facility plan to the Veterans Advisory Commission who also supported the proposal and supported its recommendation to the Board of Supervisors on April 19, 2016.

The Stanislaus Veterans Center at Sylvan Square will repurpose approximately 37,544 square feet of vacant retail space in north central Modesto and will be home to an over 17,000 square feet Veterans Hall, and adjacent meeting and conference rooms. The Veterans Hall will feature seven conference rooms, a full service kitchen, lounge and dining for 300 guests. The Veterans Hall will be free of charge to **all** local Veterans Organizations in the County, as well as for the City of Modesto and Stanislaus County, when not needed for Veterans purposes. Programs housed at the Veterans Service Center will include the Community Service Agency's Adult Protective Services Division, the Department of Aging and Veterans Services, and related Non-Profits whose mission enhances the lives of Veterans and their families.

Approval of the Stanislaus Veterans Center Project and Authorization to Negotiate and Execute a 10-Year Lease with Sylvan Square LLC for Space at 3500 Coffee Road, Modesto, and an Operating Agreement for the Center; and, Related Actions

As further described in the Fiscal Impact below, the Sylvan Square proposal fits within the originally approved Project Funding Plan, financed by the County, the City of Modesto and the Foundation.

It is contemplated that there will be two leases with Sylvan Square LLC for the Stanislaus Veterans Center. The first lease will be between the County and Sylvan Square LLC for leased space for the Department of Area Agency on Aging and Veteran Services and the Community Services Agency. The second lease will be between Sylvan Square LLC., the County and the Veterans Foundation as co-tenants in the Veterans Hall.

The Veterans Center Facility project is a shared vision of veteran's representatives and multiple agencies. On September 22, 2015, the Modesto City Council joined the effort to build the facility approving an MOU with the County and the Veterans Foundation and Stanislaus County. Each of the funding partners agreed to approve an Operating Agreement prior to completion of the facility and the Project Manager is in final negotiations on this Agreement with the parties.

This Operating Agreement, which the Veterans Advisory Commission will be a party to, will establish and outline each party's responsibilities and obligations as outlined in the MOU approved by the Board of Supervisors, create a Center Operations Committee to provide oversight for the Center and specify rent obligations and timelines for each party. The table below shows the annual estimated costs and funding sources for the Stanislaus Veterans Facility:

**Sylvan Square Costs & Square Footage**

Program	Square Feet	Annual Rent	Annual Utilities	Total Cost
Veterans Hall	17834	\$ 301,751.28	\$ 78,236.58	\$ 379,987.86
AAA and Vet Services	10819	\$ 183,057.48	\$ 44,790.66	\$ 227,848.14
CSA	8894	\$ 150,486.48	\$ 36,821.16	\$ 187,307.64
<b>Total</b>	<b>37547</b>	<b>\$ 635,295.24</b>	<b>\$159,848.40</b>	<b>\$ 795,143.64</b>

**Sylvan Square Annual Revenues**

Revenue	Veterans Hall	AAA & Veterans Services	CSA	Annual
Stanislaus County General Fund	\$ 100,000.00			\$ 100,000.00
City of Modesto Contribution	\$ 80,000.00			\$ 80,000.00
Foundation Fundraising	\$ 125,000.00			\$ 125,000.00
Hall Rental Revenue	\$ 50,000.00			\$ 50,000.00
Sale of MAB	\$ 24,957.86	\$ 75,042.14		\$ 100,000.00
AAA Existing Rent		\$ 113,500.00		\$ 113,500.00
AAA Existing Utilities		\$ 10,836.00		\$ 10,866.00
Non Profit Sub-Lease		\$ 28,470.00		\$ 28,470.00
Community Services Agency			\$ 187,307.64	\$ 187,307.64
<b>Total</b>	<b>\$ 379,957.86</b>	<b>\$ 227,848.14</b>	<b>\$187,307.64</b>	<b>\$ 795,143.64</b>

The lease negotiations are nearly complete. There is a fiscal out clause if funding doesn't materialize over the 10-year period. The non-profit is seeking donors for the project and the private rentals of the hall when available will assist in the long term funding plan.

Approval of the Stanislaus Veterans Center Project and Authorization to Negotiate and Execute a 10-Year Lease with Sylvan Square LLC for Space at 3500 Coffee Road, Modesto, and an Operating Agreement for the Center; and, Related Actions

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The creation of the Veterans Center is a unique public private partnership and has been a dream of Veterans and their supporters in our community. A full presentation will be made to the Board of Supervisors about this effort at the meeting on April 19, 2016.

**POLICY ISSUE:**

Approval of this item is consistent with the Board of Supervisors' actions of September 22, 2015, to adopt a four-part strategy to create a one stop Veterans Service Center and approve a Memorandum of Understanding between the County, City of Modesto and Veterans Foundation of Stanislaus County.

On March 1, 2016, the Board of Supervisors Capital Facilities Committee comprised of Supervisors O'Brien and Withrow, supported the recommended actions.

**FISCAL IMPACT:**

The final lease terms of the Stanislaus Veterans Center are pending final negotiations estimated to be \$1.41 per square foot, which is affordable within the funding sources. It is recommended that a small contingency be included in the final lease, to accommodate any minimal required changes for the completion of the renovation. Staff will request to establish a new budget for the Stanislaus Veterans Center in the Fiscal Year 2016-2017 Proposed Budget which will include one-time costs for furniture, equipment, technology security systems and inspection services.

The County may incur inspection charges during Fiscal Year 2015-2016, which will be funded from the Plant Acquisition Budget. The Veterans Foundation will contribute \$1.75 million and the City will contribute \$800,000 and a Non-Profit sublease of \$280,000 over the next ten years. Over the 10-year period the County will contribute \$5.1million. Annual costs specific to the County are outlined in the chart below:

<b>Cost of recommended action:</b>		\$ 511,667
<b>Source(s) of Funding:</b>		
General Fund Contribution	\$ 100,000	
Existing AAA Rent and Utilities (General Fund)	\$ 124,360	
Proceeds from Sale of Medical Arts Building	\$ 100,000	
Community Services Agency Rent and Utilities	\$ 187,307	
<b>Funding Total:</b>		<u>\$ 511,667</u>
<b>Net Cost to County General Fund</b>		<u><u>                    </u></u>

<b>Fiscal Year:</b>	16/17
<b>Budget Adjustment/Appropriations needed:</b>	No

**Fund Balance as of** N/A

Approval of the Stanislaus Veterans Center Project and Authorization to Negotiate and Execute a 10-Year Lease with Sylvan Square LLC for Space at 3500 Coffee Road, Modesto, and an Operating Agreement for the Center; and, Related Actions

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**BOARD OF SUPERVISORS' PRIORITY:**

Approval of this item is consistent with the Board of Supervisors' priority of Effective Partnerships and Efficient Delivery of Public Services by building a shared vision of multiple agencies and by locating multiple services for Veterans and their families in one location.

**STAFFING IMPACT:**

This Project will be managed by existing staff from the Chief Executive Office.

**CONTACT PERSON:**

Patricia Hill Thomas, Project Manager, Telephone (209) 525-6333

**ATTACHMENT(S):**

1. Rendering
2. Floor Plan
3. Original Memorandum of Understanding

# Attachment 1





# STANISLAUS VETERANS CENTER

# Attachment 2



# Attachment 3

**MEMORANDUM OF UNDERSTANDING AMONG  
THE COUNTY OF STANISLAUS, THE CITY OF MODESTO,  
AND THE VETERANS FOUNDATION OF STANISLAUS COUNTY**

This Memorandum of Understanding ("MOU") is entered into this 22nd day of September, 2015, by and among the COUNTY OF STANISLAUS, a political subdivision of the State of California ("County"), the CITY OF MODESTO, a municipal corporation ("City"), and the VETERANS FOUNDATION OF STANISLAUS COUNTY, a California nonprofit public benefit corporation ("Foundation") (collectively, the Parties, or individually, a Party).

**RECITALS**

WHEREAS, an estimated 27,000 veterans reside within the County, with further growth anticipated as the general population increases and as veterans return from active duty in recent conflicts.

WHEREAS, County-wide, there are approximately 30 veterans service organizations with membership estimated to be over 7,000 members. These organizations are an essential support system for Stanislaus County veterans.

WHEREAS, in its 2013-2014 Annual Report, the Stanislaus County Veterans Advisory Commission adopted as one of its top priorities the development of a "One Stop Shop" concept for a meeting hall for veterans combined with programs for veterans access and referral to medical, educational, employment, housing, counseling, social and supportive services (the "Veterans Center").

WHEREAS, the goals of developing the Veterans Center are to:

- Create the Veterans Center with a "One Stop Shop" concept in the City of Modesto;
- Establish broad support, participation and investment in the Veterans Center, including county, cities, state, federal, veteran's organizations, private contributors, grant opportunities and property owners.
- Co-locate the County's Aging and Veterans Offices and other offices as appropriate, to provide services to veterans.
- Create a sustainable financial model for long-term success.

WHEREAS, the Foundation was formed as a non-profit corporation to seek funding and accept donations and/or contributions to bring people, organizations and resources together in time, space and effort to effectively improve the well-being of all Stanislaus County veterans of the U.S. armed forces and their families, that will include a veterans facility.

WHEREAS, a needs assessment was conducted for the Veterans' Facility, which took into account the current and projected number of veterans in the County and the

availability of support services to veterans. Subject to the size of the facility, the proposed Veterans Center would ideally include:

- General meeting space -- an assembly/meeting hall for up to 500 persons (300 seated) with adjacent banquet/food services.
- Banquet/Food Services -- a kitchen, serving and clean-up area for assembly hall events and potential event rental use (to support fundraising efforts.)
- Shared Office Space -- to provide multi-purpose service provider and service organization meeting use on a scheduled basis.
- County Veterans Service Office with Area Agency on Aging and other potential County department occupancy to support the one-stop service location concept. Current County leased space expense would be beneficially used in a one-stop service center facility.
- Storage Space -- for multiple service organizations providing community service, participation in veterans events, etc.
- Lobby and Archive Space -- a vestibule to connect assembly, banquet, meeting and service offices and to provide a display of military artifacts and information.
- Outdoor Activity/Patio and Static Display areas.
- The Veterans Center would be located in Modesto, accessible by public transit and recognizable to the community.

WHEREAS, on July 15, 2014, the County Board of Supervisors approved action items (Agenda Item B-8(b)) which include the following direction and authority:

1. Support the establishment of a non-profit entity that will bring people, organizations and resources together for the purpose of improving the well-being of all Stanislaus County veterans.
2. To retain a professional grant writer through a contract for professional services.
3. To create a sustainable financial model to help ensure financial success by identifying funding required initially and for operation of the Veterans Center and to secure sources of funds to meet long-term needs.
4. To prepare for Board consideration a Request for Proposals (RFP) to secure a building to serve as the Veterans Center. The RFP will consider proposals which include a lease, "option to purchase", extension options, seller financed transactions, creative donation opportunities, and possible partnership

opportunities. If a building is secured, the building will need to be renovated to meet the needs of the Veterans Center.

WHEREAS, the County retained a professional grant writer to apply for grants to help fund the Veterans Center.

WHEREAS, Section 1262 of the Military and Veterans Code provides that any county may lease or purchase space to provide and/or maintain veterans facilities for the benefit of one or more veterans organizations.

WHEREAS, Section 1262(h) of the Military and Veterans Code provides that the County may join with any city in the county and jointly carry out the purposes of this section, such as to provide and/or maintain veterans facilities for the benefit of one or more veterans organizations.

WHEREAS, Section 37461 of the Government Code provides that a city may provide and maintain buildings, memorial halls, and meeting places for veterans patriotic, fraternal, and benevolent associations.

WHEREAS, Section 1264 of the Military and Veterans Code provides that a city or county providing or maintaining any veterans facilities may provide for the use of such facilities by persons or organizations other than veterans, either free of charge or for stated compensation to aid in defraying the cost of maintenance, provided such use does not duly interfere with the reasonable use of the facilities by the veterans organizations.

WHEREAS, Section 1266 of the Military and Veterans Code provides that whenever a city or a county provides and/or maintains any building or meeting space under section 1262, the provision of that facility and its acceptance by the veterans association constitutes a dedication of that property for a public purpose and the dedication cannot be revoked unless the veterans organization has either consented to the proposed action or has abandoned its use of the facilities.

WHEREAS, the County and the City desire to provide a veterans facility for a 10-year period, and the Foundation consents pursuant to Section 1266 of the Military and Veteran's Code to limit its use of the facility to 10 years, during which time the Foundation intends to develop funding to support veteran services, including planning for long-term facility needs.

WHEREAS, subject to the terms and conditions of this MOU, the Parties are willing to work together to pursue the development of the Veterans Center.

NOW, THEREFORE, the Parties agree as follows:

## TERMS AND CONDITIONS

- 1. Recitals.** The provisions and recitals set forth above are hereby referred to and incorporated herein and made part of this MOU by reference.
- 2. Objectives.** The objectives of this MOU are:
  - (a) Jointly develop for a 10-year period a building to create a "One Stop Shop" concept to provide services to veterans;
  - (b) That this partnership will exist for a 10-year period beginning on the date the lease for the Veterans Center begins;
  - (c) To develop a sustainable funding plan for the proposed Veterans Center;
  - (d) That the Foundation will develop sustainable funding to support veteran services, including planning for long-term facility needs; and
  - (e) To seek broad support including participation and investment in the Veterans Center, including county, cities, state, federal, veterans organizations, private contributors, grant opportunities and property owners.
- 3. Obligations and Responsibilities.** The Parties agree to participate in development of the Veterans Center as follows:

(a) County Responsibilities.

County will be the lead agency to seek competitive proposals for a lease of the Veterans Center to achieve the objectives of this MOU, and will manage the project to occupancy of the new Center.

Pursuant to Government Code section 6505, the County shall be strictly accountable for all funds contributed by the parties and used to develop the Veterans Center. The County will establish a separate fund and operating budget, which shall be included in the annual County financial audit.

County will donate to Foundation for the Veterans Hall abandoned kitchen equipment no longer being used from the old Juvenile Hall kitchen and other County kitchen equipment no longer being used as appropriate.

County will provide furnishings for co-located County departments and functions.

County will execute one or more leases for County department operations and functions at the Veterans Center, and if necessary, will co-sign a lease of the Veterans Hall portion of the Veterans Center along with the Foundation.



(b) Foundation Responsibilities.

Foundation will develop sustainable funding to contribute to establishment and lease of the Veterans Center as set forth in Section 4 of this MOU, and to support veteran services, including planning for long-term facility needs.

Foundation will be responsible for all liquor licensing and related insurance.

Foundation will be responsible to provide enhanced kitchen equipment if more than a catering kitchen is established.

Foundation will be responsible for operation (except lease, utilities and maintenance as defined in the lease and/or Facility Operating Agreement) of the Veterans Hall portion of the Veterans Center, and will provide furnishings for the Veterans Hall portion of the Veterans Center only, not for co-located County departments and functions. The Foundation will have exclusive rights to market, schedule and rent the Veterans Hall for veteran and non-veteran groups or purposes to facilitate fundraising.

The Parties agree during the development of the subsequent Facility Operating Agreement to finalize the revenues and contributions based on the actual lease proposal selected by the Partners. It is understood that rental revenue is intended to offset the costs of the operation, furnishing and equipment of the Veterans Hall portion of this effort.

(c) City Responsibilities.

City will offer its resources as appropriate to mentor and assist the Foundation in the successful marketing of the Veterans Hall at no cost to Foundation.

(d) Mutual Obligations and Responsibilities.

The Parties commit to contribute annual funding for a 10-year period to establish the Veterans Center in conformance with and not to exceed the amounts set forth in Exhibit A attached to and, by this reference, incorporated into this MOU. The parties may revise Exhibit A without further approval of their respective governing bodies to reflect actual costs and expenses, including rent.

The obligation to contribute funding is triggered upon execution of a lease for the Veterans Hall portion of the Veterans Center. The obligation to make annual contributions terminates upon the earliest of the following events: (1) after the tenth-year of contributions, (2) upon termination of a lease for the Veterans Hall portion of the Veterans Center, or (3) if the Foundation abandons use of the Veterans Hall portion of the Veterans Center. In addition, the City's obligation for annual funding contributions will cease if the Veterans Hall portion of the Veterans Center is re-located outside of the City of Modesto.

**4. Facility Operating Agreement.** Prior to opening of the Veterans Center, the Parties shall enter into an agreement that will incorporate and formalize the terms and conditions relating to the funding, operation and management of the Veterans Center as set forth in this MOU ("Facility Operating Agreement"). If no Facility Operating Agreement is reached prior to the beginning of the lease, this MOU will be null and void, and there will be no further obligation on the part of any of the Parties under the MOU. Additionally, the Facility Operating Agreement is intended to include the following provisions:

- a. Upon expiration of the lease, Foundation may continue the lease or purchase the property for its own purposes.
- b. Any agreement for use of the Veterans Hall portion of the Veteran's Facility will include the users consent to the terms and conditions of this MOU and all subsequent agreements affecting the operation and use of the facility.

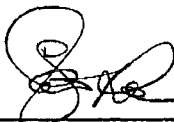
**5. Ten-Year Term.** Notwithstanding anything to the contrary in law or under this MOU, the funding obligations under this MOU and the Facility Agreement shall be in effect for ten (10) years after the lease of the Veterans Center begins, at which time the Parties shall have no further cost, liability or obligation to each other or to any other party.

With respect to Military and Veterans Code section 1266, Foundation consents to the proposed action to create the Veterans Center for a period not the exceed ten (10) years, and the Parties intend that this Agreement constitutes a waiver of any rights under section 1266. The Parties specifically intend that there are no third-party beneficiaries under this agreement and under any subsequent agreements related to the funding, operation and maintenance of the Veterans Center, including the Veterans Hall portion of the Veterans Center, such as the Facility Operating Agreement or leases. Prior to the end of the 10-year-term, the Parties agree to meet and confer about continuing the partnership to operate the Veterans Center, including whether to extend the term of a leased facility serving as the Veterans Center.

**6. Further Assurances.** Each Party shall cooperate with the other and execute such instruments or documents and take such other actions as may reasonably be requested from time to time in order to carry out, evidence or confirm their rights or obligations or as may be reasonably necessary or helpful to give effect to this MOU.

IN WITNESS WHEREOF, the Parties have entered into this MOU on the date set out above.

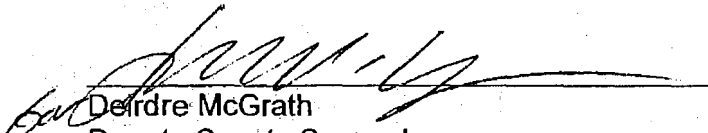
**COUNTY OF STANISLAUS**



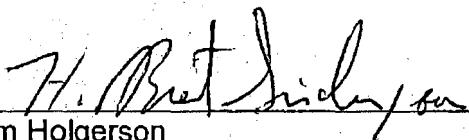
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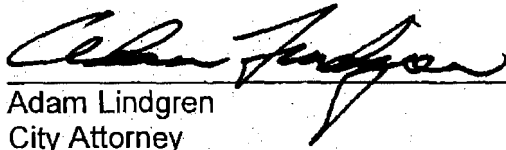
Stan Risen  
Chief Executive Officer

Approved as to Form:  
John P. Doering  
County Counsel

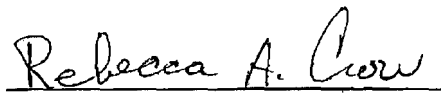
  
Deirdre McGrath  
Deputy County Counsel

**CITY OF MODESTO**

  
Jim Holgerson  
City Manager  
Resolution 2015-358, September 22, 2015  
Approved as to Form:  
Modesto City Attorney

  
Adam Lindgren  
City Attorney

**VETERANS FOUNDATION OF STANISLAUS COUNTY**

  
Rebecca A. Crow  
Executive Director  
2513691.1

**LEASE AGREEMENT  
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1 **SHOPPING CENTER LEASE**  
2 **(County Space)**  
3

4 In consideration of the rents and covenants hereinafter set forth, Landlord hereby leases  
5 to Tenant, and Tenant hereby rents from Landlord, the following described Premises upon the  
6 following terms and conditions:  
7

8 **ARTICLE 1 - Fundamental Lease Provisions**  
9

10 Effective Date: May 23, 2016  
11  
12 Landlord: SYLVAN SQUARE, LLC, a California limited liability  
13 company  
14  
15 Tenant: COUNTY OF STANISLAUS  
16  
17 Premises: Approximately 18,522 square feet of Floor Area  
18 located at Sylvan Square shopping center  
19 ("Premises") located at 3500 Coffee Road, Suite  
20 19, Modesto, California 95355 ("Shopping Center").  
21 Lease Term: Ten (10) Year term  
22  
23 Option Terms: Three (3) five (5) year Renewal Options.  
24  
25 Option Rent: Option Rent for each option term  
26 shall be set at 95% of fair market rental value and  
27 shall not adjust or increase during each option  
28 term. However, in no event shall (1) the Option  
29 Rent for the first Option Term be greater than 120%  
30 of the Rent during the initial term and (2) Option  
31 Rent for the second and third Option Terms be  
32 greater than 110% of the immediately preceding  
33 Option Term. (Article 4)  
34  
35 Completion of Landlord's Work;  
36 Rent Commencement Date: Landlord's Work must be complete by no later than  
37 November 1, 2016, including issuance of a  
38 Certificate of Occupancy by the applicable  
39 regulatory agency. The Rent Commencement Date  
40 is November 11, 2016.  
41  
42 Rent: Notwithstanding anything in the RFP to the  
43 contrary, starting on the Rent Commencement Date  
44 and continuing through the one hundred twentieth  
45 (120<sup>th</sup>) full calendar month of the Lease, Tenant  
46 shall pay to Landlord Rent in the amount of \$1.40  
47 per square foot per month, payable on the first day  
48 of each month. No Rent is payable on the outdoor  
49 patio area.  
50

1 No Rent Adjustments: Rent shall not increase or be adjusted during the  
2 initial Ten (10) year lease term or during any option  
3 term except at the commencement of the option  
4 term(s) as expressly stated above.  
5  
6 Not a NNN Lease: This is not a NNN Lease. Landlord's property  
7 taxes, insurance, maintenance, repair and  
8 replacement costs and expenses are included  
9 within the Rent to be paid by Tenant; provided,  
10 however, Tenant will be liable for the payment of its  
11 utilities and Tenant's insurance as provided in  
12 Articles 13 and 20 and any other charges set forth  
13 herein.  
14  
15 Available Space or Intent to Sell: Landlord agrees to notify Tenant: 1) of any space  
16 that becomes available on property owned by  
17 Landlord within the Shopping Center (as defined  
18 below) during the term of the lease, and 2) if  
19 Landlord elects to sell the property it owns within  
20 the Shopping Center to a third party.  
21  
22 Address for Notices: (Article 31)  
23  
24 To Landlord: Management Office  
25 5250 Claremont Ave.  
26 Stockton, CA 95207  
27  
28 To Tenant: To the Premises, and to  
29 Patricia Hill Thomas, Chief Operations Officer  
30 Stanislaus County  
31 1010 10<sup>th</sup> Street, Suite 6800  
32 Modesto, CA 95354  
33  
34 Security Deposit: None.  
35

36 References in this Article 1 to other Articles are for convenience and designate some of  
37 the other Articles where references to the particular Fundamental Lease Provisions appear.  
38 Each reference in this Lease to any of the Fundamental Lease Provisions contained in this  
39 Article 1 shall be construed to incorporate all of the terms provided under each such  
40 Fundamental Lease Provision. In the event of any conflict between any Fundamental Lease  
41 Provision and the balance of the Lease, the latter shall control.  
42

43 ARTICLE 2 - Exhibits  
44

45 The following drawings and special provisions are attached hereto as Exhibits and made  
46 a part of this Lease:  
47

48 EXHIBIT "A" General site plan of the Shopping Center located on the real  
49 property located in the City, County and State described in Exhibit  
50 "B" and more particularly shown on Exhibit "A". Said site plan

1 shows, among other things, the principal improvements, which will  
2 comprise said Shopping Center. Landlord may change the shape,  
3 size, location, number and extent of the improvements shown  
4 thereon and eliminate or add any improvements to any portion of  
5 the Shopping Center, as long as Tenant's rights under the lease  
6 and parking rights are not materially and adversely affected.  
7

8 EXHIBIT "A-1" Space Plan.

9  
10 EXHIBIT "B" Description of the Premises, Premises mailing address, and  
11 authorized use, and Tenant's name.

12  
13 EXHIBIT "C" Description of design and construction of the Premises and  
14 "Landlord's Work."

15  
16 EXHIBIT "D" Intentionally Omitted.

17  
18 EXHIBIT "E" Tenant's Certificate.

19  
20 EXHIBIT "F" Sign Criteria.

21  
22 ARTICLE 3 - Premises  
23

24 Tenant issued a Request for Proposals dated September 25, 2015 seeking proposals  
25 from property owners to lease space to the County and to the Veterans Foundation for Veterans  
26 and County uses. Landlord submitted a proposal dated November 8, 2015, as amended and  
27 clarified by communications which include responses on December 8, 2015 and January 27,  
28 2016 ("RFP"), the terms and conditions of which are incorporated herein by this reference.  
29 Landlord has been selected as the successful proposer to develop and construct the turnkey  
30 improvements as more fully set forth herein.  
31

32 Landlord hereby leases and demises unto Tenant and Tenant hereby leases and takes  
33 from Landlord, as of the Effective Date set forth in Article 1 ("Effective Date") for the term, at the  
34 Rent and upon the covenants and conditions hereinafter set forth, the commercial space  
35 referred to herein as the "Premises," and described on Exhibit "B" attached hereto and made a  
36 part hereof. Landlord has agreed to make the turnkey improvements to the Premises at  
37 Landlord's sole cost and expense. Landlord shall be responsible for the completion of  
38 Landlord's Work (which shall include all other leasehold improvements so required) in  
39 accordance with Exhibit "C".  
40

41 Subject to Tenant's rights under this Lease, Landlord may elect to remodel or renovate  
42 the Shopping Center. Such remodel or renovation of Tenant's store and storefront shall be at  
43 Landlord's expense, including the remodel or renovation of Tenant's signage; Landlord shall  
44 give Tenant notice, not less than thirty (30) days prior to the commencement of construction, of  
45 Landlord's election to remodel, renovate or rebuild the Shopping Center.  
46

47 Any and all improvements to be made by Landlord shall be in compliance with all  
48 applicable Governmental codes, ordinances, regulations, and approved by Landlord's architect  
49 and the Tenant under the conditions of Exhibits "C".

1 Landlord may finance the construction of the buildings and improvements (or refinance  
2 the existing building and improvements) of the Shopping Center of which the Premises form a  
3 part. A financial institution that may provide the financing must approve the terms and  
4 provisions of this Lease.  
5

6 ARTICLE 4 - Term  
7

8 The Lease shall be effective as of the Effective Date, and shall continue thereafter  
9 during the Lease Term specified in Article 1 hereof, unless sooner terminated, as hereinafter  
10 provided in this Lease. The Lease Term shall be computed from the Rent Commencement  
11 Date, provided however, if such Rent Commencement Date is other than the first day of the  
12 calendar month, then said Lease Term shall be computed from the first day of the calendar  
13 month following the Rent Commencement Date.  
14

15 **Options to Renew.**  
16

17 (a) Subject to the conditions set forth below, Landlord hereby grants to Tenant  
18 the option to extend the term of this Lease for up to three (3) additional terms of five (5)  
19 years (the "Option Term(s)") subsequent to the expiration of the initial term or the  
20 preceding Option Term as the case may be (the "Options to Renew") upon the same terms  
21 and conditions set forth in this Lease; provided, however, that (i) the Rent payable by  
22 Tenant during the Option Terms shall be ninety-five percent (95%) of then fair market rental  
23 value ("Fair Market Rental Value"), but in no event shall the Rent payable by Tenant during  
24 each Option Term be less than the Rent in effect immediately prior to the commencement  
25 of the Option Term, (ii) the Rent shall not adjust or increase during each Option Term, (ii) in  
26 no event shall the Rent payable by Tenant during the first Option Term be greater than one  
27 hundred twenty percent (120%) of the Rent payable during the initial term, and (iii) the Rent  
28 payable by Tenant during the second and third Option Terms shall not be greater than one  
29 hundred ten percent (110%) of the Rent payable during the immediately preceding Option  
30 Term. For purposes of this Lease, "fair market rental value" shall be deemed to mean the  
31 Rent that a landlord under no compulsion to lease the Premises and a tenant under no  
32 compulsion to lease the Premises would determine as Rent (for the Option Term, taking into  
33 consideration all of the terms and conditions of this Lease, including without limitation the  
34 uses permitted under this Lease, the quality, size, design and location of the Premises, and  
35 the rent for comparable buildings located in the vicinity of the Premises.  
36

37 (b) The Options to Renew, if exercised by Tenant, must be accomplished by  
38 written notice from Tenant to Landlord (the "Option Notice") at least 270 days prior to the  
39 expiration of the initial term or the preceding Option Term as the case may be (the "Option  
40 Date"). Should Tenant fail to give timely written notice of its intention to exercise any Option  
41 to Renew, Landlord shall provide written notice to Tenant that it has thirty (30) days to  
42 exercise the Option to Renew. If Tenant fails to exercise the Option to Renew within said  
43 thirty (30) day period, Tenant shall be deemed to have elected not to exercise such Option  
44 to Renew, and this Lease shall expire in accordance with its terms. Time is of the essence  
45 with respect to the requirement that Tenant give timely notice of its election to exercise any  
46 Option to Renew, and Tenant's failure to timely exercise any Option to Renew shall  
47 constitute a material, irredeemable and incurable failure to satisfy a condition precedent to  
48 the vesting of such right, and Tenant hereby expressly waives any right to claim relief from



1 forfeiture, or any other equitable relief, from the consequences of any untimely exercise of  
2 any Option to Renew. Landlord shall have no obligation to notify Tenant in advance of the  
3 deadline for the exercise of any Option to Renew.  
4

5 (c) Tenant must not be in material default under this Lease beyond the  
6 applicable notice and cure period, on the date the Option Notice is given to Landlord, and  
7 or on the Expiration Date of the initial term or the preceding Option Term as the case may  
8 be. If Tenant is in material default on either of these dates, then the Option to Renew shall  
9 be void at the election of Landlord by Landlord giving notice of such election to Tenant within  
10 ten (10) days after either the date of Tenant's Option Notice or the Expiration Date of the  
11 initial term or the preceding Option Term, as the case may be, provided in all cases,  
12 Landlord's notice of election shall provide Tenant with the opportunity to cure the default  
13 within ten (10) days from the date of the notice.  
14

15 (d) All other terms and conditions of the Lease shall remain the same.  
16

17 (e) The Options to Renew shall be personal to Tenant and may not be  
18 exercised or be assigned, voluntarily or involuntarily, by or to any person or entity other  
19 than Tenant.  
20

21 (f) If Tenant elects to exercise one of the Options to Renew, within fifteen (15)  
22 days after receipt of the Option Notice Landlord shall notify Tenant of Landlord's good faith  
23 opinion whether the fair market rental value for the Premises as of the commencement  
24 date of the applicable Option Term exceeds the Rent in effect immediately prior to the  
25 commencement of the term of that Option Term, whereupon Landlord and Tenant shall  
26 promptly attempt to agree upon such fair market rental value, using their best good faith  
27 efforts.  
28

29 (g) If, within thirty (30) days following Landlord's notice as provided above,  
30 Landlord and Tenant have been unable to reach an agreement regarding the fair market  
31 rental value of the Premises, the Rent during the applicable Option Term shall remain  
32 unchanged unless Landlord elects to give notice of its desire that the fair market rental  
33 value be determined in accordance with the provisions below.  
34

35 (h) Should Landlord make such election, Landlord shall identify in its notice,  
36 as provided above, a date not less than 15 days nor more than 30 days following such  
37 notice on which Landlord and Tenant shall exchange written opinions, at the Shopping  
38 Center manager's office, of the fair market rental value of the Premises. Such exchange  
39 shall be accomplished by the concurrent delivery by Landlord and Tenant of each party's  
40 opinion of fair market rental value, which opinion shall be contained in a sealed envelope.  
41 Such envelopes shall be opened, simultaneously, in the presence of a representative of  
42 each of the parties.  
43

44 (i) If, upon exchange of opinions of fair market rental value as provided above,  
45 the higher of the two opinions of value is not more than five percent (5%) greater than the  
46 lower opinion of value, the two values shall be averaged, and the average shall be  
47 thereafter conclusively deemed to be the fair market rental value of the Premises.

1  
2 (j) If the higher of the two opinions of value is more than five percent (5%)  
3 greater than the lower opinion of value, and the parties have not otherwise reached  
4 agreement on the fair market rental value of the Premises, the fair market rental value  
5 shall be determined by the so-called "baseball" arbitration procedure hereinafter set forth.  
6

7 (k) Landlord and Tenant shall, within ten (10) business days after the  
8 exchange of the sealed envelopes containing their respective opinions of fair market rental  
9 value, agree upon the appointment of an arbitrator who shall (i) be by profession a licensed  
10 commercial real estate broker or an MAI real estate appraiser, (ii) be an expert in the local  
11 market and be familiar with the Shopping Center, provided such arbitrator shall be  
12 independent from both parties, and (iii) have been active (over the ten (10) year period  
13 ending on the date of such appointment) in the brokering or appraisal of comparable  
14 premises within the Shopping Center or in comparable shopping centers in the Modesto,  
15 California metropolitan area. If the parties cannot agree upon such arbitrator, the arbitrator  
16 shall be selected in accordance with the Expedited Procedures in the Real Estate  
17 Valuation Arbitration Rules of the American Arbitration Association then in effect. The  
18 arbitration shall be conducted no more than thirty (30) days after the selection of the  
19 arbitrator, in Modesto, California, in accordance with those Expedited Procedures. The  
20 determination of the arbitrator shall be limited solely to the issue of whether Landlord's or  
21 Tenant's opinion of the fair market rental value of the Premises (which shall take into  
22 account opinions, if any, proposed in writing subsequent to the aforesaid exchange of  
23 sealed envelopes, provided that they are delivered at least two (2) business days prior to  
24 the date of the arbitration) is closest to the arbitrator's opinion of the fair market rental  
25 value of the Premises as above defined.  
26

27 (l) In the event the arbitrator has not determined the fair market rental value  
28 of the Premises prior to the commencement of the Option Term, Tenant shall pay as Rent,  
29 effective as of and subsequent to the commencement of the Option Term until such time  
30 as the Rent for the Option Term is determined, the same Rent in effect immediately prior  
31 to the commencement of the Option Term. If such Rent is thereafter fixed at a higher  
32 amount, such new Rent shall take effect retroactive to the commencement of the Option  
33 Term, and Tenant shall pay to Landlord that sum which is accrued and unpaid as a result  
34 of such retroactive application, together with the next monthly installment of Rent payable  
35 by Tenant. The cost of the arbitration shall be paid by Landlord and Tenant equally.  
36

37 Landlord shall commence the design, permitting and construction of Landlord's Work  
38 promptly upon execution of this Lease, shall diligently prosecute such construction to  
39 completion, and shall provide Tenant with a Certificate of Occupancy.  
40

41 Within ten (10) days after Tenant opens for business, Tenant shall execute and deliver  
42 to Landlord a certificate substantially in the form attached hereto, marked Exhibit "E" and made  
43 a part hereof, indicating thereon any exceptions thereto which may exist at that time. Failure of  
44 Tenant to execute and deliver such certificate shall constitute an acceptance of the Premises  
45 and an acknowledgment by Tenant that the statements included in Exhibit "E" are true and  
46 correct, without exceptions. If requested by Landlord in writing, Tenant shall give similar  
47 certificates from time to time during the term of this Lease in the manner herein above provided.  
48



1 without setoff or deduction, commencing on the Rent Commencement Date. The Rent  
2 for the first fractional month shall be computed on a daily basis for the period from the  
3 date of commencement to the end of such calendar month at an amount equal to one  
4 three hundred-sixtieth (1/360) of the said Rent for each such day, and thereafter shall be  
5 computed and paid as aforesaid. Tenant shall install Tenant's furniture, fixture and  
6 equipment and shall open the Premises for business within thirty (30) days after the  
7 Rent Commencement Date.  
8

9 B. Adjustments to Rent. During the entire initial 10-year term of this Lease, there  
10 shall be no increases or adjustments to the Rent.  
11

12 C. Taxes and Insurance and Other Expenses. The Rent includes Landlord's  
13 property taxes and assessments, insurance, common area, maintenance, repair and  
14 replacement expenses. Tenant shall have no responsibility for paying additional  
15 amounts to Landlord over the Rent, except as expressly set forth herein.  
16

17 D. Interest and Late Charges. Should Tenant fail to pay the Rent when the same is  
18 due and payable, such unpaid amounts shall bear interest at the rate of six percent (6%)  
19 from the date due to the date of payment.  
20

21 E. Payment of Rent and Amounts Due on Execution. Tenant shall pay on or before  
22 July 10, 2016 the amount of \$25,000.00 for the Premises in prepaid rent (the "Prepaid  
23 Rent") to be applied to the first installment of Rent. All Rent and other payments shall be  
24 paid by Tenant to Landlord at its management office, or at such other place as may from  
25 time to time be designated by Landlord in writing at least ten (10) days prior to the next  
26 ensuing payment date.  
27

- 28 ARTICLE 6 - Definition of "NET SALES" [INTENTIONALLY OMITTED]  
29  
30 ARTICLE 7 - Marketing Fund, Merchant's Association [INTENTIONALLY  
31 OMITTED]  
32  
33 ARTICLE 8 - Security Deposit. [INTENTIONALLY OMITTED]  
34  
35 ARTICLE 9 - Common Areas  
36

37 The term "Common Areas" refers to all areas within the exterior boundaries of the  
38 Shopping Center which are now or hereafter made available for general use, convenience and  
39 benefit of Landlord and other persons entitled to occupy Floor Area in the Shopping Center,  
40 including, without limiting the generality of the foregoing, automobile parking areas, including  
41 any parking structures, driveways, sidewalks, landscaped and planted areas. The term "Floor  
42 Area", as used throughout this Lease shall be deemed to mean and include the square footage  
43 of all areas for the exclusive use and occupancy by a tenant of Landlord other than the  
44 Premises, measured from the exterior surface of exterior walls (and from the extensions thereof,  
45 in the case of openings) either of which form the perimeter of the Premises, and from the center  
46 of demising partitions between the Premises and those of adjacent tenants; the Floor Area shall  
47 include, without limitation, restrooms, mezzanines, warehousing or storage areas, clerical or  
48 office areas and employee areas; provided, however, the term "Floor Area", as used throughout  
49 this Lease with respect to the Premises shall be deemed to mean and include the assignable  
50 square footage of all areas for the exclusive use and occupancy by Tenant, measured from the

1 exterior surface of exterior walls (and from the extensions thereof, in the case of openings)  
2 either of which form the perimeter of the Premises, and from the center of demising partitions  
3 between the Premises and those of adjacent tenants; the Floor Area shall include, without  
4 limitation, restrooms, mezzanines, warehousing or storage areas, clerical or office areas and  
5 employee areas.  
6

7 Landlord reserves the right at any time to construct and own or lease kiosks and permit  
8 pushcarts, either permanent or temporary, in, on or upon any Common Areas of the Shopping  
9 Center (including, but not by way of limitation, the interior and exterior Common Areas, the  
10 sidewalks and parking lots), provided any such kiosks or pushcarts do not materially and  
11 adversely affect access to the Premises, Tenant's rights under this Lease or parking available to  
12 Tenant as contemplated under this Lease. In the event Landlord chooses to construct any  
13 kiosks on any Common Area of the Shopping Center, upon commencement of construction of  
14 any kiosk, the space devoted to the kiosk will no longer be considered a Common Area of the  
15 Shopping Center.  
16

17 Tenant, its employees and invitees are, except as otherwise specifically provided in this  
18 Lease, authorized, empowered and privileged to use the Common Areas in common with other  
19 persons during the term of this Lease. Landlord has constructed the Common Areas generally  
20 upon the area shown on the site plan attached hereto and marked Exhibit "A", and shall  
21 maintain and operate, or cause to be maintained and operated (except as hereinafter provided  
22 with reference to cost of maintenance) said Common Areas at all times following completion  
23 thereof, for the benefit and use of the customers and patrons of Tenant, and of other tenants,  
24 owners and occupants of the land constituting the Shopping Center of which the Premises are a  
25 part.  
26

27 Landlord shall keep or cause to be kept said Common Areas in a neat, clean and orderly  
28 condition, properly lighted and landscaped, and shall repair any damage to the facilities thereof.  
29 All expenses in connection with said Common Areas shall be paid by Landlord or other tenants,  
30 without any obligation upon Tenant to reimburse Landlord for any such Common Area  
31 Expenses.  
32

33 It is understood and agreed that the phrase "expenses in connection with said Common  
34 Areas" and/or "Common Area Expenses" as used herein shall be construed to include, but not  
35 be limited to, all sums expended (and/or estimated as a reserve for repairs or replacements) in  
36 connection with said Common Areas for all general maintenance and repairs, resurfacing, or  
37 painting, restriping, cleaning, sweeping and janitorial services; maintenance and repairs of  
38 sidewalks, curbs, and Shopping Center signs; banners; seasonal decorations; sprinkler  
39 systems, planting and landscaping; lighting and other utilities; directional signs and other  
40 markers and bumpers; maintenance and repair of any fire protection systems, lighting systems,  
41 storm drainage systems and other utility systems; personnel to implement such services  
42 including, if Landlord deems necessary, the cost of security guards; real and personal property  
43 Taxes and Assessments on the improvements and land comprising said Common Areas; any  
44 governmental imposition, Taxes and Assessments, or surcharge imposed upon Landlord or  
45 assessed against any portion of the Common Areas; depreciation on maintenance and  
46 operating machinery and equipment (if owned) and Rent paid for such machinery and  
47 equipment (if rented); the repairs and maintenance Landlord is required to perform pursuant to  
48 Article 14 herein; and adequate public liability and property damage insurance and All Risk  
49 Insurance Endorsements on the Common Areas with (at Landlord's option) earthquake and  
50 flood damage endorsements; costs related to energy conservation, environmental programs

1 and providing access for the handicapped; Rent payments for parking or parking structures, if  
2 any; and public transit, carpooling facilities or other transportation management programs, if  
3 any. Landlord may cause any or all of said services to be provided by an independent  
4 contractor or contractors.  
5

6 Should Landlord acquire or make available additional land not shown as part of the  
7 Shopping Center on Exhibit "A" and make the same available for parking or other Common  
8 Area purposes, then said expenses in connection with said Common Areas shall also include all  
9 of the aforementioned expenses incurred and paid in connection with said additional land.  
10

11 Tenant shall have no responsibility for the payment of Common Area Expenses.  
12

13 Anything to the contrary notwithstanding contained in this Article 9, in the event that  
14 Landlord does not maintain the entire Common Area in the Shopping Center, in that the other  
15 stores have the right to and may maintain their respective Common Areas, then and in that  
16 event, for the length of time such condition may exist, Landlord's responsibility shall only be  
17 towards the maintenance and repair of those portions of the Common Areas not maintained by  
18 the other stores, and the "expenses in connection with said Common Areas" shall only refer to  
19 such areas maintained by Landlord, except for such "expenses" Landlord has an obligation to  
20 pay.  
21

22 Landlord shall at all times have the right and privilege of determining the nature and  
23 extent of the Common Areas, whether the same shall be surface, underground or multiple-deck,  
24 and of making such changes therein and thereto from time to time which in its opinion are  
25 deemed to be desirable and for the best interest of all persons using said Common Areas,  
26 including the location and relocation of driveways, entrances, exits, automobile parking spaces,  
27 the direction and flow of traffic, prohibited areas, landscaped areas, and all other facilities  
28 thereof, and further, including any modification of said Common Areas for the purpose of  
29 expanding and/or remodeling the Shopping Center buildings, provided such changes do not  
30 materially and adversely affect Tenant's rights under the Lease or parking available to Tenant  
31 as contemplated under this Lease.  
32

33 Nothing contained herein shall be deemed to create any liability upon Landlord for any  
34 damage to motor vehicles of customers or employees or for loss of property from within such  
35 motor vehicles, unless caused by the negligence of Landlord, its agents, servants or employees.  
36 Tenant acknowledges that by providing security guards for the Common Areas and Shopping  
37 Center, Landlord does not represent, guarantee or assume responsibility that Tenant, Tenant's  
38 employees, agents and invitees will be secure from losses caused by the illegal acts of third  
39 parties, and does not assume responsibility for any such illegal acts. To induce Landlord to  
40 provide such security guards, if any, as Landlord deems reasonable, appropriate and  
41 economically feasible, and notwithstanding anything to the contrary contained elsewhere in this  
42 Lease, and to the extent allowable by law, Tenant hereby waives any present or future claim,  
43 including claims based on negligence, Tenant may have against Landlord whether known or  
44 unknown, for bodily injury or property damage arising from the performance of such security  
45 guards provided Landlord acts with reasonable diligence in the selection and management of  
46 security guard services.  
47

48 Landlord shall also have the right to establish, and from time to time change, alter and  
49 amend, and to enforce against Tenant and the other users of said Common Areas such  
50 reasonable rules and regulations (including the exclusion of employees' parking therefrom) as

1 may be deemed necessary or advisable for the proper and efficient operation and maintenance  
2 of said Common Areas. The rules and regulations herein provided may include, without  
3 limitation, the hours during which the Common Areas shall be open for use. Landlord may, if in  
4 its opinion the same be advisable, establish a system or systems of validation or other type  
5 operation, including a system of charges against non-validated parking checks of users, and  
6 Tenant agrees to conform to and abide by all such rules and regulations in its use, and the use  
7 of its customers and patrons, with respect to the automobile parking area of the Common Areas;  
8 provided, however, that all such rules and regulations and such types of operation or validation  
9 of parking checks and other matters affecting the customers and patrons of Tenant shall apply  
10 equally and without discrimination to all persons entitled to the use of said automobile parking  
11 facilities.  
12

13 Landlord shall at all times during the term of this Lease have the sole and exclusive  
14 control of the Common Areas, and may at any time and from time to time during the term hereof  
15 exclude and restrain any person from use or occupancy thereof, excepting, however, bona fide  
16 customers, patrons and invitees of Tenant, and other tenants of Landlord who make use of said  
17 areas in accordance with the rules and regulations established by Landlord from time to time  
18 with respect thereto. The rights of Tenant hereunder in and to the areas of this Article referred  
19 to shall at all times be subject to the rights of Landlord, the other tenants of Landlord and the  
20 other owners of the Shopping Center who use the same in common with Tenant, and it shall be  
21 the duty of Tenant to keep all of said areas free and clear of any obstructions created or  
22 permitted by Tenant or resulting from Tenant's operation and to permit the use of any of said  
23 areas only for normal parking and ingress and egress by the said customers, patrons and  
24 service-suppliers to and from the building occupied by Tenant and the other tenants of Landlord.  
25

26 If, in the opinion of Landlord, unauthorized persons are using any of said areas by  
27 reason of the presence of Tenant in the Premises, Tenant, upon demand of Landlord, shall  
28 enforce such rights against all such unauthorized persons by appropriate proceedings. Nothing  
29 herein shall affect the rights of Landlord at any time to remove any such unauthorized persons  
30 from said areas or to restrain the use of any of said areas by unauthorized persons.  
31

32 Landlord shall provide approximately 370 nonexclusive parking stalls within the  
33 Shopping Center (which is estimated to be approximately 3.9 parking spaces per 1,000 square  
34 feet of Floor Area and which includes code-required disability parking). Landlord estimates that  
35 there are approximately 115-130 offsite parking spaces; provided Landlord cannot guarantee  
36 the availability of such off-site parking. Notwithstanding the foregoing, if a conflict arises from  
37 time to time concerning the availability of reasonably convenient parking for patrons of the  
38 Shopping Center, then Landlord reserves the right to reasonably designate the location of  
39 parking spaces in the Common Area to be used by employees of the Tenant and the employees  
40 of all other tenants within the Shopping Center.  
41

42 Landlord may furnish and/or cause to be furnished either within the Shopping Center  
43 parking areas, or reasonably close thereto, space for employee parking. In the event and  
44 during such time Landlord furnishes such parking, Landlord at all times shall have the right to  
45 designate the particular parking area to be used by any or all of such employees and any such  
46 designation may be changed from time to time, provided all parking rules are imposed equitably  
47 and on a non-discriminatory basis among all tenants within the Shopping Center. Tenant and  
48 its employees shall park their cars only in those portions of the Common Areas, if any,  
49 designated for that purpose by Landlord. Tenant shall furnish Landlord with its and its  
50 employees' license numbers within fifteen (15) days after taking possession of the Premises,

1 and Tenant shall thereafter notify Landlord of any changes within five (5) days after such  
2 change occurs.

3  
4 Landlord agrees to provide parking for Tenant's use, including the repurposing of the  
5 area in the exterior rear of the Premises and providing appropriate rear loading access.  
6 Landlord also agrees to cooperate with Tenant in obtaining a written agreement with an  
7 adjacent property owner to use its available parking space during nights and weekends for  
8 additional parking that may be needed for certain functions of Tenant in the Premises. Such  
9 cooperation shall include, without limitation, Tenant's providing an indemnification to said  
10 adjacent property owner relating to Tenant's use of its parking lot.

11  
12 ARTICLE 10 - Possession and Use

13  
14 Possession of the Premises shall be delivered to Tenant free and clear of all tenants and  
15 occupants and the rights of either, and also free of liens and encumbrances, except those as  
16 may be specified in Article 22 hereof. Tenant shall use the Premises solely for the purposes  
17 and under the name specified in Exhibit "B" attached hereto. Tenant shall not use, change the  
18 use or permit the Premises to be used for any other purpose or purposes or under any other  
19 trade name whatsoever without Landlord's consent. Tenant shall not, without the prior written  
20 consent of Landlord, sell lottery tickets, merchandise from vending machines or allow any coin  
21 operated vending or gaming machines on the Premises. Tenant further covenants and agrees  
22 that it will not use or suffer or permit any person or persons to use the Premises or any part  
23 thereof for (a) conducting therein a secondhand store, auction, distress or fire sale or  
24 bankruptcy or going-out-of-business sale, or similar "Closing of Business" or "Losing Lease"  
25 type of sale; (b) any use or purpose in violation of the laws of the United States of America, or  
26 the laws, ordinances, regulations and requirements of the State, County and City where the  
27 Shopping Center is situated; (c) any use that is or shall become unlawful or illegal; (d) any use  
28 that shall be deemed by Landlord to be disreputable or extra hazardous to the Premises or the  
29 Shopping Center; or (e) any use that may be otherwise permissible or legal, but shall be  
30 deemed criminal, lewd, obscene or offensive by Landlord, or other tenants of the Shopping  
31 Center or a substantial part of the general public. Such uses shall include, but not be limited to:  
32 a massage parlor, novelty store or show; "peep show", "adult" theater or place for the sale,  
33 distribution or gift of "adult" books, periodicals or other similar literature. Tenant will comply with  
34 all laws, ordinances, orders, rules, regulations, and other governmental requirements relating to  
35 the use, condition, or occupancy of the Premises, and all rules, orders, regulations, and  
36 requirements of the board of fire underwriters or insurance service office, or any other similar  
37 body, having jurisdiction over the building in which the Premises are located. The cost of such  
38 compliance (including without limitation capital expenditures) will be borne by Tenant, except as  
39 to compliance relating to the construction of Landlord's Work. Tenant shall not commit waste  
40 nor cause or permit any unsafe, unclean or unwholesome condition, objectionable noises, odors  
41 or nuisances in the Shopping Center and Tenant shall promptly correct, at Tenant's expense,  
42 any such condition created by Tenant.

43  
44 Landlord shall provide, at Landlord's expense, pest control management within the  
45 Common Areas if needed.

46  
47 Tenant certifies, warrants and represents to Landlord that Tenant is not, and shall not  
48 knowingly become, a person or entity with whom Landlord is restricted from doing business with  
49 under regulations of the Office of Foreign Asset Control ("OFAC") of the Department of the  
50 Treasury (including, but not limited to, those named on OFAC's Specially Designated and



1 Blocked Persons list) or under any statute, executive order (including, but not limited to, the  
2 September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions With  
3 Persons Who Commit, Threaten to Commit, or Support Terrorism), or other governmental action  
4 and is not and shall not engage in any dealings or transactions or be otherwise associated with  
5 such persons or entities. Tenant agrees to defend, indemnify, and hold harmless Landlord from  
6 and against any and all claims, damages, losses, risks, liabilities, and expenses (including  
7 attorney's fees and costs) arising from or related to any breach of the foregoing certification.  
8

9 Tenant may not display or sell merchandise or allow carts, portable signs, devices or any  
10 other objects to be stored or to remain outside the defined exterior walls or roof and permanent  
11 doorways of the Premises. No aerial or antenna shall be erected on the roof or exterior walls of  
12 the Premises without first obtaining, in each instance, the written consent of Landlord which  
13 consent shall not be unreasonably withheld, conditioned or delayed. Any aerial or antenna so  
14 installed without such written consent shall be subject to removal.  
15

16 Tenant will not solicit in any manner in any of the automobile parking and Common  
17 Areas of the Shopping Center.  
18

#### 19 ARTICLE 11 - Tenant's Conduct of Business

20

21 Tenant covenants and agrees that that it will keep its Premises in a neat, clean and  
22 orderly condition. Tenant agrees that all garbage, trash and rubbish of the said Tenant shall  
23 only be deposited within receptacles approved by Landlord and that there shall be no other  
24 trash receptacles permitted to remain outside of the building. Landlord agrees to cause such  
25 receptacles to be emptied and trash removed at Landlord's cost and expense.  
26

#### 27 ARTICLE 12 - Advertising Signs

28

29 Tenant shall not affix or maintain upon the glass panes and supports of the show  
30 windows (and within twenty-four inches (24") of any window), doors and the exterior walls of the  
31 Premises, (and within twenty-four inches (24") of Tenant's lease line) any signs, advertising  
32 placards, names, insignia, trademarks, descriptive material or any other such like item or items  
33 except such as shall have first received the written approval of Landlord as to size, type, color,  
34 location, copy, nature and display qualities. Anything to the contrary in this Lease  
35 notwithstanding, Tenant shall not affix any sign to the roof of the Premises.  
36

37 In addition, no advertising medium shall be utilized by Tenant which can be heard or  
38 experienced outside Tenant's Premises, including without limiting the generality of the  
39 foregoing, flashing lights, searchlights, loudspeakers, phonographs, radios or television. Tenant  
40 shall not display, paint or place or cause to be displayed, painted or placed, any handbills,  
41 bumper stickers or other advertising devices on any vehicle parked in the parking area of the  
42 Shopping Center, whether belonging to Tenant, or to Tenant's agent, or to any other person; nor  
43 shall Tenant distribute, or cause to be distributed, in the Shopping Center, any handbills or other  
44 advertising devices. Except with the signage to be installed by Landlord as part of Landlord's  
45 Work (which includes all interior and code-required signage), Tenant shall erect signs at  
46 Tenant's sole cost and expense in accordance with the provisions of the sign criteria attached  
47 hereto, made a part hereof and labeled Exhibit "F". Tenant may elect for Landlord to purchase  
48 and install its building fascia signage, in which case Landlord shall do so and the cost thereof  
49 shall be paid over the initial Term of this Lease and paid by Tenant to Landlord as additional  
50 Rent in equal monthly installments. Notwithstanding the foregoing, Landlord, at its sole

1 expense, shall add Tenant's name and location on the Shopping Center's monument sign(s),  
2 provided Tenant first gives to Landlord in writing its approved logo and graphics (artwork) and  
3 subject to the prior right of any existing occupants in the Shopping Center as of the date hereof  
4 (including their heirs, executors, administrators, successors, assigns, subtenants and  
5 concessionaires) as well as any extensions or renewals of such tenancies.  
6

7 ARTICLE 13 - Utilities; Services  
8

9 Landlord has made available to Tenant, to the extent of the work described in  
10 "Description of Landlord's Work" in Exhibit "C" hereof, facilities for the removal of sewage, for  
11 the delivery to the Premises of water, electricity, telephones, and for the common utilities  
12 including (at Landlord's option) gas. Tenant agrees to use such utilities with respect to the  
13 Premises.  
14

15 Tenant agrees, at its own expense, to pay for all of said utilities used by Tenant on the  
16 Premises from and after the delivery of possession thereof by Landlord. If a separate meter is  
17 provided for Tenant for any utilities, the installation of such separate meter shall be at Landlord's  
18 expense.  
19

20 Landlord shall not be liable in damage or otherwise for any failure or interruption of any  
21 utility service being furnished to the Premises as long as Landlord acts with reasonable  
22 diligence to restore the utility interruption; provided, however, if (i) there is an interruption in any  
23 of the Utilities to the Premises due to the gross negligence or willful misconduct of Landlord  
24 ("Utility Interruption") and (ii) the Utility Interruption materially, adversely interferes with Tenant's  
25 use and occupancy of the Premises such that Tenant cannot reasonably conduct business upon  
26 the Premises and (iii) Tenant does not use the Premises during the period of the Utility  
27 Interruption and (iv) Tenant has notified Landlord in writing of the Utility Interruption ("Utility  
28 Interruption Notice"), then if the Utility Interruption continues for three (3) consecutive days  
29 following the date Landlord receives the Utility Interruption Notice, Tenant's sole remedy shall  
30 be that Rent shall be abated until the date the Utility Interruption ceases. No such failure or  
31 interruption shall entitle Tenant to terminate this Lease.  
32

33 Tenant's Use of Alternative Electric Service Provider.  
34

- 35 1. In the event that Tenant wishes to utilize services of an alternative electricity  
36 service provider herein referred to as (ASP) rather than the public utility that is  
37 servicing the Shopping Center as of the date of Tenant's execution of this  
38 Lease, no such ASP shall be permitted to provide service to Tenant or to install  
39 its lines or other equipment within the Shopping Center, without obtaining the  
40 prior written consent of Landlord, which shall not be unreasonably withheld.  
41
- 42 2. Unless all of the following conditions are satisfied to Landlord's satisfaction in a  
43 written agreement between the ASP and Tenant or by any other means  
44 acceptable to Landlord, it shall be reasonable for Landlord to refuse its consent:  
45
  - 46 a. No expense to Landlord. Landlord shall incur no expense whatsoever  
47 with respect to any aspect of ASP's provision of its services, including  
48 without limitation, the cost of installation, service, and materials;  
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- b. ASP Supplies Insurance and Financial Verification. Prior to commencement of any work in or about the Shopping Center by ASP, ASP shall supply Landlord with verification that, in Landlord's sole judgment, ASP is (A) properly insured, and (B) financially capable of covering any uninsured damage;
- c. ASP will Follow Building Rules. Prior to the commencement of any work in or about the Shopping Center by ASP, ASP shall agree in writing to abide by such rules and regulations, job site rules, and such other requirements as reasonably determined by Landlord to be necessary to protect the interest of the Shopping Center;
- d. Sufficient Space for Equipment and Materials. Landlord reasonably determines that there is sufficient space in the Shopping Center for the placement of all of ASP's equipment and materials, including without limitation, in the electricity risers;
- e. ASP in Good Standing. ASP is, in Landlord's sole judgment, licensed and reputable, as shown in documents acceptable to Landlord;
- f. Compensation for Space. ASP agrees, in a license agreement signed by Landlord and ASP, to compensate Landlord the amount determined by Landlord for (A) space used in the Shopping Center for the storage and maintenance of ASP's equipment (ASP's Space); and (B) all costs that may be incurred by Landlord in arranging for access by ASP's personnel, security for ASP's equipment, and any other such costs as Landlord may incur;
- g. ASP Subject to Landlord's Supervision. ASP agrees that Landlord shall have the right to supervise ASP's performance of any work on or about the Shopping Center, including, without limitation, any installations or repairs;
- h. ASP Must Give Landlord Access. ASP agrees that Landlord shall have the right to enter ASP's Space at any time in the event of an emergency and at all reasonable times and upon reasonable notice for the purpose of (A) inspecting same; (B) making repairs to ASP's Space and performing work therein as may be necessary, in Landlord's judgment; or (C) exhibiting ASP's Space for purposes of sale, lease, ground lease, or financing.

Tenant shall not deem Landlord's consent under this Section any kind of warranty or representation as to the suitability or competence of ASP.

Tenant acknowledges and agrees that all electricity services serving the Premises which are desired by Tenant shall be ordered and utilized at the sole expense of Tenant.

Tenant agrees that to the extent service by ASP is interrupted, curtailed, or discontinued for whatever reason; Landlord shall have no obligation or liability with respect thereto.

1 Tenant shall indemnify and hold harmless Landlord for all losses, claims, demands, expenses,  
2 and judgments against Landlord caused by or arising out of, either directly or indirectly, any acts  
3 or omissions by ASP.  
4

5 Notwithstanding any provision herein to the contrary, the refusal of Landlord to consent to any  
6 prospective ASP shall not be deemed a default or breach by Landlord of its obligations under  
7 this Lease unless and until Landlord is adjudicated in a final and unappealable court decision to  
8 have acted recklessly or maliciously with respect to its refusal.  
9

10 Notwithstanding Tenant's rights hereunder, Landlord shall have the right at any time and from  
11 time to time during the Lease Term to require Tenant to contract for electricity service with a  
12 different ASP or ASP's ("Landlord's ASP") provided Tenant's use of Landlord's ASP shall lower  
13 Tenant's electricity costs and lower CAM cost.  
14

#### 15 ARTICLE 14 - Repairs and Maintenance – Full Service Lease 16

17 This is a full service lease. Except for janitorial services and supplies and the  
18 maintenance and repair of kitchen improvements and plate glass (and repairs arising from  
19 Tenant's negligence or improper use), the maintenance and repair of the Premises and HVAC  
20 serving the Premises is Landlord's responsibility. Landlord agrees at all times, from and after  
21 delivery of the Premises, and at its own cost and expense, and in compliance with all laws,  
22 ordinances, orders, rules, regulations and other governmental requirements, to repair, replace  
23 and maintain in good and tenantable condition the Premises and every part thereof and  
24 including without limitation the utility meters, pipes and conduits, all fixtures, air conditioning and  
25 heating equipment serving the Premises and other equipment therein, the store front or store  
26 fronts, all Tenant's signs, locks and closing devices, and all window sash, casement or frames,  
27 door and door frames, floor coverings, including carpeting, terrazzo or other special flooring,  
28 and all such items of repair, maintenance, alteration and improvement or reconstruction as may  
29 at any time or from time to time be required by a governmental agency having jurisdiction  
30 thereof. Landlord shall contract with a service company for the quarterly maintenance of the  
31 heating and air conditioning equipment. All glass, both exterior and interior, is at the sole risk of  
32 Tenant, and Tenant shall promptly replace any broken glass with glass of the same kind, size  
33 and quality.  
34

35 In the portion of the Premises that includes food preparation, Tenant shall: (a) contract  
36 with a service company for the service and maintenance of all mechanical exhaust devices,  
37 including but not limited to hoods, fans and air flues on a monthly, or more frequent if needed,  
38 basis; (b) maintain grease interceptors and/or traps as is required by governmental regulations  
39 and maintain and service such grease interceptors and traps on a scheduled basis.  
40

41 Landlord shall keep and maintain in good and tenantable condition and repair the roof,  
42 exterior walls, structural parts of the Premises and structural floor, pipes and conduits outside  
43 the Premises for the furnishing to the Premises of various utilities (except to the extent that the  
44 same are the obligations of the appropriate public utility company); provided however, that  
45 Landlord shall not be required to make repairs necessitated by reason of the negligence of  
46 Tenant or anyone claiming under Tenant, or by reason of the failure of Tenant to perform or  
47 observe any conditions or agreements in this Lease contained, or caused by alterations,  
48 additions, or improvements made by Tenant or anyone claiming under Tenant. Anything to the  
49 contrary notwithstanding contained in this Lease, Landlord shall not in any way be liable to  
50 Tenant for failure to make repairs as herein specifically required of it unless Tenant has

1 previously notified Landlord, in writing, of the need for such repairs and Landlord has failed to  
2 commence and complete said repairs within a reasonable period of time following receipt of  
3 Tenant's written notification.  
4

5 If Landlord refuses or neglects to make repairs and/or maintain the Premises, or any part  
6 thereof, in a manner reasonably satisfactory to Tenant, Tenant shall have the right, upon giving  
7 Tenant reasonable written notice of its election to do so, to make such repairs or perform such  
8 maintenance on behalf of and for the account of Landlord and Landlord shall reimburse Tenant  
9 the cost of such work within thirty (30) days of Landlord's receipt of a written invoice for the  
10 work.  
11

12 As used in this Article the expression "exterior walls" shall not be deemed to include  
13 store fronts, plate glass, window cases or window frames, doors or door frames, security grilles  
14 or similar enclosures.  
15

16 Upon any surrender of the Premises, Tenant shall redeliver the Premises to Landlord in  
17 good order, condition (broom-clean), and state of repair, ordinary wear and tear and casualty  
18 damages excepted, and excepting such items of repair as may be Landlord's obligation  
19 hereunder. Unless waived by Landlord in writing, Tenant shall accompany Landlord, or one of  
20 Landlord's authorized representatives, on a joint inspection of the Premises prior to such  
21 surrender and thereupon, deliver to Landlord the keys to said Premises.  
22

23 Tenant agrees to permit Landlord and its authorized representatives to enter the  
24 Premises at all times during business hours with reasonable prior notice to Tenant for the  
25 purpose of inspecting the same. Tenant further covenants and agrees that Landlord may go  
26 upon the Premises with reasonable prior notice to Tenant and make any necessary repairs to  
27 the Premises and perform any work therein (i) which is required under this Lease or which is  
28 necessary to comply with any laws, ordinances, rules or regulations of any public authority or of  
29 the Insurance Services Office or of any similar body, or (ii) that Landlord may deem necessary  
30 to prevent waste or deterioration in connection with the Premises if Tenant does not make or  
31 cause such repairs to be made or performed or cause such work to be performed promptly after  
32 receipt of written demand from Landlord, or (iii) that Landlord may deem necessary to perform  
33 construction work incidental to any portion of the Shopping Center adjacent to, above or below  
34 the Premises. In connection with Landlord's entry, Landlord shall take commercially reasonable  
35 steps to minimize interference with Tenant's business activities and operations. No exercise by  
36 Landlord of any rights herein reserved shall entitle Tenant to any compensation, damages or  
37 abatement of rent from Landlord for any injury or inconvenience occasioned thereby nor  
38 constitute any form of eviction of Tenant from the Premises or any part of the Premises.  
39

#### 40 ARTICLE 15 - Tenant's Right to Make Alterations 41

42 After the completion of Landlord's Work, Landlord agrees that Tenant may, at its own  
43 expense and after giving Landlord notice in writing of its intention to do so, from time to time  
44 during the Term hereof, make alterations, additions and changes in and to the interior of the  
45 Premises (except those of a structural nature or requiring a permit) as it may find necessary or  
46 convenient for its purposes, provided that the value of the Premises is not thereby diminished,  
47 and provided, however, that no alterations, additions or changes costing in excess of Ten  
48 Thousand Dollars (\$10,000.00) may be made without first procuring the approval in writing of  
49 Landlord, Landlord's Project Architect, or Landlord's Project Coordinator, which approval shall  
50 not be unreasonably withheld, conditioned or delayed. In addition, no alterations, additions or

1 changes shall be made to the exterior walls or roof of the Premises, any store front, including  
2 installation of security gates, security grills and/or other security devices, nor shall Tenant erect  
3 any mezzanine or increase the size of same, if one be initially constructed, unless and until the  
4 written consent and approval of Landlord shall first have been obtained. In no event shall  
5 Tenant make or cause to be made any penetration through the roof of the Premises without the  
6 prior written approval of Landlord. Tenant shall be directly responsible for any and all damages  
7 resulting from any violation of the provisions of this Article. All alterations, additions or changes  
8 to be made to the Premises which require the approval of Landlord shall be under the  
9 supervision of a competent architect or competent licensed structural engineer and made in  
10 accordance with plans and specifications with respect thereto, approved in writing by Landlord,  
11 Landlord's Project Architect or Landlord's Project Coordinator, before the commencement of  
12 work. All work with respect to any alterations, additions and changes must be done in a good  
13 and workmanlike manner, in compliance with all applicable governmental codes, ordinances,  
14 regulations, and be diligently prosecuted to completion to the end that the Premises shall at all  
15 times be a complete unit except during the period of work. Landlord shall not be required to  
16 perform or pay for any alterations which Tenant has elected to install. Upon completion of such  
17 work, Tenant shall file for record in the office of the County Recorder where the Shopping  
18 Center is located a Notice of Completion as required or permitted by law. Upon termination of  
19 Tenant's leasehold estate such alterations, additions or changes shall be considered as  
20 improvements and shall not be removed by Tenant but shall become a part of the Premises,  
21 except as otherwise approved by Landlord. Any such changes, alterations and improvements  
22 shall be performed and done strictly in accordance with the laws and ordinances relating  
23 thereto. In performing the work of any such alterations, additions or changes, Tenant shall have  
24 the work performed in such a manner as not to obstruct the access to the premises of any other  
25 tenant in the Shopping Center.

26  
27 In the event that Tenant shall make any permitted alterations, additions or improvements  
28 to the Premises under the terms and provisions of this Article 15, Tenant agrees upon its part to  
29 carry such insurance as required by Article 20C(iii) covering any such alterations, additions, or  
30 improvements, it being expressly understood and agreed that none of such alterations,  
31 additions, or improvements shall be insured by Landlord under any insurance it may carry upon  
32 the building of which the Premises are a part, nor shall Landlord be required under any  
33 provisions for reconstruction of the Premises to reinstall any such alterations, improvements or  
34 additions.

35  
36 Notwithstanding anything to the contrary herein, Tenant may install card readers and  
37 alarm systems, and window coverings at Tenant's sole expense. Landlord to install all wiring  
38 and cabling for Tenant's alarm system and security needs. Tenant shall provide to the Landlord  
39 the specifications for cabling and wiring for its card readers and alarm systems.

40  
41 ARTICLE 16 - Mechanics' Liens

42  
43 Tenant agrees that, except for Landlord's Work, it will pay or cause to be paid all costs  
44 for work done by it or caused to be done by it on the Premises, and Tenant will keep the  
45 Premises free and clear of all Mechanics' Liens and other liens on account of work done for  
46 Tenant or persons claiming under it. Tenant agrees to and shall indemnify, defend and save  
47 Landlord free and harmless against any and all claims, liability, loss, damage, costs, attorneys'  
48 fees and all other expenses on account of claims of lien of laborers or materialmen or others for  
49 work performed or materials or supplies furnished for Tenant or persons claiming under it,  
50 except for liens and claims arising from Landlord's Work.

1 If Tenant shall desire to contest any liens or claims, it shall furnish Landlord adequate  
2 security of the value or in the amount of the claim, plus estimated costs and interest, or a bond  
3 of a responsible corporate surety in such amount conditioned on the discharge of the lien. If a  
4 final judgment establishing the validity or existence of a lien for any amount is entered, Tenant  
5 shall pay and satisfy the same at once.  
6

7 If Tenant shall be in default paying any charge for which a Mechanics' Lien claim and  
8 suit to foreclose the lien have been filed, and shall not have given Landlord security to protect  
9 the property and Landlord against such claim of lien, Landlord may (but shall not be so required  
10 to) pay the said claim and any costs, and the amount so paid, together with reasonable  
11 attorneys' fees incurred in connection therewith, shall be immediately due and owing from  
12 Tenant to Landlord, and Tenant shall pay the same to Landlord with interest at the highest rate  
13 allowable under the Usury Laws of the State of California from the dates of Landlord's  
14 payments. Should any claims of lien be filed against the Premises, or any action affecting the  
15 title to such property be commenced, the party receiving notice of such lien or action shall  
16 forthwith give the other party written notice thereof.  
17

18 Landlord or its representatives shall have the right to go upon and inspect the Premises  
19 at all reasonable times and shall have the right to post and keep posted thereon Notices of Non-  
20 Responsibility, or such other notices which Landlord may deem to be proper for the protection of  
21 Landlord's interest in the Premises. Tenant shall, before the commencement of any work that  
22 might result in any such lien, give to Landlord written notice of its intention to do so in sufficient  
23 time to enable the posting of such notices.  
24

#### 25 ARTICLE 17 - Fixtures and Personal Property

26

27 Any trade fixtures, signs and other personal property of Tenant not permanently affixed  
28 to the Premises shall remain the property of Tenant and Landlord agrees that Tenant shall have  
29 the right, provided Tenant is not in default under the terms of this Lease, at any time, and from  
30 time to time, to remove any and all of its trade fixtures, signs, and other personal property which  
31 it may have stored or installed in the Premises, including but not limiting the same to counters,  
32 shelving, showcases, mirrors and other movable personal property. Nothing in this Article  
33 contained shall be deemed or construed to permit or allow Tenant to remove so much of such  
34 personal property, without the immediate replacement thereof with similar personal property of  
35 comparable or better quality, as to render the Premises unsuitable for conducting the type of  
36 business specified in Exhibit "B" attached hereto. Tenant, at its expense, shall immediately  
37 repair any damage occasioned to the Premises by reason of the removal of any such trade  
38 fixtures and other personal property, and upon the last day of the Lease Term or a date of  
39 earlier termination of this Lease, shall leave the Premises in a neat and broom-clean condition,  
40 free of debris, and any Hazardous Materials (as such are defined in Article 35 herein). All trade  
41 fixtures, signs and other personal property installed in or attached to the Premises by Tenant  
42 must be new when so installed or attached.  
43

44 All improvements to the Premises, including, but not limited to light fixtures, floor  
45 coverings, partitions, but excluding Tenant's furniture, fixtures and equipment (including kitchen  
46 equipment) installed by Tenant, shall become the property of Landlord upon expiration or earlier  
47 termination of this Lease. Landlord may require Tenant, at Tenant's sole cost and expense, to  
48 remove Tenant's exterior sign(s), which Tenant shall do so within fifteen (15) days after such  
49 request.  
50

1 Tenant shall pay, before delinquency, any taxes, assessments, license fees and public  
2 charges levied, assessed or imposed upon its business operation, as well as upon its trade  
3 fixtures, leasehold improvements made by Tenant (including, but not limited to, those Tenant is  
4 required to make in accordance with the provisions of Exhibit "C" hereof), merchandise and  
5 other personal property in, on or upon the Premises. In the event any such items of property  
6 are assessed with property of the Landlord, then, and in such event, such assessment shall be  
7 equitably divided between Landlord and Tenant to the end that Tenant shall pay only its  
8 equitable proportion of such assessment. Landlord shall determine the basis of prorating any  
9 such assessments and such determination shall be binding upon both Landlord and Tenant.

10  
11 ARTICLE 18 - Quiet Possession

12  
13 Landlord agrees that Tenant, upon paying the rent and performing the covenants and  
14 conditions of this Lease, may quietly have, hold and enjoy the Premises during the term hereof  
15 or any extension thereof; subject, however, to the provisions of Landlord's right to enter in  
16 Article 14, to the Agreement referred to in Article 22 of this Lease, and to any mortgages,  
17 ground or underlying leases, agreements and encumbrances to which this Lease is or may be  
18 subordinate, as set forth in Articles 23 and 28, and further subject to Landlord's right to expand  
19 and/or remodel the Shopping Center as provided herein.

20  
21 ARTICLE 19 - Reconstruction

22  
23 A. In the event the Premises be damaged by fire or other perils covered by  
24 Landlord's insurance, Landlord shall:

25  
26 (i) Within a period of ninety (90) days thereafter, commence repair,  
27 reconstruction and restoration of said Premises and prosecute the same  
28 diligently to completion, in which event this Lease shall continue in full force and  
29 effect; or,

30  
31 (ii) In the event of a partial or total destruction of the Premises during the last  
32 two (2) years of the term hereof, Landlord or Tenant shall have the option to  
33 terminate this Lease upon giving written notice to the other party of exercise  
34 thereof within thirty (30) days after such destruction. For purposes of this  
35 paragraph (ii), "partial destruction" shall be deemed a destruction to an extent of  
36 at least thirty-three and one-third percent (33-1/3%) of the then full replacement  
37 cost of the Premises as of the date of destruction.

38  
39 B. In the event the Premises shall be damaged as a result of any flood, earthquake  
40 (if there is no insurance for such flood or earthquake), act of war, nuclear reaction,  
41 nuclear radiation or radioactive contamination, or from any other casualty not covered by  
42 Landlord's insurance, to any extent whatsoever, Landlord may, within ninety (90) days  
43 following the date of such damage, commence repair, reconstruction or restoration of  
44 said Premises and prosecute the same diligently to completion, in which event this  
45 Lease shall continue in full force and effect, or within said ninety (90) day period, elect  
46 not to so repair, reconstruct or restore said Premises, in which event this Lease shall  
47 cease and terminate. In either event Landlord shall give Tenant written notice of its  
48 intention within said ninety (90) day period.



1 C. In the event of any reconstruction of the Premises under this Article 19, said  
2 reconstruction shall be in strict conformity with the provisions of Exhibit "C" hereof, and  
3 to the extent work as therein set forth as "Scope of Landlord's Work". Notwithstanding  
4 that Landlord's contractor shall perform all reconstruction work unless Landlord shall  
5 otherwise agree in writing, Landlord's obligation to reconstruct the Premises shall be to  
6 the extent of the work as described in "Scope of Landlord's Work" in Exhibit "C" hereof;  
7 Tenant, at its sole cost and expense, shall be responsible for the repair and restoration  
8 of all items set forth in "Scope of Tenant's Work" in said Exhibit "C" and the replacement  
9 of its stock in trade, trade fixtures, furniture, furnishings and equipment, subject to  
10 available funding. Tenant shall commence such installation of fixtures, equipment and  
11 merchandise promptly upon delivery to it of possession of the Premises and shall  
12 diligently prosecute such installation to completion.  
13

14 D. Upon any termination of this Lease under any of the provisions of this Article, the  
15 parties shall be released thereby without further obligations to each other coincident with  
16 the surrender of possession of the Premises to Landlord, except for items that have  
17 theretofore accrued and be then unpaid. In the event of termination, all proceeds from  
18 Tenant's fire and extended coverage insurance under Article 20C (iii) covering items set  
19 forth in "Description of Tenant's Work" in Exhibit "C", and Tenant's leasehold  
20 improvements, but excluding proceeds for trade fixtures, merchandise, signs and other  
21 personal property, shall be disbursed and paid to Landlord.  
22

23 E. In the event of repair, reconstruction and restoration as herein provided, the Rent  
24 provided to be paid under Article 1 hereof shall be abated proportionately with the  
25 degree to which Tenant's use of the Premises is impaired commencing from the date of  
26 destruction and continuing during the period of such repair, reconstruction or restoration.  
27 Tenant shall continue the operation of its business on the Premises during any such  
28 period to the extent reasonably practicable from the standpoint of prudent business  
29 management; and the obligation of Tenant hereunder to pay Rent shall remain in full  
30 force and effect. Tenant shall not be entitled to any compensation or damages from  
31 Landlord for loss of the use of the whole or any part of the Premises, or the building of  
32 which the Premises are a part, Tenant's personal property or any inconvenience or  
33 annoyance occasioned by such damage, repair, reconstruction or restoration.  
34

35 F. Tenant hereby waives any statutory rights of termination which may arise by  
36 reason of any partial or total destruction of the Premises, which Landlord is obligated to  
37 restore, or may restore, under any provision of this Lease.  
38

39 ARTICLE 20 - Indemnity; Insurance; Waiver of Subrogation  
40

41 A. Tenant covenants with Landlord from and after the Effective Date, that Landlord shall not  
42 be liable for any damage or liability of any kind or for any injury to or death of persons or  
43 damage to property of Tenant or any other person from any cause whatsoever, by reason of the  
44 use, occupancy and enjoyment of the Premises by Tenant or any person thereon or holding  
45 under said Tenant, and that Tenant to the fullest extent permitted by law, will indemnify and  
46 save harmless Landlord from all liability whatsoever, on account of any such real or claimed  
47 damage or injury and from all liens, claims and demands arising out of the use of the Premises,  
48 but Tenant shall not be liable for damage or injury to the extent occasioned by the negligence or  
49 willful misconduct of Landlord and its designated agents, servants or employees, unless  
50 covered by insurance Tenant is required to provide.

1 Landlord to the fullest extent permitted by law, will indemnify and save harmless Tenant  
2 from all liability whatsoever, on account of any such real or claimed damage or injury  
3 arising from the Landlord's use or occupancy of the Common Areas to the extent due to  
4 the negligence or willful misconduct of Landlord or its representatives, but Landlord  
5 shall have no obligation to indemnify and/or hold Tenant harmless against claims for  
6 damages sustained as a consequence of the negligence or willful misconduct of Tenant  
7 and/or of its agents, servants or employees. Landlord's obligation to indemnify shall  
8 survive the expiration or termination of this Lease for acts which occurred prior to  
9 termination.

10  
11 This obligation to indemnify shall include reasonable attorneys' fees and  
12 investigation costs and all other reasonable costs, expenses and liabilities from first  
13 notice that any claim or demand is to be made or may be made. Tenant's obligation to  
14 indemnify shall survive the expiration or termination of this Lease for acts which occurred  
15 prior to the later of termination or surrender and vacation of the Premises. Tenant's  
16 covenants to indemnify Landlord are not intended to and shall not be interpreted in any  
17 manner that limits Tenant's insurance obligation nor the obligations of any insurance  
18 carrier of its obligations under the policies required to be carried by this Lease.  
19

20 B. Landlord and Tenant hereby waive any rights each may have against the other  
21 and Tenant hereby waives any rights it may have against the Master Ground Lessor, if  
22 any, and any of the parties to the Agreement referred to in Article 22 hereof on account  
23 of any loss or damage occasioned to Landlord or Tenant, as the case may be, their  
24 respective property, the Premises, or its contents or to other portions of the Shopping  
25 Center, arising from any risk generally covered by "All Risk" insurance; and the parties  
26 each, on behalf of their respective insurance companies insuring the property of either  
27 Landlord or Tenant against any such loss, waive any right of subrogation that it may  
28 have against any Master Ground Lessor, and Landlord or Tenant, as the case may be.  
29 Tenant, on behalf of its insurance companies insuring the Premises, its contents,  
30 Tenant's other property or other portions of the Shopping Center, waives any right of  
31 subrogation which such insurer or insurers may have against any Master Ground  
32 Lessor, and any of the parties to the Agreement referred to in Article 22 hereof. The  
33 foregoing waivers of subrogation shall be operative only so long as available in the state  
34 where the Shopping Center is situated and do not invalidate any such policy.  
35

36 C. Tenant further covenants and agrees that from and after the Effective Date,  
37 Tenant will carry and maintain, at its sole cost and expense, the following types of  
38 insurance, in the amounts specified in the form hereinafter provided for:  
39

40 (i) PUBLIC LIABILITY AND PROPERTY DAMAGE. A commercial general  
41 liability policy providing for bodily injury and property damage liability insurance,  
42 with coverage limits of not less than Two Million Dollars (\$2,000,000.00)  
43 combined each occurrence, and Two Million Dollars (\$2,000,000.00) in the  
44 aggregate insuring against any and all liability of the insured with respect to said  
45 Premises or arising out of the maintenance, use, or occupancy thereof. All such  
46 bodily injury liability insurance and property damage liability insurance shall  
47 specifically insure the performance by Tenant of the indemnity agreement as to  
48 liability for injury to or death of persons, and injury or damage to property in this  
49 Article 20 contained.

1 (ii) TENANT IMPROVEMENTS. Insurance covering all of the items specified as  
2 "Tenant's Work" in Exhibit "C", Tenant's leasehold improvements, alterations,  
3 additions or improvements permitted under Article 15, trade fixtures, equipment  
4 (including air conditioning equipment and systems serving the Premises),  
5 merchandise and personal property from time to time in, on or upon the  
6 Premises, in an amount not less than eighty percent (80%) of their full  
7 replacement cost from time to time during the term of this Lease, providing  
8 protection against any peril included within the classification "All Risk", together  
9 with insurance against sprinkler damage, vandalism and malicious mischief. Any  
10 policy proceeds shall be used for the repair or replacement of the property  
11 damaged or destroyed unless this Lease shall cease and terminate under the  
12 provisions of Article 19 hereof.  
13

14 (iii) All Insurance coverages required by Exhibit "C" and elsewhere in this Lease.  
15

16 (iv) DRAM SHOP LIABILITY. If this Lease covers Premises in which alcoholic  
17 beverages are sold and/or consumed, said liability insurance shall not exclude  
18 liability for violation of any governmental statute, ordinance, regulation or rule  
19 pertaining to the sale, gift, distribution or use of any alcoholic beverages, or  
20 liability by reason of the selling, serving or giving of any alcoholic beverage to a  
21 minor or to a person under the influence of alcohol, or which causes or  
22 contributes to the intoxication of any persons. Accordingly, the indemnification  
23 obligations under Paragraph A of this Article 20 shall extend, as well, to damage  
24 occurring elsewhere than in, on or upon the Premises resulting from risks  
25 insurable by so-called dram shop liability insurance.  
26

27 (v) POLICY FORM. All policies of insurance provided for herein shall be issued  
28 by insurance companies with general policy holder's rating of not less than A and  
29 a financial rating of not less than Class X as rated in the most current available  
30 "Best's" Insurance Reports, qualified to do business in the State where the  
31 Shopping Center is situated, or by Tenant's self-insurance program organized  
32 through the CSAC Excess Insurance Authority, a Joint Powers Agency. Any such  
33 program of self-insurance shall be deemed to contain all of the terms and  
34 conditions applicable to such insurance as required pursuant to the terms of this  
35 Article 20 including, without limitation, (i) a full waiver of subrogation and (ii)  
36 formal claims adjustment, investigation and legal defense programs. Tenant  
37 shall be obligated to pay the amount of any deductible or self-insurance provided  
38 under any insurance which Tenant is required to maintain hereunder. All such  
39 policies shall be issued in the names of Tenant and Landlord as additional  
40 named insured(s), and if requested by Landlord, Landlord's mortgagee or  
41 beneficiary and Landlord's Master Ground Lessor, if any, as additional named  
42 insureds, which policies shall be for the mutual and joint benefit and protection of  
43 Landlord, Tenant and Landlord's mortgagee or beneficiary, and Landlord's  
44 Master Ground Lessor, if any. Executed copies of such policies of insurance or  
45 certificates thereof shall be delivered to Landlord within ten (10) days after the  
46 Effective Date and thereafter, executed copies of renewal policies or certificates  
47 thereof shall be delivered to Landlord within thirty (30) days prior to the expiration  
48 of the term of each such policy. All public liability and property damage policies  
49 shall contain a provision that Landlord, although named as an additional insured,  
50 shall nevertheless be entitled to recovery under said policies for any loss

1 occasioned to it, its servants, agents and employees by reason of the negligence  
2 of Tenant. As often as any such policy shall expire or terminate, renewal or  
3 additional policies shall be procured and maintained by Tenant in like manner  
4 and to like extent. All policies of insurance delivered to Landlord must contain a  
5 provision that the company writing said policy will give to Landlord twenty (20)  
6 days' notice in writing in advance of any cancellation or lapse of the effective  
7 date or any reduction in the amounts of insurance. All public liability, property  
8 damage and other casualty policies shall be written as primary policies, not  
9 contributing with and not in excess of coverage which Landlord may carry.

10  
11 D. Notwithstanding anything to the contrary contained within this Article 20, Tenant's  
12 obligations to carry the insurance provided for herein may be brought within the  
13 coverage of a so-called blanket policy or policies of insurance carried and maintained by  
14 Tenant; provided, however, that Landlord and Landlord's mortgagee or beneficiary and  
15 Landlord's Master Ground Lessor, if any, shall be named as additional named insureds  
16 thereunder as their interests may appear and that the coverage afforded Landlord will  
17 not be reduced or diminished by reason of the use of such blanket policy of insurance,  
18 and provided further that the requirements set forth herein are otherwise satisfied. If  
19 Landlord, Landlord's insurance advisor, or Landlord's lender reasonably conclude that  
20 the amounts of coverage or coverages required by this Article 20 are no longer  
21 adequate, then Tenant shall increase or obtain the insurance coverage required by  
22 Landlord, Landlord's insurance advisor or Landlord's lender. Tenant agrees to permit  
23 Landlord at all reasonable times to inspect the policies of insurance of Tenant covering  
24 risks upon the Premises for which policies or copies thereof are not required to be  
25 delivered to Landlord. Tenant agrees that if Tenant fails to provide the insurance  
26 required in this Article 20, with evidence thereof to Landlord, then Landlord, in addition to  
27 any other remedies, may, after ten (10) days prior written notice to Tenant, obtain such  
28 insurance at Tenant's sole cost and expense and Tenant agrees to reimburse Landlord  
29 for such insurance, as "Additional Rent", within ten (10) days after Landlord sends  
30 Tenant notice thereof.

31  
32 E. Landlord shall at all times from and after the Effective Date, maintain in effect a  
33 policy or policies of insurance covering the building of which the Premises are a part, in  
34 an amount not less than eighty percent (80%) of the full replacement cost (exclusive of  
35 the cost of excavations, foundations and footings) from time to time during the term of  
36 this Lease (or the amount of such insurance Landlord's mortgage lender requires  
37 Landlord to maintain, whichever is the greater), providing protection against any peril  
38 generally included within the classification "All Risk Coverage", together with insurance  
39 against Rent interruption, sprinkler damage, vandalism and malicious mischief, and, at  
40 Landlord's option or if a requirement of Landlord's Lender, earthquake, flood or such  
41 other protective insurance. Landlord's obligation to carry the insurance provided for  
42 herein may be brought within the coverage of any so-called blanket policy or policies of  
43 insurance carried and maintained by Landlord, provided that the coverage afforded will  
44 not be reduced or diminished by reason of the use of such blanket policy of insurance.

45  
46 Tenant shall procure and maintain plate glass insurance on the Premises.

47  
48 Tenant agrees that it will not at any time during the term of this Lease carry any  
49 stock or goods or do anything in or about the Premises which will in any way tend to  
50 increase the insurance rates upon the building of which the Premises are a part. Tenant

1 agrees to pay Landlord forthwith upon demand the amount of any increase in premiums  
2 for insurance against loss by fire that may be charged during the term of this Lease on  
3 the amount of insurance to be carried by Landlord on the building of which the Premises  
4 are a part resulting from the foregoing or from Tenant doing any act in or about said  
5 Premises which does so increase the insurance rates, whether or not the Landlord shall  
6 have consented to such act on the part of Tenant.  
7

8 If Tenant installs upon the Premises any electrical equipment which constitutes  
9 an overload of the electrical lines of the Premises, Tenant shall at its own expense make  
10 whatever changes are necessary to comply with the requirements of the insurance  
11 underwriters and any governmental authority having jurisdiction thereover, but nothing  
12 herein contained shall be deemed to constitute Landlord's consent to such overloading.  
13 Tenant shall, at its own expense, comply with all requirements, including the installation  
14 of fire extinguishers or automatic dry chemical extinguishing system, of the insurance  
15 underwriters, Insurance Services Office, or any governmental authority having  
16 jurisdiction thereover, necessary for the maintenance of reasonable fire and extended  
17 coverage insurance for the Premises. Tenant shall not do anything that may prevent or  
18 block the flow of water from the sprinkler system located in the Premises.  
19

20 ARTICLE 21 - Assigning, Mortgaging, Subletting, Change in Ownership  
21

22 A. As used in this Article, the following definitions shall apply:  
23

24 1. "Transfer" means:  
25

26 a. Any voluntary, unconditional and present assignment of Tenant's  
27 entire interest, rights, and duties in the Lease and the Premises, including  
28 Tenant's right to use, occupy and possess the Premises, or a sublease of  
29 Tenant's right to use, occupy and possess the Premises, in whole or in  
30 part, except as set forth below.  
31

32 b. The following shall be deemed a Transfer within the meaning and  
33 provisions of this Article 21A: A transfer by operation of law or otherwise,  
34 of Tenant's interest in this Lease.  
35

36 2. "Transferee" means any proposed assignee, sublessee, mortgagee,  
37 pledgee, beneficiary or other recipient of Tenant's interest, rights or duties in this  
38 Lease or in the Premises;  
39

40 3. "Encumbrance" means any conditional, contingent or deferred  
41 assignment or sublease voluntarily made by Tenant of some of Tenant's interest,  
42 rights, or duties in the Lease or the Premises, including Tenant's right to use,  
43 occupy or possess the Premises, in whole or in part, including without limitation,  
44 any mortgage, pledge, hypothecation, lien, franchise, license, concession or  
45 other security arrangement;  
46

47 4. "Occupancy Transaction" means any assignment, transfer, encumbrance,  
48 or other arrangements whereby the identity of the person or persons using,  
49 occupying or possessing the Premises, changes or may change, whether such

1 change is of an immediate, deferred, conditional, exclusive, non-exclusive,  
2 permanent or temporary nature.

3  
4 B. Tenant shall not, and shall not have the power to:

5  
6 1. Enter into an Occupancy Transaction, including Encumbrance, without  
7 first procuring the written consent of Landlord, which consent shall not be  
8 unreasonably withheld. Any attempted or purported Occupancy Transaction  
9 without Landlord's written consent shall be void and confer no rights upon any  
10 third person. Without in any way limiting Landlord's right to refuse to give such  
11 consent for any other reason or reasons, the parties agree it shall be reasonable  
12 for Landlord to withhold its consent if any of the following situations exist or may  
13 exist:

14  
15 a. The Transferee's use of the Premises following the transfer  
16 conflicts with the "Use of Premises" portion of Exhibit "B";

17  
18 b. The Transfer would breach any covenant of Landlord respecting  
19 radius, location, use or exclusivity in any other Lease, financing  
20 agreement, or other agreement relating to the Shopping Center; and

21  
22 c. The Transferee requires any change or changes to the provisions  
23 of the Lease.

24  
25 C. Nothing herein contained shall relieve Tenant or any Guarantor from its  
26 covenants and obligations for the term of this Lease. Tenant agrees to reimburse  
27 Landlord for Landlord's reasonable administration and/or attorneys' fees incurred in  
28 conjunction with the processing and documentation of any such requested Occupancy  
29 Transaction with respect to this Lease or Tenant's interest in and to the Premises.

30  
31 D. Each Occupancy Transaction to which there has been consent shall be by an  
32 instrument in writing in form satisfactory to Landlord, and shall be executed by the  
33 Tenant and the Transferee. By such instrument, Transferee shall agree in writing for the  
34 benefit of Landlord herein to assume, to be bound by, and to perform the terms,  
35 covenants and conditions of this Lease to be done, kept and performed by Tenant,  
36 including the payment of all amounts due or to become due under this Lease directly to  
37 Landlord. One executed copy of such written instrument shall be delivered to Landlord.  
38 Failure to first obtain in writing Landlord's consent or failure to comply with the provisions  
39 of this Article shall operate to prevent any such Occupancy Transaction from becoming  
40 effective.

41  
42 E. Should Tenant desire to enter into an Occupancy Transaction, Tenant shall  
43 request in writing, Landlord's consent to such transaction at least sixty (60) days before  
44 the effective date of any such transfer, providing the following:

45  
46 1. The full particulars of the proposed transaction, including its nature,  
47 effective date, terms and conditions, and copies of any offers, draft agreements,  
48 subleases, letters of commitment or intent, and other documents pertaining to  
49 such proposed transaction;

1                   2.     Any further information relevant to the transaction which Landlord shall  
2                   have requested within fifteen (15) days after receipt of Tenant's request for  
3                   consent; and  
4

5                   3.     A statement that Tenant intends to consummate the transaction if  
6                   Landlord consents thereto.  
7

8                   F.     Within thirty (30) days after receipt of Tenant's request for consent, Landlord may  
9                   respond as follows:  
10

11                   1.     Consent to the Transfer, subject to Article 21E above; or  
12

13                   2.     Refuse to consent to the Transfer based on Article 21B above.  
14

15                   G.     Tenant acknowledges and agrees that each of Landlord's restrictions on transfer  
16                   set forth in this Article 21 constitute reasonable restrictions for the purposes of California  
17                   Civil Code, Section 1951.4 and Section 1995.250.  
18

19                   H.     Notwithstanding anything to the contrary herein, Landlord's Consent to Transfer  
20                   is hereby given to Tenant for any sublease or license of the Premises or portions thereof  
21                   to nonprofit agencies and other governmental organizations. Such consent is hereby  
22                   given without the necessity of obtaining any further consent from Landlord.  
23

24     ARTICLE 22 -     Title of Landlord  
25

26                   The Landlord covenants that as of the date hereof there are no liens upon its estate  
27                   other than (a) the effect of covenants, conditions, restrictions, easements, mortgages or deeds  
28                   of trust, any ground lease of record, any rights of way of record, and any other matters or  
29                   documents of record, including but not limited to any agreements or documents, recorded or  
30                   unrecorded, establishing protective covenants, conditions and restrictions, and amendments  
31                   thereto, which protective covenants, conditions and restrictions are hereinafter collectively  
32                   referred to as the "Agreement" (it being understood that the aforementioned Agreement shall  
33                   not prevent Tenant from using the Premises for the purposes set forth in Exhibit "B" to this  
34                   Lease); (b) the effect of any zoning laws of the City, County and State where the Shopping  
35                   Center is situated; and (c) general and special taxes not delinquent.  
36

37                   As to its leasehold estate, Tenant and all persons in possession or holding under it, will  
38                   conform to and will not violate the terms of the aforementioned Agreement, any amendments  
39                   thereto, or said matters of record. Tenant acknowledges that any first mortgagee or first deed of  
40                   trust, trustee, or beneficiary has the right to subordinate at any time its interest in this Lease and  
41                   the leasehold estate to that of Tenant, without Tenant's consent. Tenant acknowledges that this  
42                   Lease is subordinate to the Agreement and any amendments or modifications thereof.  
43

44     ARTICLE 23 -     Subordination; Attornment  
45

46                   Within ten (10) days after the receipt of a written request from Landlord, or any  
47                   mortgagee, trustee, or beneficiary of Landlord, Tenant will in writing subordinate its rights  
48                   hereunder to the lien or security interest of any mortgage, deed of trust, or any interest of any  
49                   ground lessor of the land upon which the Premises are situated, now or hereafter in force  
50                   against the land and building of which the Premises are a part, and upon any building hereafter

1 placed upon the land of which the Premises are a part, and to all advances made or hereafter to  
2 be made upon the security thereof.

3  
4 This Lease shall become subordinate to the lien of any mortgage, deed of trust, ground  
5 or master lease, sale-leaseback transaction or other security instrument (any one or more of the  
6 foregoing individually or collectively called an "Encumbrance") which shall hereafter be placed  
7 on the Premises. Landlord agrees to use commercially reasonable efforts to obtain from the  
8 holder of an encumbrance hereafter placed against the Premises, a non-disturbance agreement  
9 in recordable form which provides that in the event of any foreclosure, sale under a power of  
10 sale, ground or master lease termination or transfer in lieu of any of the foregoing or the  
11 exercise of any other remedy pursuant to any such encumbrance (a) Tenant's use, possession  
12 and enjoyment of the Premises shall not be disturbed and this Lease shall continue in full force  
13 and effect so long as Tenant is not in default hereunder, and (b) this Lease shall automatically  
14 and unconditionally become a direct lease between any successor to Landlord's interest, as  
15 landlord, and Tenant as if such successor were the Landlord originally named hereunder.

16  
17 In the event of any sale, transfer or exchange by the Landlord of the Premises, the realty  
18 of which the Premises is a part of this Lease or in the event any proceedings are brought for  
19 foreclosure, or in the event of the exercise of the power of sale under any mortgage or deed of  
20 trust made by Landlord covering the Premises, Tenant shall attorn to the purchaser upon any  
21 such sale, transfer, exchange or foreclosure, and recognize such purchaser as Landlord under  
22 this Lease, provided that the purchaser shall acquire and accept the Premises subject to this  
23 Lease. The foregoing notwithstanding, in accepting the Premises subject to this Lease, said  
24 mortgagee or purchaser shall not be bound by (i) any prepayment of more than one (1) month's  
25 Rent (except for payments under Article 34), or (ii) any material amendment of this Lease made  
26 after the Effective Date or such date as the mortgagee's or purchaser's lien or interest first  
27 arose, unless such mortgagee or purchaser shall have consented to such amendment.

28  
29 Within ten (10) days after receipt of a written request therefor from Landlord, or in the  
30 event that upon any sale, transfer, exchange, assignment or hypothecation of the Premises or  
31 the land thereunder by Landlord, an offset statement shall be required from Tenant, Tenant  
32 agrees to deliver in recordable form a certificate addressed to any such proposed mortgagee or  
33 purchaser or to Landlord certifying that this Lease is in full force and effect (if such be the case)  
34 and that there are no defenses or offsets thereto or stating those claimed by Tenant.

35  
36 ARTICLE 24 - Bankruptcy; Insolvency

37  
38 Tenant agrees, in the event (i) all or substantially all of Tenant's assets are placed in the  
39 hands of a receiver or trustee, and such receivership or trusteeship continues for a period of  
40 thirty (30) days, or (ii) Tenant makes an assignment for the benefit of creditors or is finally  
41 adjudicated a bankrupt, or (iii) Tenant institutes any proceedings under the Bankruptcy Act as  
42 the same now exists or under any amendment thereto which may hereafter be enacted, or  
43 under any other act relating to the subject of bankruptcy wherein Tenant seeks to be  
44 adjudicated a bankrupt, or to be discharged of its debts, or to effect a plan of liquidation,  
45 composition or reorganization, or should any involuntary proceeding be filed against Tenant  
46 under any such bankruptcy laws, then this Lease and any interest of Tenant in and to the  
47 Premises shall not become an asset in any of such proceedings and, in any such events and in  
48 addition to any and all rights or remedies of Landlord hereunder or by law provided, it shall be  
49 lawful for Landlord to declare the term hereof ended and to re-enter the Premises and take  
50 possession thereof and remove all persons therefrom, and Tenant shall have no further claim



1 thereon or hereunder. The provisions of this Article 24 shall also apply to any Guarantor of this  
2 Lease.

3  
4 ARTICLE 25 - Defaults by Tenant

5  
6 Should Tenant at any time be in default hereunder with respect to any Rent payments or  
7 other charges payable by Tenant hereunder, and should such default continue for a period of  
8 ten (10) days after written notice from Landlord to Tenant; or should Tenant be in default in the  
9 prompt and full performance of any other of its promises, covenants or agreements herein  
10 contained and should such default or breach of performance continue for more than thirty (30)  
11 days after written notice thereof from Landlord to Tenant specifying the particulars of such  
12 default or breach of performance; (provided, however, that if such default cannot be cured within  
13 said thirty (30) day period, Tenant shall be deemed to have cured said default if Tenant so  
14 notifies Landlord in writing within said thirty (30) day period, and diligently, and in good faith,  
15 continues with and actually completes said cure) but in no event shall such period extend  
16 beyond sixty (60) days from the date of giving such notice); or should Tenant vacate or abandon  
17 the Premises; then Landlord may treat the occurrence of any one or more of the foregoing  
18 events as a breach of this Lease, and in addition to any or all other rights or remedies of  
19 Landlord hereunder and by the law provided, it shall be, at the option of Landlord, without  
20 further notice or demand of any kind to Tenant or any other person:

21  
22 a. The right of Landlord, to declare the term hereof ended and to re-enter  
23 the Premises and take possession thereof and remove all persons therefrom,  
24 and Tenant shall have no further claim thereon or hereunder.

25  
26 b. The right of Landlord without declaring this Lease ended to re-enter the  
27 Premises and occupy the whole or any part thereof for and on account of Tenant  
28 and to collect said rent and any other rent that may thereafter become payable.

29  
30 c. The right of Landlord, even though it may have reentered the Premises,  
31 to thereafter elect to terminate this Lease and all of the rights of Tenant in or to  
32 the Premises.

33  
34 Should Landlord have reentered the Premises under the provisions of sub-paragraph (b)  
35 above, Landlord shall not be deemed to have terminated this Lease, or the liability of Tenant to  
36 pay rent thereafter to accrue, or its liability for damages under any of the provisions hereof, by  
37 any such reentry or by any action in unlawful detainer, or otherwise, to obtain possession of the  
38 Premises, unless Landlord shall have notified Tenant in writing that it has so elected to  
39 terminate this Lease, and Tenant further covenants that the service by Landlord of any notice  
40 pursuant to the unlawful detainer statutes of the State where the Shopping Center is situated  
41 and the surrender of possession pursuant to such notice shall not (unless Landlord elects to the  
42 contrary at the time of or at any time subsequent to the serving of such notices and such  
43 election is evidenced by a written notice to Tenant) be deemed to be a termination of this Lease.  
44 In the event of an entry or taking possession of the Premises as aforesaid, Landlord shall have  
45 the right, but not the obligation, to remove therefrom all or any part of the personal property  
46 located therein and may place the same in storage at a public warehouse at the expense and  
47 risk of the owner or owners thereof.

48  
49 Should Landlord elect to terminate this Lease under the provisions of sub-paragraph (a)  
50 or (c) above, Landlord may recover from Tenant as damages:

1  
2 (i) The worth at the time of award of any unpaid rent which had been  
3 earned at the time of such termination; plus,  
4

5 (ii) The worth at the time of award of the amount by which the unpaid rent  
6 which would have been earned after termination until the time of award  
7 exceeds the amount of such Rent loss Tenant proves could have been  
8 reasonably avoided; plus,  
9

10 (iii) The worth at the time of award of the amount by which the unpaid rent  
11 for the balance of the term after the time of award exceeds the amount of  
12 such Rent loss that Tenant proves could be reasonably avoided; plus,  
13

14 (iv) Any other amount necessary to compensate Landlord for all the  
15 detriment proximately caused by Tenant's failure to perform his  
16 obligations under this Lease or which in the ordinary course of things  
17 would be likely to result therefrom, including, but not limited to any costs  
18 or expenses incurred by Landlord in maintaining or preserving the  
19 Premises after such default, preparing the Premises for reletting to a new  
20 tenant, any repairs or alterations to the Premises for such reletting,  
21 leasing commissions, or any other costs necessary or appropriate to relet  
22 the Premises;  
23

24 (v) At Landlord's election, such other amounts in addition to or in lieu of  
25 the foregoing as may be permitted from time to time by the laws of the  
26 State where the Shopping Center is situated.  
27

28 As used in subparagraphs (i) and (ii) above, the "worth at the time of award" is computed  
29 by allowing interest at the highest rate then allowed, at the time of award, under the Usury Laws  
30 of the State of California. As used in subparagraph (iii) above, the "worth at the time of award"  
31 is computed by discounting such amount at the discount rate of the Federal Reserve Bank  
32 situated nearest to the location of the Shopping Center at the time of award plus one percent  
33 (1%).  
34

35 For all purposes of this Article 25, the term "rent" shall be deemed to be the Rent and all  
36 other sums required to be paid by Tenant pursuant to the terms of this Lease.  
37

38 In the event of default, all Tenant's fixtures, furniture, equipment, improvements,  
39 additions, alterations, and other personal property shall remain on the Premises and in that  
40 event, and continuing during the length of said default, Landlord shall have the right to take the  
41 exclusive possession of same and to use same, rent or charge free, until all defaults are cured,  
42 or, at its option, at any time during the term of this Lease, to require Tenant to forthwith remove  
43 same.  
44

45 The remedies given to Landlord in this Article shall be in addition and supplemental to all  
46 other rights or remedies which Landlord may have under the laws then in force, or in equity.  
47 The parties further agree that Landlord has the remedy described in California Civil Code,  
48 Section 1951.4 in that Landlord may continue the Lease in effect after Tenant's breach and  
49 abandonment and recover rent as it becomes due if Tenant has the right to sublet or assign,  
50 subject only to reasonable limitations. Tenant agrees that the restrictions on the Transfer of this

1 Lease set forth in Article 21 herein constitute reasonable restrictions on such transfer for the  
2 purposes of this Article 25 and California Civil Code, Section 1951.4 and Section 1995.250.  
3

4 The waiver by Landlord of any breach of any term, covenant or condition herein  
5 contained shall not be deemed to be a waiver of such term, covenant or condition or any  
6 subsequent breach of the same or any other term, covenant or condition herein contained. The  
7 subsequent acceptance of rent hereunder by Landlord shall not be deemed to be a waiver of  
8 any preceding breach by Tenant of any term, covenant or condition of this Lease, or of any right  
9 of Landlord to a forfeiture of the Lease by reason of such breach, regardless of Landlord's  
10 knowledge of such preceding breach at the time of acceptance of such rent. No covenant, term,  
11 or condition of this Lease shall be deemed to have been waived by Landlord unless such waiver  
12 be in writing signed by Landlord.  
13

#### 14 ARTICLE 26 - Defaults by Landlord 15

16 In the event Landlord shall neglect or fail to perform or observe any of the covenants,  
17 provisions or conditions contained in this Lease on its part to be performed or observed within  
18 thirty (30) days after written notice of default or if more than thirty (30) days shall be required  
19 because of the nature of the default, if Landlord shall fail to proceed diligently to cure such  
20 default after written notice thereof) then in that event Landlord shall be responsible to Tenant for  
21 any and all damages sustained by Tenant as a result of Landlord's breach.  
22

23 In the event of an emergency involving a material threat to the safety and security of the  
24 Premises or its inhabitants, if Landlord shall fail to use commercially reasonable efforts to  
25 respond to such emergency after receiving notice thereof, then in that event Landlord shall be  
26 responsible to Tenant for any and all damages sustained by Tenant as a result of Landlord's  
27 breach.  
28

29 If the Premises or any part thereof are at any time subject to a mortgage or a deed of  
30 trust and this Lease or the rentals due from Tenant hereunder are assigned to such mortgagee,  
31 trustee or beneficiary (called Assignee for purposes of this Article only) and Tenant is given  
32 written notice thereof, including the post office address of such Assignee, then Tenant shall give  
33 written notice to such Assignee, specifying the default in reasonable detail, and affording such  
34 Assignee a reasonable opportunity to make performance for and on behalf of Landlord. If and  
35 when the said Assignee has made performance on behalf of Landlord, such default shall be  
36 deemed cured.  
37

38 Tenant shall have no right to terminate this Lease except as herein otherwise specifically  
39 provided.  
40

#### 41 ARTICLE 27 - Attorneys' Fees 42

43 If either party to this Lease brings any action or proceeding for any relief against the  
44 other, declaratory or otherwise, arising out of this Lease, the losing party shall pay to the  
45 prevailing party a reasonable sum for attorneys' fees incurred in bringing such suit and/or  
46 enforcing any judgment granted therein, all of which shall be deemed to have accrued upon the  
47 commencement of such action and shall be paid whether or not such action is prosecuted to  
48 judgment. Any judgment or order entered in such action shall contain a specific provision  
49 providing for the recovery of attorneys' fees and costs incurred in enforcing such judgment.

1  
2 ARTICLE 28 - Sale of Premises by Landlord  
3

4 In the event of any sale or exchange of the Premises by Landlord and assignment by  
5 Landlord of this Lease, Landlord shall be hereby freed and relieved of all liability under any and  
6 all of its covenants and obligations contained in or derived from this Lease arising out of any act,  
7 occurrence or omission relating to the Premises or this Lease occurring after the consummation  
8 of such sale or exchange and assignment, provided such purchaser or assignee shall expressly  
9 assume said covenants and obligations of Landlord.  
10

11 ARTICLE 29 - Obligations of Successors  
12

13 The parties hereto agree that all provisions hereof are to be construed as covenants and  
14 agreements as though the words importing such covenants and agreements were used in each  
15 separate paragraph hereof, and all the provisions hereof shall bind and inure to the benefit of  
16 the parties hereto, and their respective heirs, legal representatives, successors and assigns.  
17

18 ARTICLE 30 - Captions and Terms  
19

20 The captions of Articles of this Lease are for convenience only, and are not a part of this  
21 Lease, and do not in any way limit or amplify the terms and provisions of this Lease. Except as  
22 otherwise specifically stated in this Lease, "the Term" shall include the original term and any  
23 extension, renewal or holdover thereof.  
24

25 If more than one person or corporation is named as Landlord or Tenant in this Lease  
26 and executes the same as such, then and in such event, the words "Landlord" or "Tenant"  
27 wherever used in this Lease are intended to refer to all such persons or corporations, and  
28 liability of such persons or corporations for compliance with and performance of all the terms,  
29 covenants and provisions of this Lease shall be joint and several. The masculine pronoun used  
30 herein shall include the feminine or the neuter as the case may be, and the use of the singular  
31 shall include the plural.  
32

33 ARTICLE 31 - Notices  
34

35 Wherever in this Lease it shall be required or permitted that notice or demand be given  
36 or served by either party to this Lease to or on the other, such notice or demand shall be in  
37 writing and shall be given or made if served either personally, or if sent by a nationally  
38 recognized overnight courier (e.g. Federal Express) for overnight delivery, or if deposited in the  
39 United States Mail, postage prepaid, certified or registered, addressed to the addresses of the  
40 parties specified in Article 1 hereof. If service is personal, then service shall be conclusively  
41 deemed made at the time of such personal service; if service is by nationally recognized  
42 overnight courier (e.g. Federal Express) for overnight delivery, then service shall be conclusively  
43 deemed made one (1) business day after deposit with such courier; if service is by mail in the  
44 manner herein provided, then service shall be conclusively deemed made two (2) business days  
45 after the deposit thereof in the United States Mail, addressed to the party to whom such notice  
46 or demand is to be given. Either party may change such address by written notice by certified or  
47 registered mail to the other.  
48

49 Notwithstanding anything to the contrary contained within this Article 31, any notices  
50 Landlord is required or authorized to deliver to Tenant in order to advise Tenant of alleged

1 violations of Tenant's covenants contained in Articles 9 (improper parking of Tenant and  
2 Tenant's employee automobiles), Article 12 (with respect to improper advertising medium and/or  
3 signs), and Article 14 (failure of Tenant to properly repair and/or maintain the Premises), must  
4 be in writing, but shall be deemed to have been duly given or served upon Tenant by delivering  
5 a copy of such notice to one of Tenant's managing employees at the Premises and by mailing a  
6 copy of such notice to Tenant in the manner specified above.

7  
8 ARTICLE 32 - Consent of Landlord and Tenant

9  
10 Wherever in this Lease Landlord or Tenant is required to give its consent or approval to  
11 any action on the part of the other, such consent or approval shall not be unreasonably  
12 withheld, unless otherwise expressly provided. Consent by Landlord shall not be deemed to be  
13 unreasonably withheld where, under the terms and provisions of the Agreement referred to in  
14 Article 22 of this Lease, consent is also required of one or more of the parties to said  
15 Agreement. In the event of failure to give any such consent, the other party hereto shall be  
16 entitled to specific performance at law and shall have such other remedies as are reserved to it  
17 under this Lease, but in no event shall Landlord or Tenant be responsible in monetary damages  
18 for such failure to give consent unless said consent is withheld maliciously or in bad faith.  
19 Landlord's consent to, or approval of any act by Tenant requiring Landlord's consent or approval  
20 shall not be deemed to waive or render unnecessary Landlord's consent to or approval of any  
21 subsequent similar act by Tenant.

22  
23 ARTICLE 33 - Eminent Domain

24  
25 In the event the entire Premises shall be appropriated or taken under the power of  
26 eminent domain by any public or quasi-public authority, this Lease shall terminate and expire as  
27 of the date of such taking, and Tenant shall thereupon be released from any liability thereafter  
28 accruing hereunder.

29  
30 In the event more than twenty-five percent (25%) of the square footage of Floor Area of  
31 the Premises is taken under the power of eminent domain by any public or quasi-public  
32 authority, or if by reason of any appropriation or taking, regardless of the amount so taken, the  
33 remainder of the Premises is not one undivided parcel of property, either Landlord or Tenant  
34 shall have the right to terminate this Lease as of the date Tenant is required to vacate a portion  
35 of the Premises, upon giving notice in writing of such election within thirty (30) days after receipt  
36 by Tenant from Landlord of written notice that said Premises have been so appropriated or  
37 taken. In the event of such termination, both Landlord and Tenant shall thereupon be released  
38 from any liability thereafter accruing hereunder. Landlord agrees immediately after learning of  
39 any appropriation or taking to give to Tenant notice in writing thereof.

40  
41 If this Lease is terminated in either manner hereinabove provided, Landlord shall be  
42 entitled to the entire award or compensation in such proceedings, but the rent and other  
43 charges for the last month of Tenant's occupancy shall be prorated and Landlord agrees to  
44 refund to Tenant any rent or other charges paid in advance. Tenant's right to receive  
45 compensation or damages for its fixtures and personal property shall not be affected in any  
46 manner hereby.

47  
48 If both Landlord and Tenant elect not to so terminate this Lease, Tenant shall remain in  
49 that portion of the Premises which shall not have been appropriated or taken as herein  
50 provided, or in the event less than twenty-five percent (25%) of the square footage of Floor Area

1 of the Premises shall be appropriated under the power of eminent domain by any public or  
2 quasi-public authority, and the remainder thereof is an undivided parcel of property, then in  
3 either such event Landlord agrees, at Landlord's cost and expense, to restore, as soon as  
4 reasonably possible, the Premises on the land remaining, to a complete unit of like quality and  
5 character as existed prior to such appropriation or taking; and thereafter the Rent provided for in  
6 Article 1 hereof shall be reduced on an equitable basis, taking into account the relative value of  
7 the portion taken as compared to the portion remaining; and Landlord shall be entitled to receive  
8 the total award or compensation in such proceedings.

9  
10 For the purposes of this Article 33, a voluntary sale or conveyance in lieu of  
11 condemnation, but under threat of condemnation, shall be deemed an appropriation or taking  
12 under the power of eminent domain.

13  
14 ARTICLE 34 - Special Provisions Applicable Only if Landlord is, or Becomes a Real  
15 Estate Investment Trust [INTENTIONALLY OMITTED].

16  
17 ARTICLE 35 - Miscellaneous

18  
19 A. It is agreed that nothing contained in this Lease shall be deemed or construed as  
20 creating a partnership or joint venture between Landlord and Tenant, or between  
21 Landlord and any other party, or cause Landlord to be responsible in any way for the  
22 debts or obligations of Tenant, or any other party.

23  
24 B. It is agreed that if any provision of this Lease shall be determined to be void by  
25 any court of competent jurisdiction, then such determination shall not affect any other  
26 provision of this Lease and all such other provisions shall remain in full force and effect;  
27 and it is the intention of the parties hereto that if any provision of this Lease is capable of  
28 two constructions, one of which would render the provision void and the other of which  
29 would render the provision valid, then the provision shall have the meaning which  
30 renders it valid.

31  
32 C. The persons executing this Lease on behalf of Tenant hereby covenant and  
33 warrant that the Tenant's Board has approved this Lease.

34  
35 D. It is understood that there are no oral agreements between the parties hereto  
36 affecting this Lease, and this Lease supersedes and cancels any and all previous  
37 negotiations, arrangements, brochures, agreements and understandings, if any,  
38 between the parties, hereto or displayed by Landlord to Tenant with respect to the  
39 subject matter thereof, and none thereof shall be used to interpret or construe this  
40 Lease. Any amendments or modifications to the Lease must be in writing, executed by  
41 both Landlord and Tenant, in order to be effective and binding. This Lease is and shall  
42 be considered to be the only agreement between the parties hereto and their  
43 representatives and agents. All negotiations and oral agreements acceptable to both  
44 parties have been merged into and are included herein. There are no other  
45 representations or warranties between the parties and all reliance with respect to  
46 representations is solely upon the representations and agreements contained in this  
47 document.

48  
49 E. Landlord reserves the absolute right to effect such other tenancies in the  
50 Shopping Center as Landlord, in the exercise of its sole business judgment, shall

1 determine to best promote the interests of the Shopping Center. Tenant does not rely  
2 on the fact, nor does Landlord represent, that any specific tenant or number of tenants  
3 shall during the term of this Lease occupy any space in the Shopping Center.  
4

5 F. The laws of the State where the Shopping Center is situated shall govern the  
6 validity, performance and enforcement of this Lease. To the extent allowable by law, the  
7 parties agree that venue shall be in the County in which the Shopping Center is located.  
8 Although the printed provisions of this Lease were drawn by Landlord, this Lease shall  
9 not be construed either for or against Landlord or Tenant, but this Lease shall be  
10 interpreted in accordance with the general tenor of the language in an effort to reach an  
11 equitable result.  
12

13 G. A waiver of any breach or default shall not be a waiver of any other breach or  
14 default.  
15

16 H. Any prevention, delay or stoppage due to strikes, lockouts, labor disputes, acts of  
17 God, inability to obtain labor or materials or reasonable substitutes therefor,  
18 governmental restrictions, governmental regulations, governmental controls, judicial  
19 orders, enemy or hostile governmental action, civil commotion, fire or other casualty, and  
20 other causes beyond the reasonable control of the party obligated to perform, shall  
21 excuse the performance by such party for a period equal to any such prevention, delay  
22 or stoppage, except the obligations imposed with regard to Rent and other charges to be  
23 paid by Tenant pursuant to this Lease. Landlord and Tenant shall perform or cause its  
24 Contractor to perform any work of improvement, alteration or repair in such a manner as  
25 to avoid any labor dispute that causes or may cause stoppage or impairment of work,  
26 delivery, or any service in the Shopping Center. In the event there shall be such  
27 stoppage or impairment as a result of such labor dispute or potential labor dispute, the  
28 party contracting with the contractor shall immediately take such action as is necessary  
29 to eliminate such dispute or potential dispute including without limitation, the removal of  
30 all disputants from the job site until such labor dispute no longer exists, seeking an  
31 injunction (if applicable), or filing unfair labor practice charges in the event of a union  
32 jurisdictional dispute.  
33

34 I. Tenant hereby expressly waives any and all rights of redemption granted by or  
35 under any present or future laws in the event of Tenant being evicted or dispossessed  
36 for any cause; or in the event of Landlord obtaining possession of the Premises by  
37 reason of a violation by Tenant of any of the covenants and conditions of this Lease or  
38 otherwise. The rights given to Landlord herein are in addition to any rights that may be  
39 given to Landlord by any statute or otherwise.  
40

41 J. Tenant herein covenants by and for himself, his heirs, executors, administrators  
42 and assigns and all persons claiming under or through it, that this Lease is made and  
43 accepted upon and subject to the following conditions: that there shall be no  
44 discrimination against or segregation of any person or group of persons on account of  
45 race, sex, marital status, color, creed, national origin or ancestry, in the leasing,  
46 subleasing, transferring, use, occupancy, tenure or enjoyment of the Premises herein  
47 leased, nor shall Tenant himself, or any person claiming under or through him, establish  
48 or permit any such practice or practices of discrimination or segregation with reference  
49 to the selection, location, number, use or occupancy of tenants, lessees, sublessees,  
50 subtenants or vendees in the Premises herein leased.

1  
2 K. If Landlord shall fail to perform any covenant, term or condition of this Lease  
3 upon Landlord's part to be performed and, as a consequence of such default, Tenant  
4 shall recover a money judgment against Landlord, such judgment shall be satisfied only  
5 out of the proceeds of sale received upon execution of such judgment and levy thereon  
6 against the right, title and interest of Landlord in the Shopping Center site and out of  
7 rents or other income from such property receivable by Landlord or out of the  
8 consideration received by Landlord from the sale or other disposition of all or any part of  
9 Landlord's right, title and interest in the Shopping Center site, and neither Landlord, nor  
10 any of the individuals or entities comprising the Landlord, shall be liable for any  
11 deficiency.  
12

13 L. Landlord shall not be liable for any damage done or occasioned by or from the  
14 electrical system, the heating or air conditioning system, the plumbing and sewer  
15 systems in, upon or about the Premises or the building of which the Premises are a part,  
16 nor for damages occasioned by water, snow, or ice being upon or coming through the  
17 roof, trapdoor, walls, windows, doors or otherwise, nor for any damage arising from acts  
18 of negligence of cotenants or other occupants of the building or buildings of which the  
19 Premises may be a part, or the acts of any owners or occupants of adjoining or  
20 contiguous properties, unless such damages were not insurable by Tenant, and Landlord  
21 shall only be liable to the extent caused by Landlord's negligence or willful misconduct. In  
22 any event, Landlord shall not be liable for any damage to Tenant's leasehold  
23 improvements, fixtures, or merchandise resulting from fire or other insurable hazards,  
24 regardless of the cause thereof, and Tenant hereby releases Landlord from all liability for  
25 such damage unless such damages were not insurable by Tenant and Landlord shall only  
26 be liable to the extent caused by Landlord's negligence or willful misconduct.  
27

28 M. The submission of this Lease to Tenant shall be for examination purposes only  
29 and does not and shall not constitute a reservation of, or option for Tenant to Lease, or  
30 otherwise create any interest by Tenant in, the Premises or any other Premises situated  
31 in the Shopping Center. Execution of this Lease by Tenant and return to Landlord shall  
32 not be binding upon Landlord, notwithstanding any time interval, until Landlord has in  
33 fact executed and delivered this Lease to Tenant.  
34

35 N. Time is of the essence in the performance of all covenants and conditions in this  
36 Lease for which time is a factor.  
37

38 O. Landlord and its agents shall have the right to enter and examine the Premises at  
39 all reasonable times, to show them to prospective purchasers or tenants and to make  
40 such repairs as Landlord may deem necessary or desirable, and Landlord shall be  
41 allowed to take all material into and upon the Premises as may be required therefor  
42 without the same constituting an eviction of Tenant in whole or in part and the rent  
43 reserved shall in no wise abate while the repairs are being made, by reason of loss or  
44 interruption of business of Tenant, or otherwise.  
45

46 P. Tenant warrants that it has not had any dealings with any realtor, broker, or  
47 agent in connection with the negotiation of this Lease, excepting Randy Brekke/Brekke  
48 Real Estate, and agrees to pay and to hold Landlord harmless from any cost, expense,  
49 or liability for any compensation, commission, or charges claimed by any realtor, broker,



1 or agent, other than those named above, with respect to this Lease or the negotiation of  
2 this Lease.  
3

4 Q. If Tenant, with Landlord's consent, remains in possession of the Premises, or any  
5 part thereof, after the expiration of the term hereof, such occupancy shall be a tenancy  
6 from month to month upon all the provisions of this Lease, except that the monthly Rent  
7 shall be One Hundred Twenty-Five percent (125%) of the monthly Rent payable in the  
8 immediately preceding month before expiration. All options, if any, granted under the  
9 terms of this Lease shall be deemed terminated and be of no further effect during said  
10 month to month tenancy.  
11

12 R. If Tenant shall default in the performance of any term of this Lease on Tenant's  
13 part to be performed, Landlord, without thereby waiving such default, may, but shall not  
14 be obligated to, perform the same for the account and at the expense of Tenant, without  
15 notice in case of emergency and upon ten (10) days prior notice in all other cases.  
16 Landlord may enter the Premises at any time to cure any default without thereby  
17 incurring any liability to Tenant or anyone claiming through or under Tenant. Bills for any  
18 expenses incurred by Landlord in connection with any such performance or involved in  
19 collecting or endeavoring to collect rent or enforcing or endeavoring to enforce any rights  
20 against Tenant under or in connection with this Lease or pursuant to law, including any  
21 cost, summary proceedings, as well as bills for any property, material, labor or services  
22 provided, furnished or rendered, including reasonable attorneys' fees and expenses,  
23 shall be paid by Tenant as Additional Rent. In the event that Tenant is in arrears in  
24 payment of rent, additional rent and/or other charges due under the Lease, Tenant  
25 waives Tenant's right, if any, to designate the items against which any payments made  
26 by Tenant are to be credited and Landlord may apply any payments made by Tenant to  
27 any items Landlord sees fit, irrespective of and notwithstanding any designation or  
28 requests by Tenant as to the items against which any such payments shall be credited.  
29

30 S. It is the intent of both Landlord and Tenant, and Tenant hereby agrees, that  
31 Tenant shall, at all times, be responsible and liable for, and shall be in complete  
32 compliance with all governmental laws, ordinances, rules and regulations relating to  
33 environmental protection, environmental matters, and industrial hygiene arising, directly  
34 or indirectly, out of the use of the Premises. It is the intent of both Landlord and Tenant,  
35 and Landlord hereby agrees, that Landlord shall, at all times, be responsible and liable  
36 for, and shall be in complete compliance with all governmental laws, ordinances, rules  
37 and regulations relating to environmental protection, environmental matters, and  
38 industrial hygiene arising, directly or indirectly, out of the use of the Common Area,  
39 except that Landlord shall not be liable for the use, generation, storage, or disposal of  
40 Hazardous Materials by Tenant and/or its authorized representatives within the Common  
41 Areas. "Governmental" as used herein shall include, without limitation, federal, state,  
42 and local governments, and political subdivisions and agencies of the federal, state and  
43 local governments. "Hazardous Materials" as used herein shall include, without  
44 limitation, whether now or subsequently listed in any Governmental listing or publication  
45 defining hazardous materials, common household items containing substances now or  
46 subsequently listed as a hazardous material or substance, chemicals, drugs, any  
47 materials used for laboratory analysis, nuclear and/or radioactive materials, toxic  
48 substances, hazardous substances, hazardous wastes, contaminated or polluting  
49 substances, materials or waste. "Environmental Matters" and "Industrial Hygiene" shall  
50 include, without limitation, any matter which affects the environment or which may affect

1 the environment, the use of sophisticated electrical and or mechanical equipment,  
2 chemical, electrical, radiological or nuclear processes, radiation, sonar and sound  
3 equipment, use of lasers, and laboratory analysis and materials. As to Hazardous  
4 Materials introduced to the Premises after the Rent Commencement Date, Tenant shall  
5 be deemed to be (1) the person in control, (2) an operator of the Premises, and (3) the  
6 person in charge with respect to the Premises for purposes of reporting requirements  
7 under "The Comprehensive Environmental Response, Compensation and Liability Act of  
8 1980" ("CERCLA") and as amended by the "Superfund Amendments and  
9 Reauthorization Act of 1986" ("SARA"), any subsequent amendments thereto, or  
10 replacement statutes or ordinances, any rules and regulations enacted with respect to  
11 CERCLA and SARA, and any state or local statutes, ordinances, rules and regulations  
12 with respect to environmental matters.  
13

14 Tenant further agrees, at its sole expense, to procure, maintain in effect, and  
15 comply with all conditions of any and all permits, licenses, and approvals required by  
16 governmental and regulatory agencies for Tenant's use of the Premises. Tenant shall,  
17 prior to any use of the Premises affecting Industrial Hygiene or involving the use of  
18 Hazardous Materials, in, on or under the Premises, notify Landlord of the intended use  
19 of such materials and provide Landlord evidence of compliance with all Governmental  
20 agencies and laws, ordinances, rules and regulations pertaining to such use. Tenant  
21 shall in all respects handle, treat, deal with and manage any and all Hazardous Materials  
22 in, on, under or about the Premises in total conformity with all applicable Governmental  
23 laws, ordinances, rules and regulations relating to Hazardous Materials, environmental  
24 protection, and industrial hygiene.  
25

26 Tenant's indemnification of Landlord pursuant to Article 20A, shall extend to all  
27 liability, including all foreseeable and unforeseeable consequential damages, directly  
28 arising out of the use, generation, storage, and/or disposal of Hazardous Materials by  
29 Tenant and anyone other than Landlord and/or its authorized representatives within the  
30 Premises, including, without limitation, the cost of any required or necessary repair,  
31 cleanup, or detoxification and the preparation of any closure or other required plans  
32 whether such action is required or necessary prior to or following the termination of this  
33 Lease, to the full extent that such action is attributable, directly or indirectly, to the use,  
34 generation, storage, or disposal of Hazardous Materials by anyone other than Landlord  
35 and/or its authorized representatives within the Premises. Landlord's indemnification of  
36 Tenant pursuant to Article 20A, shall extend to all liability, including all foreseeable and  
37 unforeseeable consequential damages, directly arising out of the use, generation,  
38 storage, and/or disposal of Hazardous Materials by Landlord and anyone other than  
39 Tenant and/or its authorized representatives within the Common Area, including, without  
40 limitation, the cost of any required or necessary repair, cleanup, or detoxification and the  
41 preparation of any closure or other required plans whether such action is required or  
42 necessary prior to or following the termination of this Lease, to the full extent that such  
43 action is attributable, directly or indirectly, to the use, generation, storage, or disposal of  
44 Hazardous Materials by anyone other than Tenant and/or its authorized representatives  
45 within the Common Area.  
46

47 At any time that Landlord, in Landlord's sole discretion, has reason to believe that  
48 an adverse environmental condition may be present on the Premises and/or the  
49 Shopping Center, Landlord may conduct an environmental assessment of the Premises  
50 and/or the Shopping Center. If an adverse environmental condition is found on or about

1 the Shopping Center and/or the Premises and is attributable to the acts or omissions of  
2 Tenant and/or its authorized representatives, and/or to events occurring within the  
3 Premises during the Term that were not caused by Landlord and/or its authorized  
4 representatives, Tenant shall immediately reimburse Landlord for Landlord's expenses in  
5 conducting the environmental assessment, in addition to Tenant's indemnification  
6 obligations with respect to the environmental condition as described in the preceding  
7 paragraph.  
8

9 Upon expiration or sooner termination of the term of the Lease, Tenant, at its  
10 cost, shall cause all Hazardous Materials to be removed from the Premises and  
11 transported for use, storage or disposal in accordance and in compliance with all  
12 applicable Hazardous Materials Law and provide Landlord with appropriate certification  
13 by all Governmental agencies concerned therewith. Notwithstanding that Tenant's  
14 Lease has terminated, and regardless of the reason of such termination, Tenant's  
15 obligation for the payment of rent, Additional Rent and other charges pursuant to Articles  
16 5, 7, 9, 13, 21 and elsewhere contained in this Lease shall continue and be payable as  
17 provided in Article 5, until Landlord receives certification by appropriate Governmental  
18 agencies that all Hazardous Materials have been removed from the Premises pursuant  
19 to Governmental guidelines. Landlord's remedies, including, without limitation, any  
20 provision for recovery of attorneys' fees and court costs, shall survive the expiration or  
21 termination of the Lease.  
22

23 Tenant shall not take any remedial action in response to the presence of  
24 Hazardous Materials in or about the Premises or any building, nor enter into any  
25 settlement agreement, consent decree or other compromise in respect to any claims  
26 relating to Hazardous Materials in any way connected with the Premises or any building,  
27 without first notifying Landlord of Tenant's intention to do so and affording Landlord  
28 ample opportunity to appear, intervene or otherwise appropriately assert Landlord's  
29 interest with respect thereto.  
30

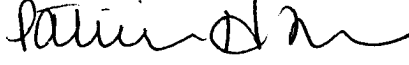
31 IN WITNESS WHEREOF, the Landlord and Tenant have duly executed this  
32 Lease on the day and year first above written.  
33

34  
35  
36 [SIGNATURE PAGE ATTACHED]  
37

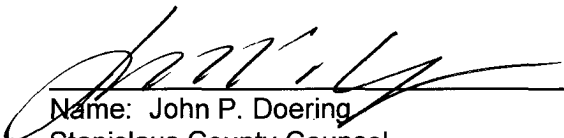
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TENANT:

COUNTY OF STANISLAUS

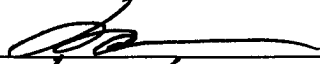
By:  Date: 5/18/16  
Name: Patricia Hill Thomas  
Title: Assistant Executive Officer and Chief Operations Officer

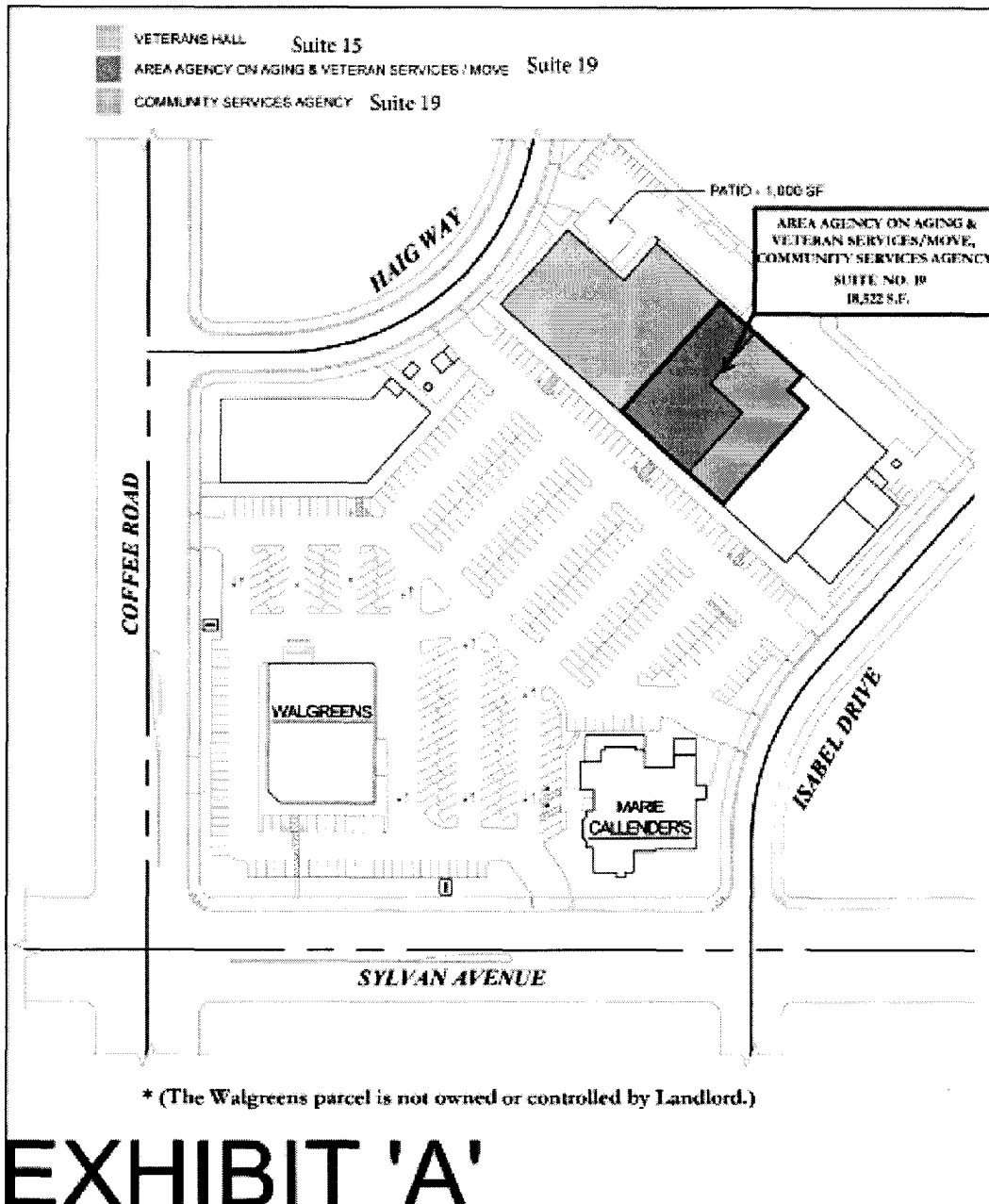
Approved as to form:

 Date: 5/18/16  
Name: John P. Doering  
Stanislaus County Counsel

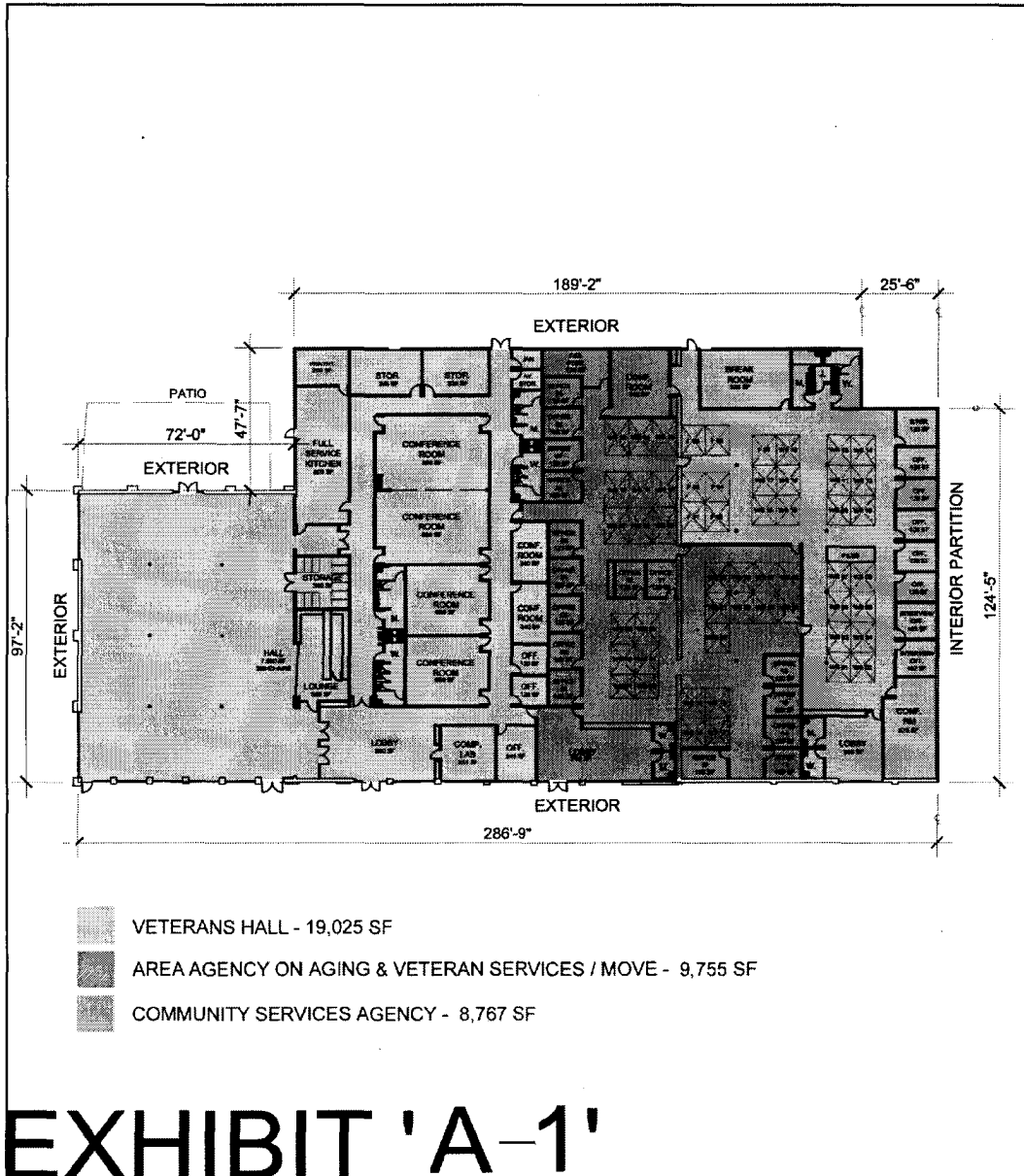
LANDLORD: SYLVAN SQUARE, LLC, a California limited liability company


By: MDSFS, Inc., a California corporation

By:  Date: 5/23/16  
Name: John Godi  
Title: CEO



<b>SYLVAN SQUARE SHOPPING CENTER</b> 3500 COFFEE ROAD MODESTO, CA 95355	DATE	SCALE	
	04-13-18	NTS	



<b>SUITE :</b>  	<b>SUITE SF: 37,547 SF</b> <b>PATIO SF: 1,000 SF</b>	<b>DATE</b> 04-13-16	<b>SCALE</b> NTS
<b>SYLVAN SQUARE SHOPPING CENTER</b> 3500 COFFEE ROAD MODESTO, CA 95355	<b>AREA CALCULATION:</b> ALL DIMENSIONS ARE TAKEN FROM CENTER LINE OF DEMISING WALLS TO OUTSIDE FACE OF CORRIDOR AND EXTERIOR WALLS / GLAZING.		

**EXHIBIT "B"**

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1. DESCRIPTION OF PREMISES. The premises are:
- a. Store: 19
  - b. Shopping Center: Sylvan Square Shopping Center
  - c. City, County, State: Modesto, Stanislaus County, California
  - d. Premises Address: 3500 Coffee Road, Suite 19  
Modesto, CA Zip: 95350
  - e. Area: Approximately 18,522 square feet of Floor  
Area (County)
  - f. Premises are shown on Exhibit "A" of this Lease, and further described on Exhibit  
"A-1".
2. USES. Tenant shall use the Premises only for office space for the County and other public or nonprofit agencies; the provision of Veterans' services and public meeting space, and the conduct of public events and other uses specifically mentioned in the RFP.
3. NAME OF TENANT. Tenant shall operate the Premises under the name of: Stanislaus County or its departments or agencies.

**EXHIBIT "C"**  
**DESCRIPTION OF LANDLORD'S WORK**  
**AND OF TENANT'S WORK**

1  
2  
3 SECTION I - PLANS AND SPECIFICATIONS

4  
5 A. Layout

6  
7 Landlord and Tenant agree to the proposed floor plan attached hereto.

8  
9 B. Preliminary Plans and Approval Thereof

10  
11 Within 10 days after the Effective Date, Landlord shall submit to Tenant two (2) sets of  
12 preliminary plans and specifications setting forth Landlord's work prepared in conformity  
13 with the applicable provisions of Exhibit C, for Tenant's approval. Tenant shall approve  
14 or disapprove the preliminary plans within ten (10) days after receipt thereof. In the event  
15 said preliminary plans are not approved by Tenant, Landlord must resubmit a revised set  
16 of preliminary plans to Landlord within ten (10) days from the date of receipt of notice of  
17 such disapproval. Tenant's approval will be evidenced by endorsement to that effect on  
18 the two (2) sets of preliminary plans and specifications, one set to be retained by Tenant  
19 and one set by Landlord.

20  
21 C. Working Plans and Specifications and Approval Thereof

22  
23 Within 45 days after approval of preliminary plans and specifications, Landlord shall  
24 deliver to Tenant two (2) sets of the working plans and specifications prepared by  
25 Landlord's Architect in conformity with the approved preliminary plans and specifications.  
26 Tenant shall notify Landlord within 10 days of the matters, if any, in which said working  
27 plans and specifications as submitted by Landlord, fail to conform with the approved  
28 preliminary plans and specifications. In the event said working plans and specifications  
29 are not approved by Tenant, Landlord must resubmit to Tenant, a revised set of working  
30 plans and specifications within ten (10) days from the date of receipt of notice of such  
31 disapproval and revisions or corrections required by Tenant. Tenant's approval of  
32 working plans and specifications shall be evidenced by endorsement to that effect on the  
33 two (2) sets thereof, one set to be retained by Tenant and one set by Landlord  
34 ("Approved Plans"). Landlord agrees to apply and pay for permits for Landlord's Work  
35 within ten (10) days of receipt of the Approved Plans.

36  
37 Notwithstanding Tenant's review of such plans and specifications, and whether or not  
38 Tenant approves or disapproves such plans and specifications, Landlord and not Tenant  
39 shall be responsible for compliance of such plans and specifications and of the Finish  
40 Work with all Applicable Laws.

41  
42 D. Prevailing Wage Requirements. Landlord acknowledges that Prevailing Wages may be  
43 required to be paid on the construction of the tenant improvements. Labor Code Section 1720.2  
44 provides that prevailing wages must be paid on any construction work done under private  
45 contract when all of the following conditions exist:  
46



1 (a) The construction contract is between private persons.  
2

3 (b) The property subject to the construction contract is privately owned, but upon  
4 completion of the construction work, more than 50 percent of the assignable square feet  
5 of the property is leased to the state or a political subdivision for its use.

6 (c) Either of the following conditions exist:

7 (1) The lease agreement between the lessor and the state or political subdivision, as  
8 lessee, was entered into prior to the construction contract.

9 (2) The construction work is performed according to plans, specifications, or criteria  
10 furnished by the state or political subdivision, and the lease agreement between the  
11 lessor and the state or political subdivision, as lessee, is entered into during, or upon  
12 completion of, the construction work.

13  
14 Landlord agrees to be fully responsible for the payment of prevailing wages if required.

15  
16 E. As-Built Drawings  
17

18 Upon completion of Landlord's Work hereafter outlined, Landlord shall deliver to Tenant  
19 at Landlord's expense one (1) complete set of "As-Built" drawings which reflect the  
20 improvements installed upon the Premises.

21  
22 F. Insurance Provisions  
23

24 From commencement until the completion of Landlord's Work, Landlord shall obtain and  
25 maintain, at Landlord's expense, and shall require Landlord's general contractors and  
26 subcontractors to maintain workers' compensation, public liability and property damage  
27 insurance in the minimum amounts specified below to fully protect Landlord and Tenant  
28 from and against liability for death or injury to persons, and for damage to property  
29 caused by or arising from the performance of Landlord's Work as follows:

- 30  
31 1. Workers' Compensation as required by state law, and including employers'  
32 liability insurance with a limit of not less than \$1,000,000.00 and additional  
33 insurance coverage of not less than \$2,000,000.00, applicable to liability related  
34 to employee benefit acts.  
35  
36 2. Commercial General Liability Insurance including contractors' protective liability,  
37 an amount of not less than \$2,000,000.00 combined single limits and property  
38 damage liability, or a combination thereof with an aggregate limit of  
39 \$2,000,000.00. Such insurance shall provide for explosion, collapse and  
40 underground coverage. Landlord shall require that its contractor provide  
41 insurance any and all claims for bodily injury, including death resulting therefrom,  
42 and damage to or destruction of property or any kind whatsoever and to  
43 whomsoever belonging, and arising from the general contractor's operations  
44 under the contract, and whether such operations are performed by Landlord's  
45 general contractor, subcontractors or any of their subcontractors, or by anyone  
46 directly or indirectly employed by them.  
47  
48 3. Builders Risk Insurance. Landlord shall provide an all physical loss builders risk  
49 insurance policy on the work to be performed in the demised Premises. The  
50 amount of insurance coverage to be provided hereunder shall be not less than

1 one hundred percent (100%) of the replacement cost. Coverage shall be all risk  
2 insurance, not including earthquake and flood.  
3

#### 4 SECTION II - SCOPE OF LANDLORD'S WORK 5

6 The following work shall be or has been performed exclusively by Landlord at Landlord's sole  
7 expense ("Landlord's Work"). Landlord's Work includes modifications to the Premises which are  
8 required due to zoning or occupancy requirements.  
9

#### 10 A. Common Area 11

##### 12 1. Parking Areas, Roads and Walkways

13 Paved, drained and lighted parking areas, together with access roads, walkways,  
14 directional signs and markers.  
15

##### 16 2. Shared Spaces and Common Facilities 17

##### 18 a. Interior

19 (1) Corridors - if needed, to be located as Landlord shall determine and in  
20 accordance with local building codes.  
21

##### 22 b. Exterior

23 (1) Courts and Walkways (if any) - Lighted, paved and drained.  
24

#### 25 B. Building Shell 26

##### 27 1. Structural Frame and Roof System 28

29 a. Frame - Masonry or wood frame with wood decking.

30 b. Structural Clear Height - Clear height measured from the finished floor  
31 slab to the finished ceiling area shall as per approved plans but in no  
32 event less than ten (10) feet.  
33

34 c. Column Fireproofing - Only if required by code.  
35

36 d. Roof - Built-up composition roofing and/or wood shingle.  
37

38 e. Walls - Exterior building walls.  
39

##### 40 2. Utilities 41

42 a. Sanitary sewer, grease interceptor, domestic water and natural gas will  
43 be furnished to the Premises.  
44

45 b. Electrical Service - Furnish and install conduit from the main circuit at the  
46 meter location.  
47

48 c. Telephone Service - A telephone terminal board with cable capacity  
49 adequate for Tenant's use will be located in a common use area.  
50

1           3.     Building Interior

2  
3           a.     Walls and Partitions - Separating the Premises from other Premises or  
4           Common Areas will be concrete block or wood studs with drywall or other  
5           material selected by Landlord on demising sides only. Interior demising  
6           wall(s) shall be fully insulated for sound.

7  
8           b.     Doors - Where the Premises adjoin a common corridor, Landlord will  
9           provide a door to connect such areas. Where required by code, Landlord  
10          will provide an emergency exit door between the Premises and the  
11          outside, or a door between the Premises and a common corridor leading  
12          to an emergency exit door, as required by local building code.

13  
14          4.     Neutral Strips

15  
16                 Where desirable in Landlord's opinion a vertical neutral strip will be located at the  
17                 store front line between Premises.

18  
19     C.     Tenant Improvement Work (By Landlord)

20  
21                 Landlord pursuant to the Building Code has or will perform all work in this Section C and  
22                 in accordance with the Approved Plans. All new construction required to be performed  
23                 by Landlord will be performed pursuant to Code in effect at the time such work is  
24                 performed. Landlord's work includes everything required to complete construction in  
25                 accordance with the Approved Plans and place the Premises in finished condition for  
26                 opening for business, except for that work specifically described herein above as  
27                 Tenant's Work, is to be done by the Tenant at the Tenant's sole expense.

28  
29           1.     Floor - Concrete slab on grade.

30  
31           2.     Finished Ceiling - 2' x 4' acoustic tile and T-Bar system.

32  
33           3.     Store Fronts - Storefronts at the exterior building wall shall be as exists at Lease  
34           execution.

35  
36           4.     Demising Partitions, Walls and Wall Surfaces - Ceiling height permanent  
37           partitions and walls and taped sheetrock surfacing on studs erected as part of the  
38           Building Shell Work and those separating Premises from other premises. All  
39           demising walls to be fully insulated for sound.

40  
41           5.     Interior Partitioning – Landlord shall provide all interior walls and partitions per  
42           the Approved Plans.

43  
44           6.     Painting – Landlord shall provide all painting and wall covering.

45  
46           7.     Electrical – Landlord shall provide amperage and panels as required per  
47           Approved Plans, all electrical system components to provide required electrical  
48           service to the Premises and all mechanical equipment serving the Premises,  
49           including, without limitation, breakers, disconnect switches, feed wires from the  
50           central distribution point and sub-panels.

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- 8. Doors - 3/0 x 7/0 rear doors per Approved Plans and as required by code. Metal doors with steel frames, panic hardware and deadbolt lock.
- 9. Toilet Rooms, Janitorial Facilities and Drinking Fountains – Landlord shall provide all toilet rooms as shown on the Approved Plans together with hot water heater, janitorial facilities and drinking fountains within the Premises, including hookup to Landlord's sanitary sewer and water systems, and items customarily incidental thereto.
- 10. Heating, Ventilating and Air Conditioning - Heating and ventilating air-conditioning facilities that exclusively serves the Premises shall be not less than one (1) ton of cooling per 350 square feet of floor area in the Premises and shall have duct work, supply diffusers return registers and thermostats as per Approved Plan Landlord shall provide all mechanical equipment that serves the Premises, including all electrical, mechanical, and structural work required for the installation and operation of these items.
- 11. Roof Openings - As required for Heating, Ventilating and Air Conditioning.
- 12. Telephone Facilities - Install one main conduit, without wiring, from Landlord's common telephone room to Premises in location per Approved Plan.
- 13. Fire Sprinklers - All ceiling areas of the premises sprinklered as required by code with one 165-degree standard spray pendant sprinkler head per 100 square feet.
- 14. Commercial Kitchen - Landlord shall provide room per Approved Plans with reasonable allowance for floor drains, sewer line(s) stubbed to designated location(s), water, reasonable electrical service to designated wall locations, overhead ceiling and lighting, required overhead fire sprinklers, FRP on walls where designated on plans and floor treatment or covering approved by Health Department and Tenant.
- 15. Gas & Electric to Patio - Landlord shall stub natural gas and provide a minimum of one (1) 110V duplex outlet with protective cover on exterior face of perimeter wall of Premises at outdoor patio in location shown on Approved Plans
- 16. Perimeter Fence for Outdoor Patio – Landlord shall provide maximum 4' high wrought iron fencing around perimeter of outdoor patio area. Landlord to provide hardscape within patio area.
- 17. Temporary Services - During the construction period for Landlord's Work, Landlord shall provide and pay for connections and meters for temporary water, gas and electricity and other utility service which shall be located as directed by Landlord. The cost of such temporary utility service shall be borne by Landlord.
- 18. Landlord shall provide two lighted exterior flagpoles approximately 30 feet tall to be installed at locations to be approved by Landlord and Tenant.

1 Building Standards. Landlord's Works in the interior of the Premises shall be in accordance with  
2 the Approved Plans and the following standards, unless otherwise approved in writing.

3  
4 1. WALLS:

5  
6 Demising Walls: 25 gauge, 3 5/8" metal studs, with spacing dependent on spans, extending  
7 between floor slab and structure above; 3-1/2" acoustic insulation, fire blocking, 5/8" gypsum  
8 board on each face, and finished with medium orange peel texture and primer.

9  
10 Interior Walls: 25 gauge, 3 5/8" metal studs, 24" o. c., spanning between floor slab and  
11 suspended ceiling grid. Seismic bracing provided above ceiling. No acoustical insulation.  
12 5/8" gypsum board on each face, bull nosed outside corners and finished with medium orange  
13 peel texture, primer, latex paint with eggshell finish on both sides.

14  
15 Column Furring: 2-1/2" or 3-5/8" metal stud furring as required, with 5/8" gypsum wall board to  
16 6" above finished ceiling. Gypsum wallboard to be finished the same as interior walls above.

17  
18 Perimeter Wall Furring: Exterior masonry walls shall be furred with 2-1/2" or 3-5/8" deep metal  
19 studs and finished with 5/8" thick gypsum wallboard. Thermal insulation is optional and Above-  
20 Standard.

21  
22 2. DOORS:

23  
24 Interior Door: 3'-0" x 7'-0" x 1-3/4" thick solid core, non-rated, with laminate or paint  
25 finish. Door frames are dark bronze anodized aluminum by AAF or equal, with square trim  
26 profile. Latchsets: Cal Royal "Pioneer" grade 2 RL Design locksets with rounded lever handle or  
27 equal, finished in dull/satin chrome. Hardware: hinges by Hager or equal, Trimco domed floor  
28 stops and Cal Royal strike plates all finished in dark bronze or oil-rubbed bronze.

29  
30 3. CEILING:

31  
32 Suspended Acoustical Ceiling: Suspended, exposed grid with tegular acoustical lay-in  
33 panels. Panels shall be Armstrong "Second Look II" mineral fiber board, "Cortega" pattern or  
34 equal, color: white, size 2' x 4' x 3/4", with square edges and a non-directional pattern. Grid shall  
35 be 1" wide nominal steel "Tee" with a baked white enamel finish: Armstrong "Prelude" or  
36 equivalent. Ceiling provided throughout tenant space.

37  
38 Gypsum Board Ceiling: 5/8" thick gypsum board, directly attached to existing floor  
39 framing above space, where clearances do not permit the use of a suspended ceiling. Ceiling is  
40 finished with medium orange peel texture, primer and paint. 3-1/2" fiberglass batt insulation is  
41 provided in cavity above ceiling.

42  
43 4. LIGHTING:

44  
45 Fluorescent Lighting in suspended ceilings: 2'x4' Direct/Indirect recessed fixture with  
46 electronic ballasts and (2) or (3) T-5 lamps (as required by code), matte white finish with lamp  
47 shields: "Metalux Ovation 2RDI" by Cooper Lighting or approved equivalent. Fixtures to be  
48 factory lamped with daylight colored lamps.

1 Fluorescent Lighting in gypsum board ceilings: 1'x4' Direct/Indirect recessed fixture with  
2 electronic ballasts and (2) T-5 lamps (as required by code), matte white finish with lamp shields:  
3 "Avante AV" by Lithonia Lighting or approved equivalent. Fixtures to be factory lamped with  
4 daylight colored lamps.

5  
6 Light Switch: Leviton 5601-W, or equal, standard rocker (line voltage) single pole switch.  
7 Provide dual level switching as required by code. Color: White.

8  
9 Emergency/Night Lights: Emergency back-up lighting shall be from the same  
10 manufacturer and match in design as the fixtures listed above. Provide as required by code.

11  
12 Lighted Exit Sign: Internally illuminated, ceiling or wall-mounted exit signs, as required  
13 by code.

14  
15 Special Lighting: Recessed, pendant, track or other special lighting as per Approved  
16 Plans, including controls.

17  
18 Intercom, Annunciator, Speaker, Music, Security Systems: Landlord shall provide low  
19 voltage wiring per the Approved Plans.

20  
21 5. ELECTRICAL:

22  
23 Convenience Outlets: Standard 110v duplex, wall type, outlets. Leviton #16242-W, or  
24 equal, 125-volt grounded duplex devices or equal. Color: White. Circuitry per CEC  
25 requirements.

26  
27 Electrical Service: Amperage and panels as required per Approved Plans. All electrical  
28 system components to provide required electrical service to the Premises and all mechanical  
29 equipment serving the Premises, including, without limitation, breakers, disconnect switches,  
30 feed wires from the central distribution point and sub-panels.

31  
32 6. TELEPHONE OUTLETS:

33  
34 Telephone Backboard: 4'x4'x3/4" plywood fastened to wall studs, mounted 36" above  
35 the floor. Location to include a dedicated 120 VAC four-plex receptacle mounted below the  
36 board. Fire retardant as required by code.

37  
38 Telephone Outlet: One (1) standard, mud ring and pull string per outlet. Conduit  
39 provided only within insulated walls.

40  
41 7. FLOOR COVERINGS:

42  
43 Building Standard Carpet. Grade 1A: Shaw Industries "Turnkey Collection": Culture,  
44 Evolution and Space or equal. Direct glue-down application. Single color/pattern to be selected  
45 from standard range. Provided typical throughout space.

46  
47 Vinyl Composition Tile: Mannington Commercial "Essentials". Nominal 12" x 12" x 1/8"  
48 VCT. Single color to be selected from standard range. Locations per Approved Plans for  
49 lunch/break room, bar area and computer equipment room.

1 Rubber Base: Roppe or equal, rubber top-set type, 1/8" x 4" coved. To be used at carpet  
2 and VCT locations. 4" rubber top-set to be used under cabinetry. Color to be selected from  
3 standard range.

4  
5 9. PAINTING:

6  
7 Wall Paint: ICI Dulux or equal, satin sheen latex, two (2) coats to cover over PVA primer.  
8 Provide at all gypsum board walls, single color throughout. Accent colors are above standard.  
9 Color to be selected from the building standard selection.

10  
11 10. INTERIOR WINDOWS:

12  
13 Sidelight Window: 2'-0" x 7'-0" x 1/4" clear tempered glass sidelights in dark bronze  
14 anodized aluminum frame by AAF or equal, with square trim profile.

15  
16 Window: 4'-0" x 4'-6" (or other specified size) x 1/4" clear tempered glass window in dark  
17 bronze anodized aluminum frame by AAF or equal, with square trim profile.

18  
19 Corridor Door Sidelight: 13" x 7'-0" x single glazed wire glass 45 min. fire rated assembly  
20 in painted metal frame to match Tenant's entry door frame.

21  
22 11. FIRE SPRINKLERS & LIFE SAFETY EQUIPMENT:

23  
24 Fire Sprinklers: Provide pipe drops from plugged laterals to suspended ceiling height.  
25 New sprinkler heads shall be semi-recessed with white escutcheon trim. Design layout per  
26 NFPA Code and tenant occupancy.

27  
28 Fire Extinguisher: Bracket-mounted 2A-10BC fire extinguisher with code-required sign,  
29 mounted on wall. Quantity as required by code. Fire extinguisher cabinets are above-standard.

30  
31 12. SIGNAGE

32  
33 Landlord's work shall include all code-required signage.

34  
35 At no cost to Tenant (other than graphics and installation) Tenant shall have the right to  
36 place its signage on the panels of both monument signs that are designated, or have heretofore  
37 been used by, occupants of the spaces to be leased by Tenant.

38  
39 Tactile Exit Signs: Provide plastic surface-mounted signs with Braille at all exit sign  
40 locations, for the visually impaired, per code.

41  
42 13. APPLICABLE REGULATIONS

43  
44 Landlord's Work and Tenant's Work shall be performed in accordance with all applicable  
45 laws, ordinances and regulations of all duly constituted authorities, insurance services,  
46 including, without limitation, Title III of the Americans with Disabilities Act of 1990, all  
47 regulations issued thereunder and the Accessibility Guidelines for Buildings and  
48 Facilities issued pursuant thereto, as the same are in effect on the date hereof and may  
49 be hereafter modified, amended or supplemented ("Applicable Laws"). For purposes of  
50 Section 1938 of the California Civil Code, Landlord hereby discloses to Tenant, and

1 Tenant hereby acknowledges, that the Premises have not undergone inspection by a  
2 Certified Access Specialist (CAsp). Nevertheless, Landlord's architect shall certify the  
3 Premises as meeting all applicable construction-related accessibility standards pursuant  
4 to California Civil Code Section 55.53.  
5

6 SECTION III - SCOPE OF TENANT'S WORK  
7

8 Premises Fixturing and Furnishing  
9

10 The Tenant shall bear the entire expense and responsibility for providing within the  
11 Premises (whether affixed to the Premises or not) all furniture, fixtures and equipment,  
12 and all other property incidental to the operation of the type of business to be operated  
13 by Tenant, except that which is within the scope of Landlord's Work. Tenant shall  
14 provide insurance for any and all claims for bodily injury, including death resulting  
15 therefrom, and damage to or destruction of property or any kind whatsoever and to  
16 whomsoever belonging, and arising from the Premises fixturing and furnishing.  
17

18 SECTION IV - TIME FOR START OF TENANT'S WORK  
19

20 Tenant shall install Tenant's furniture, fixture and equipment and shall open the Premises for  
21 business within thirty (30) days after the Rent Commencement Date.  
22



**EXHIBIT "D"**  
**GUARANTEE OF LEASE**

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Intentionally Omitted.

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**"EXHIBIT "E"  
TENANT'S CERTIFICATE  
STATEMENT OF TENANT RE: LEASE**

Date: \_\_\_\_\_  
Re: Address: \_\_\_\_\_  
For Premises in: \_\_\_\_\_

Gentlemen:

The undersigned, as Tenant under that certain Lease made and entered into between \_\_\_\_\_  
\_\_\_\_\_, as Landlord and the undersigned, as Tenant, hereby ratifies said Lease and certifies:

1. The date of \_\_\_\_\_, is the "Effective Date" of the Lease;  
(Landlord to insert date when Landlord executes Lease)
2. The date of \_\_\_\_\_, is the "Commencement Date" of the Term referred to in the Lease;
3. The date of \_\_\_\_\_, is the "Expiration Date" of the term referred to in the Lease;
4. The date of \_\_\_\_\_, is the "Rent Commencement Date" referred to in the Lease.

The undersigned has entered into occupancy of the premises described in said Lease on \_\_\_\_\_  
\_\_\_\_\_, and the Rent in the monthly amount of \$ \_\_\_\_\_ was payable from that date. Said Lease is in full force and effect and has not been assigned, modified, supplemented or amended in any way (except by agreement(s) dated \_\_\_\_\_); that the same represents the entire agreement between the parties as to this Lease, that all conditions under said Lease to be performed by the Landlord have been satisfied, including, but without limitation, all co-tenancy requirements thereunder, all required contributions by Landlord to Tenant on account of Tenant's improvements have been received, and on this date there are no existing defenses or offsets which the undersigned has against the enforcement of said Lease by the Landlord.

Very truly yours,

\_\_\_\_\_  
Date  
  
\_\_\_\_\_  
Date

**EXHIBIT "F"**  
**SIGN CRITERIA**

1  
2 These criteria have been established for the purpose of assuring an outstanding shopping center,  
3 and for the mutual benefit of all tenants. Conformance will be strictly enforced, and any installed  
4 nonconforming or unapproved signs must be brought into conformance at the expense of the  
5 Tenant.

6  
7 **A. GENERAL CRITERIA**

- 8  
9 1. Signage may occur anywhere within the limits of the basic storefront opening.  
10  
11 2. Signage shall be limited to trade name only.  
12  
13 3. Banners, sales notices, etc., will be permitted only with the approval of Landlord.

14  
15 **B. SIGN RESTRICTIONS**

- 16  
17 1. Signs may project no more than five inches (5") beyond the lease line pop-outs.  
18  
19 2. Manufacturer's labels, Underwriter's labels, clips, brackets, or any other form of  
20 extraneous advertising, attachment, or lighting devices shall be fully concealed  
21 from public view.  
22  
23 3. Any sign, notice, or other graphic or video display, particularly self-illuminated  
24 signs, located in the interior of the premises and easily visible or legible from the  
25 public space, except those which are required by applicable law, ordinance, codes,  
26 or regulations, shall be clearly shown.  
27  
28 4. The following types of signs, sign components and devices shall not be permitted:  
29 a. Boxed or cabinet type.  
30 b. Cloth, paper, cardboard, similar stickers or decals around or on surfaces of the  
31 storefront.  
32 c. Moving, rotating, or flashing.  
33 d. Noise making or odor producing.  
34 e. Molded plastic.  
35 f. No name brands, product names or phrases may appear on the storefront in  
36 any area directly visible from the space, without written approval of the  
37 Landlord.  
38 g. Decals or other signage indicating product lines or the acceptance of credit  
39 cards, shall not be permitted on the storefront.  
40 h. Un-edged or un-capped letters, with no returns and exposed fastenings.

41  
42 **C. SIGN TYPES ALLOWED**

- 43  
44 1. Dimensional, illuminated, halo or back-lit letters. Sides and faces of letters must  
45 be opaque. They shall be pin-mounted, a maximum of one and one-half inches (1  
46 1/2") from a non-reflective backing, and illuminated by 3200-3700 K neon.  
47 Alternative face colors may be permitted by the Landlord on an individual basis.  
48 The face shall be recessed from the edge, a minimum of one half inch (1/2").

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2. Recessed, non-illuminated signage, cast or carved out of the store front material.
3. Non-dimensional signage attached to the store front may be gold leaf, silver leaf, and white or black die cut vinyl, or any one paint color.
4. Individual illuminated channel letters.
5. Neon.
6. Others as approved.

**D. ADDITIONAL SIGNAGE**

1. Service doors to Tenant spaces throughout the project shall have standard identification only (name and address number). The signage will be designed and installed by Landlord. The Tenant shall not apply any signage or other wording to the service doors.
2. Postal numbers on or adjacent to the store fronts, if required, will be designed and installed by the Landlord, at Tenant's expense.

**E. SIGN AREA**

1. No signs to occur within two feet (2'-0") of the demising lease line (perpendicular to the store front).
2. Total sign area is not to exceed in square footage, the width of the storefront in feet.
3. Total sign area shall not exceed ten percent (10%) of the storefront.
4. No neon signs allowed below elevation + 7'-0", where exposed to customers.

**FACILITY OPERATING AGREEMENT  
FOR THE  
STANISLAUS VETERANS CENTER**

THIS Agreement is entered into as of this 14<sup>th</sup> day of July, 2016 by and between the County of Stanislaus (the "County"), the CITY OF MODESTO (the "City") and the VETERANS FOUNDATION OF STANISLAUS COUNTY (the "Foundation"), individually a "party" and collectively, the "parties."

**RECITALS**

- A. WHEREAS, an estimated 27,000 of our Nation's Veterans reside in Stanislaus County; and
- B. WHEREAS, the Stanislaus County Veterans Advisory Commission (the "Commission") was established on April 3, 2012 by Stanislaus County to advise the Board of Supervisors and County staff generally on matters pertaining to Veterans services; and
- C. WHEREAS, the Foundation was created as a non-profit corporation to seek funding, donations and/or contributions and to bring people, organizations and resources together in time, space and effort to effectively improve the wellbeing of all Stanislaus County Veterans of the United States Armed Forces and their families; and
- D. WHEREAS, Section 1262 of the Military and Veterans Code provides that any county may lease or purchase space to provide and/or maintain Veterans facilities for the benefit of one or more Veterans organizations; and
- E. WHEREAS, Section 1262(h) of the Military and Veterans Code provides that the County may join with any city in the county and jointly carry out the purposes of this section, such as to provide and/or maintain Veterans facilities for the benefit of one or more Veterans organizations; and
- F. WHEREAS, Section 37461 of the Government Code provides that a city may provide and maintain buildings, memorial halls, and meeting places for Veterans patriotic, fraternal, and benevolent associations; and
- G. WHEREAS, Section 1264 of the Military and Veterans Code provides that a city or county providing or maintaining any Veterans facilities may provide for the use of such facilities by persons or organizations other than Veterans, either free of charge or for stated compensation to aid in defraying the cost of maintenance, provided such use does not duly interfere with the reasonable use of the facilities by the Veterans organizations; and
- H. WHEREAS, Section 1266 of the Military and Veterans Code provides that whenever a city or a county provides and/or maintains any building or meeting space under section 1262, the provision of that facility and its acceptance by a Veterans association constitutes a dedication of that property for a public purpose and the dedication cannot be revoked unless the Veterans organization has either consented to the proposed action or has abandoned its use of the facilities; and

- I. WHEREAS, the County, the City and the Foundation entered into a Memorandum of Understanding ("MOU") on September 22, 2015 and this Agreement is intended to implement the goals and objectives of the MOU; and
- J. WHEREAS, under the MOU, the goals of the project are:
- To create a "One Stop Shop" concept for Veterans services in the City of Modesto;
  - To establish broad support, participation and investment in the project including county, cities, state, federal, Veterans' organizations, private contributors, grant opportunities and property owners.
  - To co-locate the County's Aging and Veterans Offices and other offices as appropriate, to provide services to Veterans.
  - To create a sustainable financial model for long term success; and
- K. WHEREAS, under the MOU, the objectives of developing the project are:
- To jointly develop for a 10-year period a building to create a "One Stop Shop" concept to provide services to Veterans with a partnership between the Parties for a 10-year period;
  - To develop a sustainable funding plan for the proposed Veterans Center;
  - That the Foundation will develop sustainable funding to support Veterans services, including planning for long-term facility needs; and
  - To seek broad support including participation and investment in the Veterans Center, including county, cities, state, federal, Veterans organizations, private contributors, grant opportunities and property owners; and
- L. WHEREAS, the MOU required that the County, the Foundation, and the City enter into this Agreement to incorporate and formalize the terms and conditions relating to the funding, operation and management of the Veterans Center (the "Stanislaus Veterans Center"); and
- M. WHEREAS, the County and the City desire to provide funding and support for the lease of a Veterans Center for a 10-year period subject to the terms and conditions of this Agreement, during which time the Foundation intends to develop sustainable funding to support Veteran services, including planning for long-term facility needs; and
- N. WHEREAS, on April 19, 2016, the Stanislaus County Board of Supervisors approved proceeding with the Stanislaus Veterans Center pursuant to a collaboration between the City and the County and the Foundation, including the negotiation and execution of a 10-year lease with Sylvan Square, LLC for a total of 37,547 square feet of improved real property located at 3500 Coffee Road, Suite 15, Modesto, California 95355; and

- O. WHEREAS, on May 23, 2016, the County entered into a lease with Sylvan Square, LLC of approximately 18,522 square feet of improved real property located at 3500 Coffee Road, Suite 19, Modesto, California ("Adjacent Lease" or "County Space") for the County's Area Agency on Aging and Veterans Services and the County's Community Services Agency; and
- P. WHEREAS, on June 13, 2016, the County entered into a second lease ("Master Lease") with Sylvan Square, LLC of approximately 19,025 square feet of improved real property located at 3500 Coffee Road, Suite 15, Modesto, California ("Premises") and will sublease the Premises to the Foundation; and
- Q. WHEREAS, the City is not a party to the Adjacent Lease or the Master Lease; and
- R. WHEREAS, together, the real property described in the Master Lease and the Adjacent Lease comprise the Stanislaus Veterans Center ("Center"); and
- S. WHEREAS, in accordance with the executed MOU, the Foundation has consented pursuant to Section 1266 of the Military and Veteran's Code to limit its use of the Premises to 10 years, unless earlier terminated as provided herein, and has agreed that such use shall be subject to the terms and conditions of this Agreement; and
- T. WHEREAS, the Master Lease and the Adjacent Lease require the landlord to construct certain tenant improvements, the cost of which will be included in the rent payable under the Leases to the landlord; and
- U. WHEREAS, the parties intend that the Center will serve Veterans and Veterans organizations for purposes that include hosting meetings, banquets, fundraisers and events that enhance the quality of life of Veterans as well as other uses; and
- V. WHEREAS, the parties are willing to work together to pursue the development and joint use of the Center subject to the terms of this Agreement, the Master Lease, and the Sublease (together, the "Contractual Obligations").

NOW THEREFORE, the parties agree as follows:

1. **Recitals.** The parties agree that the above recitals are true, complete and correct.
2. **Definitions.** The parties agree and acknowledge that the following definitions apply to this Agreement and the Sublease:
  - a. The Center is comprised of the entire 37,547 square feet of improved real property as depicted on Exhibit A.
  - b. The County Space is comprised of that portion of the Center that is the subject of the Adjacent Lease as depicted in blue and green on Exhibit A-1.
  - c. The Premises are comprised of that portion of the Center that is the subject of the Master Lease and the Sublease as depicted in gold on Exhibit A-1 and includes the Hall

and a Conference Area. The Hall is depicted in gold and the Conference Area in orange on Exhibit A-2.

3. **Name of the Center.** The name of the real property that is the subject of the Master Lease and the Adjacent Lease is the Stanislaus Veterans Center.
4. **Use of the Premises.**
  - a. **Use for Veterans Activities.**
    - i. The Premises shall be used for activities in support of Veterans and Veterans services. Veterans organizations eligible for use of the Premises include military service organizations, including but not limited to the Veterans of Foreign Wars and its affiliate organizations, American Legion and its affiliate organizations, Marine Corps League, Korean War Veterans, Korean War Dogs, American GI Forum, Fleet Reserve Association, Sea Cadets, Patriot Guard Riders, Disabled American Veterans, Vietnam Veterans of America, Blue Star Moms, Gold Star Moms, Military Order of Purple Heart, Veterans Employment Council and True Patriots.
    - ii. It is understood that that portion of the Premises not used by the Foundation for administrative purposes or offices will also be available for public or private use when not scheduled for use for Veterans purposes.
  - b. **Use by Foundation, County and City.** In recognition of the significant financial contribution by the County and City, and in recognition of the planned shared use, the parties agree that the Premises shall be made available for use by the County and the City in accordance with the Contractual Obligations and the SOP (defined below) without additional cost to the County and City.
  - c. **Income Producing Activities.** Subject to the Contractual Obligations, the Foundation may, as authorized by Military and Veterans Code Section 1264, manage and schedule the use of the Premises by persons or organizations other than Veterans, either free of charge or for stated compensation, to aid in defraying the cost of maintenance, provided that such use does not duly interfere with the reasonable use of the Premises by Veterans organizations.
5. **County Rights, Obligations and Responsibilities.** The County will:
  - a. Comply with the terms and conditions of the Contractual Obligations.
  - b. Provide the County's share of funding for the Premises for a period of ten (10) years as shown on Exhibit B, subject to the Contractual Obligations.
  - c. Be responsible for the accounting of funds received and spent as outlined on Exhibit B.
  - d. Include in the County's annual financial audit the income and expenses shown on Exhibit B.
  - e. Donate to the Foundation abandoned kitchen equipment no longer being used from the old Juvenile Center kitchen and other County kitchen equipment no longer being used, for use within the Premises if requested by the Foundation.



- f. Provide furniture, fixtures and equipment for the County Space at the County's sole cost and expense.
- g. Pay for rent, utilities and services for the County Space at the County's sole cost and expense.

**6. Foundation Rights, Obligations and Responsibilities.** The Foundation will:

- a. Comply with the terms and conditions of the Contractual Obligations.
- b. Provide the Foundation's share of funding for a period of ten (10) years as shown on Exhibit B in accordance with the Contractual Obligations.
- c. Provide furniture, fixtures and equipment for the Foundation Space at the Foundation's sole cost and expense. Provide enhanced kitchen equipment over any equipment donated by the County.
- d. Develop sustainable funding for the lease and operation of the Premises in support of Veterans services, including planning for immediate and long-term needs of the Premises.
- e. Market, schedule and license space within the Premises for Veterans and non-Veterans groups or to facilitate fundraising.
- f. Provide at its sole cost and expense human resources, whether volunteer or paid employees, and other services it determines as reasonably appropriate in the exercise of its reasonable discretion to manage and operate the Premises. Comply with all applicable labor laws and regulations, including the provision of Workers Compensation insurance.
- g. Assume all responsibility for liquor licensing and dram shop insurance.
- h. Within fifteen (15) days after written request by the County or the City, provide the requesting party with detailed financial statements (including income and expense statement, profit and loss statement and balance sheets).
- i. On an annual basis at least ninety (90) days prior to the end of the Foundation's fiscal year, submit to the County and the City the Foundation's budget for the upcoming fiscal year.
- j. On an annual basis within one hundred twenty (120) days after the end of the Foundation's fiscal year, submit to the County and the City its financial statements audited or certified by an independent certified public accountant, who shall be mutually agreed upon by the Parties, together with a status report to the County and City regarding the Center's operations.
- k. Abide by generally accepted accounting principles in keeping and maintaining all of its financial records.

**7. City Responsibilities.** The City agrees to:

- a. Make City staff available to answer periodic questions related to the marketing of the Premises and offer verbal advice and documents (if available) to assist the Foundation in the marketing of the Premises. This verbal advice shall be offered at no cost to the Foundation.
- b. Provide the City's share of funding to the County for a period of ten (10) years as shown on Exhibit B, subject to the Contractual Obligations.

**8. Funding and Payment of Expenses.**

- a. **Estimate.** Exhibit B attached hereto contains the schedule of estimated annual revenue and certain expenses for the Premises.
- b. **Budget and Arrange for Funding.** The parties agree to budget, arrange for and provide funding for their respective financial obligations as shown on Exhibit B and pursuant to the Contractual Obligations.
- c. **Annual Funding.** The County, the City and the Foundation hereby commit to contribute the annual funding for a ten (10) year period reflected in Exhibit B. Notwithstanding the foregoing, the parties' obligation to make annual contributions shall terminate upon the earliest of the following events: (1) after the tenth year of contributions, (2) upon termination of the Lease or any of the Contractual Obligations, (3) if the Foundation abandons the use of the Premises, (4) or if the Foundation is in material default under the Contractual Obligations. In addition, the City's obligation for annual funding contributions will cease if all or substantially all of the aforementioned activities initially conducted on the Premises are re-located outside of the City of Modesto. As provided in this Agreement, all parties consent and agree that the obligation of the County and the City to provide funding shall not continue beyond ten (10) years.

**9. Operating Committee.**

- a. **Establishment of Operating Committee.** In light of the fact that the parties have mutual obligations, needs, responsibilities and are partners in the Center, an Operating Committee is hereby established for the purpose of oversight, information sharing, coordination and collaboration for the shared use of the Facilities comprising the Center as described in the Contractual Obligations. The Operating Committee shall prepare rules and guidelines governing the shared use of the physical facilities comprising the Center, including the Hall and the Conference Area, as such uses are described in the Contractual Obligations. These rules and guidelines shall be reflected in Standard Operating Procedures ("SOPs") that may be adopted, amended and repealed from time-to-time by the Operating Committee. The Operating Committee shall be composed of seven (7) members as follows:
  - i. The Chair of the Veterans Advisory Commission;
  - ii. One additional member of the Veterans Advisory Commission appointed by the Commission's Chair.
  - iii. The Foundation's Chief Executive Officer;

- iv. A Foundation Board member or employee as designated from time-to-time by the Foundation's Chief Executive Officer;
- v. The County's Chief Operations Officer;
- vi. The County's Director of Area Agency on Aging and Veterans Services; and
- vii. The County's Director of the Community Services Agency.

Each member may select an alternate to attend meetings in their stead. The Operating Committee shall appoint a Committee Chair at its first meeting and annually thereafter.

- b. **Standard Operating Procedures.** The Operating Committee shall adopt (prior to the occupancy of the Center), bylaws and standard operating procedures ("SOPs"). The purpose of the SOPs is to provide guidelines for use of Center by occupants. The SOPs shall:
  - i. Be within the scope of the terms of 9a., above, or govern the conduct and timing of the Committee's internal operations, and address various Center operational matters, including but not limited to: the scheduling of the Conference Area (depicted on Exhibit A-2) pursuant to an online scheduling system accessible by all Parties; Center security; operating hours; access; Center and utilities budget and usage; maintenance, janitorial and related supplies; rental policies, procedures and pricing; Veterans Groups usage for all groups County-wide; parking; emergency preparedness and evacuation planning; dispute resolution process; coordination with Sylvan Square neighbors; coordination of interior signage; and other matters related to the SOPs to be adopted by the Operating Committee prior to occupancy;
  - ii. Be consistent with the Contractual Obligations;
  - iii. Not address, govern or affect the internal operations of the County, City or Foundation or any aspect of their respective corporate or entity structures;
  - iv. Not address, govern or affect the manner in which the Foundation conducts its internal operations, including but not limited to, the Foundation's veteran's programs or its training, staffing, accounting, vendor contracting or internal budgeting; and
  - v. Not become effective until the Operating Committee has adopted a dispute resolution plan.

## 10. Signage and Naming Rights.

- a. **Signage.** The parties agree that exterior signage will be consistent with the name of the Premises.
  - i. All exterior signage must be in accordance with the Modesto Municipal Code and subject to approval by the Operating Committee and the Landlord of the Master Lease.

- ii. Signage for interior spaces in the Center shall be approved by the Operating Committee or in accordance with the SOPs and shall be consistent throughout as determined by the Operating Committee.

b. Naming rights:

- i. The name of the exterior of the Center has been established by the County's Board of Supervisors. The Center shall be named the Stanislaus Veterans Center.
- ii. Naming rights for the interior of the Premises shall be in the reasonable discretion of the Foundation.

**11. Compliance with County's Discrimination Policy.** Any party or licensee using the Premises shall comply with the discrimination policy attached hereto as Exhibit C.

**12. All Applicable Laws.** The parties agree to abide by all applicable federal, state and local laws and ordinances. The laws applicable to general law counties shall apply to this Agreement.

**13. Prohibited Uses.** The Premises shall not be used for the following:

- a. Working or campaigning for the nomination or election to any public office or for ballot measures, whether partisan or nonpartisan. Notwithstanding the foregoing, the Premises may be used to provide a candidate forum for which tickets may be sold;
- b. Manufacturing, including any use primarily for warehousing, assembling, manufacturing, refining, smelting, agriculture or mining operations;
- c. A second hand store, thrift store or flea market;
- d. A fire sale, bankruptcy sale (unless pursuant to a court order) or auction house;
- e. A sale of firearms, guns or explosives;
- f. The sale of live animals of any kind;
- g. The use of hazardous or toxic substances except for reasonably necessary substances that are kept in reasonably necessary quantities for normal office or facility operations provide that their use and storage are in accordance with applicable laws;
- h. Any use prohibited in the Contractual Obligations.

**14. General Prohibitions.** The Foundation shall not allow or permit to be brought into the Premises anything (a) that is prohibited by or in conflict with any law, ordinance, or government rule or, (b) that is prohibited by the standard form for fire insurance policy or, (c) that will increase the existing rate or affect fire or other insurance on the Premises or its contents or cause cancellation of any insurance policy covering the Premises or any part of its contents, (d) that will adversely affect the Foundation's status as a non-profit 501(c)(3) corporation.

## 15. Termination.

- a. **Ten-Year Term.** As to the funding obligations under this Agreement, notwithstanding anything to the contrary in law, the obligations of the City and the County shall be in effect for a period of ten (10) years after commencement of the Lease, or earlier if the Contractual Obligations are terminated due to the default of any of the parties. After expiration or termination of the Contractual Obligations, the parties shall have no further cost, liability or obligation to each other or to any other party. It is agreed that upon expiration or termination of the Contractual Obligations, the County and City shall have no further obligation to pay for costs expenses associated with the Premises. Nothing in this Agreement shall preclude the Foundation and the landlord of the Premises from negotiating a new lease upon mutually acceptable terms and conditions.
- b. **No Continuing Obligations.** With respect to Military and Veterans Code section 1266, the Foundation consents to the proposed action to create and operate the Veterans Center for a period not to exceed ten (10) years, and the parties intend that this Agreement now and forever constitutes a waiver of any rights under Military and Veterans Code section 1266. The parties specifically intend that there are no third-party beneficiaries under this agreement or under any prior or subsequent agreements related to the use, funding, operation and maintenance of the Premises.

## 16. Indemnification and Insurance.

- a. **Insurance.** For the term of this Agreement, the County and the Foundation agree to secure and maintain the insurance required under the Master Lease. The Foundation and the County shall name each other, the Master Landlord, the City, and their respective boards, officers, agents, and employees as additional insureds.
- b. **Indemnification of County and Foundation.** The County and the Foundation also agree to the indemnification obligations as provided in the Lease and the Sublease.
- c. **Indemnification of City.** The Foundation shall indemnify, defend and hold the City harmless from any claims for personal injury or property damage arising from or connected to the negligence or wrongful acts of the Foundation, its officers, agents and employees or from the material failure of the Foundation to perform its obligations under the Contractual obligations. The County shall indemnify, defend and hold the City harmless from any claims for personal injury or property damage arising from or connected to the negligence or wrongful acts of the County, its officers, agents and employees or from the material failure of the County to perform its obligations under the Contractual obligations. The provisions of this paragraph shall survive the termination of this Agreement.
- d. **Directors and Officers Insurance.** In addition, the Foundation agrees to secure Directors & Officers Liability Coverage for the errors and omissions of its directors and officers and to name the County and its Board of Supervisors as additional insureds.
- e. **Waiver of Subrogation.**
  - i. As to the County and the Foundation, the parties hereby waive any rights they have against the other on account of any loss or damage occasioned to any of them, their respective property or contents, arising from any risk generally covered by property

insurance, and the parties each, on behalf of their respective property insurance companies insuring the property against any such loss, waive any right of subrogation that they may have against the other parties, as the case may be. The parties shall indemnify the other against any loss or expense, including reasonable attorney fees, resulting from the failure to obtain this waiver.

ii. Workers Compensation insurance provided by the County or the Foundation shall contain an endorsement that shall waive any right of recovery (waiver of subrogation) against each other, and their respective officers, directors, agents, employees and volunteers.

f. **Entry by County and City.** The County and the City shall have the right of entry into the Premises for any reasonable cause and as allowed under the Sublease.

**17. Events of Default.** The following shall be considered an "Event of Default":

- a. Should any party at any time be in default hereunder with respect to any payments or other charges payable under the Contractual Obligations, and should such default continue for a period of ten (10) days after written notice; or should any party be in default in the prompt and full performance of any other of its promises, covenants or agreements herein contained and should such default or breach of performance continue for more than thirty (30) days after written notice thereof specifying the particulars of such default or breach of performance; (provided, however, that if such default cannot be cured within said thirty (30) day period, the defaulting party shall be deemed to have cured said default if the defaulting party so notifies Landlord in writing within said thirty (30) day period, and diligently, and in good faith, continues with and actually completes said cure, but in no event shall such period extend beyond sixty (60) days from the date of giving such notice); or should any party vacate or abandon the Premises; then the other parties may treat the occurrence of any one or more of the foregoing events as an event of default, and thus a breach of this Agreement;
- b. The failure of the Foundation to maintain its tax-exempt status.
- c. The bankruptcy or insolvency of any party.
- d. Any of the grounds for default under the Contractual Obligations.

**18. Remedies Upon Default.**

- a. On the occurrence of any Event of Default the parties may, in addition to any other rights and remedies provided herein, exercise any remedy in law or equity or as provided in the Master Lease or Sublease.
- b. On the occurrence of any Event of Default by the Foundation hereunder, the County may terminate the right of the Foundation to occupy the Premises, whereupon this Agreement shall expire, and the Foundation shall quit and surrender the Premises to the County. In addition to any and all remedies available to the County in law or equity, the Foundation hereby agrees that the County shall have the right to file an unlawful detainer action to recover possession of the Premises pursuant to the California unlawful detainer statutory scheme, as amended from time to time, and the Foundation hereby waives the right to object to the County's use of the unlawful detainer procedure.

**19. Further Assurances.** Each party shall cooperate with the other and execute such instruments or documents and take such other actions as may reasonably be requested from time to time in order to carry out, evidence or confirm their rights or obligations or as may be reasonably necessary or helpful to give effect to this Agreement.

**20. Notices and Consents.** All notices, consents, demand and other communication from one party to the other that are given pursuant to terms of this Agreement shall be in writing and shall be deemed to have been fully given when delivered, including delivery by commercial delivery services or facsimile transmission, or if deposited in the United States mail, certified or registered, postage prepaid, when received or refused. All notices consents, demands and other communications shall be addressed as follows or to another place as such party may designate in a notice:

For the County:  
Stanislaus County Chief Operations Officer  
1010 10th Street, Ste. 6800  
Modesto, CA 95354

For the City:  
City Manager  
1010 10th Street  
Modesto, CA 95354

For the Foundation:  
Chief Executive Officer  
P.O. Box 576571  
Modesto, CA 95357

**21. Entire Agreement.** There are no oral agreements between the parties affecting this Agreement and the Contractual Obligations supersede and cancel previous negotiations, arrangements, brochures, agreements and understandings between all parties with respect to the subject matter thereof.

**22. Authority.** Each person executing this Agreement on behalf of the party warrants the party has the right and authority to enter into this Agreement and that each person signing on behalf of the corporation is authorized to do so.

**23. Time of the Essence.** Time is of the essence in this Agreement and all of its provisions.

**24. Illegality or Unenforceability of Portion of Agreement.** If any provision of this Agreement is determined to be illegal or unenforceable, this determination shall not affect any other provision of this Agreement, and all other provisions shall remain in full force and effect.

**25. Estoppel.** At any time with at least fifteen (15) days' prior notice by any party to this Agreement, the other parties shall execute, acknowledge and deliver to Foundation a certificate certifying; (a) that this Agreement is unmodified and in full force or, if there have been modifications, that this Agreement is in full force, as modified, together with the date and nature of each modification; (b) that no notice has been received of any default that has not been cured, except defaults specified in the certificate, and (c) that no default is claimed, except defaults specified in the certificate, and (d) other matters as may be reasonably requested by any party.

**26. Waiver.** The waiver by any party of any agreement, condition or provision contained in this Agreement shall not be deemed to be a waiver of any subsequent breach of the agreement,

condition or provision or any other agreement, condition, or provision contained in the Agreement.

**27. Headings.** The various headings and numbers in this Agreement and the grouping of the provisions of this Agreement into separate sections and paragraphs for the purpose of convenience only and shall not be considered part of this Agreement.

**28. Governing Law.** This Agreement shall be governed by and construed pursuant to the law of the State of California.

**29. Exhibits.** The exhibits attached to this Agreement are by this reference incorporated herein and made part of this Agreement.

- Exhibit A, Map Depicting Veterans Center within Sylvan Square Shopping Center
- Exhibit A-1, Map Depicting the Entire Veterans Center
- Exhibit A-2, Map Depicting the Veterans Hall, Conference Area and County Space
- Exhibit B, Estimated Expenses
- Exhibit C, Nondiscrimination Policy

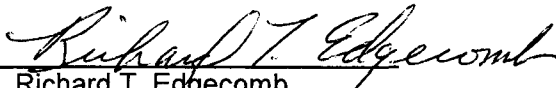
IN WITNESS WHERE OF, the parties have executed this Agreement as of the date first set forth above.

**“County”**

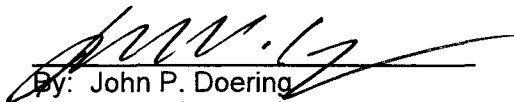
Stanislaus County

  
 By: Patricia Hill Thomas  
 Chief Operations Officer

APPROVED AS TO CONTENT:

  
 By: Richard T. Edgecomb  
 Chairman, Stanislaus County  
 Veterans Advisory Commission

APPROVED AS TO FORM:

  
 By: John P. Doering  
 Stanislaus County Counsel

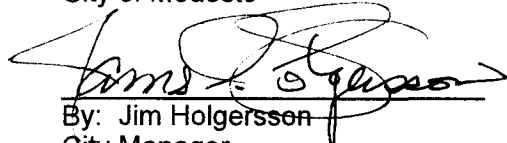
**“Foundation”**

Veterans Foundation of Stanislaus County

  
 By: Rebecca A. Crow, Chief Executive Officer

**“City”**

City of Modesto

  
 By: Jim Holgersson  
 City Manager

APPROVED AS TO FORM:

  
 For: Adam Lindgren  
 City Attorney

Attest:   
 Stephanie Lopez, City Clerk

APPROVED AS TO FORM:

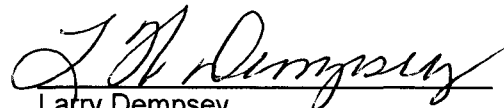
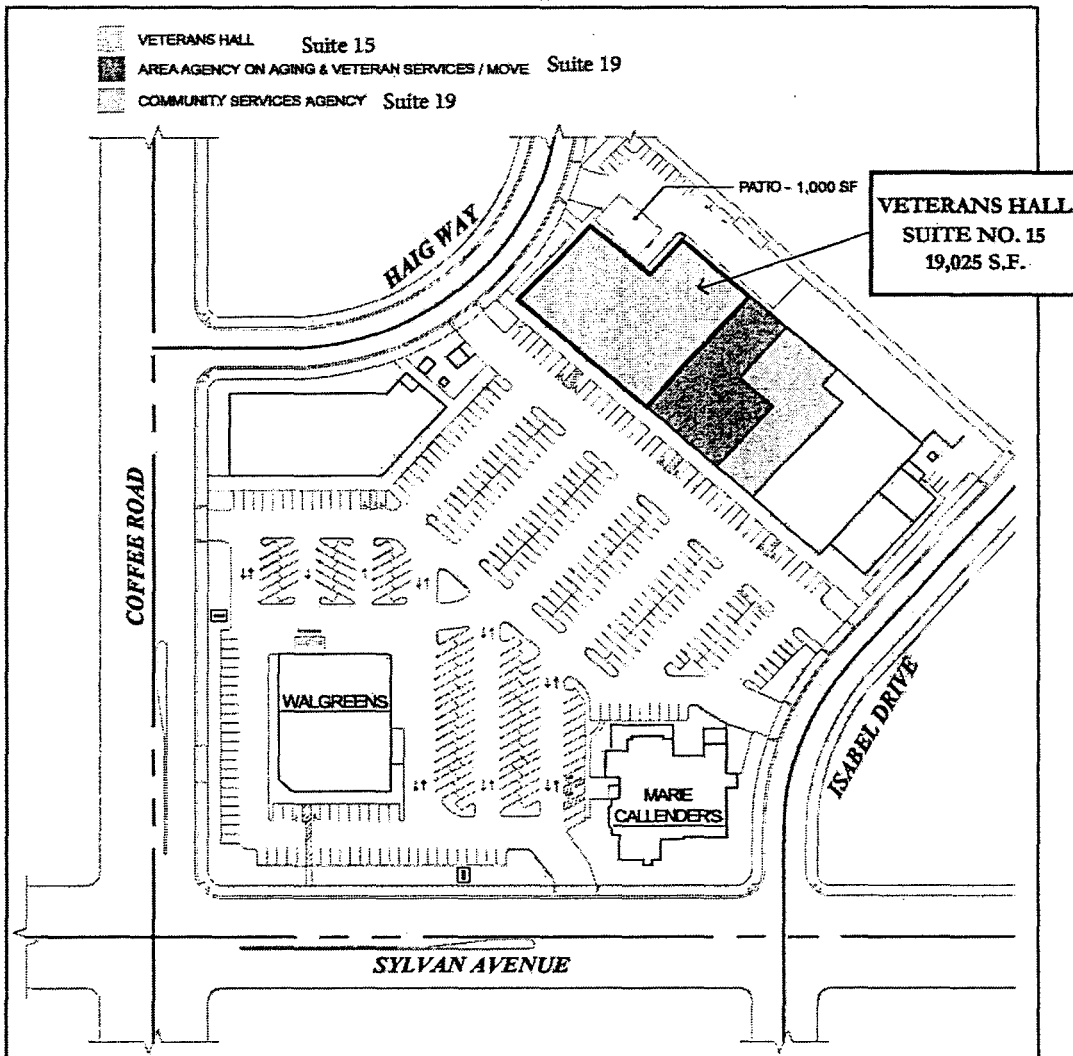
  
 Larry Dempsey,  
 Counsel for the Foundation



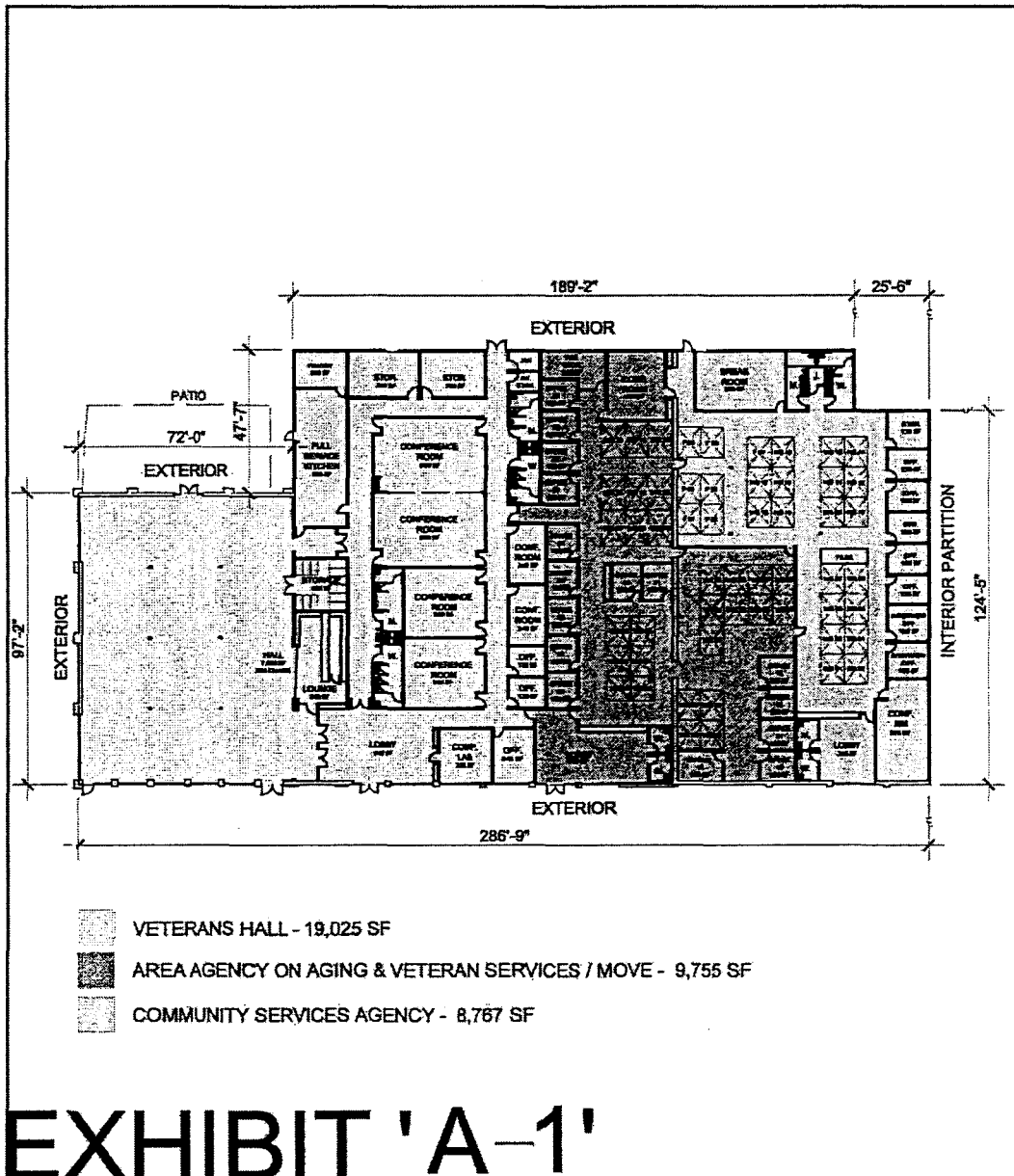
EXHIBIT "A"




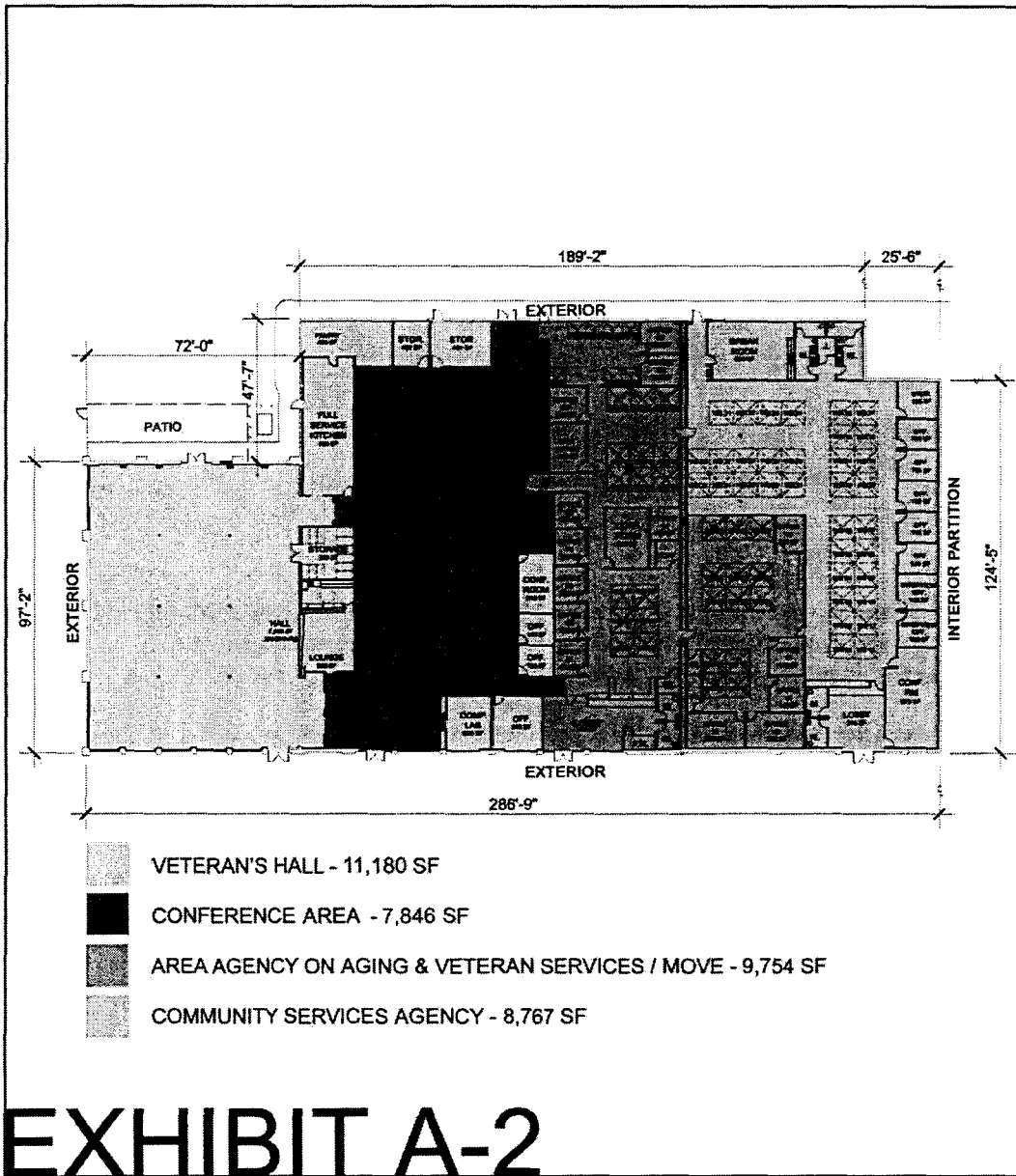
\*(The Walgreens parcel is not owned or controlled by Landlord.)

EXHIBIT 'A'

<b>SYLVAN SQUARE SHOPPING CENTER</b> 3500 COFFEE ROAD MODESTO, CA 95355	DATE	SCALE	
	04-13-16	NTS	



<b>SUITE :</b>  <b>SYLVAN SQUARE SHOPPING CENTER</b> 3500 COFFEE ROAD MODESTO, CA 95355	<b>SUITE SF: 37,547 SF</b> <b>PATIO SF: 1,000 SF</b>	<b>DATE</b> 04-13-16	<b>SCALE</b> NTS
<b>AREA CALCULATION:</b> ALL DIMENSIONS ARE TAKEN FROM CENTER LINE OF DEMISING WALLS TO OUTSIDE FACE OF CORRIDOR AND EXTERIOR WALLS / GLAZING.			




<b>SUITE :</b>	<b>SUITE SF: 37,547 SF</b> <b>PATIO SF: 1,000 SF</b>	<b>DATE</b> 06-21-16	<b>SCALE</b> NTS
<b>SYLVAN SQUARE SHOPPING CENTER</b> 3500 COFFEE ROAD MODESTO, CA 95355	<b>AREA CALCULATION:</b> ALL DIMENSIONS ARE TAKEN FROM CENTER LINE OF DEMISING WALLS TO OUTSIDE FACE OF CORRIDOR AND EXTERIOR WALLS / GLAZING.		

EXHIBIT B

EXHIBIT B				
<b>Sylvan Square Costs &amp; Square Footage</b>				
Program	Square Feet	Annual Rent	Annual Utilities	Total Cost
Veterans Hall	19,025	\$ 321,903	\$ 80,493	\$ 402,396
<b>Total</b>				
<b>Sylvan Square Annual Revenues</b>				
Organization	Veterans Hall	Monthly Rent		
Stanislaus County Revenue	\$ 147,396	\$ 12,283.00		
City of Modesto Revenue	\$ 80,000	\$ 6,666.67		
Foundation Revenue	\$ 175,000	\$ 14,583.33		
<b>Total</b>	<b>\$ 402,396</b>	<b>\$ 33,533.00</b>		
<b>10 Year Contributions - Not Including Utilities</b>				
Stanislaus County	\$ 1,473,960.00			
City of Modesto	\$ 800,000.00			
Foundation	\$ 1,750,000.00			

Estimated Budget for Rent and Utilities: \$0.35 per square foot for an annual total of \$80,493 Included are gas, electricity, basic janitorial service, water, solid waste and sewer. Exclusive of data/telecommunication, special event janitorial/security and other utilities/services.

Funds received shall be first applied to the payment of Rent and next to the payment of utilities. In the event of a deficiency, the County and Foundation shall reasonably allocate the deficiency based on estimated usage.

The City's first annual payment in the amount of Eighty Thousand Dollars (\$80,000) shall be made to the County on or before June 30, 2016, and annually thereafter on the anniversary of the first payment.

EXHIBIT C



STANISLAUS COUNTY

EQUAL EMPLOYMENT OPPORTUNITY/  
NON-DISCRIMINATION STATEMENT 2016

The Board of Supervisors of Stanislaus County hereby reaffirms its commitment to a clearly defined Equal Employment Opportunity Program to ensure that all people will work under equal opportunity conditions and that employment decisions in County service are made in accordance with Equal Employment Opportunity principles in compliance with state and federal legal requirements.


It is hereby reaffirmed that there shall be no discrimination in County employment policies and practices including pre-employment medical examinations and inquiries, recruitments, advertising, testing, certification, hiring, transfers, promotions, job assignment, training, compensation, benefits, leaves of absence, layoffs (including reemployment), terminations, and all other conditions of employment based on race, religious creed, color, national origin, ancestry, physical or mental disability, medical condition, genetic information, pregnancy related condition, marital status, gender/sex, sexual orientation, gender identity, gender expression, age (over 40), political affiliation or belief, or military and veteran status. Moreover, it is further reaffirmed that our Workplace Harassment, Discrimination, and Anti-Retaliation Policy includes prohibition of harassment (visual, verbal, or physical) of or discrimination against an employee or their family members, applicant, unpaid intern, volunteer, independent contractor, or client based on the conditions enumerated above. The policy also prohibits retaliatory discrimination or harassment against a person or their family members because the person complained about discrimination, filed a charge of discrimination, or participated in an employment discrimination investigation or lawsuit.

It is further reaffirmed that the County is also clearly committed to comply with all laws enforced by the EEOC including: Section 504 of the Rehabilitation Act of 1973 as amended (29 U.S.C. 797), the Americans with Disabilities Act (ADA) of 1990, and Title VII of the Civil Rights Act of 1964 (P.L. 88-352) to the end that no person in the United States shall, on the basis of proscribed grounds, be excluded from participation, be denied the benefits, or be otherwise subjected to discrimination under any program or activity in which the County receives Federal financial assistance.

It will be the Chief Executive Officer's responsibility, in concert with those persons cited in the County's Equal Employment Opportunity Program, to effectively carryout the Board's commitment of assuring Equal Employment Opportunity and non-discrimination towards those who seek the services provided by County government.

This statement shall be updated annually and upon approval it will be distributed to all County Departments, posted to the County website and distributed to local community organizations.

  
\_\_\_\_\_  
Stan Risen  
Chief Executive Officer

  
\_\_\_\_\_  
Dick Monteith  
Chairman, Board of Supervisors

## SUBLEASE

THIS SUBLEASE ("Sublease"), dated as of \_\_\_\_\_, 2016, is made by and between the County of Stanislaus, a political subdivision of the State of California ("County") and the Veterans Foundation of Stanislaus County, a California nonprofit corporation ("Subtenant" or "Foundation").

## RECITALS

A. On September 22, 2015, the County, the Foundation, and the City of Modesto ("City") entered into a Memorandum of Understanding ("MOU") for the creation of a One Stop Shop Veterans Center. The MOU required that the County, the Foundation, and the City enter into an Agreement that would incorporate and formalize the terms and conditions relating to the funding, operation and management of a Veterans center (the "Stanislaus Veterans Center").

B. Accordingly, the County, the Foundation and the City of Modesto entered into a Facility Operating Agreement ("Agreement") dated as of \_\_\_\_\_ relating to the funding, use and occupancy of the Premises. Under the terms and conditions of the Facility Operating Agreement, an Operating Committee is to be formed to adopt Standard Operating Procedures relating to the funding, operation and management of the Premises. A copy of the Facility Operating Agreement is attached hereto as Exhibit C.

C. On April 19, 2016, the Stanislaus County Board of Supervisors approved proceeding with the Stanislaus Veterans Center pursuant to a collaboration between the City and County and the Foundation, including the negotiation and execution of a 10-year lease with Sylvan Square, LLC for a total of 37,547 square feet of improved real property located at 3500 Coffee Road, Suite 15, Modesto, California.

D. On May 23, 2016, the County entered into a lease with Sylvan Square, LLC of approximately 18,522 square feet of improved real property located at 3500 Coffee Road, Suite 19, Modesto, California ("Adjacent Lease") for the County's Area Agency on Aging and Veterans Services and the County's Community Services Agency ("County Space").

E. On June 13, 2016, Sylvan Square, LLC ("Master Landlord") and the County entered into a written lease ("Master Lease") for approximately 19,025 square feet of improved real property located at 3500 Coffee Road, Suite 15, Modesto, California ("Premises"), more particularly described in Exhibit A-1. A copy of the Master Lease is attached hereto as Exhibit B. Subtenant acknowledges that it has reviewed the Master Lease and is familiar with the provisions thereof.

F. Together, the real property described in the Master Lease and the Adjacent Lease comprise the Stanislaus Veterans Center ("Center").

G. The Agreement requires funding contributions from the County, Subtenant and City to pay for rent and utilities for the Premises as more fully set forth on Exhibit B of said Agreement.

H. As used herein, the Master Lease, the Facility Operating Agreement, and this Sublease shall be referred to as the "Contractual Obligations."

I. Subtenant wishes to sublease the Premises from the County, and the County agrees to sublease the Premises to Subtenant, on the terms and conditions set forth in Contractual Obligations, and while reserving certain rights as set forth herein.

NOW, THEREFORE, in consideration of the mutual promises contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the County and Subtenant agree as follows:

1. **Definitions.** All capitalized terms used in this Sublease and not otherwise defined herein shall have the respective meanings ascribed to them in the Contractual Obligations, except as otherwise set forth herein.

- a. The Agreement means the Facility Operating Agreement.
- b. The Center is comprised of the entire 37,547 square feet of improved real property described in the Adjacent Lease and the Master Lease.
- c. The County Space is comprised of that portion of the Center that is the subject of the Adjacent Lease as depicted in blue and green on Exhibit A-1.
- d. The Premises are comprised of that portion of the Center that is the subject of the Master Lease and this Sublease as depicted in gold and orange on Exhibit A-2. The Premises include a Hall and a Conference Area. The Hall is depicted in gold and the Conference Area in orange on Exhibit A-2.

2. **Premises.** The County hereby subleases to Subtenant and Subtenant hereby subleases from County the Premises shown on Exhibit A, attached hereto, for the Term (as defined in Section 6 below), at the rental set forth herein, and subject to all of the terms, conditions and reservations set forth herein. The County represents and warrants to Subtenant that it has received all approvals required to enter into this Sublease, including, but not limited to, Master Landlord's approval.

3. **Use.**

(a) The Premises shall be used and occupied in accordance with the terms and conditions of the Contractual Obligations. The Premises shall be made available to all Veterans organizations in Stanislaus County for assemblies, conferences, large and small meetings, executive and committee meetings, Veterans workshops (employment, training, education, program enrollment, referral to services, etc.), and for public meeting space and County and City meeting or training space on a shared-use basis pursuant to paragraph 4, below. The Premises may be used for private events (weddings, conferences, parties, meetings, etc.) when available in accordance with the principles outlined in paragraph 4, below.

(b) Each party undertaking such use shall be responsible for obtaining all necessary permits and approvals for such use, and paying all charges incurred by vendors and others providing goods and services to such event, providing any required security for such events and ensuring that such users have adequate insurance

protecting the Foundation, the County, the City and the Master Landlord against any and all liabilities that may arise from such use, as further provided in paragraph 4, below.

4. **Shared Use Of Premises.** The objective of this Sublease is to incorporate the original intent of the parties that the Premises are to be used on a "shared use" basis by the Subtenant, the County, and the City.

- a. This shared use approach embodies the following principles:
  - i. The parties acknowledge and agree that the primary purpose of the Hall is for all Veterans and Veterans organizations throughout Stanislaus County. When the Hall is not previously scheduled for Veterans use, the County or the City may use the Hall for meetings, conferences or other uses.
  - ii. Specifically, it is anticipated that the adjacent County offices will use the Hall for staff trainings and other functions the County has from time to time but no less than twice per month.
  - iii. The Conference Area shall have a shared use purpose and was placed between the Hall and the County Space to allow for its shared use.
- b. Therefore, in addition to other rights granted to the County in this Sublease, and in consideration of the significant financial contribution of the County and the City in support of the project, the County expressly reserves, and the Subtenant expressly grants, the right of the County and the City to use any portion of the Premises, for the purposes outlined above, including public events, meetings, assemblies, conferences, workshops, seminars, training events or other related activities at no additional cost (except as otherwise set forth in the Facility Operating Agreement).
- c. In support of this shared-use approach, the County and Subtenant agree to cooperate with each other when coordinating and scheduling programs and activities within the Premises.
- d. The Operating Committee described in the Facility Operating Agreement shall develop and adopt Standard Operating Procedures for the coordinated operation of the Stanislaus Veterans Center in accordance with Section 9 of the Facility Operating Agreement.

5. **Name of the Premises.** Together, the Premises and County Space shall be known as the Stanislaus Veterans Center and will be referred to as such in all publications, messages, advertisements and communications concerning activities that occur at the Premises.

6. **Term.** The term of this Sublease shall be for a period of ten (10) years unless sooner terminated pursuant to the terms of the Contractual Obligations and shall commence and shall terminate as set forth in the Master Lease.

7. **Condition of Premises.** Subtenant acknowledges that it is subleasing the Premises in an improved condition as described in the Master Lease. Subtenant shall



provide its own furniture, moveable fixtures and equipment, except as otherwise stated in the Contractual Obligations.

8. **Rent.** Subtenant pay to County One Hundred Seventy-Five Thousand Dollars (\$175,000) in annual rent, payable in twelve (12) equal monthly installments each year, in the amount of Fourteen Thousand Five Hundred Eighty-Three and 33/100 Dollars (\$14,583.33) ("Rent") provided, however, Subtenant shall pay to the County, on or before September 10, 2016, the amount of Twenty-Five Thousand Dollars (\$25,000.00) in prepaid rent in satisfaction of Subtenant's first month's rent and part of the second month's rent. The remainder of the rent due for the second month shall, in addition, to the prepayment described above, be in the amount of Four Thousand One Hundred Sixty-six Dollars (\$4,166.33). For all subsequent months, the Rent shall be Fourteen Thousand Five Hundred Eighty-Three and 33/100 Dollars (\$14,583.33). The Rent shall be payable to the County thirty (30) days in advance on the first day of each month, without setoff or deduction. The Rent for the first fractional month shall be computed in accordance with the Master Lease. Should there be a dispute over amounts owed, the parties shall meet and confer in good faith to resolve the dispute prior to initiating any action. Payment of rent under this provision does not constitute a waiver of any remedy either party may have under law or equity.

9. **Utilities and Janitorial Services.**

a. The Rent payment in Section 8 includes an estimated cost for utilities and basic janitorial services of \$80,493 per year. Utilities include gas, electricity, water, sewer, solid waste, and basic janitorial service for the Premises. Utilities do not include janitorial services or supplies for events. In the event the cost of Utilities exceeds \$80,493 in any given year, the County and Foundation shall reasonably allocate the deficiency based on estimated usage.

b. The parties agree to meet and confer on an annual basis within 90 days after the end of the County's fiscal year to reconcile their respective utility payments and reconcile their respective responsibilities.

10. **Other Costs.** If, due to the negligence or wrongful acts of Subtenant, or its breach of the Contractual Obligations, additional costs or charges are imposed on the County by the Master Landlord pursuant to the Master Lease, Subtenant shall pay all such costs or charges to the County within thirty (30) days after written demand by the County.

11. **Alterations.** Subtenant shall make no alterations, additions or changes to the structure of the Premises or to any tenant improvements or permanent fixtures at the Premises without the prior written approval of the County. The parties understand that the Master Lease limits the right of the Tenant to make improvements. Because the County is the Tenant under the Master Lease, all limitations relating to alterations in the Master Lease are binding upon Subtenant. Further, Subtenant acknowledges that alterations may be subject to laws applicable to public works projects, including but not limited to the prevailing wage requirements set forth in Labor Code Section 1771.5.

12. **Condition at Termination.** At the expiration of this Sublease, Subtenant shall have removed its trade fixtures and personal property from the Premises, and shall surrender the Premises to the County in "broom clean" condition and in as good order,

repair and condition as when the Premises were delivered to Subtenant, ordinary wear and tear excepted.

13. **Master Lease.** This Sublease is and shall at all times be subject and subordinate to the Master Lease, and every provision thereof. Subtenant acknowledges that Subtenant's use and enjoyment of the Premises are subject to the County's rights and obligations pursuant to the Master Lease. For purposes of this Sublease, the terms of the Master Lease are incorporated in this Sublease by reference with the same force and effect as if set forth herein, except that, if the context requires otherwise:

- a. References in such provisions to Owner, Landlord or Lessor shall be deemed to refer to the County;
- b. References in such provisions to Tenant or Lessee shall be deemed to refer to Subtenant;
- c. References in such provisions to the Premises shall be deemed to refer to the Subleased Premises;
- d. References in such provisions to subleases, sublettings or subtenants in the Master Lease shall be deemed to refer to subsubleases, subsublettings, or subsubtenants or subassignments. Notwithstanding anything to the contrary in the Master Lease, Subtenant shall not further transfer any interest in this Sublease or enter into an Occupancy Transaction as defined in Article 21 of the Master Lease without the prior approval of the County.
- e. Subtenant shall not commit nor permit its employees, agents, visitors, invitees, directors or vendors to commit any act or omission which would violate any material term or condition of the Master Lease. Likewise, County shall not commit nor permit its employees, agents, visitors, invitees or vendors, including, without limitation, any person on the Premises as a result of use by County and others described at Section 3, above, to commit any act or omission which would violate any material term or condition of the Master Lease or this Sublease.
- f. Subtenant shall not have any authority to make any agreement with Master Landlord regarding the Premises or the Master Lease. If the Master Lease terminates or expires, this Sublease shall terminate and the parties shall be relieved of any further liability or obligation under this Sublease, except for liabilities arising prior to the termination of the Master Lease; provided, however, that if the Master Lease terminates as a result of a default or breach by the County or Subtenant under this Sublease and/or the Master Lease, then the defaulting party shall be liable to the nondefaulting party for the damage suffered as a result of such termination. Notwithstanding the foregoing, if the Master Lease gives the County any right to terminate the Master Lease in the event of the partial or total damage, destruction, or condemnation of the Premises or the building or project of which the Premises are a part, or by exercising any cancellation option, the exercise of such right by the County shall not constitute a default or breach hereunder.

- g. Notwithstanding anything to the contrary contained herein, in no event shall the County be deemed to be in default under this Sublease or liable to Subtenant for any failure of the Master Landlord to perform its obligations under the Master Lease. With respect to all work, services, utilities, repairs, restoration, maintenance, compliance with law, insurance, indemnification or other obligations or services to be performed or provided by Master Landlord under the Master Lease, the County's sole obligation shall be to exercise commercially reasonable efforts to require Master Landlord to comply with the obligations of Master Landlord under the Master Lease, provided that in no event shall the County be required to file suit against Master Landlord unless any such legal action is required to protect Subtenant and County's use, possession and enjoyment of the Premises.
- h. Wherever the Master Lease requires the consent of the Landlord be obtained, Master Landlord's consent and the County's consent shall be required. It shall not be unreasonable for the County to withhold consent under any circumstances where Master Landlord withholds its consent, whether or not Master Landlord acts reasonably in so doing.

**14. Insurance and Indemnification**

- a. Whenever, pursuant to the Master Lease as incorporated herein, County is required to furnish insurance to or for the Landlord, Subtenant also shall be required to furnish such insurance to or for the County and the Master Landlord, and shall name Master Landlord and the parties identified in the Master Lease, and the County, its Board members, officers, employees, volunteers and agents as additional insureds.
- b. Whenever, pursuant to the Master Lease as incorporated herein, County is required to indemnify or defend the Landlord, Subtenant shall be required also to indemnify or defend the County and the Landlord and such other persons as shall be entitled thereto under the Master Lease.
- c. In addition to Subtenant's obligations under this section, Subtenant shall indemnify, defend and hold harmless the County from and against any loss, cost, damage or expense, or any claim therefor, arising out of (i) any failure by Subtenant to observe or perform any of the terms, covenants or conditions of the Contractual Obligations required to be observed or performed by Subtenant, including any loss, cost, damage or expense which may result from any default under or termination of the Master Lease arising by reason of any such failure, or (ii) any holding over by Subtenant in the Premises beyond the expiration or sooner termination of this Sublease, including any such liability with respect to the entire Premises arising out of such holding over by Subtenant.
- d. County shall defend, indemnify and hold the Subtenant, its officers, employees, and agents harmless from and against any and all liability, loss, expense or claims for injury or damages arising out of the performance of this Agreement but only in proportion to and to the extent such liability, loss, expense, or claims for injury or damages are caused by or result from the

negligent or intentional acts or omissions of the County, its officers, agents or employees.

15. **Remedies Upon Default.** Should Subtenant be in default of the Sublease, including a default as defined in Article 25 of the Master Lease, the County may elect any remedies set forth in Article 25 of the Master Lease.

16. **Notices.** All notices, consents, demands and other communications from one party to the other given pursuant to the terms of this Sublease or under the laws of the State of California, including but not limited to, notice under the provisions of Section 1161 of the California Code of Civil Procedure and Section 1946 of the California Civil Code, shall be in writing and shall be deemed to have been fully given when deposited in the United States mail, certified or registered, postage prepaid, and addressed to Subtenant or County at the addresses respectively specified below or to such other place as Subtenant or County may from time to time designate by a written notice to the other; or, in the case of Subtenant, delivered to Subtenant at the Premises or at any place where Subtenant or any agent or employee of Subtenant may be found if sent subsequent to Subtenant's vacating, deserting, abandoning or surrendering of the Premises. Subtenant hereby appoints as its agent to receive the service of all dispossessory or distraint proceedings and notices thereunder the person in charge of or occupying the Premises at the time, and, if no person shall be in charge of or occupying the same, then such service may be made by attaching the same on the main entrance of the Premises. Subtenant hereby agrees that service of notice in accordance with the terms of this Sublease shall be in lieu of the methods of service specified in Section 1162 of the California Code of Civil Procedure. The provisions of subdivision (a) of Section 1013 of the California Code of Civil Procedure, extending the time within which a right may be exercised or an act may be done, shall not apply to a notice given pursuant to this Sublease.

The address for County is:

Stanislaus County Chief Executive Office  
Attention: Chief Operations Officer  
1010 10<sup>th</sup> Street, Suite 6800  
Modesto, California 95354

The address for Subtenant is:

Veterans Foundation of Stanislaus County  
Attention: Chief Executive Officer  
P.O. Box 576571  
Modesto, CA 95357

17. **Limitation of Liability.** No board member, director, officer, employee, advisor or agent of the County or Subtenant acting within the course and scope of his or her employment duties or fiduciary duties, as the case may be, shall be personally liable in any manner or to any extent under or in connection with this Sublease. In no event shall the County, Subtenant or any of their respective directors, officers, employees, advisors or agents be responsible for any consequential damages suffered or incurred by the County or Subtenant.

18. **Holding Over.** The parties contemplate that this Sublease shall terminate or expire in accordance with the terms and conditions of the Contractual Obligations, without any right of holdover by Subtenant.

19. **Miscellaneous.**

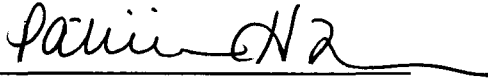
- a. Exhibits. Exhibits A-1, A-2, and B are attached to this Sublease and are incorporated herein by this reference.
- b. Authority. The individual or individuals signing this Sublease on behalf of each party hereto represent and warrant that: (i) Each has full power and authority to enter into this Sublease and to perform this Sublease; (ii) the execution, delivery and performance of this Sublease by the party in question have been duly and validly authorized by all necessary action on the part of such party and all required consents and approvals have been duly obtained; and (iii) this Sublease is a legal, valid and binding obligation of the party in question, enforceable against such party in accordance with its terms, subject to the effect of applicable bankruptcy, insolvency, reorganization, arrangement, moratorium or other similar laws affecting the rights of creditors generally.
- c. Independent Covenants. This Sublease shall be construed as though the covenants between County and Subtenant are independent.
- d. Attorneys' Fees. Notwithstanding any provision to the contrary in the Contractual Obligations, in the event of an action or suit solely between the County and Subtenant by reason of a breach of any of the covenants or agreements in the Contractual Obligations, then, in that event, the prevailing party in such action or dispute, whether by final judgment or out of court settlement, shall pay its own attorneys' fees and costs.
- e. Counterparts. This Agreement and any subsequent amendments may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument. Facsimile signatures shall be deemed originals.

**[SIGNATURE PAGE TO IMMEDIATELY FOLLOW]**

IN WITNESS WHEREOF, the parties have executed this Sublease as of the date first set forth above.

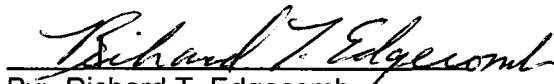
**"County"**

Stanislaus County



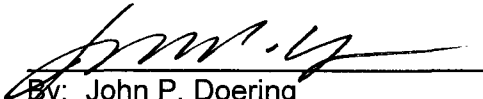
By: Patricia Hill Thomas  
Chief Operations Officer

APPROVED AS TO CONTENT:



By: Richard T. Edgecomb  
Chairman, Stanislaus County  
Veterans Advisory Commission


APPROVED AS TO FORM:



By: John P. Doering  
Stanislaus County Counsel

**"Foundation"**

Veterans Foundation of Stanislaus County



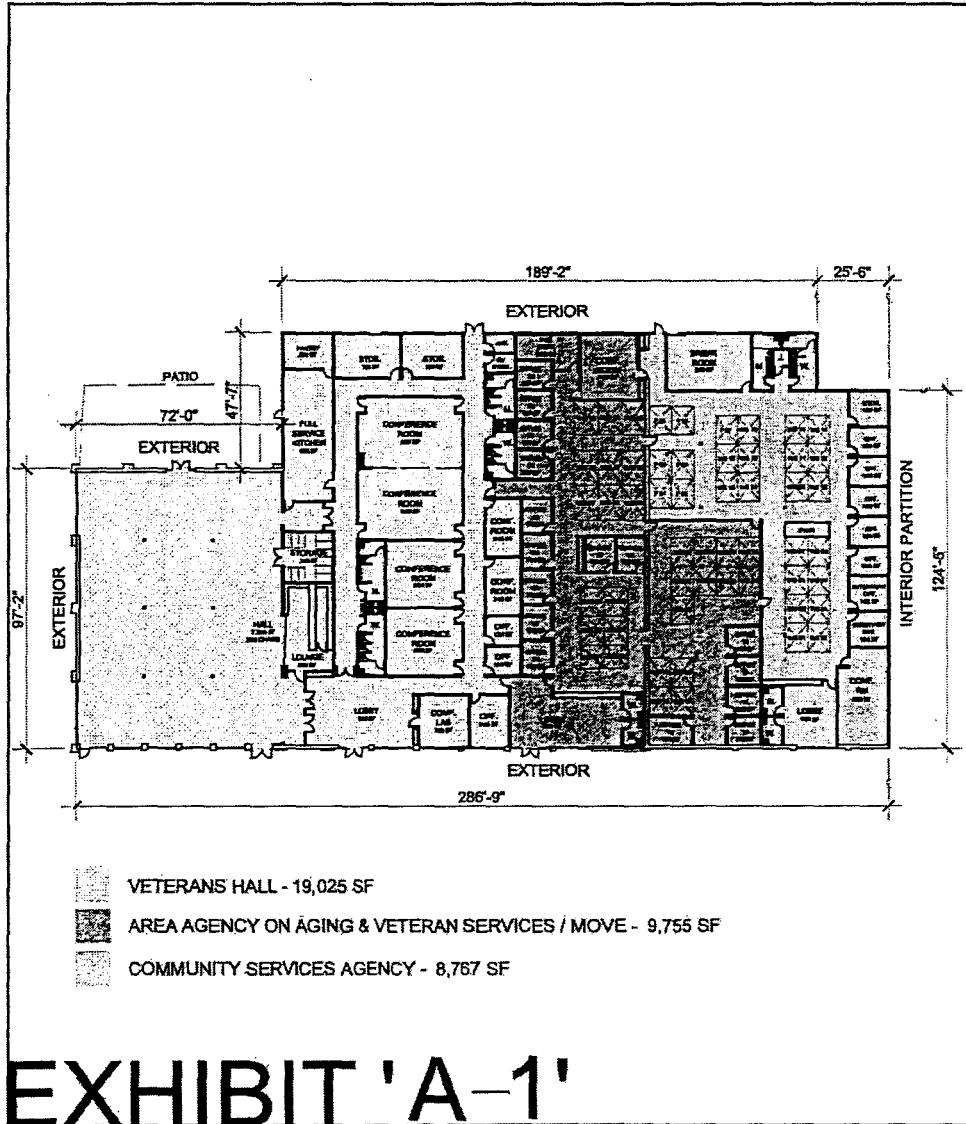
By: Rebecca A. Crow, Chief Executive Officer

APPROVED AS TO FORM:



Larry Dempsey, Counsel for the Foundation

EXHIBIT A-1 – MAP DEPICTING ENTIRE VETERANS CENTER




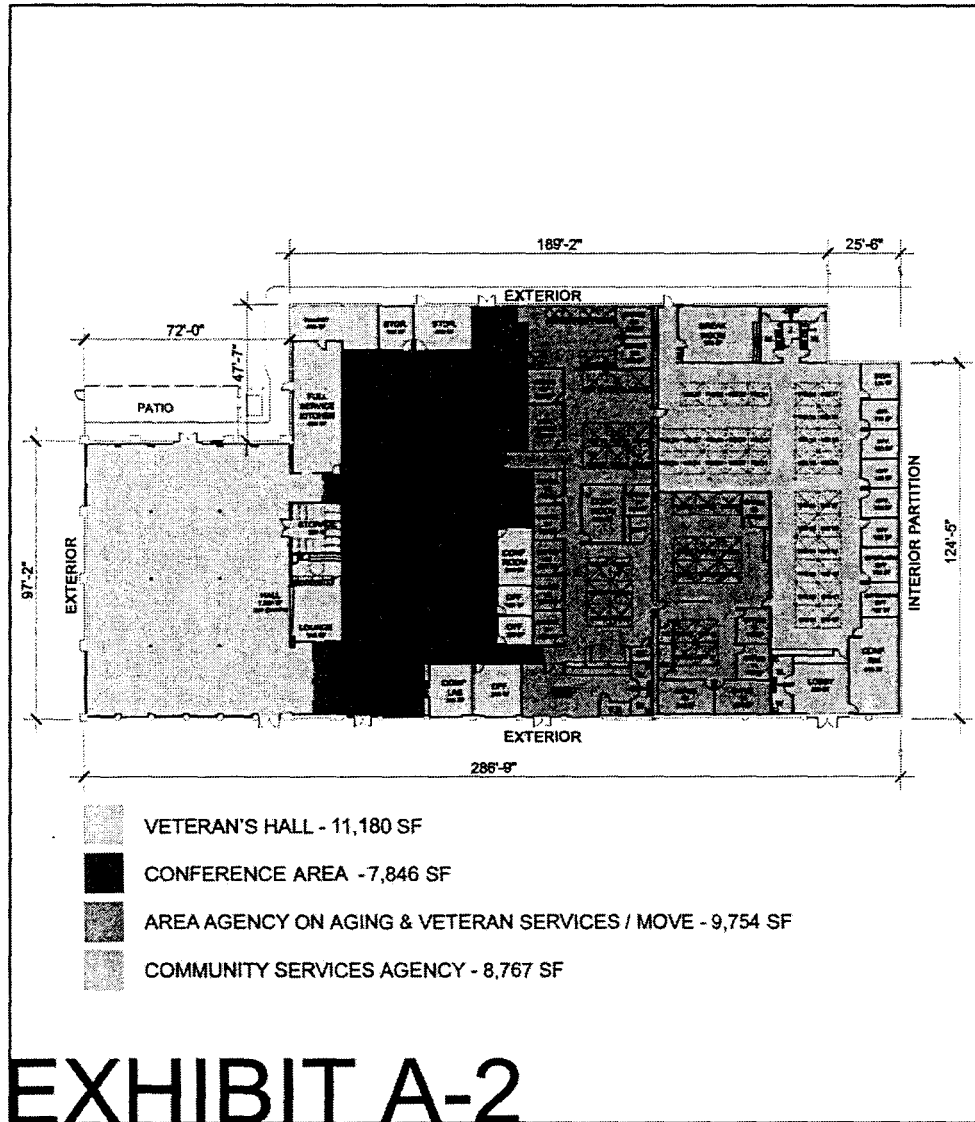
<b>SUITE :</b>	<b>SUITE SF: 37,547 SF</b> <b>PATIO SF: 1,000 SF</b>	<b>DATE</b> 04-13-18	<b>SCALE</b> NTS
<b>SYLVAN SQUARE SHOPPING CENTER</b> 3500 COFFEE ROAD MODESTO, CA 95355	<b>AREA CALCULATION:</b> ALL DIMENSIONS ARE TAKEN FROM CENTER LINE OF DEMISING WALLS TO OUTSIDE FACE OF CORRIDOR AND EXTERIOR WALLS / GLAZING.		

EXHIBIT A-2 – MAP DEPICTING VETERANS HALL,  
CONFERENCE AREA AND COUNTY SPACE



SUITE :	SUITE SF: 37,547 SF PATIO SF: 1,000 SF	DATE 06-21-16	SCALE NTS
SYLVAN SQUARE SHOPPING CENTER 3500 COFFEE ROAD MODESTO, CA 95355	AREA CALCULATION: ALL DIMENSIONS ARE TAKEN FROM CENTER LINE OF DEMISING WALLS TO OUTSIDE FACE OF CORRIDOR AND EXTERIOR WALLS / GLAZING.		



EXHIBIT B – MASTER LEASE

**LEASE AGREEMENT  
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EXHIBIT B – MASTER LEASE

SHOPPING CENTER LEASE  
(Veterans/County Space)

In consideration of the rents and covenants hereinafter set forth, Landlord hereby leases to Tenant, and Tenant hereby rents from Landlord, the following described Premises upon the following terms and conditions:

ARTICLE 1 - Fundamental Lease Provisions

Effective Date: June 13, 2016

Landlord: SYLVAN SQUARE, LLC, a California limited liability company

Tenant: COUNTY OF STANISLAUS

Premises: Approximately 19,025 square feet of Floor Area located at Sylvan Square shopping center ("Premises") located at 3500 Coffee Road, Suite 15, Modesto, California 95355 ("Shopping Center").

Lease Term: Ten (10) Year term

Option Terms: None.

Completion of Landlord's Work;  
Rent Commencement Date: Landlord will use its best efforts to complete Landlord's Work by November 1, 2016. If Landlord's Work is not complete by that date, Tenant will be allowed to occupy portions of the work that have been completed.

Landlord's Work must be complete by no later than December 15, 2016, including issuance of a Certificate of Occupancy by the applicable regulatory agency.

The Rent Commencement Date is November 11, 2016.

Rent: Notwithstanding anything in the RFP to the contrary, starting on the Rent Commencement Date and continuing through the one hundred twentieth (120<sup>th</sup>) full calendar month of the Lease, Tenant shall pay to Landlord Rent in the amount of \$1.40 per square foot per month, payable on the first day of each month. No Rent is payable on the outdoor patio area.



EXHIBIT B – MASTER LEASE

- 1 size, location, number and extent of the improvements shown
- 2 thereon and eliminate or add any improvements to any portion of
- 3 the Shopping Center, as long as Tenant's rights under the lease
- 4 and parking rights are not materially and adversely affected.
- 5
- 6 EXHIBIT "A-1" Space Plan.
- 7
- 8 EXHIBIT "B" Description of the Premises, Premises mailing address, and
- 9 authorized use, and Tenant's name.
- 10
- 11 EXHIBIT "C" Description of design and construction of the Premises and
- 12 "Landlord's Work."
- 13
- 14 EXHIBIT "D" Intentionally Omitted.
- 15
- 16 EXHIBIT "E" Tenant's Certificate.
- 17
- 18 EXHIBIT "F" Sign Criteria.
- 19

20 ARTICLE 3 - Premises

21  
22 Tenant issued a Request for Proposals dated September 25, 2015 seeking proposals  
23 from property owners to lease space to the County and to the Veterans Foundation for Veterans  
24 and County uses. Landlord submitted a proposal dated November 8, 2015, as amended and  
25 clarified by communications which include responses on December 8, 2015 and January 27,  
26 2016 ("RFP"), the terms and conditions of which are incorporated herein by this reference.  
27 Landlord has been selected as the successful proposer to develop and construct the turnkey  
28 improvements as more fully set forth herein.

29  
30 Landlord hereby leases and demises unto Tenant and Tenant hereby leases and takes  
31 from Landlord, as of the Effective Date set forth in Article 1 ("Effective Date") for the term, at the  
32 Rent and upon the covenants and conditions hereinafter set forth, the commercial space  
33 referred to herein as the "Premises," and described on Exhibit "B" attached hereto and made a  
34 part hereof. Landlord has agreed to make the turnkey improvements to the Premises at  
35 Landlord's sole cost and expense. Landlord shall be responsible for the completion of  
36 Landlord's Work (which shall include all other leasehold improvements so required) in  
37 accordance with Exhibit "C".

38  
39 Subject to Tenant's rights under this Lease, Landlord may elect to remodel or renovate  
40 the Shopping Center. Such remodel or renovation of Tenant's store and storefront shall be at  
41 Landlord's expense, including the remodel or renovation of Tenant's signage; Landlord shall  
42 give Tenant notice, not less than thirty (30) days prior to the commencement of construction, of  
43 Landlord's election to remodel, renovate or rebuild the Shopping Center.

44  
45 Any and all improvements to be made by Landlord shall be in compliance with all  
46 applicable Governmental codes, ordinances, regulations, and approved by Landlord's architect  
47 and the Tenant under the conditions of Exhibits "C".

48  
49 Landlord may finance the construction of the buildings and improvements (or refinance  
50 the existing building and improvements) of the Shopping Center of which the Premises form a

EXHIBIT B – MASTER LEASE

1 part. A financial institution that may provide the financing must approve the terms and  
2 provisions of this Lease.

3  
4 ARTICLE 4 - Term

5  
6 The Lease shall be effective as of the Effective Date, and shall continue thereafter  
7 during the Lease Term specified in Article 1 hereof, unless sooner terminated, as hereinafter  
8 provided in this Lease. The Lease Term shall be computed from the Rent Commencement  
9 Date, provided however, if such Rent Commencement Date is other than the first day of the  
10 calendar month, then said Lease Term shall be computed from the first day of the calendar  
11 month following the Rent Commencement Date.

12  
13 Landlord shall commence the design, permitting and construction of Landlord's Work  
14 promptly upon execution of this Lease, shall diligently prosecute such construction to  
15 completion, and shall provide Tenant with a Certificate of Occupancy.

16  
17 Within ten (10) days after Tenant opens for business, Tenant shall execute and deliver  
18 to Landlord a certificate substantially in the form attached hereto, marked Exhibit "E" and made  
19 a part hereof, indicating thereon any exceptions thereto which may exist at that time. Failure of  
20 Tenant to execute and deliver such certificate shall constitute an acceptance of the Premises  
21 and an acknowledgment by Tenant that the statements included in Exhibit "E" are true and  
22 correct, without exceptions. If requested by Landlord in writing, Tenant shall give similar  
23 certificates from time to time during the term of this Lease in the manner herein above provided.

24  
25 Notwithstanding anything to the contrary herein, if, during the Term of this Lease,  
26 Tenant, in its sole discretion, determines that sufficient funds are not available to allow for  
27 continuation of the Lease, and provided that Tenant is not in default under this Lease, Tenant  
28 may terminate this Lease Agreement upon not less than six (6) months prior written notice to  
29 Landlord ("Right of Early Lease Termination"), provided Tenant pays to Landlord, prior to  
30 vacating the Premises, the unamortized portion of any leasing commission and the actual cost  
31 of the tenant improvement work paid by Landlord in connection with this Lease, such amount to  
32 be amortized on a straight line basis over the initial ten-year term of the Lease. Tenant shall pay  
33 such sum to Landlord upon delivery of Tenant's termination notice to Landlord. In the event said  
34 sum is not delivered to Landlord along with Tenant's termination notice, then, at Landlord's  
35 election, Tenant's termination shall be deemed null and void, and the Lease shall continue in full  
36 force or effect.

37  
38 The following schedule is an example of a condensed and summary version of the  
39 amortization schedule to be used in determining Tenant's payment to Landlord for unamortized  
40 TI Costs in the event Tenant exercises its right of lease termination.

41  
42 If the effective date of any such termination of Lease by the Tenant falls on any date  
43 other than as shown on the summary schedule below, the required payment of Unamortized TI  
44 Costs by Tenant to Landlord shall be the balance shown in a full and detailed version similar to  
45 the following schedule which is shown for example only. (To be revised and to be based on  
46 final actual cost of Landlord's Work).

47

EXHIBIT B – MASTER LEASE

Term (Years)	10
Total TI Cost	\$ 1,800,000
Reduction of TI Cost per month	\$ 15,000.00

	Month of Lease Term	Balance of Amortized TI Cost (Unamortized)
Initial Cost of TIs		\$ 1,800,000.00
End of Lease Month	12	1,620,000.00
"	24	1,440,000.00
"	36	1,260,000.00
"	48	1,080,000.00
"	60	900,000.00
"	72	720,000.00
"	84	540,000.00
"	96	360,000.00
"	108	180,000.00
"	120	-

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ARTICLE 5 - Rent

Tenant agrees to pay as Rent, for the use and occupancy of the Premises, at the time and in the manner hereinafter provided, the following sums of money:

- A. Rent. The Rent specified in Article 1 hereof shall be payable in twelve (12) equal monthly installments during each year, in advance on the first day of each month, without setoff or deduction, commencing on the Rent Commencement Date. The Rent for the first fractional month shall be computed on a daily basis for the period from the date of commencement to the end of such calendar month at an amount equal to one three hundred-sixtieth (1/360) of the said Rent for each such day, and thereafter shall be computed and paid as aforesaid. Tenant shall install Tenant's furniture, fixture and equipment and shall open the Premises for business within thirty (30) days after the Rent Commencement Date.
- B. Adjustments to Rent. During the entire initial 10-year term of this Lease, there shall be no increases or adjustments to the Rent.
- C. Taxes and Insurance and Other Expenses. The Rent includes Landlord's property taxes and assessments, insurance, common area, maintenance, repair and replacement expenses. Tenant shall have no responsibility for paying additional amounts to Landlord over the Rent, except as expressly set forth herein.
- D. Interest and Late Charges. Should Tenant fail to pay the Rent when the same is due and payable, such unpaid amounts shall bear interest at the rate of six percent (6%) from the date due to the date of payment.
- E. Payment of Rent and Amounts Due on Execution. Tenant shall pay on or before October 10, 2016 the amount of \$25,000.00 for the Premises in prepaid rent (the "Prepaid Rent") to be applied to the first installment of Rent. All Rent and other payments shall be paid by Tenant to Landlord at its management office, or at such other place as may from time to time be designated by Landlord in writing at least ten (10) days prior to the next ensuing payment date.

## EXHIBIT B – MASTER LEASE

1	ARTICLE 6	-	Definition of "NET SALES" [INTENTIONALLY OMITTED]
2			
3	ARTICLE 7	-	Marketing Fund, Merchant's Association [INTENTIONALLY
4			OMITTED]
5			
6	ARTICLE 8	-	Security Deposit. [INTENTIONALLY OMITTED]
7			
8	ARTICLE 9	-	Common Areas
9			

10 The term "Common Areas" refers to all areas within the exterior boundaries of the  
11 Shopping Center which are now or hereafter made available for general use, convenience and  
12 benefit of Landlord and other persons entitled to occupy Floor Area in the Shopping Center,  
13 including, without limiting the generality of the foregoing, automobile parking areas, including  
14 any parking structures, driveways, sidewalks, landscaped and planted areas. The term "Floor  
15 Area", as used throughout this Lease shall be deemed to mean and include the square footage  
16 of all areas for the exclusive use and occupancy by a tenant of Landlord other than the  
17 Premises, measured from the exterior surface of exterior walls (and from the extensions thereof,  
18 in the case of openings) either of which form the perimeter of the Premises, and from the center  
19 of demising partitions between the Premises and those of adjacent tenants; the Floor Area shall  
20 include, without limitation, restrooms, mezzanines, warehousing or storage areas, clerical or  
21 office areas and employee areas; provided, however, the term "Floor Area", as used throughout  
22 this Lease with respect to the Premises shall be deemed to mean and include the assignable  
23 square footage of all areas for the exclusive use and occupancy by Tenant, measured from the  
24 exterior surface of exterior walls (and from the extensions thereof, in the case of openings)  
25 either of which form the perimeter of the Premises, and from the center of demising partitions  
26 between the Premises and those of adjacent tenants; the Floor Area shall include, without  
27 limitation, restrooms, mezzanines, warehousing or storage areas, clerical or office areas and  
28 employee areas.

29  
30 Landlord reserves the right at any time to construct and own or lease kiosks and permit  
31 pushcarts, either permanent or temporary, in, on or upon any Common Areas of the Shopping  
32 Center (including, but not by way of limitation, the interior and exterior Common Areas, the  
33 sidewalks and parking lots), provided any such kiosks or pushcarts do not materially and  
34 adversely affect access to the Premises, Tenant's rights under this Lease or parking available to  
35 Tenant as contemplated under this Lease. In the event Landlord chooses to construct any  
36 kiosks on any Common Area of the Shopping Center, upon commencement of construction of  
37 any kiosk, the space devoted to the kiosk will no longer be considered a Common Area of the  
38 Shopping Center.

39  
40 Tenant, its employees and invitees are, except as otherwise specifically provided in this  
41 Lease, authorized, empowered and privileged to use the Common Areas in common with other  
42 persons during the term of this Lease. Landlord has constructed the Common Areas generally  
43 upon the area shown on the site plan attached hereto and marked Exhibit "A", and shall  
44 maintain and operate, or cause to be maintained and operated (except as hereinafter provided  
45 with reference to cost of maintenance) said Common Areas at all times following completion  
46 thereof, for the benefit and use of the customers and patrons of Tenant, and of other tenants,  
47 owners and occupants of the land constituting the Shopping Center of which the Premises are a  
48 part.

49

EXHIBIT B – MASTER LEASE

1 Landlord shall keep or cause to be kept said Common Areas in a neat, clean and orderly  
2 condition, properly lighted and landscaped, and shall repair any damage to the facilities thereof.  
3 All expenses in connection with said Common Areas shall be paid by Landlord or other tenants,  
4 without any obligation upon Tenant to reimburse Landlord for any such Common Area  
5 Expenses.  
6

7 It is understood and agreed that the phrase "expenses in connection with said Common  
8 Areas" and/or "Common Area Expenses" as used herein shall be construed to include, but not  
9 be limited to, all sums expended (and/or estimated as a reserve for repairs or replacements) in  
10 connection with said Common Areas for all general maintenance and repairs, resurfacing, or  
11 painting, restriping, cleaning, sweeping and janitorial services; maintenance and repairs of  
12 sidewalks, curbs, and Shopping Center signs; banners; seasonal decorations; sprinkler  
13 systems, planting and landscaping; lighting and other utilities; directional signs and other  
14 markers and bumpers; maintenance and repair of any fire protection systems, lighting systems,  
15 storm drainage systems and other utility systems; personnel to implement such services  
16 including, if Landlord deems necessary, the cost of security guards; real and personal property  
17 Taxes and Assessments on the improvements and land comprising said Common Areas; any  
18 governmental imposition, Taxes and Assessments, or surcharge imposed upon Landlord or  
19 assessed against any portion of the Common Areas; depreciation on maintenance and  
20 operating machinery and equipment (if owned) and Rent paid for such machinery and  
21 equipment (if rented); the repairs and maintenance Landlord is required to perform pursuant to  
22 Article 14 herein; and adequate public liability and property damage insurance and All Risk  
23 Insurance Endorsements on the Common Areas with (at Landlord's option) earthquake and  
24 flood damage endorsements; costs related to energy conservation, environmental programs  
25 and providing access for the handicapped; Rent payments for parking or parking structures, if  
26 any; and public transit, carpooling facilities or other transportation management programs, if  
27 any. Landlord may cause any or all of said services to be provided by an independent  
28 contractor or contractors.  
29

30 Should Landlord acquire or make available additional land not shown as part of the  
31 Shopping Center on Exhibit "A" and make the same available for parking or other Common  
32 Area purposes, then said expenses in connection with said Common Areas shall also include all  
33 of the aforementioned expenses incurred and paid in connection with said additional land.  
34

35 Tenant shall have no responsibility for the payment of Common Area Expenses.  
36

37 Anything to the contrary notwithstanding contained in this Article 9, in the event that  
38 Landlord does not maintain the entire Common Area in the Shopping Center, in that the other  
39 stores have the right to and may maintain their respective Common Areas, then and in that  
40 event, for the length of time such condition may exist, Landlord's responsibility shall only be  
41 towards the maintenance and repair of those portions of the Common Areas not maintained by  
42 the other stores, and the "expenses in connection with said Common Areas" shall only refer to  
43 such areas maintained by Landlord, except for such "expenses" Landlord has an obligation to  
44 pay.  
45

46 Landlord shall at all times have the right and privilege of determining the nature and  
47 extent of the Common Areas, whether the same shall be surface, underground or multiple-deck,  
48 and of making such changes therein and thereto from time to time which in its opinion are  
49 deemed to be desirable and for the best interest of all persons using said Common Areas,  
50 including the location and relocation of driveways, entrances, exits, automobile parking spaces,



EXHIBIT B – MASTER LEASE

1 the direction and flow of traffic, prohibited areas, landscaped areas, and all other facilities  
2 thereof, and further, including any modification of said Common Areas for the purpose of  
3 expanding and/or remodeling the Shopping Center buildings, provided such changes do not  
4 materially and adversely affect Tenant's rights under the Lease or parking available to Tenant  
5 as contemplated under this Lease.  
6

7 Nothing contained herein shall be deemed to create any liability upon Landlord for any  
8 damage to motor vehicles of customers or employees or for loss of property from within such  
9 motor vehicles, unless caused by the negligence of Landlord, its agents, servants or employees.  
10 Tenant acknowledges that by providing security guards for the Common Areas and Shopping  
11 Center, Landlord does not represent, guarantee or assume responsibility that Tenant, Tenant's  
12 employees, agents and invitees will be secure from losses caused by the illegal acts of third  
13 parties, and does not assume responsibility for any such illegal acts. To induce Landlord to  
14 provide such security guards, if any, as Landlord deems reasonable, appropriate and  
15 economically feasible, and notwithstanding anything to the contrary contained elsewhere in this  
16 Lease, and to the extent allowable by law, Tenant hereby waives any present or future claim,  
17 including claims based on negligence, Tenant may have against Landlord whether known or  
18 unknown, for bodily injury or property damage arising from the performance of such security  
19 guards provided Landlord acts with reasonable diligence in the selection and management of  
20 security guard services.  
21

22 Landlord shall also have the right to establish, and from time to time change, alter and  
23 amend, and to enforce against Tenant and the other users of said Common Areas such  
24 reasonable rules and regulations (including the exclusion of employees' parking therefrom) as  
25 may be deemed necessary or advisable for the proper and efficient operation and maintenance  
26 of said Common Areas. The rules and regulations herein provided may include, without  
27 limitation, the hours during which the Common Areas shall be open for use. Landlord may, in  
28 its opinion the same be advisable, establish a system or systems of validation or other type  
29 operation, including a system of charges against non-validated parking checks of users, and  
30 Tenant agrees to conform to and abide by all such rules and regulations in its use, and the use  
31 of its customers and patrons, with respect to the automobile parking area of the Common Areas;  
32 provided, however, that all such rules and regulations and such types of operation or validation  
33 of parking checks and other matters affecting the customers and patrons of Tenant shall apply  
34 equally and without discrimination to all persons entitled to the use of said automobile parking  
35 facilities.  
36

37 Landlord shall at all times during the term of this Lease have the sole and exclusive  
38 control of the Common Areas, and may at any time and from time to time during the term hereof  
39 exclude and restrain any person from use or occupancy thereof, excepting, however, bona fide  
40 customers, patrons and invitees of Tenant, and other tenants of Landlord who make use of said  
41 areas in accordance with the rules and regulations established by Landlord from time to time  
42 with respect thereto. The rights of Tenant hereunder in and to the areas of this Article referred  
43 to shall at all times be subject to the rights of Landlord, the other tenants of Landlord and the  
44 other owners of the Shopping Center who use the same in common with Tenant, and it shall be  
45 the duty of Tenant to keep all of said areas free and clear of any obstructions created or  
46 permitted by Tenant or resulting from Tenant's operation and to permit the use of any of said  
47 areas only for normal parking and ingress and egress by the said customers, patrons and  
48 service-suppliers to and from the building occupied by Tenant and the other tenants of Landlord.  
49

EXHIBIT B – MASTER LEASE

1 If, in the opinion of Landlord, unauthorized persons are using any of said areas by  
2 reason of the presence of Tenant in the Premises, Tenant, upon demand of Landlord, shall  
3 enforce such rights against all such unauthorized persons by appropriate proceedings. Nothing  
4 herein shall affect the rights of Landlord at any time to remove any such unauthorized persons  
5 from said areas or to restrain the use of any of said areas by unauthorized persons.  
6

7 Landlord shall provide approximately 370 nonexclusive parking stalls within the  
8 Shopping Center (which is estimated to be approximately 3.9 parking spaces per 1,000 square  
9 feet of Floor Area and which includes code-required disability parking). Landlord estimates that  
10 there are approximately 115-130 offsite parking spaces; provided Landlord cannot guarantee  
11 the availability of such off-site parking. Notwithstanding the foregoing, if a conflict arises from  
12 time to time concerning the availability of reasonably convenient parking for patrons of the  
13 Shopping Center, then Landlord reserves the right to reasonably designate the location of  
14 parking spaces in the Common Area to be used by employees of the Tenant and the employees  
15 of all other tenants within the Shopping Center.  
16

17 Landlord may furnish and/or cause to be furnished either within the Shopping Center  
18 parking areas, or reasonably close thereto, space for employee parking. In the event and  
19 during such time Landlord furnishes such parking, Landlord at all times shall have the right to  
20 designate the particular parking area to be used by any or all of such employees and any such  
21 designation may be changed from time to time, provided all parking rules are imposed equitably  
22 and on a non-discriminatory basis among all tenants within the Shopping Center. Tenant and  
23 its employees shall park their cars only in those portions of the Common Areas, if any,  
24 designated for that purpose by Landlord. Tenant shall furnish Landlord with its and its  
25 employees' license numbers within fifteen (15) days after taking possession of the Premises,  
26 and Tenant shall thereafter notify Landlord of any changes within five (5) days after such  
27 change occurs.  
28

29 Landlord agrees to provide parking for Tenant's use, including the repurposing of the  
30 area in the exterior rear of the Premises and providing appropriate rear loading access.  
31 Landlord also agrees to cooperate with Tenant in obtaining a written agreement with an  
32 adjacent property owner to use its available parking space during nights and weekends for  
33 additional parking that may be needed for certain functions of Tenant in the Premises. Such  
34 cooperation shall include, without limitation, Tenant's providing an indemnification to said  
35 adjacent property owner relating to Tenant's use of its parking lot.  
36

37 ARTICLE 10 - Possession and Use  
38

39 Possession of the Premises shall be delivered to Tenant free and clear of all tenants and  
40 occupants and the rights of either, and also free of liens and encumbrances, except those as  
41 may be specified in Article 22 hereof. Tenant shall use the Premises solely for the purposes  
42 and under the name specified in Exhibit "B" attached hereto. Tenant shall not use, change the  
43 use or permit the Premises to be used for any other purpose or purposes or under any other  
44 trade name whatsoever without Landlord's consent. Tenant shall not, without the prior written  
45 consent of Landlord, sell lottery tickets, merchandise from vending machines or allow any coin  
46 operated vending or gaming machines on the Premises. Tenant further covenants and agrees  
47 that it will not use or suffer or permit any person or persons to use the Premises or any part  
48 thereof for (a) conducting therein a secondhand store, auction, distress or fire sale or  
49 bankruptcy or going-out-of-business sale, or similar "Closing of Business" or "Losing Lease"  
50 type of sale; (b) any use or purpose in violation of the laws of the United States of America, or

EXHIBIT B – MASTER LEASE

1 the laws, ordinances, regulations and requirements of the State, County and City where the  
2 Shopping Center is situated; (c) any use that is or shall become unlawful or illegal; (d) any use  
3 that shall be deemed by Landlord to be disreputable or extra hazardous to the Premises or the  
4 Shopping Center; or (e) any use that may be otherwise permissible or legal, but shall be  
5 deemed criminal, lewd, obscene or offensive by Landlord, or other tenants of the Shopping  
6 Center or a substantial part of the general public. Such uses shall include, but not be limited to:  
7 a massage parlor, novelty store or show, "peep show", "adult" theater or place for the sale,  
8 distribution or gift of "adult" books, periodicals or other similar literature. Tenant will comply with  
9 all laws, ordinances, orders, rules, regulations, and other governmental requirements relating to  
10 the use, condition, or occupancy of the Premises, and all rules, orders, regulations, and  
11 requirements of the board of fire underwriters or insurance service office, or any other similar  
12 body, having jurisdiction over the building in which the Premises are located. The cost of such  
13 compliance (including without limitation capital expenditures) will be borne by Tenant, except as  
14 to compliance relating to the construction of Landlord's Work. Tenant shall not commit waste  
15 nor cause or permit any unsafe, unclean or unwholesome condition, objectionable noises, odors  
16 or nuisances in the Shopping Center and Tenant shall promptly correct, at Tenant's expense,  
17 any such condition created by Tenant.

18  
19 Landlord shall provide, at Landlord's expense, pest control management within the  
20 Common Areas if needed.

21  
22 Tenant certifies, warrants and represents to Landlord that Tenant is not, and shall not  
23 knowingly become, a person or entity with whom Landlord is restricted from doing business with  
24 under regulations of the Office of Foreign Asset Control ("OFAC") of the Department of the  
25 Treasury (including, but not limited to, those named on OFAC's Specially Designated and  
26 Blocked Persons list) or under any statute, executive order (including, but not limited to, the  
27 September 24, 2001, Executive Order Blocking Property and Prohibiting Transactions With  
28 Persons Who Commit, Threaten to Commit, or Support Terrorism), or other governmental action  
29 and is not and shall not engage in any dealings or transactions or be otherwise associated with  
30 such persons or entities. Tenant agrees to defend, indemnify, and hold harmless Landlord from  
31 and against any and all claims, damages, losses, risks, liabilities, and expenses (including  
32 attorney's fees and costs) arising from or related to any breach of the foregoing certification.

33  
34 Tenant may not display or sell merchandise or allow carts, portable signs, devices or any  
35 other objects to be stored or to remain outside the defined exterior walls or roof and permanent  
36 doorways of the Premises. No aerial or antenna shall be erected on the roof or exterior walls of  
37 the Premises without first obtaining, in each instance, the written consent of Landlord which  
38 consent shall not be unreasonably withheld, conditioned or delayed. Any aerial or antenna so  
39 installed without such written consent shall be subject to removal.

40  
41 Tenant will not solicit in any manner in any of the automobile parking and Common  
42 Areas of the Shopping Center.

43  
44 ARTICLE 11 - Tenant's Conduct of Business

45  
46 Tenant covenants and agrees that that it will keep its Premises in a neat, clean and  
47 orderly condition. Tenant agrees that all garbage, trash and rubbish of the said Tenant shall  
48 only be deposited within receptacles approved by Landlord and that there shall be no other  
49 trash receptacles permitted to remain outside of the building. Landlord agrees to cause such  
50 receptacles to be emptied and trash removed at Landlord's cost and expense.

51

## EXHIBIT B – MASTER LEASE

1 ARTICLE 12 - Advertising Signs  
2

3 Tenant shall not affix or maintain upon the glass panes and supports of the show  
4 windows (and within twenty-four inches (24") of any window), doors and the exterior walls of the  
5 Premises, (and within twenty-four inches (24") of Tenant's lease line) any signs, advertising  
6 placards, names, insignia, trademarks, descriptive material or any other such like item or items  
7 except such as shall have first received the written approval of Landlord as to size, type, color,  
8 location, copy, nature and display qualities. Anything to the contrary in this Lease  
9 notwithstanding, Tenant shall not affix any sign to the roof of the Premises.  
10

11 In addition, no advertising medium shall be utilized by Tenant which can be heard or  
12 experienced outside Tenant's Premises, including without limiting the generality of the  
13 foregoing, flashing lights, searchlights, loudspeakers, phonographs, radios or television. Tenant  
14 shall not display, paint or place or cause to be displayed, painted or placed, any handbills,  
15 bumper stickers or other advertising devices on any vehicle parked in the parking area of the  
16 Shopping Center, whether belonging to Tenant, or to Tenant's agent, or to any other person; nor  
17 shall Tenant distribute, or cause to be distributed, in the Shopping Center, any handbills or other  
18 advertising devices. Except with the signage to be installed by Landlord as part of Landlord's  
19 Work (which includes all interior and code-required signage), Tenant shall erect signs at  
20 Tenant's sole cost and expense in accordance with the provisions of the sign criteria attached  
21 hereto, made a part hereof and labeled Exhibit "F". Tenant may elect for Landlord to purchase  
22 and install its building fascia signage, in which case Landlord shall do so and the cost thereof  
23 shall be paid over the Term of this Lease and paid by Tenant to Landlord as additional Rent in  
24 equal monthly installments. Notwithstanding the foregoing, Landlord, at its sole expense, shall  
25 add Tenant's name and location on the Shopping Center's monument sign(s), provided Tenant  
26 first gives to Landlord in writing its approved logo and graphics (artwork) and subject to the prior  
27 right of any existing occupants in the Shopping Center as of the date hereof (including their  
28 heirs, executors, administrators, successors, assigns, subtenants and concessionaires) as well  
29 as any extensions or renewals of such tenancies.  
30

31 ARTICLE 13 - Utilities; Services  
32

33 Landlord has made available to Tenant, to the extent of the work described in  
34 "Description of Landlord's Work" in Exhibit "C" hereof, facilities for the removal of sewage, for  
35 the delivery to the Premises of water, electricity, telephones, and for the common utilities  
36 including (at Landlord's option) gas. Tenant agrees to use such utilities with respect to the  
37 Premises.  
38

39 Tenant agrees, at its own expense, to pay for all of said utilities used by Tenant on the  
40 Premises from and after the delivery of possession thereof by Landlord. If a separate meter is  
41 provided for Tenant for any utilities, the installation of such separate meter shall be at Landlord's  
42 expense.  
43

44 Landlord shall not be liable in damage or otherwise for any failure or interruption of any  
45 utility service being furnished to the Premises as long as Landlord acts with reasonable  
46 diligence to restore the utility interruption; provided, however, if (i) there is an interruption in any  
47 of the Utilities to the Premises due to the gross negligence or willful misconduct of Landlord  
48 ("Utility Interruption") and (ii) the Utility Interruption materially, adversely interferes with Tenant's  
49 use and occupancy of the Premises such that Tenant cannot reasonably conduct business upon  
50 the Premises and (iii) Tenant does not use the Premises during the period of the Utility

EXHIBIT B – MASTER LEASE

1 Interruption and (iv) Tenant has notified Landlord in writing of the Utility Interruption ("Utility  
2 Interruption Notice"), then if the Utility Interruption continues for three (3) consecutive days  
3 following the date Landlord receives the Utility Interruption Notice, Tenant's sole remedy shall  
4 be that Rent shall be abated until the date the Utility Interruption ceases. No such failure or  
5 interruption shall entitle Tenant to terminate this Lease.  
6

7 Tenant's Use of Alternative Electric Service Provider.  
8

- 9
- 10 1. In the event that Tenant wishes to utilize services of an alternative electricity  
11 service provider herein referred to as (ASP) rather than the public utility that is  
12 servicing the Shopping Center as of the date of Tenant's execution of this  
13 Lease, no such ASP shall be permitted to provide service to Tenant or to install  
14 its lines or other equipment within the Shopping Center, without obtaining the  
15 prior written consent of Landlord, which shall not be unreasonably withheld.
  - 16 2. Unless all of the following conditions are satisfied to Landlord's satisfaction in a  
17 written agreement between the ASP and Tenant or by any other means  
18 acceptable to Landlord, it shall be reasonable for Landlord to refuse its consent:  
19
    - 20 a. No expense to Landlord. Landlord shall incur no expense whatsoever  
21 with respect to any aspect of ASP's provision of its services, including  
22 without limitation, the cost of installation, service, and materials;
    - 23 b. ASP Supplies Insurance and Financial Verification. Prior to  
24 commencement of any work in or about the Shopping Center by ASP,  
25 ASP shall supply Landlord with verification that, in Landlord's sole  
26 judgment, ASP is (A) properly insured, and (B) financially capable of  
27 covering any uninsured damage;
    - 28 c. ASP will Follow Building Rules. Prior to the commencement of any work  
29 in or about the Shopping Center by ASP, ASP shall agree in writing to  
30 abide by such rules and regulations, job site rules, and such other  
31 requirements as reasonably determined by Landlord to be necessary to  
32 protect the interest of the Shopping Center;
    - 33 d. Sufficient Space for Equipment and Materials. Landlord reasonably  
34 determines that there is sufficient space in the Shopping Center for the  
35 placement of all of ASP's equipment and materials, including without  
36 limitation, in the electricity risers;
    - 37 e. ASP in Good Standing. ASP is, in Landlord's sole judgment, licensed and  
38 reputable, as shown in documents acceptable to Landlord;
    - 39 f. Compensation for Space. ASP agrees, in a license agreement signed by  
40 Landlord and ASP, to compensate Landlord the amount determined by  
41 Landlord for (A) space used in the Shopping Center for the storage and  
42 maintenance of ASP's equipment (ASP's Space); and (B) all costs that  
43 may be incurred by Landlord in arranging for access by ASP's personnel,  
44 security for ASP's equipment, and any other such costs as Landlord may  
45 incur;
- 46  
47  
48  
49  
50

EXHIBIT B – MASTER LEASE

- 1
- 2
- 3 g. ASP Subject to Landlord's Supervision. ASP agrees that Landlord shall
- 4 have the right to supervise ASP's performance of any work on or about
- 5 the Shopping Center, including, without limitation, any installations or
- 6 repairs;
- 7
- 8 h. ASP Must Give Landlord Access. ASP agrees that Landlord shall have
- 9 the right to enter ASP's Space at any time in the event of an emergency
- 10 and at all reasonable times and upon reasonable notice for the purpose of
- 11 (A) inspecting same; (B) making repairs to ASP's Space and performing
- 12 work therein as may be necessary, in Landlord's judgment; or (C)
- 13 exhibiting ASP's Space for purposes of sale, lease, ground lease, or
- 14 financing.
- 15 Tenant shall not deem Landlord's consent under this Section any kind of warranty or
- 16 representation as to the suitability or competence of ASP.
- 17
- 18 Tenant acknowledges and agrees that all electricity services serving the Premises which are
- 19 desired by Tenant shall be ordered and utilized at the sole expense of Tenant.
- 20
- 21 Tenant agrees that to the extent service by ASP is interrupted, curtailed, or discontinued for
- 22 whatever reason; Landlord shall have no obligation or liability with respect thereto.
- 23
- 24 Tenant shall indemnify and hold harmless Landlord for all losses, claims, demands, expenses,
- 25 and judgments against Landlord caused by or arising out of, either directly or indirectly, any acts
- 26 or omissions by ASP.
- 27
- 28 Notwithstanding any provision herein to the contrary, the refusal of Landlord to consent to any
- 29 prospective ASP shall not be deemed a default or breach by Landlord of its obligations under
- 30 this Lease unless and until Landlord is adjudicated in a final and unappealable court decision to
- 31 have acted recklessly or maliciously with respect to its refusal.
- 32
- 33 Notwithstanding Tenant's rights hereunder, Landlord shall have the right at any time and from
- 34 time to time during the Lease Term to require Tenant to contract for electricity service with a
- 35 different ASP or ASP's ("Landlord's ASP") provided Tenant's use of Landlord's ASP shall lower
- 36 Tenant's electricity costs and lower CAM cost.
- 37

38 ARTICLE 14 - Repairs and Maintenance – Full Service Lease

39

40 This is a full service lease. Except for janitorial services and supplies and the

41 maintenance and repair of kitchen improvements and plate glass (and repairs arising from

42 Tenant's negligence or improper use), the maintenance and repair of the Premises and HVAC

43 serving the Premises is Landlord's responsibility. Landlord agrees at all times, from and after

44 delivery of the Premises, and at its own cost and expense, and in compliance with all laws,

45 ordinances, orders, rules, regulations and other governmental requirements, to repair, replace

46 and maintain in good and tenantable condition the Premises and every part thereof and

47 including without limitation the utility meters, pipes and conduits, all fixtures, air conditioning and

48 heating equipment serving the Premises and other equipment therein, the store front or store

49 fronts, all Tenant's signs, locks and closing devices, and all window sash, casement or frames,

50 door and door frames, floor coverings, including carpeting, terrazzo or other special flooring,

EXHIBIT B – MASTER LEASE

1 and all such items of repair, maintenance, alteration and improvement or reconstruction as may  
2 at any time or from time to time be required by a governmental agency having jurisdiction  
3 thereof. Landlord shall contract with a service company for the quarterly maintenance of the  
4 heating and air conditioning equipment. All glass, both exterior and interior, is at the sole risk of  
5 Tenant, and Tenant shall promptly replace any broken glass with glass of the same kind, size  
6 and quality.  
7

8 In the portion of the Premises that includes food preparation, Tenant shall: (a) contract  
9 with a service company for the service and maintenance of all mechanical exhaust devices,  
10 including but not limited to hoods, fans and air flues on a monthly, or more frequent if needed,  
11 basis; (b) maintain grease interceptors and/or traps as is required by governmental regulations  
12 and maintain and service such grease interceptors and traps on a scheduled basis.  
13

14 Landlord shall keep and maintain in good and tenable condition and repair the roof,  
15 exterior walls, structural parts of the Premises and structural floor, pipes and conduits outside  
16 the Premises for the furnishing to the Premises of various utilities (except to the extent that the  
17 same are the obligations of the appropriate public utility company); provided however, that  
18 Landlord shall not be required to make repairs necessitated by reason of the negligence of  
19 Tenant or anyone claiming under Tenant, or by reason of the failure of Tenant to perform or  
20 observe any conditions or agreements in this Lease contained, or caused by alterations,  
21 additions, or improvements made by Tenant or anyone claiming under Tenant. Anything to the  
22 contrary notwithstanding contained in this Lease, Landlord shall not in any way be liable to  
23 Tenant for failure to make repairs as herein specifically required of it unless Tenant has  
24 previously notified Landlord, in writing, of the need for such repairs and Landlord has failed to  
25 commence and complete said repairs within a reasonable period of time following receipt of  
26 Tenant's written notification.  
27

28 If Landlord refuses or neglects to make repairs and/or maintain the Premises, or any part  
29 thereof, in a manner reasonably satisfactory to Tenant, Tenant shall have the right, upon giving  
30 Tenant reasonable written notice of its election to do so, to make such repairs or perform such  
31 maintenance on behalf of and for the account of Landlord and Landlord shall reimburse Tenant  
32 the cost of such work within thirty (30) days of Landlord's receipt of a written invoice for the  
33 work.  
34

35 As used in this Article the expression "exterior walls" shall not be deemed to include  
36 store fronts, plate glass, window cases or window frames, doors or door frames, security grilles  
37 or similar enclosures.  
38

39 Upon any surrender of the Premises, Tenant shall redeliver the Premises to Landlord in  
40 good order, condition (broom-clean), and state of repair, ordinary wear and tear and casualty  
41 damages excepted, and excepting such items of repair as may be Landlord's obligation  
42 hereunder. Unless waived by Landlord in writing, Tenant shall accompany Landlord, or one of  
43 Landlord's authorized representatives, on a joint inspection of the Premises prior to such  
44 surrender and thereupon, deliver to Landlord the keys to said Premises.  
45

46 Tenant agrees to permit Landlord and its authorized representatives to enter the  
47 Premises at all times during business hours with reasonable prior notice to Tenant for the  
48 purpose of inspecting the same. Tenant further covenants and agrees that Landlord may go  
49 upon the Premises with reasonable prior notice to Tenant and make any necessary repairs to  
50 the Premises and perform any work therein (i) which is required under this Lease or which is

## EXHIBIT B – MASTER LEASE

1 necessary to comply with any laws, ordinances, rules or regulations of any public authority or of  
2 the Insurance Services Office or of any similar body, or (ii) that Landlord may deem necessary  
3 to prevent waste or deterioration in connection with the Premises if Tenant does not make or  
4 cause such repairs to be made or performed or cause such work to be performed promptly after  
5 receipt of written demand from Landlord, or (iii) that Landlord may deem necessary to perform  
6 construction work incidental to any portion of the Shopping Center adjacent to, above or below  
7 the Premises. In connection with Landlord's entry, Landlord shall take commercially reasonable  
8 steps to minimize interference with Tenant's business activities and operations. No exercise by  
9 Landlord of any rights herein reserved shall entitle Tenant to any compensation, damages or  
10 abatement of rent from Landlord for any injury or inconvenience occasioned thereby nor  
11 constitute any form of eviction of Tenant from the Premises or any part of the Premises.

### 12 ARTICLE 15 - Tenant's Right to Make Alterations

14  
15 After the completion of Landlord's Work, Landlord agrees that Tenant may, at its own  
16 expense and after giving Landlord notice in writing of its intention to do so, from time to time  
17 during the Term hereof, make alterations, additions and changes in and to the interior of the  
18 Premises (except those of a structural nature or requiring a permit) as it may find necessary or  
19 convenient for its purposes, provided that the value of the Premises is not thereby diminished,  
20 and provided, however, that no alterations, additions or changes costing in excess of Ten  
21 Thousand Dollars (\$10,000.00) may be made without first procuring the approval in writing of  
22 Landlord, Landlord's Project Architect, or Landlord's Project Coordinator, which approval shall  
23 not be unreasonably withheld, conditioned or delayed. In addition, no alterations, additions or  
24 changes shall be made to the exterior walls or roof of the Premises, any store front, including  
25 installation of security gates, security grills and/or other security devices, nor shall Tenant erect  
26 any mezzanine or increase the size of same, if one be initially constructed, unless and until the  
27 written consent and approval of Landlord shall first have been obtained. In no event shall  
28 Tenant make or cause to be made any penetration through the roof of the Premises without the  
29 prior written approval of Landlord. Tenant shall be directly responsible for any and all damages  
30 resulting from any violation of the provisions of this Article. All alterations, additions or changes  
31 to be made to the Premises which require the approval of Landlord shall be under the  
32 supervision of a competent architect or competent licensed structural engineer and made in  
33 accordance with plans and specifications with respect thereto, approved in writing by Landlord,  
34 Landlord's Project Architect or Landlord's Project Coordinator, before the commencement of  
35 work. All work with respect to any alterations, additions and changes must be done in a good  
36 and workmanlike manner, in compliance with all applicable governmental codes, ordinances,  
37 regulations, and be diligently prosecuted to completion to the end that the Premises shall at all  
38 times be a complete unit except during the period of work. Landlord shall not be required to  
39 perform or pay for any alterations which Tenant has elected to install. Upon completion of such  
40 work, Tenant shall file for record in the office of the County Recorder where the Shopping  
41 Center is located a Notice of Completion as required or permitted by law. Upon termination of  
42 Tenant's leasehold estate such alterations, additions or changes shall be considered as  
43 improvements and shall not be removed by Tenant but shall become a part of the Premises,  
44 except as otherwise approved by Landlord. Any such changes, alterations and improvements  
45 shall be performed and done strictly in accordance with the laws and ordinances relating  
46 thereto. In performing the work of any such alterations, additions or changes, Tenant shall have  
47 the work performed in such a manner as not to obstruct the access to the premises of any other  
48 tenant in the Shopping Center.

49  
50

15



EXHIBIT B – MASTER LEASE

1           In the event that Tenant shall make any permitted alterations, additions or improvements  
2 to the Premises under the terms and provisions of this Article 15, Tenant agrees upon its part to  
3 carry such insurance as required by Article 20C(iii) covering any such alterations, additions, or  
4 improvements, it being expressly understood and agreed that none of such alterations,  
5 additions, or improvements shall be insured by Landlord under any insurance it may carry upon  
6 the building of which the Premises are a part, nor shall Landlord be required under any  
7 provisions for reconstruction of the Premises to reinstall any such alterations, improvements or  
8 additions.  
9

10           Notwithstanding anything to the contrary herein, Tenant may install card readers and  
11 alarm systems, and window coverings at Tenant's sole expense. Landlord to install all wiring  
12 and cabling for Tenant's alarm system and security needs. Tenant shall provide to the Landlord  
13 the specifications for cabling and wiring for its card readers and alarm systems.  
14

15           **ARTICLE 16 - Mechanics' Liens**  
16

17           Tenant agrees that, except for Landlord's Work, it will pay or cause to be paid all costs  
18 for work done by it or caused to be done by it on the Premises, and Tenant will keep the  
19 Premises free and clear of all Mechanics' Liens and other liens on account of work done for  
20 Tenant or persons claiming under it. Tenant agrees to and shall indemnify, defend and save  
21 Landlord free and harmless against any and all claims, liability, loss, damage, costs, attorneys'  
22 fees and all other expenses on account of claims of lien of laborers or materialmen or others for  
23 work performed or materials or supplies furnished for Tenant or persons claiming under it,  
24 except for liens and claims arising from Landlord's Work.  
25

26           If Tenant shall desire to contest any liens or claims, it shall furnish Landlord adequate  
27 security of the value or in the amount of the claim, plus estimated costs and interest, or a bond  
28 of a responsible corporate surety in such amount conditioned on the discharge of the lien. If a  
29 final judgment establishing the validity or existence of a lien for any amount is entered, Tenant  
30 shall pay and satisfy the same at once.  
31

32           If Tenant shall be in default paying any charge for which a Mechanics' Lien claim and  
33 suit to foreclose the lien have been filed, and shall not have given Landlord security to protect  
34 the property and Landlord against such claim of lien, Landlord may (but shall not be so required  
35 to) pay the said claim and any costs, and the amount so paid, together with reasonable  
36 attorneys' fees incurred in connection therewith, shall be immediately due and owing from  
37 Tenant to Landlord, and Tenant shall pay the same to Landlord with interest at the highest rate  
38 allowable under the Usury Laws of the State of California from the dates of Landlord's  
39 payments. Should any claims of lien be filed against the Premises, or any action affecting the  
40 title to such property be commenced, the party receiving notice of such lien or action shall  
41 forthwith give the other party written notice thereof.  
42

43           Landlord or its representatives shall have the right to go upon and inspect the Premises  
44 at all reasonable times and shall have the right to post and keep posted thereon Notices of Non-  
45 Responsibility, or such other notices which Landlord may deem to be proper for the protection of  
46 Landlord's interest in the Premises. Tenant shall, before the commencement of any work that  
47 might result in any such lien, give to Landlord written notice of its intention to do so in sufficient  
48 time to enable the posting of such notices.  
49

EXHIBIT B – MASTER LEASE

1 ARTICLE 17 - Fixtures and Personal Property

2  
3 Any trade fixtures, signs and other personal property of Tenant not permanently affixed  
4 to the Premises shall remain the property of Tenant and Landlord agrees that Tenant shall have  
5 the right, provided Tenant is not in default under the terms of this Lease, at any time, and from  
6 time to time, to remove any and all of its trade fixtures, signs, and other personal property which  
7 it may have stored or installed in the Premises, including but not limiting the same to counters,  
8 shelving, showcases, mirrors and other movable personal property. Nothing in this Article  
9 contained shall be deemed or construed to permit or allow Tenant to remove so much of such  
10 personal property, without the immediate replacement thereof with similar personal property of  
11 comparable or better quality, as to render the Premises unsuitable for conducting the type of  
12 business specified in Exhibit "B" attached hereto. Tenant, at its expense, shall immediately  
13 repair any damage occasioned to the Premises by reason of the removal of any such trade  
14 fixtures and other personal property, and upon the last day of the Lease Term or a date of  
15 earlier termination of this Lease, shall leave the Premises in a neat and broom-clean condition,  
16 free of debris, and any Hazardous Materials (as such are defined in Article 35 herein). All trade  
17 fixtures, signs and other personal property installed in or attached to the Premises by Tenant  
18 must be new when so installed or attached.

19  
20 All improvements to the Premises, including, but not limited to light fixtures, floor  
21 coverings, partitions, but excluding Tenant's furniture, fixtures and equipment (including kitchen  
22 equipment) installed by Tenant, shall become the property of Landlord upon expiration or earlier  
23 termination of this Lease. Landlord may require Tenant, at Tenant's sole cost and expense, to  
24 remove Tenant's exterior sign(s), which Tenant shall do so within fifteen (15) days after such  
25 request.

26  
27 Tenant shall pay, before delinquency, any taxes, assessments, license fees and public  
28 charges levied, assessed or imposed upon its business operation, as well as upon its trade  
29 fixtures, leasehold improvements made by Tenant (including, but not limited to, those Tenant is  
30 required to make in accordance with the provisions of Exhibit "C" hereof), merchandise and  
31 other personal property in, on or upon the Premises. In the event any such items of property  
32 are assessed with property of the Landlord, then, and in such event, such assessment shall be  
33 equitably divided between Landlord and Tenant to the end that Tenant shall pay only its  
34 equitable proportion of such assessment. Landlord shall determine the basis of prorating any  
35 such assessments and such determination shall be binding upon both Landlord and Tenant.

36  
37 ARTICLE 18 - Quiet Possession

38  
39 Landlord agrees that Tenant, upon paying the rent and performing the covenants and  
40 conditions of this Lease, may quietly have, hold and enjoy the Premises during the term hereof  
41 or any extension thereof, subject, however, to the provisions of Landlord's right to enter in  
42 Article 14, to the Agreement referred to in Article 22 of this Lease, and to any mortgages,  
43 ground or underlying leases, agreements and encumbrances to which this Lease is or may be  
44 subordinate, as set forth in Articles 23 and 28, and further subject to Landlord's right to expand  
45 and/or remodel the Shopping Center as provided herein.

46  
47 ARTICLE 19 - Reconstruction

48  
49 A. In the event the Premises be damaged by fire or other perils covered by  
50 Landlord's insurance, Landlord shall:

EXHIBIT B – MASTER LEASE

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(i) Within a period of ninety (90) days thereafter, commence repair, reconstruction and restoration of said Premises and prosecute the same diligently to completion, in which event this Lease shall continue in full force and effect; or,

(ii) In the event of a partial or total destruction of the Premises during the last two (2) years of the term hereof, Landlord or Tenant shall have the option to terminate this Lease upon giving written notice to the other party of exercise thereof within thirty (30) days after such destruction. For purposes of this paragraph (ii), "partial destruction" shall be deemed a destruction to an extent of at least thirty-three and one-third percent (33-1/3%) of the then full replacement cost of the Premises as of the date of destruction.

B. In the event the Premises shall be damaged as a result of any flood, earthquake (if there is no insurance for such flood or earthquake), act of war, nuclear reaction, nuclear radiation or radioactive contamination, or from any other casualty not covered by Landlord's insurance, to any extent whatsoever, Landlord may, within ninety (90) days following the date of such damage, commence repair, reconstruction or restoration of said Premises and prosecute the same diligently to completion, in which event this Lease shall continue in full force and effect, or within said ninety (90) day period, elect not to so repair, reconstruct or restore said Premises, in which event this Lease shall cease and terminate. In either event Landlord shall give Tenant written notice of its intention within said ninety (90) day period.

C. In the event of any reconstruction of the Premises under this Article 19, said reconstruction shall be in strict conformity with the provisions of Exhibit "C" hereof, and to the extent work as therein set forth as "Scope of Landlord's Work". Notwithstanding that Landlord's contractor shall perform all reconstruction work unless Landlord shall otherwise agree in writing, Landlord's obligation to reconstruct the Premises shall be to the extent of the work as described in "Scope of Landlord's Work" in Exhibit "C" hereof; Tenant, at its sole cost and expense, shall be responsible for the repair and restoration of all items set forth in "Scope of Tenant's Work" in said Exhibit "C" and the replacement of its stock in trade, trade fixtures, furniture, furnishings and equipment, subject to available funding. Tenant shall commence such installation of fixtures, equipment and merchandise promptly upon delivery to it of possession of the Premises and shall diligently prosecute such installation to completion.

D. Upon any termination of this Lease under any of the provisions of this Article, the parties shall be released thereby without further obligations to each other coincident with the surrender of possession of the Premises to Landlord, except for items that have theretofore accrued and be then unpaid. In the event of termination, all proceeds from Tenant's fire and extended coverage insurance under Article 20C (iii) covering items set forth in "Description of Tenant's Work" in Exhibit "C", and Tenant's leasehold improvements, but excluding proceeds for trade fixtures, merchandise, signs and other personal property, shall be disbursed and paid to Landlord.

E. In the event of repair, reconstruction and restoration as herein provided, the Rent provided to be paid under Article 1 hereof shall be abated proportionately with the degree to which Tenant's use of the Premises is impaired commencing from the date of

EXHIBIT B – MASTER LEASE

1 destruction and continuing during the period of such repair, reconstruction or restoration.  
2 Tenant shall continue the operation of its business on the Premises during any such  
3 period to the extent reasonably practicable from the standpoint of prudent business  
4 management; and the obligation of Tenant hereunder to pay Rent shall remain in full  
5 force and effect. Tenant shall not be entitled to any compensation or damages from  
6 Landlord for loss of the use of the whole or any part of the Premises, or the building of  
7 which the Premises are a part, Tenant's personal property or any inconvenience or  
8 annoyance occasioned by such damage, repair, reconstruction or restoration.  
9

10 F. Tenant hereby waives any statutory rights of termination which may arise by  
11 reason of any partial or total destruction of the Premises, which Landlord is obligated to  
12 restore, or may restore, under any provision of this Lease.  
13

14 ARTICLE 20 - Indemnity; Insurance; Waiver of Subrogation  
15

16 A. Tenant covenants with Landlord from and after the Effective Date, that Landlord shall not  
17 be liable for any damage or liability of any kind or for any injury to or death of persons or  
18 damage to property of Tenant or any other person from any cause whatsoever, by reason of the  
19 use, occupancy and enjoyment of the Premises by Tenant or any person thereon or holding  
20 under said Tenant, and that Tenant to the fullest extent permitted by law, will indemnify and  
21 save harmless Landlord from all liability whatsoever, on account of any such real or claimed  
22 damage or injury and from all liens, claims and demands arising out of the use of the Premises,  
23 but Tenant shall not be liable for damage or injury to the extent occasioned by the negligence or  
24 willful misconduct of Landlord and its designated agents, servants or employees, unless  
25 covered by insurance Tenant is required to provide.  
26

27 Landlord to the fullest extent permitted by law, will indemnify and save harmless Tenant  
28 from all liability whatsoever, on account of any such real or claimed damage or injury  
29 arising from the Landlord's use or occupancy of the Common Areas to the extent due to  
30 the negligence or willful misconduct of Landlord or its representatives, but Landlord  
31 shall have no obligation to indemnify and/or hold Tenant harmless against claims for  
32 damages sustained as a consequence of the negligence or willful misconduct of Tenant  
33 and/or of its agents, servants or employees. Landlord's obligation to indemnify shall  
34 survive the expiration or termination of this Lease for acts which occurred prior to  
35 termination.  
36

37 This obligation to indemnify shall include reasonable attorneys' fees and  
38 investigation costs and all other reasonable costs, expenses and liabilities from first  
39 notice that any claim or demand is to be made or may be made. Tenant's obligation to  
40 indemnify shall survive the expiration or termination of this Lease for acts which occurred  
41 prior to the later of termination or surrender and vacation of the Premises. Tenant's  
42 covenants to indemnify Landlord are not intended to and shall not be interpreted in any  
43 manner that limits Tenant's insurance obligation nor the obligations of any insurance  
44 carrier of its obligations under the policies required to be carried by this Lease.  
45

46 B. Landlord and Tenant hereby waive any rights each may have against the other  
47 and Tenant hereby waives any rights it may have against the Master Ground Lessor, if  
48 any, and any of the parties to the Agreement referred to in Article 22 hereof on account  
49 of any loss or damage occasioned to Landlord or Tenant, as the case may be, their  
50 respective property, the Premises, or its contents or to other portions of the Shopping

## EXHIBIT B – MASTER LEASE

1 Center, arising from any risk generally covered by "All Risk" insurance; and the parties  
2 each, on behalf of their respective insurance companies insuring the property of either  
3 Landlord or Tenant against any such loss, waive any right of subrogation that it may  
4 have against any Master Ground Lessor, and Landlord or Tenant, as the case may be.  
5 Tenant, on behalf of its insurance companies insuring the Premises, its contents,  
6 Tenant's other property or other portions of the Shopping Center, waives any right of  
7 subrogation which such insurer or insurers may have against any Master Ground  
8 Lessor, and any of the parties to the Agreement referred to in Article 22 hereof. The  
9 foregoing waivers of subrogation shall be operative only so long as available in the state  
10 where the Shopping Center is situated and do not invalidate any such policy.

11  
12 C. Tenant further covenants and agrees that from and after the Effective Date,  
13 Tenant will carry and maintain, at its sole cost and expense, the following types of  
14 insurance, in the amounts specified in the form hereinafter provided for:

15  
16 (i) PUBLIC LIABILITY AND PROPERTY DAMAGE. A commercial general  
17 liability policy providing for bodily injury and property damage liability insurance,  
18 with coverage limits of not less than Two Million Dollars (\$2,000,000.00)  
19 combined each occurrence, and Two Million Dollars (\$2,000,000.00) in the  
20 aggregate insuring against any and all liability of the insured with respect to said  
21 Premises or arising out of the maintenance, use, or occupancy thereof. All such  
22 bodily injury liability insurance and property damage liability insurance shall  
23 specifically insure the performance by Tenant of the indemnity agreement as to  
24 liability for injury to or death of persons, and injury or damage to property in this  
25 Article 20 contained.

26  
27 (ii) TENANT IMPROVEMENTS. Insurance covering all of the items specified as  
28 "Tenant's Work" in Exhibit "C", Tenant's leasehold improvements, alterations,  
29 additions or improvements permitted under Article 15, trade fixtures, equipment  
30 (including air conditioning equipment and systems serving the Premises),  
31 merchandise and personal property from time to time in, on or upon the  
32 Premises, in an amount not less than eighty percent (80%) of their full  
33 replacement cost from time to time during the term of this Lease, providing  
34 protection against any peril included within the classification "All Risk", together  
35 with insurance against sprinkler damage, vandalism and malicious mischief. Any  
36 policy proceeds shall be used for the repair or replacement of the property  
37 damaged or destroyed unless this Lease shall cease and terminate under the  
38 provisions of Article 19 hereof.

39  
40 (iii) All Insurance coverages required by Exhibit "C" and elsewhere in this Lease.

41  
42 (iv) DRAM SHOP LIABILITY. If this Lease covers Premises in which alcoholic  
43 beverages are sold and/or consumed, said liability insurance shall not exclude  
44 liability for violation of any governmental statute, ordinance, regulation or rule  
45 pertaining to the sale, gift, distribution or use of any alcoholic beverages, or  
46 liability by reason of the selling, serving or giving of any alcoholic beverage to a  
47 minor or to a person under the influence of alcohol, or which causes or  
48 contributes to the intoxication of any persons. Accordingly, the indemnification  
49 obligations under Paragraph A of this Article 20 shall extend, as well, to damage

EXHIBIT B – MASTER LEASE

1 occurring elsewhere than in, on or upon the Premises resulting from risks  
2 insurable by so-called dram shop liability insurance.  
3  
4 (v) POLICY FORM. All policies of insurance provided for herein shall be issued  
5 by insurance companies with general policy holder's rating of not less than A and  
6 a financial rating of not less than Class X as rated in the most current available  
7 "Best's" Insurance Reports, qualified to do business in the State where the  
8 Shopping Center is situated, or by Tenant's self-insurance program organized  
9 through the CSAC Excess Insurance Authority, a Joint Powers Agency. Any such  
10 program of self-insurance shall be deemed to contain all of the terms and  
11 conditions applicable to such insurance as required pursuant to the terms of this  
12 Article 20 including, without limitation, (i) a full waiver of subrogation and (ii)  
13 formal claims adjustment, investigation and legal defense programs. Tenant  
14 shall be obligated to pay the amount of any deductible or self-insurance provided  
15 under any insurance which Tenant is required to maintain hereunder. All such  
16 policies shall be issued in the names of Tenant and Landlord as additional  
17 named insured(s), and if requested by Landlord, Landlord's mortgagee or  
18 beneficiary and Landlord's Master Ground Lessor, if any, as additional named  
19 insureds, which policies shall be for the mutual and joint benefit and protection of  
20 Landlord, Tenant and Landlord's mortgagee or beneficiary, and Landlord's  
21 Master Ground Lessor, if any. Executed copies of such policies of insurance or  
22 certificates thereof shall be delivered to Landlord within ten (10) days after the  
23 Effective Date and thereafter, executed copies of renewal policies or certificates  
24 thereof shall be delivered to Landlord within thirty (30) days prior to the expiration  
25 of the term of each such policy. All public liability and property damage policies  
26 shall contain a provision that Landlord, although named as an additional insured,  
27 shall nevertheless be entitled to recovery under said policies for any loss  
28 occasioned to it, its servants, agents and employees by reason of the negligence  
29 of Tenant. As often as any such policy shall expire or terminate, renewal or  
30 additional policies shall be procured and maintained by Tenant in like manner  
31 and to like extent. All policies of insurance delivered to Landlord must contain a  
32 provision that the company writing said policy will give to Landlord twenty (20)  
33 days' notice in writing in advance of any cancellation or lapse of the effective  
34 date or any reduction in the amounts of insurance. All public liability, property  
35 damage and other casualty policies shall be written as primary policies, not  
36 contributing with and not in excess of coverage which Landlord may carry.  
37  
38 D. Notwithstanding anything to the contrary contained within this Article 20, Tenant's  
39 obligations to carry the insurance provided for herein may be brought within the  
40 coverage of a so-called blanket policy or policies of insurance carried and maintained by  
41 Tenant; provided, however, that Landlord and Landlord's mortgagee or beneficiary and  
42 Landlord's Master Ground Lessor, if any, shall be named as additional named insureds  
43 thereunder as their interests may appear and that the coverage afforded Landlord will  
44 not be reduced or diminished by reason of the use of such blanket policy of insurance,  
45 and provided further that the requirements set forth herein are otherwise satisfied. If  
46 Landlord, Landlord's insurance advisor, or Landlord's lender reasonably conclude that  
47 the amounts of coverage or coverages required by this Article 20 are no longer  
48 adequate, then Tenant shall increase or obtain the insurance coverage required by  
49 Landlord, Landlord's insurance advisor or Landlord's lender. Tenant agrees to permit  
50 Landlord at all reasonable times to inspect the policies of insurance of Tenant covering

## EXHIBIT B – MASTER LEASE

1 risks upon the Premises for which policies or copies thereof are not required to be  
2 delivered to Landlord. Tenant agrees that if Tenant fails to provide the insurance  
3 required in this Article 20, with evidence thereof to Landlord, then Landlord, in addition to  
4 any other remedies, may, after ten (10) days prior written notice to Tenant, obtain such  
5 insurance at Tenant's sole cost and expense and Tenant agrees to reimburse Landlord  
6 for such insurance, as "Additional Rent", within ten (10) days after Landlord sends  
7 Tenant notice thereof.  
8

9 E. Landlord shall at all times from and after the Effective Date, maintain in effect a  
10 policy or policies of insurance covering the building of which the Premises are a part, in  
11 an amount not less than eighty percent (80%) of the full replacement cost (exclusive of  
12 the cost of excavations, foundations and footings) from time to time during the term of  
13 this Lease (or the amount of such insurance Landlord's mortgage lender requires  
14 Landlord to maintain, whichever is the greater), providing protection against any peril  
15 generally included within the classification "All Risk Coverage", together with insurance  
16 against Rent interruption, sprinkler damage, vandalism and malicious mischief, and, at  
17 Landlord's option or if a requirement of Landlord's Lender, earthquake, flood or such  
18 other protective insurance. Landlord's obligation to carry the insurance provided for  
19 herein may be brought within the coverage of any so-called blanket policy or policies of  
20 insurance carried and maintained by Landlord, provided that the coverage afforded will  
21 not be reduced or diminished by reason of the use of such blanket policy of insurance.  
22

23 Tenant shall procure and maintain plate glass insurance on the Premises.  
24

25 Tenant agrees that it will not at any time during the term of this Lease carry any  
26 stock or goods or do anything in or about the Premises which will in any way tend to  
27 increase the insurance rates upon the building of which the Premises are a part. Tenant  
28 agrees to pay Landlord forthwith upon demand the amount of any increase in premiums  
29 for insurance against loss by fire that may be charged during the term of this Lease on  
30 the amount of insurance to be carried by Landlord on the building of which the Premises  
31 are a part resulting from the foregoing or from Tenant doing any act in or about said  
32 Premises which does so increase the insurance rates, whether or not the Landlord shall  
33 have consented to such act on the part of Tenant.  
34

35 If Tenant installs upon the Premises any electrical equipment which constitutes  
36 an overload of the electrical lines of the Premises, Tenant shall at its own expense make  
37 whatever changes are necessary to comply with the requirements of the insurance  
38 underwriters and any governmental authority having jurisdiction thereover, but nothing  
39 herein contained shall be deemed to constitute Landlord's consent to such overloading.  
40 Tenant shall, at its own expense, comply with all requirements, including the installation  
41 of fire extinguishers or automatic dry chemical extinguishing system, of the insurance  
42 underwriters, Insurance Services Office, or any governmental authority having  
43 jurisdiction thereover, necessary for the maintenance of reasonable fire and extended  
44 coverage insurance for the Premises. Tenant shall not do anything that may prevent or  
45 block the flow of water from the sprinkler system located in the Premises.  
46

### 47 ARTICLE 21 - Assigning, Mortgaging, Subletting, Change in Ownership

48 A. As used in this Article, the following definitions shall apply:  
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50 1. "Transfer" means:  
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EXHIBIT B – MASTER LEASE

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a. Any voluntary, unconditional and present assignment of Tenant's entire interest, rights, and duties in the Lease and the Premises, including Tenant's right to use, occupy and possess the Premises, or a sublease of Tenant's right to use, occupy and possess the Premises, in whole or in part, except as set forth below.

b. The following shall be deemed a Transfer within the meaning and provisions of this Article 21A: A transfer by operation of law or otherwise, of Tenant's interest in this Lease.

2. "Transferee" means any proposed assignee, sublessee, mortgagee, pledgee, beneficiary or other recipient of Tenant's interest, rights or duties in this Lease or in the Premises;

3. "Encumbrance" means any conditional, contingent or deferred assignment or sublease voluntarily made by Tenant of some of Tenant's interest, rights, or duties in the Lease or the Premises, including Tenant's right to use, occupy or possess the Premises, in whole or in part, including without limitation, any mortgage, pledge, hypothecation, lien, franchise, license, concession or other security arrangement;

4. "Occupancy Transaction" means any assignment, transfer, encumbrance, or other arrangements whereby the identity of the person or persons using, occupying or possessing the Premises, changes or may change, whether such change is of an immediate, deferred, conditional, exclusive, non-exclusive, permanent or temporary nature.

B. Tenant shall not, and shall not have the power to:

1. Enter into an Occupancy Transaction, including Encumbrance, without first procuring the written consent of Landlord, which consent shall not be unreasonably withheld. Any attempted or purported Occupancy Transaction without Landlord's written consent shall be void and confer no rights upon any third person. Without in any way limiting Landlord's right to refuse to give such consent for any other reason or reasons, the parties agree it shall be reasonable for Landlord to withhold its consent if any of the following situations exist or may exist:

a. The Transferee's use of the Premises following the transfer conflicts with the "Use of Premises" portion of Exhibit "B";

b. The Transfer would breach any covenant of Landlord respecting radius, location, use or exclusivity in any other Lease, financing agreement, or other agreement relating to the Shopping Center; and

c. The Transferee requires any change or changes to the provisions of the Lease.



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- 1 C. Nothing herein contained shall relieve Tenant or any Guarantor from its  
2 covenants and obligations for the term of this Lease. Tenant agrees to reimburse  
3 Landlord for Landlord's reasonable administration and/or attorneys' fees incurred in  
4 conjunction with the processing and documentation of any such requested Occupancy  
5 Transaction with respect to this Lease or Tenant's interest in and to the Premises.  
6
- 7 D. Each Occupancy Transaction to which there has been consent shall be by an  
8 instrument in writing in form satisfactory to Landlord, and shall be executed by the  
9 Tenant and the Transferee. By such instrument, Transferee shall agree in writing for the  
10 benefit of Landlord herein to assume, to be bound by, and to perform the terms,  
11 covenants and conditions of this Lease to be done, kept and performed by Tenant,  
12 including the payment of all amounts due or to become due under this Lease directly to  
13 Landlord. One executed copy of such written instrument shall be delivered to Landlord.  
14 Failure to first obtain in writing Landlord's consent or failure to comply with the provisions  
15 of this Article shall operate to prevent any such Occupancy Transaction from becoming  
16 effective.  
17
- 18 E. Should Tenant desire to enter into an Occupancy Transaction, Tenant shall  
19 request in writing, Landlord's consent to such transaction at least sixty (60) days before  
20 the effective date of any such transfer, providing the following:  
21
- 22 1. The full particulars of the proposed transaction, including its nature,  
23 effective date, terms and conditions, and copies of any offers, draft agreements,  
24 subleases, letters of commitment or intent, and other documents pertaining to  
25 such proposed transaction;  
26
  - 27 2. Any further information relevant to the transaction which Landlord shall  
28 have requested within fifteen (15) days after receipt of Tenant's request for  
29 consent; and  
30
  - 31 3. A statement that Tenant intends to consummate the transaction if  
32 Landlord consents thereto.  
33
- 34 F. Within thirty (30) days after receipt of Tenant's request for consent, Landlord may  
35 respond as follows:  
36
- 37 1. Consent to the Transfer, subject to Article 21E above; or  
38
  - 39 2. Refuse to consent to the Transfer based on Article 21B above.  
40
- 41 G. Tenant acknowledges and agrees that each of Landlord's restrictions on transfer set  
42 forth in this Article 21 constitute reasonable restrictions for the purposes of California Civil Code,  
43 Section 1951.4 and Section 1995.250.  
44
- 45 H. Except as hereinafter provided, Landlord's Consent to Transfer is hereby given to  
46 Tenant for any sublease or license of the Premises or portions thereof to nonprofit agencies and  
47 other governmental organizations. Landlord's Consent to Transfer is also given to the licensees  
48 of such nonprofit agencies or governmental organizations who have been granted a license to  
49 use the Premises or portions thereof for twelve (12) hours or less for the uses identified in the  
50 RFP. Such consent is hereby given without the necessity of obtaining any further consent from  
51 Landlord, including any approval required under paragraph 21(D) above. Notwithstanding the

EXHIBIT B – MASTER LEASE

1 foregoing, Landlord reserves the right, upon thirty (30) days' notice to Tenant, to require  
2 Landlord's consent and approval in the future with respect to all licensees if Landlord  
3 determines in its discretion that any past licensee attracted: (i) persons whose presence in the  
4 Shopping Center constituted a nuisance or (ii) public demonstrations in or immediately adjacent  
5 to the Shopping Center which interfered materially with vehicular or pedestrian access to the  
6 Shopping Center or circulation within the Common Areas, or if such licensee's presence in the  
7 Shopping Center resulted in material increased security risks for the Shopping Center and/or its  
8 occupants.

9  
10 ARTICLE 22 - Title of Landlord

11  
12 The Landlord covenants that as of the date hereof there are no liens upon its estate  
13 other than (a) the effect of covenants, conditions, restrictions, easements, mortgages or deeds  
14 of trust, any ground lease of record, any rights of way of record, and any other matters or  
15 documents of record, including but not limited to any agreements or documents, recorded or  
16 unrecorded, establishing protective covenants, conditions and restrictions, and amendments  
17 thereto, which protective covenants, conditions and restrictions are hereinafter collectively  
18 referred to as the "Agreement" (it being understood that the aforementioned Agreement shall  
19 not prevent Tenant from using the Premises for the purposes set forth in Exhibit "B" to this  
20 Lease); (b) the effect of any zoning laws of the City, County and State where the Shopping  
21 Center is situated; and (c) general and special taxes not delinquent.

22  
23 As to its leasehold estate, Tenant and all persons in possession or holding under it, will  
24 conform to and will not violate the terms of the aforementioned Agreement, any amendments  
25 thereto, or said matters of record. Tenant acknowledges that any first mortgagee or first deed of  
26 trust, trustee, or beneficiary has the right to subordinate at any time its interest in this Lease and  
27 the leasehold estate to that of Tenant, without Tenant's consent. Tenant acknowledges that this  
28 Lease is subordinate to the Agreement and any amendments or modifications thereof.

29  
30 ARTICLE 23 - Subordination; Attornment

31  
32 Within ten (10) days after the receipt of a written request from Landlord, or any  
33 mortgagee, trustee, or beneficiary of Landlord, Tenant will in writing subordinate its rights  
34 hereunder to the lien or security interest of any mortgage, deed of trust, or any interest of any  
35 ground lessor of the land upon which the Premises are situated, now or hereafter in force  
36 against the land and building of which the Premises are a part, and upon any building hereafter  
37 placed upon the land of which the Premises are a part, and to all advances made or hereafter to  
38 be made upon the security thereof.

39  
40 This Lease shall become subordinate to the lien of any mortgage, deed of trust, ground  
41 or master lease, sale-leaseback transaction or other security instrument (any one or more of the  
42 foregoing individually or collectively called an "Encumbrance") which shall hereafter be placed  
43 on the Premises. Landlord agrees to use commercially reasonable efforts to obtain from the  
44 holder of an encumbrance hereafter placed against the Premises, a non-disturbance agreement  
45 in recordable form which provides that in the event of any foreclosure, sale under a power of  
46 sale, ground or master lease termination or transfer in lieu of any of the foregoing or the  
47 exercise of any other remedy pursuant to any such encumbrance (a) Tenant's use, possession  
48 and enjoyment of the Premises shall not be disturbed and this Lease shall continue in full force  
49 and effect so long as Tenant is not in default hereunder, and (b) this Lease shall automatically  
50 and unconditionally become a direct lease between any successor to Landlord's interest, as  
51 landlord, and Tenant as if such successor were the Landlord originally named hereunder.

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1 In the event of any sale, transfer or exchange by the Landlord of the Premises, the reaty  
2 of which the Premises is a part of this Lease or in the event any proceedings are brought for  
3 foreclosure, or in the event of the exercise of the power of sale under any mortgage or deed of  
4 trust made by Landlord covering the Premises, Tenant shall attorn to the purchaser upon any  
5 such sale, transfer, exchange or foreclosure, and recognize such purchaser as Landlord under  
6 this Lease, provided that the purchaser shall acquire and accept the Premises subject to this  
7 Lease. The foregoing notwithstanding, in accepting the Premises subject to this Lease, said  
8 mortgagee or purchaser shall not be bound by (i) any prepayment of more than one (1) month's  
9 Rent (except for payments under Article 34), or (ii) any material amendment of this Lease made  
10 after the Effective Date or such date as the mortgagee's or purchaser's lien or interest first  
11 arose, unless such mortgagee or purchaser shall have consented to such amendment.  
12

13 Within ten (10) days after receipt of a written request therefor from Landlord, or in the  
14 event that upon any sale, transfer, exchange, assignment or hypothecation of the Premises or  
15 the land thereunder by Landlord, an offset statement shall be required from Tenant, Tenant  
16 agrees to deliver in recordable form a certificate addressed to any such proposed mortgagee or  
17 purchaser or to Landlord certifying that this Lease is in full force and effect (if such be the case)  
18 and that there are no defenses or offsets thereto or stating those claimed by Tenant.  
19

20 ARTICLE 24 - Bankruptcy, Insolvency

21  
22 Tenant agrees, in the event (i) all or substantially all of Tenant's assets are placed in the  
23 hands of a receiver or trustee, and such receivership or trusteeship continues for a period of  
24 thirty (30) days, or (ii) Tenant makes an assignment for the benefit of creditors or is finally  
25 adjudicated a bankrupt, or (iii) Tenant institutes any proceedings under the Bankruptcy Act as  
26 the same now exists or under any amendment thereto which may hereafter be enacted, or  
27 under any other act relating to the subject of bankruptcy wherein Tenant seeks to be  
28 adjudicated a bankrupt, or to be discharged of its debts, or to effect a plan of liquidation,  
29 composition or reorganization, or should any involuntary proceeding be filed against Tenant  
30 under any such bankruptcy laws, then this Lease and any interest of Tenant in and to the  
31 Premises shall not become an asset in any of such proceedings and, in any such events and in  
32 addition to any and all rights or remedies of Landlord hereunder or by law provided, it shall be  
33 lawful for Landlord to declare the term hereof ended and to re-enter the Premises and take  
34 possession thereof and remove all persons therefrom, and Tenant shall have no further claim  
35 thereon or hereunder. The provisions of this Article 24 shall also apply to any Guarantor of this  
36 Lease.  
37

38 ARTICLE 25 - Defaults by Tenant

39  
40 Should Tenant at any time be in default hereunder with respect to any Rent payments or  
41 other charges payable by Tenant hereunder, and should such default continue for a period of  
42 ten (10) days after written notice from Landlord to Tenant; or should Tenant be in default in the  
43 prompt and full performance of any other of its promises, covenants or agreements herein  
44 contained and should such default or breach of performance continue for more than thirty (30)  
45 days after written notice thereof from Landlord to Tenant specifying the particulars of such  
46 default or breach of performance; (provided, however, that if such default cannot be cured within  
47 said thirty (30) day period, Tenant shall be deemed to have cured said default if Tenant so  
48 notifies Landlord in writing within said thirty (30) day period, and diligently, and in good faith,  
49 continues with and actually completes said cure) but in no event shall such period extend  
50 beyond sixty (60) days from the date of giving such notice); or should Tenant vacate or abandon

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1 the Premises; then Landlord may treat the occurrence of any one or more of the foregoing  
2 events as a breach of this Lease, and in addition to any or all other rights or remedies of  
3 Landlord hereunder and by the law provided, it shall be, at the option of Landlord, without  
4 further notice or demand of any kind to Tenant or any other person:  
5

6 a. The right of Landlord, to declare the term hereof ended and to re-enter  
7 the Premises and take possession thereof and remove all persons therefrom,  
8 and Tenant shall have no further claim thereon or hereunder.  
9

10 b. The right of Landlord without declaring this Lease ended to re-enter the  
11 Premises and occupy the whole or any part thereof for and on account of Tenant  
12 and to collect said rent and any other rent that may thereafter become payable.  
13

14 c. The right of Landlord, even though it may have reentered the Premises,  
15 to thereafter elect to terminate this Lease and all of the rights of Tenant in or to  
16 the Premises.  
17

18 Should Landlord have reentered the Premises under the provisions of sub-paragraph (b)  
19 above, Landlord shall not be deemed to have terminated this Lease, or the liability of Tenant to  
20 pay rent thereafter to accrue, or its liability for damages under any of the provisions hereof, by  
21 any such reentry or by any action in unlawful detainer, or otherwise, to obtain possession of the  
22 Premises, unless Landlord shall have notified Tenant in writing that it has so elected to  
23 terminate this Lease, and Tenant further covenants that the service by Landlord of any notice  
24 pursuant to the unlawful detainer statutes of the State where the Shopping Center is situated  
25 and the surrender of possession pursuant to such notice shall not (unless Landlord elects to  
26 the contrary at the time of or at any time subsequent to the serving of such notices and such  
27 election is evidenced by a written notice to Tenant) be deemed to be a termination of this Lease.  
28 In the event of an entry or taking possession of the Premises as aforesaid, Landlord shall have  
29 the right, but not the obligation, to remove therefrom all or any part of the personal property  
30 located therein and may place the same in storage at a public warehouse at the expense and  
31 risk of the owner or owners thereof.  
32

33 Should Landlord elect to terminate this Lease under the provisions of sub-paragraph (a)  
34 or (c) above, Landlord may recover from Tenant as damages:  
35

36 (i) The worth at the time of award of any unpaid rent which had been  
37 earned at the time of such termination; plus,  
38

39 (ii) The worth at the time of award of the amount by which the unpaid rent  
40 which would have been earned after termination until the time of award  
41 exceeds the amount of such Rent loss Tenant proves could have been  
42 reasonably avoided; plus,  
43

44 (iii) The worth at the time of award of the amount by which the unpaid rent  
45 for the balance of the term after the time of award exceeds the amount of  
46 such Rent loss that Tenant proves could be reasonably avoided; plus,  
47

48 (iv) Any other amount necessary to compensate Landlord for all the  
49 detriment proximately caused by Tenant's failure to perform his  
50 obligations under this Lease or which in the ordinary course of things

## EXHIBIT B – MASTER LEASE

1 would be likely to result therefrom, including, but not limited to any costs  
2 or expenses incurred by Landlord in maintaining or preserving the  
3 Premises after such default, preparing the Premises for reletting to a new  
4 tenant, any repairs or alterations to the Premises for such reletting,  
5 leasing commissions, or any other costs necessary or appropriate to relet  
6 the Premises;

7  
8 (v) At Landlord's election, such other amounts in addition to or in lieu of  
9 the foregoing as may be permitted from time to time by the laws of the  
10 State where the Shopping Center is situated.

11  
12 As used in subparagraphs (i) and (ii) above, the "worth at the time of award" is computed  
13 by allowing interest at the highest rate then allowed, at the time of award, under the Usury Laws  
14 of the State of California. As used in subparagraph (iii) above, the "worth at the time of award"  
15 is computed by discounting such amount at the discount rate of the Federal Reserve Bank  
16 situated nearest to the location of the Shopping Center at the time of award plus one percent  
17 (1%).

18  
19 For all purposes of this Article 25, the term "rent" shall be deemed to be the Rent and all  
20 other sums required to be paid by Tenant pursuant to the terms of this Lease.

21  
22 In the event of default, all Tenant's fixtures, furniture, equipment, improvements,  
23 additions, alterations, and other personal property shall remain on the Premises and in that  
24 event, and continuing during the length of said default, Landlord shall have the right to take the  
25 exclusive possession of same and to use same, rent or charge free, until all defaults are cured,  
26 or, at its option, at any time during the term of this Lease, to require Tenant to forthwith remove  
27 same.

28  
29 The remedies given to Landlord in this Article shall be in addition and supplemental to all  
30 other rights or remedies which Landlord may have under the laws then in force, or in equity.  
31 The parties further agree that Landlord has the remedy described in California Civil Code,  
32 Section 1951.4 in that Landlord may continue the Lease in effect after Tenant's breach and  
33 abandonment and recover rent as it becomes due if Tenant has the right to sublet or assign,  
34 subject only to reasonable limitations. Tenant agrees that the restrictions on the Transfer of this  
35 Lease set forth in Article 21 herein constitute reasonable restrictions on such transfer for the  
36 purposes of this Article 25 and California Civil Code, Section 1951.4 and Section 1995.250.

37  
38 The waiver by Landlord of any breach of any term, covenant or condition herein  
39 contained shall not be deemed to be a waiver of such term, covenant or condition or any  
40 subsequent breach of the same or any other term, covenant or condition herein contained. The  
41 subsequent acceptance of rent hereunder by Landlord shall not be deemed to be a waiver of  
42 any preceding breach by Tenant of any term, covenant or condition of this Lease, or of any right  
43 of Landlord to a forfeiture of the Lease by reason of such breach, regardless of Landlord's  
44 knowledge of such preceding breach at the time of acceptance of such rent. No covenant, term,  
45 or condition of this Lease shall be deemed to have been waived by Landlord unless such waiver  
46 be in writing signed by Landlord.

### 47 ARTICLE 26 - Defaults by Landlord

48  
49 In the event Landlord shall neglect or fail to perform or observe any of the covenants,  
50 provisions or conditions contained in this Lease on its part to be performed or observed within  
51

28

EXHIBIT B – MASTER LEASE

1 thirty (30) days after written notice of default or if more than thirty (30) days shall be required  
2 because of the nature of the default, if Landlord shall fail to proceed diligently to cure such  
3 default after written notice thereof) then in that event Landlord shall be responsible to Tenant for  
4 any and all damages sustained by Tenant as a result of Landlord's breach.  
5

6 In the event of an emergency involving a material threat to the safety and security of the  
7 Premises or its inhabitants, if Landlord shall fail to use commercially reasonable efforts to  
8 respond to such emergency after receiving notice thereof, then in that event Landlord shall be  
9 responsible to Tenant for any and all damages sustained by Tenant as a result of Landlord's  
10 breach.  
11

12 If the Premises or any part thereof are at any time subject to a mortgage or a deed of  
13 trust and this Lease or the rentals due from Tenant hereunder are assigned to such mortgagee,  
14 trustee or beneficiary (called Assignee for purposes of this Article only) and Tenant is given  
15 written notice thereof, including the post office address of such Assignee, then Tenant shall give  
16 written notice to such Assignee, specifying the default in reasonable detail, and affording such  
17 Assignee a reasonable opportunity to make performance for and on behalf of Landlord. If and  
18 when the said Assignee has made performance on behalf of Landlord, such default shall be  
19 deemed cured.  
20

21 Tenant shall have no right to terminate this Lease except as herein otherwise specifically  
22 provided.  
23

24 ARTICLE 27 - Attorneys' Fees  
25

26 If either party to this Lease brings any action or proceeding for any relief against the  
27 other, declaratory or otherwise, arising out of this Lease, the losing party shall pay to the  
28 prevailing party a reasonable sum for attorneys' fees incurred in bringing such suit and/or  
29 enforcing any judgment granted therein, all of which shall be deemed to have accrued upon the  
30 commencement of such action and shall be paid whether or not such action is prosecuted to  
31 judgment. Any judgment or order entered in such action shall contain a specific provision  
32 providing for the recovery of attorneys' fees and costs incurred in enforcing such judgment.  
33

34 ARTICLE 28 - Sale of Premises by Landlord  
35

36 In the event of any sale or exchange of the Premises by Landlord and assignment by  
37 Landlord of this Lease, Landlord shall be hereby freed and relieved of all liability under any and  
38 all of its covenants and obligations contained in or derived from this Lease arising out of any act,  
39 occurrence or omission relating to the Premises or this Lease occurring after the consummation  
40 of such sale or exchange and assignment, provided such purchaser or assignee shall expressly  
41 assume said covenants and obligations of Landlord.  
42

43 ARTICLE 29 - Obligations of Successors  
44

45 The parties hereto agree that all provisions hereof are to be construed as covenants and  
46 agreements as though the words importing such covenants and agreements were used in each  
47 separate paragraph hereof, and all the provisions hereof shall bind and inure to the benefit of  
48 the parties hereto, and their respective heirs, legal representatives, successors and assigns.

## EXHIBIT B – MASTER LEASE

1  
2 **ARTICLE 30 - Captions and Terms**  
3

4       The captions of Articles of this Lease are for convenience only, and are not a part of this  
5 Lease, and do not in any way limit or amplify the terms and provisions of this Lease. Except as  
6 otherwise specifically stated in this Lease, "the Term" shall include the original term and any  
7 extension, renewal or holdover thereof.  
8

9       If more than one person or corporation is named as Landlord or Tenant in this Lease  
10 and executes the same as such, then and in such event, the words "Landlord" or "Tenant"  
11 wherever used in this Lease are intended to refer to all such persons or corporations, and  
12 liability of such persons or corporations for compliance with and performance of all the terms,  
13 covenants and provisions of this Lease shall be joint and several. The masculine pronoun used  
14 herein shall include the feminine or the neuter as the case may be, and the use of the singular  
15 shall include the plural.  
16

17 **ARTICLE 31 - Notices**  
18

19       Wherever in this Lease it shall be required or permitted that notice or demand be given  
20 or served by either party to this Lease to or on the other, such notice or demand shall be in  
21 writing and shall be given or made if served either personally, or if sent by a nationally  
22 recognized overnight courier (e.g. Federal Express) for overnight delivery, or if deposited in the  
23 United States Mail, postage prepaid, certified or registered, addressed to the addresses of the  
24 parties specified in Article 1 hereof. If service is personal, then service shall be conclusively  
25 deemed made at the time of such personal service; if service is by nationally recognized  
26 overnight courier (e.g. Federal Express) for overnight delivery, then service shall be conclusively  
27 deemed made one (1) business day after deposit with such courier; if service is by mail in the  
28 manner herein provided, then service shall be conclusively deemed made two (2) business days  
29 after the deposit thereof in the United States Mail, addressed to the party to whom such notice  
30 or demand is to be given. Either party may change such address by written notice by certified or  
31 registered mail to the other.  
32

33       Notwithstanding anything to the contrary contained within this Article 31, any notices  
34 Landlord is required or authorized to deliver to Tenant in order to advise Tenant of alleged  
35 violations of Tenant's covenants contained in Articles 9 (improper parking of Tenant and  
36 Tenant's employee automobiles), Article 12 (with respect to improper advertising medium and/or  
37 signs), and Article 14 (failure of Tenant to properly repair and/or maintain the Premises), must  
38 be in writing, but shall be deemed to have been duly given or served upon Tenant by delivering  
39 a copy of such notice to one of Tenant's managing employees at the Premises and by mailing a  
40 copy of such notice to Tenant in the manner specified above.  
41

42 **ARTICLE 32 - Consent of Landlord and Tenant**  
43

44       Wherever in this Lease Landlord or Tenant is required to give its consent or approval to  
45 any action on the part of the other, such consent or approval shall not be unreasonably  
46 withheld, unless otherwise expressly provided. Consent by Landlord shall not be deemed to be  
47 unreasonably withheld where, under the terms and provisions of the Agreement referred to in  
48 Article 22 of this Lease, consent is also required of one or more of the parties to said  
49 Agreement. In the event of failure to give any such consent, the other party hereto shall be  
50 entitled to specific performance at law and shall have such other remedies as are reserved to it

30

EXHIBIT B – MASTER LEASE

1 under this Lease, but in no event shall Landlord or Tenant be responsible in monetary damages  
2 for such failure to give consent unless said consent is withheld maliciously or in bad faith.  
3 Landlord's consent to, or approval of any act by Tenant requiring Landlord's consent or approval  
4 shall not be deemed to waive or render unnecessary Landlord's consent to or approval of any  
5 subsequent similar act by Tenant.  
6

7 ARTICLE 33 - Eminent Domain  
8

9 In the event the entire Premises shall be appropriated or taken under the power of  
10 eminent domain by any public or quasi-public authority, this Lease shall terminate and expire as  
11 of the date of such taking, and Tenant shall thereupon be released from any liability thereafter  
12 accruing hereunder.  
13

14 In the event more than twenty-five percent (25%) of the square footage of Floor Area of  
15 the Premises is taken under the power of eminent domain by any public or quasi-public  
16 authority, or if by reason of any appropriation or taking, regardless of the amount so taken, the  
17 remainder of the Premises is not one undivided parcel of property, either Landlord or Tenant  
18 shall have the right to terminate this Lease as of the date Tenant is required to vacate a portion  
19 of the Premises, upon giving notice in writing of such election within thirty (30) days after receipt  
20 by Tenant from Landlord of written notice that said Premises have been so appropriated or  
21 taken. In the event of such termination, both Landlord and Tenant shall thereupon be released  
22 from any liability thereafter accruing hereunder. Landlord agrees immediately after learning of  
23 any appropriation or taking to give to Tenant notice in writing thereof.  
24

25 If this Lease is terminated in either manner hereinabove provided, Landlord shall be  
26 entitled to the entire award or compensation in such proceedings, but the rent and other  
27 charges for the last month of Tenant's occupancy shall be prorated and Landlord agrees to  
28 refund to Tenant any rent or other charges paid in advance. Tenant's right to receive  
29 compensation or damages for its fixtures and personal property shall not be affected in any  
30 manner hereby.  
31

32 If both Landlord and Tenant elect not to so terminate this Lease, Tenant shall remain in  
33 that portion of the Premises which shall not have been appropriated or taken as herein  
34 provided, or in the event less than twenty-five percent (25%) of the square footage of Floor Area  
35 of the Premises shall be appropriated under the power of eminent domain by any public or  
36 quasi-public authority, and the remainder thereof is an undivided parcel of property, then in  
37 either such event Landlord agrees, at Landlord's cost and expense, to restore, as soon as  
38 reasonably possible, the Premises on the land remaining, to a complete unit of like quality and  
39 character as existed prior to such appropriation or taking; and thereafter the Rent provided for in  
40 Article 1 hereof shall be reduced on an equitable basis, taking into account the relative value of  
41 the portion taken as compared to the portion remaining; and Landlord shall be entitled to receive  
42 the total award or compensation in such proceedings.  
43

44 For the purposes of this Article 33, a voluntary sale or conveyance in lieu of  
45 condemnation, but under threat of condemnation, shall be deemed an appropriation or taking  
46 under the power of eminent domain.  
47  
48  
49  
50  
51



## EXHIBIT B – MASTER LEASE

1 ARTICLE 34 - Special Provisions Applicable Only if Landlord is, or Becomes a Real  
2 Estate Investment Trust [INTENTIONALLY OMITTED].  
3

4 ARTICLE 35 - Miscellaneous  
5

6 A. It is agreed that nothing contained in this Lease shall be deemed or construed as  
7 creating a partnership or joint venture between Landlord and Tenant, or between  
8 Landlord and any other party, or cause Landlord to be responsible in any way for the  
9 debts or obligations of Tenant, or any other party.  
10

11 B. It is agreed that if any provision of this Lease shall be determined to be void by  
12 any court of competent jurisdiction, then such determination shall not affect any other  
13 provision of this Lease and all such other provisions shall remain in full force and effect,  
14 and it is the intention of the parties hereto that if any provision of this Lease is capable of  
15 two constructions, one of which would render the provision void and the other of which  
16 would render the provision valid, then the provision shall have the meaning which  
17 renders it valid.  
18

19 C. The persons executing this Lease on behalf of Tenant hereby covenant and  
20 warrant that the Tenant's Board has approved this Lease.  
21

22 D. It is understood that there are no oral agreements between the parties hereto  
23 affecting this Lease, and this Lease supersedes and cancels any and all previous  
24 negotiations, arrangements, brochures, agreements and understandings, if any,  
25 between the parties, hereto or displayed by Landlord to Tenant with respect to the  
26 subject matter thereof, and none thereof shall be used to interpret or construe this  
27 Lease. Any amendments or modifications to the Lease must be in writing, executed by  
28 both Landlord and Tenant, in order to be effective and binding. This Lease is and shall  
29 be considered to be the only agreement between the parties hereto and their  
30 representatives and agents. All negotiations and oral agreements acceptable to both  
31 parties have been merged into and are included herein. There are no other  
32 representations or warranties between the parties and all reliance with respect to  
33 representations is solely upon the representations and agreements contained in this  
34 document.  
35

36 E. Landlord reserves the absolute right to effect such other tenancies in the  
37 Shopping Center as Landlord, in the exercise of its sole business judgment, shall  
38 determine to best promote the interests of the Shopping Center. Tenant does not rely  
39 on the fact, nor does Landlord represent, that any specific tenant or number of tenants  
40 shall during the term of this Lease occupy any space in the Shopping Center.  
41

42 F. The laws of the State where the Shopping Center is situated shall govern the  
43 validity, performance and enforcement of this Lease. To the extent allowable by law, the  
44 parties agree that venue shall be in the County in which the Shopping Center is located.  
45 Although the printed provisions of this Lease were drawn by Landlord, this Lease shall  
46 not be construed either for or against Landlord or Tenant, but this Lease shall be  
47 interpreted in accordance with the general tenor of the language in an effort to reach an  
48 equitable result.  
49

EXHIBIT B – MASTER LEASE

1 G. A waiver of any breach or default shall not be a waiver of any other breach or  
2 default.  
3  
4 H. Any prevention, delay or stoppage due to strikes, lockouts, labor disputes, acts of  
5 God, inability to obtain labor or materials or reasonable substitutes therefor,  
6 governmental restrictions, governmental regulations, governmental controls, judicial  
7 orders, enemy or hostile governmental action, civil commotion, fire or other casualty, and  
8 other causes beyond the reasonable control of the party obligated to perform, shall  
9 excuse the performance by such party for a period equal to any such prevention, delay  
10 or stoppage, except the obligations imposed with regard to Rent and other charges to be  
11 paid by Tenant pursuant to this Lease. Landlord and Tenant shall perform or cause its  
12 Contractor to perform any work of improvement, alteration or repair in such a manner as  
13 to avoid any labor dispute that causes or may cause stoppage or impairment of work,  
14 delivery, or any service in the Shopping Center. In the event there shall be such  
15 stoppage or impairment as a result of such labor dispute or potential labor dispute, the  
16 party contracting with the contractor shall immediately take such action as is necessary  
17 to eliminate such dispute or potential dispute including without limitation, the removal of  
18 all disputants from the job site until such labor dispute no longer exists, seeking an  
19 injunction (if applicable), or filing unfair labor practice charges in the event of a union  
20 jurisdictional dispute.  
21  
22 I. Tenant hereby expressly waives any and all rights of redemption granted by or  
23 under any present or future laws in the event of Tenant being evicted or dispossessed  
24 for any cause; or in the event of Landlord obtaining possession of the Premises by  
25 reason of a violation by Tenant of any of the covenants and conditions of this Lease or  
26 otherwise. The rights given to Landlord herein are in addition to any rights that may be  
27 given to Landlord by any statute or otherwise.  
28  
29 J. Tenant herein covenants by and for himself, his heirs, executors, administrators  
30 and assigns and all persons claiming under or through it, that this Lease is made and  
31 accepted upon and subject to the following conditions: that there shall be no  
32 discrimination against or segregation of any person or group of persons on account of  
33 race, sex, marital status, color, creed, national origin or ancestry, in the leasing,  
34 subleasing, transferring, use, occupancy, tenure or enjoyment of the Premises herein  
35 leased, nor shall Tenant himself, or any person claiming under or through him, establish  
36 or permit any such practice or practices of discrimination or segregation with reference  
37 to the selection, location, number, use or occupancy of tenants, lessees, sublessees,  
38 subtenants or vendees in the Premises herein leased.  
39  
40 K. If Landlord shall fail to perform any covenant, term or condition of this Lease  
41 upon Landlord's part to be performed and, as a consequence of such default, Tenant  
42 shall recover a money judgment against Landlord, such judgment shall be satisfied only  
43 out of the proceeds of sale received upon execution of such judgment and levy thereon  
44 against the right, title and interest of Landlord in the Shopping Center site and out of  
45 rents or other income from such property receivable by Landlord or out of the  
46 consideration received by Landlord from the sale or other disposition of all or any part of  
47 Landlord's right, title and interest in the Shopping Center site, and neither Landlord, nor  
48 any of the individuals or entities comprising the Landlord, shall be liable for any  
49 deficiency.  
50

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- 1 L. Landlord shall not be liable for any damage done or occasioned by or from the  
2 electrical system, the heating or air conditioning system, the plumbing and sewer  
3 systems in, upon or about the Premises or the building of which the Premises are a part,  
4 nor for damages occasioned by water, snow, or ice being upon or coming through the  
5 roof, trapdoor, walls, windows, doors or otherwise, nor for any damage arising from acts  
6 of negligence of cotenants or other occupants of the building or buildings of which the  
7 Premises may be a part, or the acts of any owners or occupants of adjoining or  
8 contiguous properties, unless such damages were not insurable by Tenant, and Landlord  
9 shall only be liable to the extent caused by Landlord's negligence or willful misconduct. In  
10 any event, Landlord shall not be liable for any damage to Tenant's leasehold  
11 improvements, fixtures, or merchandise resulting from fire or other insurable hazards,  
12 regardless of the cause thereof, and Tenant hereby releases Landlord from all liability for  
13 such damage unless such damages were not insurable by Tenant and Landlord shall only  
14 be liable to the extent caused by Landlord's negligence or willful misconduct.  
15
- 16 M. The submission of this Lease to Tenant shall be for examination purposes only  
17 and does not and shall not constitute a reservation of, or option for Tenant to Lease, or  
18 otherwise create any interest by Tenant in, the Premises or any other Premises situated  
19 in the Shopping Center. Execution of this Lease by Tenant and return to Landlord shall  
20 not be binding upon Landlord, notwithstanding any time interval, until Landlord has in  
21 fact executed and delivered this Lease to Tenant.  
22
- 23 N. Time is of the essence in the performance of all covenants and conditions in this  
24 Lease for which time is a factor.  
25
- 26 O. Landlord and its agents shall have the right to enter and examine the Premises at  
27 all reasonable times, to show them to prospective purchasers or tenants and to make  
28 such repairs as Landlord may deem necessary or desirable, and Landlord shall be  
29 allowed to take all material into and upon the Premises as may be required therefor  
30 without the same constituting an eviction of Tenant in whole or in part and the rent  
31 reserved shall in no wise abate while the repairs are being made, by reason of loss or  
32 interruption of business of Tenant, or otherwise.  
33
- 34 P. Tenant warrants that it has not had any dealings with any realtor, broker, or  
35 agent in connection with the negotiation of this Lease, excepting Randy Brekke/Brekke  
36 Real Estate, and agrees to pay and to hold Landlord harmless from any cost, expense,  
37 or liability for any compensation, commission, or charges claimed by any realtor, broker,  
38 or agent, other than those named above, with respect to this Lease or the negotiation of  
39 this Lease.  
40
- 41 Q. If Tenant, with Landlord's consent, remains in possession of the Premises, or any  
42 part thereof, after the expiration of the term hereof, such occupancy shall be a tenancy  
43 from month to month upon all the provisions of this Lease, except that the monthly Rent  
44 shall be One Hundred Twenty-Five percent (125%) of the monthly Rent payable in the  
45 immediately preceding month before expiration. All options, if any, granted under the  
46 terms of this Lease shall be deemed terminated and be of no further effect during said  
47 month to month tenancy.  
48
- 49 R. If Tenant shall default in the performance of any term of this Lease on Tenant's  
50 part to be performed, Landlord, without thereby waiving such default, may, but shall not

## EXHIBIT B – MASTER LEASE

1 be obligated to, perform the same for the account and at the expense of Tenant, without  
2 notice in case of emergency and upon ten (10) days prior notice in all other cases.  
3 Landlord may enter the Premises at any time to cure any default without thereby  
4 incurring any liability to Tenant or anyone claiming through or under Tenant. Bills for any  
5 expenses incurred by Landlord in connection with any such performance or involved in  
6 collecting or endeavoring to collect rent or enforcing or endeavoring to enforce any rights  
7 against Tenant under or in connection with this Lease or pursuant to law, including any  
8 cost, summary proceedings, as well as bills for any property, material, labor or services  
9 provided, furnished or rendered, including reasonable attorneys' fees and expenses,  
10 shall be paid by Tenant as Additional Rent. In the event that Tenant is in arrears in  
11 payment of rent, additional rent and/or other charges due under the Lease, Tenant  
12 waives Tenant's right, if any, to designate the items against which any payments made  
13 by Tenant are to be credited and Landlord may apply any payments made by Tenant to  
14 any items Landlord sees fit, irrespective of and notwithstanding any designation or  
15 requests by Tenant as to the items against which any such payments shall be credited.  
16

17 S. It is the intent of both Landlord and Tenant, and Tenant hereby agrees, that  
18 Tenant shall, at all times, be responsible and liable for, and shall be in complete  
19 compliance with all governmental laws, ordinances, rules and regulations relating to  
20 environmental protection, environmental matters, and industrial hygiene arising, directly  
21 or indirectly, out of the use of the Premises. It is the intent of both Landlord and Tenant,  
22 and Landlord hereby agrees, that Landlord shall, at all times, be responsible and liable  
23 for, and shall be in complete compliance with all governmental laws, ordinances, rules  
24 and regulations relating to environmental protection, environmental matters, and  
25 industrial hygiene arising, directly or indirectly, out of the use of the Common Area,  
26 except that Landlord shall not be liable for the use, generation, storage, or disposal of  
27 Hazardous Materials by Tenant and/or its authorized representatives within the Common  
28 Areas. "Governmental" as used herein shall include, without limitation, federal, state,  
29 and local governments, and political subdivisions and agencies of the federal, state and  
30 local governments. "Hazardous Materials" as used herein shall include, without  
31 limitation, whether now or subsequently listed in any Governmental listing or publication  
32 defining hazardous materials, common household items containing substances now or  
33 subsequently listed as a hazardous material or substance, chemicals, drugs, any  
34 materials used for laboratory analysis, nuclear and/or radioactive materials, toxic  
35 substances, hazardous substances, hazardous wastes, contaminated or polluting  
36 substances, materials or waste. "Environmental Matters" and "Industrial Hygiene" shall  
37 include, without limitation, any matter which affects the environment or which may affect  
38 the environment, the use of sophisticated electrical and or mechanical equipment,  
39 chemical, electrical, radiological or nuclear processes, radiation, sonar and sound  
40 equipment, use of lasers, and laboratory analysis and materials. As to Hazardous  
41 Materials introduced to the Premises after the Rent Commencement Date, Tenant shall  
42 be deemed to be (1) the person in control, (2) an operator of the Premises, and (3) the  
43 person in charge with respect to the Premises for purposes of reporting requirements  
44 under "The Comprehensive Environmental Response, Compensation and Liability Act of  
45 1980" ("CERCLA") and as amended by the "Superfund Amendments and  
46 Reauthorization Act of 1986" ("SARA"), any subsequent amendments thereto, or  
47 replacement statutes or ordinances, any rules and regulations enacted with respect to  
48 CERCLA and SARA, and any state or local statutes, ordinances, rules and regulations  
49 with respect to environmental matters.  
50

## EXHIBIT B – MASTER LEASE

1           Tenant further agrees, at its sole expense, to procure, maintain in effect, and  
2           comply with all conditions of any and all permits, licenses, and approvals required by  
3           governmental and regulatory agencies for Tenant's use of the Premises. Tenant shall,  
4           prior to any use of the Premises affecting Industrial Hygiene or involving the use of  
5           Hazardous Materials, in, on or under the Premises, notify Landlord of the intended use  
6           of such materials and provide Landlord evidence of compliance with all Governmental  
7           agencies and laws, ordinances, rules and regulations pertaining to such use. Tenant  
8           shall in all respects handle, treat, deal with and manage any and all Hazardous Materials  
9           in, on, under or about the Premises in total conformity with all applicable Governmental  
10          laws, ordinances, rules and regulations relating to Hazardous Materials, environmental  
11          protection, and industrial hygiene.

12  
13          Tenant's indemnification of Landlord pursuant to Article 20A, shall extend to all  
14          liability, including all foreseeable and unforeseeable consequential damages, directly  
15          arising out of the use, generation, storage, and/or disposal of Hazardous Materials by  
16          Tenant and anyone other than Landlord and/or its authorized representatives within the  
17          Premises, including, without limitation, the cost of any required or necessary repair,  
18          cleanup, or detoxification and the preparation of any closure or other required plans  
19          whether such action is required or necessary prior to or following the termination of this  
20          Lease, to the full extent that such action is attributable, directly or indirectly, to the use,  
21          generation, storage, or disposal of Hazardous Materials by anyone other than Landlord  
22          and/or its authorized representatives within the Premises. Landlord's indemnification of  
23          Tenant pursuant to Article 20A, shall extend to all liability, including all foreseeable and  
24          unforeseeable consequential damages, directly arising out of the use, generation,  
25          storage, and/or disposal of Hazardous Materials by Landlord and anyone other than  
26          Tenant and/or its authorized representatives within the Common Area, including, without  
27          limitation, the cost of any required or necessary repair, cleanup, or detoxification and the  
28          preparation of any closure or other required plans whether such action is required or  
29          necessary prior to or following the termination of this Lease, to the full extent that such  
30          action is attributable, directly or indirectly, to the use, generation, storage, or disposal of  
31          Hazardous Materials by anyone other than Tenant and/or its authorized representatives  
32          within the Common Area.

33  
34          At any time that Landlord, in Landlord's sole discretion, has reason to believe that  
35          an adverse environmental condition may be present on the Premises and/or the  
36          Shopping Center, Landlord may conduct an environmental assessment of the Premises  
37          and/or the Shopping Center. If an adverse environmental condition is found on or about  
38          the Shopping Center and/or the Premises and is attributable to the acts or omissions of  
39          Tenant and/or its authorized representatives, and/or to events occurring within the  
40          Premises during the Term that were not caused by Landlord and/or its authorized  
41          representatives, Tenant shall immediately reimburse Landlord for Landlord's expenses in  
42          conducting the environmental assessment, in addition to Tenant's indemnification  
43          obligations with respect to the environmental condition as described in the preceding  
44          paragraph.

45  
46          Upon expiration or sooner termination of the term of the Lease, Tenant, at its  
47          cost, shall cause all Hazardous Materials to be removed from the Premises and  
48          transported for use, storage or disposal in accordance and in compliance with all  
49          applicable Hazardous Materials Law and provide Landlord with appropriate certification  
50          by all Governmental agencies concerned therewith. Notwithstanding that Tenant's

EXHIBIT B – MASTER LEASE

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Lease has terminated, and regardless of the reason of such termination, Tenant's obligation for the payment of rent, Additional Rent and other charges pursuant to Articles 5, 7, 9, 13, 21 and elsewhere contained in this Lease shall continue and be payable as provided in Article 5, until Landlord receives certification by appropriate Governmental agencies that all Hazardous Materials have been removed from the Premises pursuant to Governmental guidelines. Landlord's remedies, including, without limitation, any provision for recovery of attorneys' fees and court costs, shall survive the expiration or termination of the Lease.

Tenant shall not take any remedial action in response to the presence of Hazardous Materials in or about the Premises or any building, nor enter into any settlement agreement, consent decree or other compromise in respect to any claims relating to Hazardous Materials in any way connected with the Premises or any building, without first notifying Landlord of Tenant's intention to do so and affording Landlord ample opportunity to appear, intervene or otherwise appropriately assert Landlord's interest with respect thereto.

IN WITNESS WHEREOF, the Landlord and Tenant have duly executed this Lease on the day and year first above written.

TENANT: COUNTY OF STANISLAUS

By: Patricia Hill Thomas Date: 6/8/16  
Name: Patricia Hill Thomas  
Title: Assistant Executive Officer and Chief Operations Officer

Approved as to form:

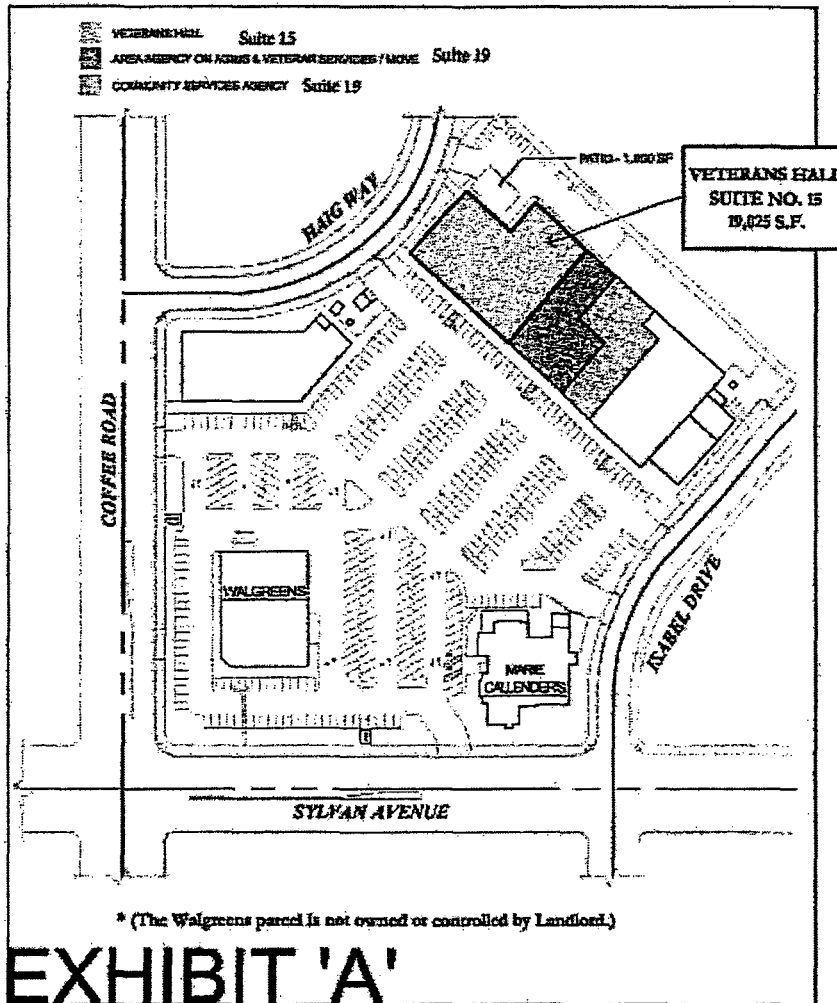
John P. Doering Date: 6/8/16  
Name: John P. Doering  
Title: Stanislaus County Counsel

LANDLORD: SYLVAN SQUARE, LLC, a California limited liability company

By: MDSFS, Inc., a California corporation

By: John Casati Date: 6/13/16  
Name: John Casati  
Title: CEO

EXHIBIT B – MASTER LEASE



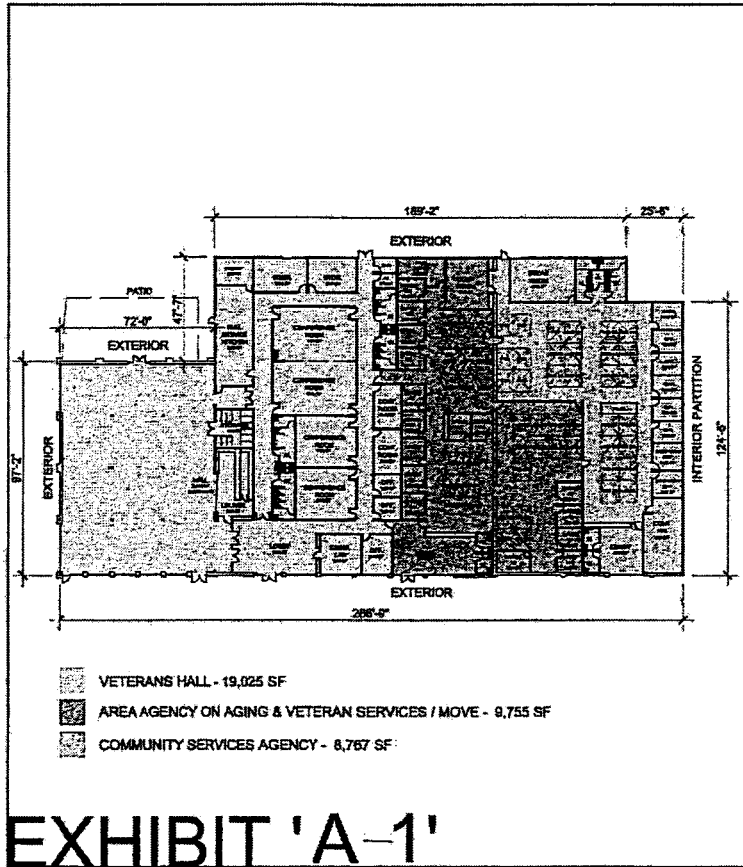
**EXHIBIT 'A'**

<b>SYLVAN SQUARE SHOPPING CENTER</b> 3500 COFFEE ROAD MODesto, CA 95395	DATE	SCALE	
	04-23-15	NTR	

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EXHIBIT B – MASTER LEASE



<b>SUITE :</b>	<b>SUITE SF: 37,547 SF</b> <b>PATIO SF: 1,000 SF</b>	<b>DATE</b> 04-13-16	<b>SCALE</b> NTS
<b>SYLVAN SQUARE SHOPPING CENTER</b> 3500 COFFEE ROAD MODESTO, CA 95355	<b>AREA CALCULATION:</b> ALL DIMENSIONS ARE TAKEN FROM CENTER LINE OF DEMISING WALLS TO OUTSIDE FACE OF CORRIDOR AND EXTERIOR WALLS / GLAZING.		

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EXHIBIT B – MASTER LEASE

EXHIBIT "B"

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1. DESCRIPTION OF PREMISES. The premises are:
- a. Store: 15
  - b. Shopping Center: Sylvan Square Shopping Center
  - c. City, County, State: Modesto, Stanislaus County, California
  - d. Premises Address: 3500 Coffee Road, Suite # 15  
Modesto, CA Zip: 95350
  - e. Area: Approximately 19,025 square feet of Floor Area (Veterans)
  - f. Premises are shown on Exhibit "A" of this Lease, and further described on Exhibit "A-1".
2. USES. Tenant shall use the Premises only for office space for the Veterans Foundation, the County of Stanislaus, the City of Modesto and other public or nonprofit agencies; the provision of Veterans' services and public meeting space, and the conduct of public events and other uses specifically mentioned in the RFP.
3. NAME OF TENANT. Tenant shall operate the Premises under the name of "Stanislaus Veterans Center" or other County offices and agencies.

EXHIBIT B – MASTER LEASE

EXHIBIT "C"  
DESCRIPTION OF LANDLORD'S WORK  
AND OF TENANT'S WORK

1  
2  
3 SECTION I - PLANS AND SPECIFICATIONS  
4

5 A. Layout  
6

7 Landlord and Tenant agree in concept to the proposed floor plan attached hereto,  
8 subject to the design review process below.  
9

10 B. Preliminary Plans and Approval Thereof  
11

12 Within 10 days after the Effective Date, Landlord shall submit to Tenant two (2) sets of  
13 preliminary plans and specifications setting forth Landlord's work prepared in conformity  
14 with the applicable provisions of Exhibit C, for Tenant's approval. Tenant shall approve  
15 or disapprove the preliminary plans within ten (10) days after receipt thereof. In the event  
16 said preliminary plans are not approved by Tenant, Landlord must resubmit a revised set  
17 of preliminary plans to Landlord within ten (10) days from the date of receipt of notice of  
18 such disapproval. Tenant's approval will be evidenced by endorsement to that effect on  
19 the two (2) sets of preliminary plans and specifications, one set to be retained by Tenant  
20 and one set by Landlord.  
21

22 C. Working Plans and Specifications and Approval Thereof  
23

24 Within forty-five (45) days after approval of preliminary plans and specifications,  
25 Landlord shall deliver to Tenant two (2) sets of the working plans and specifications  
26 prepared by Landlord's Architect in conformity with the approved preliminary plans and  
27 specifications. Tenant shall notify Landlord within ten days of the matters, if any, in which  
28 said working plans and specifications as submitted by Landlord, fail to conform with the  
29 approved preliminary plans and specifications. In the event said working plans and  
30 specifications are not approved by Tenant, Landlord must resubmit to Tenant, a revised  
31 set of working plans and specifications within ten (10) days from the date of receipt of  
32 notice of such disapproval and revisions or corrections required by Tenant. Tenant's  
33 approval of working plans and specifications shall be evidenced by endorsement to that  
34 effect on the two (2) sets thereof, one set to be retained by Tenant and one set by  
35 Landlord ("Approved Plans"). Landlord agrees to apply and pay for permits for  
36 Landlord's Work.  
37

38 Notwithstanding the design review and approval time limits above, Landlord and Tenant  
39 agree to work together in good faith to shorten the time period for design review and  
40 approval, as reasonably feasible.  
41

42 Notwithstanding Tenant's review of such plans and specifications, and whether or not  
43 Tenant approves or disapproves such plans and specifications, Landlord and not Tenant  
44 shall be responsible for compliance of such plans and specifications and of the Finish  
45 Work with all Applicable Laws.  
46

EXHIBIT B – MASTER LEASE

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D. Prevailing Wage Requirements. Landlord acknowledges that Prevailing Wages may be required to be paid on the construction of the tenant improvements. Labor Code Section 1720.2 provides that prevailing wages must be paid on any construction work done under private contract when all of the following conditions exist:

- (a) The construction contract is between private persons.
- (b) The property subject to the construction contract is privately owned, but upon completion of the construction work, more than 50 percent of the assignable square feet of the property is leased to the state or a political subdivision for its use.
- (c) Either of the following conditions exist:
  - (1) The lease agreement between the lessor and the state or political subdivision, as lessee, was entered into prior to the construction contract.
  - (2) The construction work is performed according to plans, specifications, or criteria furnished by the state or political subdivision, and the lease agreement between the lessor and the state or political subdivision, as lessee, is entered into during, or upon completion of, the construction work.

Landlord agrees to be fully responsible for the payment of prevailing wages if required.

E. As-Built Drawings

Upon completion of Landlord's Work hereafter outlined, Landlord shall deliver to Tenant at Landlord's expense one (1) complete set of "As-Built" drawings which reflect the improvements installed upon the Premises.

F. Insurance Provisions

From commencement until the completion of Landlord's Work, Landlord shall obtain and maintain, at Landlord's expense, and shall require Landlord's general contractors and subcontractors to maintain workers' compensation, public liability and property damage insurance in the minimum amounts specified below to fully protect Landlord and Tenant from and against liability for death or injury to persons, and for damage to property caused by or arising from the performance of Landlord's Work as follows:

1. Workers' Compensation as required by state law, and including employers' liability insurance with a limit of not less than \$1,000,000.00 and additional insurance coverage of not less than \$2,000,000.00, applicable to liability related to employee benefit acts.
2. Commercial General Liability Insurance including contractors' protective liability, an amount of not less than \$2,000,000.00 combined single limits and property damage liability, or a combination thereof with an aggregate limit of \$2,000,000.00. Such insurance shall provide for explosion, collapse and underground coverage. Landlord shall require that its contractor provide insurance any and all claims for bodily injury, including death resulting therefrom, and damage to or destruction of property or any kind whatsoever and to whomsoever belonging, and arising from the general contractor's operations under the contract, and whether such operations are performed by Landlord's

## EXHIBIT B – MASTER LEASE

1 general contractor, subcontractors or any of their subcontractors, or by anyone  
2 directly or indirectly employed by them.

- 3  
4 3. **Builders Risk Insurance.** Landlord shall provide an all physical loss builders risk  
5 insurance policy on the work to be performed in the demised Premises. The  
6 amount of insurance coverage to be provided hereunder shall be not less than  
7 one hundred percent (100%) of the replacement cost. Coverage shall be all risk  
8 insurance, not including earthquake and flood.  
9

### 10 SECTION II - SCOPE OF LANDLORD'S WORK

11  
12 The following work shall be or has been performed exclusively by Landlord at Landlord's sole  
13 expense ("Landlord's Work"). Landlord's Work includes modifications to the Premises which are  
14 required due to zoning or occupancy requirements.  
15

#### 16 A. Common Area

- 17  
18 1. Parking Areas, Roads and Walkways  
19 Paved, drained and lighted parking areas, together with access roads, walkways,  
20 directional signs and markers.  
21  
22 2. Shared Spaces and Common Facilities  
23  
24 a. Interior  
25 (1) Corridors - if needed, to be located as Landlord shall determine and in  
26 accordance with local building codes.  
27  
28 b. Exterior  
29 (1) Courts and Walkways (if any) - Lighted, paved and drained.  
30

#### 31 B. Building Shell

- 32  
33 1. Structural Frame and Roof System  
34  
35 a. Frame - Masonry or wood frame with wood decking.  
36 b. Structural Clear Height - Clear height measured from the finished floor  
37 slab to the finished ceiling area shall as per approved plans but in no  
38 event less than ten (10) feet.  
39  
40 c. Column Fireproofing - Only if required by code.  
41  
42 d. Roof - Built-up composition roofing and/or wood shingle.  
43  
44 e. Walls - Exterior building walls.  
45  
46 2. Utilities  
47  
48 a. Sanitary sewer, grease interceptor, domestic water and natural gas will  
49 be furnished to the Premises.  
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EXHIBIT B – MASTER LEASE

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- b. Electrical Service - Furnish and install conduit from the main circuit at the meter location.
  - c. Telephone Service - A telephone terminal board with cable capacity adequate for Tenant's use will be located in a common use area.
3. Building Interior
- a. Walls and Partitions - Separating the Premises from other Premises or Common Areas will be concrete block or wood studs with drywall or other material selected by Landlord on demising sides only. Interior demising wall(s) shall be fully insulated for sound.
  - b. Doors - Where the Premises adjoin a common corridor, Landlord will provide a door to connect such areas. Where required by code, Landlord will provide an emergency exit door between the Premises and the outside, or a door between the Premises and a common corridor leading to an emergency exit door, as required by local building code.
4. Neutral Strips
- Where desirable in Landlord's opinion a vertical neutral strip will be located at the store front line between Premises.
- C. Tenant Improvement Work (By Landlord)
- Landlord pursuant to the Building Code has or will perform all work in this Section C and in accordance with the Approved Plans. All new construction required to be performed by Landlord will be performed pursuant to Code in effect at the time such work is performed. Landlord's work includes everything required to complete construction in accordance with the Approved Plans and place the Premises in finished condition for opening for business, except for that work specifically described herein above as Tenant's Work, is to be done by the Tenant at the Tenant's sole expense.
- 1. Floor - Concrete slab on grade.
  - 2. Finished Ceiling - 2' x 4' acoustic tile and T-Bar system.
  - 3. Store Fronts - Storefronts at the exterior building wall shall be as exists at Lease execution.
  - 4. Demising Partitions, Walls and Wall Surfaces - Ceiling height permanent partitions and walls and taped sheetrock surfacing on studs erected as part of the Building Shell Work and those separating Premises from other premises. All demising walls to be fully insulated for sound.
  - 5. Interior Partitioning - Landlord shall provide all interior walls and partitions per the Approved Plans.
  - 6. Painting - Landlord shall provide all painting and wall covering.

## EXHIBIT B – MASTER LEASE

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7. Electrical – Landlord shall provide amperage and panels as required per Approved Plans, all electrical system components to provide required electrical service to the Premises and all mechanical equipment serving the Premises, including, without limitation, breakers, disconnect switches, feed wires from the central distribution point and sub-panels.
  8. Doors - 3/0 x 7/0 rear doors per Approved Plans and as required by code. Metal doors with steel frames, panic hardware and deadbolt lock.
  9. Toilet Rooms, Janitorial Facilities and Drinking Fountains – Landlord shall provide all toilet rooms as shown on the Approved Plans together with hot water heater, janitorial facilities and drinking fountains within the Premises, including hookup to Landlord's sanitary sewer and water systems, and items customarily incidental thereto.
  10. Heating, Ventilating and Air Conditioning - Heating and ventilating air-conditioning facilities that exclusively serves the Premises shall be not less than one (1) ton of cooling per 350 square feet of floor area in the Premises and shall have duct work, supply diffusers return registers and thermostats as per Approved Plan. Landlord shall provide all mechanical equipment that serves the Premises, including all electrical, mechanical, and structural work required for the installation and operation of these items.
  11. Roof Openings - As required for Heating, Ventilating and Air Conditioning.
  12. Telephone Facilities - Install one main conduit, without wiring, from Landlord's common telephone room to Premises in location per Approved Plan.
  13. Fire Sprinklers - All ceiling areas of the premises sprinklered as required by code with one 165-degree standard spray pendant sprinkler head per 100 square feet.
  14. Commercial Kitchen - Landlord shall provide room per Approved Plans with reasonable allowance for floor drains, sewer line(s) stubbed to designated location(s), water, reasonable electrical service to designated wall locations, overhead ceiling and lighting, required overhead fire sprinklers, FRP on walls where designated on plans and floor treatment or covering approved by Health Department and Tenant.
  15. Gas & Electric to Patio - Landlord shall stub natural gas and provide a minimum of one (1) 110V duplex outlet with protective cover on exterior face of perimeter wall of Premises at outdoor patio in location shown on Approved Plans
  16. Perimeter Fence for Outdoor Patio – Landlord shall provide maximum 4' high wrought iron fencing around perimeter of outdoor patio area. Landlord to provide hardscape within patio area.
  17. Temporary Services - During the construction period for Landlord's Work, Landlord shall provide and pay for connections and meters for temporary water,

## EXHIBIT B – MASTER LEASE

- 1 gas and electricity and other utility service which shall be located as directed by  
2 Landlord. The cost of such temporary utility service shall be borne by Landlord.  
3
- 4 18. Landlord shall provide two lighted exterior flagpoles approximately 30 feet tall to  
5 be installed at locations to be approved by Landlord and Tenant.  
6
- 7 Building Standards. Landlord's Works in the interior of the Premises shall be in accordance with  
8 the Approved Plans and the following standards, unless otherwise approved in writing.  
9
- 10 1. WALLS:
- 11
- 12 Demising Walls: 25 gauge, 3 5/8" metal studs, with spacing dependent on spans, extending  
13 between floor slab and structure above; 3-1/2" acoustic insulation, fire blocking, 5/8" gypsum  
14 board on each face, and finished with medium orange peel texture and primer.  
15
- 16 Interior Walls: 25 gauge, 3 5/8" metal studs, 24" o. c., spanning between floor slab and  
17 suspended ceiling grid. Seismic bracing provided above ceiling. No acoustical insulation.  
18 5/8" gypsum board on each face, bull nosed outside corners and finished with medium orange  
19 peel texture, primer, latex paint with eggshell finish on both sides.  
20
- 21 Column Furring: 2-1/2" or 3-5/8" metal stud furring as required, with 5/8" gypsum wall board to  
22 6" above finished ceiling. Gypsum wallboard to be finished the same as interior walls above.  
23
- 24 Perimeter Wall Furring: Exterior masonry walls shall be furred with 2-1/2" or 3-5/8" deep metal  
25 studs and finished with 5/8" thick gypsum wallboard. Thermal insulation is optional and Above-  
26 Standard.  
27
- 28 2. DOORS:
- 29
- 30 Interior Door: 3'-0" x 7'-0" x 1-3/4" thick solid core, non-rated, with laminate or paint  
31 finish. Door frames are dark bronze anodized aluminum by AAF or equal, with square trim  
32 profile. Latchsets: Cal Royal "Pioneer" grade 2 RL Design locksets with rounded lever handle or  
33 equal, finished in dull/satin chrome. Hardware: hinges by Hager or equal, Trimco domed floor  
34 stops and Cal Royal strike plates all finished in dark bronze or oil-rubbed bronze.  
35
- 36 3. CEILING:
- 37
- 38 Suspended Acoustical Ceiling: Suspended, exposed grid with regular acoustical lay-in  
39 panels. Panels shall be Armstrong "Second Look II" mineral fiber board, "Cortega" pattern or  
40 equal, color: white, size 2' x 4' x 3/4", with square edges and a non-directional pattern. Grid shall  
41 be 1" wide nominal steel "Tee" with a baked white enamel finish; Armstrong "Prelude" or  
42 equivalent. Ceiling provided throughout tenant space.  
43
- 44 Gypsum Board Ceiling: 5/8" thick gypsum board, directly attached to existing floor  
45 framing above space, where clearances do not permit the use of a suspended ceiling. Ceiling is  
46 finished with medium orange peel texture, primer and paint. 3-1/2" fiberglass batt insulation is  
47 provided in cavity above ceiling.  
48  
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## EXHIBIT B – MASTER LEASE

1 4. LIGHTING:  
2

3 Fluorescent Lighting in suspended ceilings: 2'x4' Direct/Indirect recessed fixture with  
4 electronic ballasts and (2) or (3) T-5 lamps (as required by code), matte white finish with lamp  
5 shields: "Metalux Ovation 2RDI" by Cooper Lighting or approved equivalent. Fixtures to be  
6 factory lamped with daylight colored lamps.  
7

8 Fluorescent Lighting in gypsum board ceilings: 1'x4' Direct/Indirect recessed fixture with  
9 electronic ballasts and (2) T-5 lamps (as required by code), matte white finish with lamp shields:  
10 "Avante AV" by Lithonia Lighting or approved equivalent. Fixtures to be factory lamped with  
11 daylight colored lamps.  
12

13 Light Switch: Leviton 5601-W, or equal, standard rocker (line voltage) single pole switch.  
14 Provide dual level switching as required by code. Color: White.  
15

16 Emergency/Night Lights: Emergency back-up lighting shall be from the same  
17 manufacturer and match in design as the fixtures listed above. Provide as required by code.  
18

19 Lighted Exit Sign: Internally illuminated, ceiling or wall-mounted exit signs, as required  
20 by code.  
21

22 Special Lighting: Recessed, pendant, track or other special lighting as per Approved  
23 Plans, including controls.  
24

25 Intercom, Annunciator, Speaker, Music, Security Systems: Landlord shall provide low  
26 voltage wiring per the Approved Plans.  
27

28 5. ELECTRICAL:  
29

30 Convenience Outlets: Standard 110v duplex, wall type, outlets. Leviton #16242-W, or  
31 equal, 125-volt grounded duplex devices or equal. Color: White. Circuitry per CEC  
32 requirements.  
33

34 Electrical Service: Amperage and panels as required per Approved Plans. All electrical  
35 system components to provide required electrical service to the Premises and all mechanical  
36 equipment serving the Premises, including, without limitation, breakers, disconnect switches,  
37 feed wires from the central distribution point and sub-panels.  
38

39 6. TELEPHONE OUTLETS:  
40

41 Telephone Backboard: 4'x4'x3/4" plywood fastened to wall studs, mounted 36" above  
42 the floor. Location to include a dedicated 120 VAC four-plex receptacle mounted below the  
43 board. Fire retardant as required by code.  
44

45 Telephone Outlet: One (1) standard, mud ring and pull string per outlet. Conduit  
46 provided only within insulated walls.  
47

48 7. FLOOR COVERINGS:  
49

50 Building Standard Carpet. Grade 1A: Shaw Industries "Turnkey Collection": Culture,



## EXHIBIT B – MASTER LEASE

- 1 Evolution and Space or equal. Direct glue-down application. Single color/pattern to be selected  
2 from standard range. Provided typical throughout space.  
3
- 4 Vinyl Composition Tile: Mannington Commercial "Essentials". Nominal 12" x 12" x 1/8"  
5 VCT. Single color to be selected from standard range. Locations per Approved Plans for  
6 lunch/break room, bar area and computer equipment room.  
7
- 8 Rubber Base: Roppe or equal, rubber top-set type, 1/8" x 4" coved. To be used at carpet  
9 and VCT locations. 4" rubber top-set to be used under cabinetry. Color to be selected from  
10 standard range.  
11
- 12 9. PAINTING:  
13
- 14 Wall Paint: ICI Dulux or equal, satin sheen latex, two (2) coats to cover over PVA primer.  
15 Provide at all gypsum board walls, single color throughout. Accent colors are above standard.  
16 Color to be selected from the building standard selection.  
17
- 18 10. INTERIOR WINDOWS:  
19
- 20 Sidelight Window: 2'-0" x 7'-0" x 1/4" clear tempered glass sidelights in dark bronze  
21 anodized aluminum frame by AAF or equal, with square trim profile.  
22
- 23 Window: 4'-0" x 4'-6" (or other specified size) x 1/4" clear tempered glass window in dark  
24 bronze anodized aluminum frame by AAF or equal, with square trim profile.  
25
- 26 Corridor Door Sidelight: 13" x 7'-0" x single glazed wire glass 45 min. fire rated assembly  
27 in painted metal frame to match Tenant's entry door frame.  
28
- 29 11. FIRE SPRINKLERS & LIFE SAFETY EQUIPMENT:  
30
- 31 Fire Sprinklers: Provide pipe drops from plugged laterals to suspended ceiling height.  
32 New sprinkler heads shall be semi-recessed with white escutcheon trim. Design layout per  
33 NFPA Code and tenant occupancy.  
34
- 35 Fire Extinguisher: Bracket-mounted 2A-10BC fire extinguisher with code-required sign,  
36 mounted on wall. Quantity as required by code. Fire extinguisher cabinets are above-standard.  
37
- 38 12. SIGNAGE  
39
- 40 Landlord's work shall include all code-required signage.  
41
- 42 At no cost to Tenant (other than graphics and installation) Tenant shall have the right to  
43 place its signage on the panels of both monument signs that are designated, or have heretofore  
44 been used by, occupants of the spaces to be leased by Tenant.  
45
- 46 Tactile Exit Signs: Provide plastic surface-mounted signs with Braille at all exit sign  
47 locations, for the visually impaired, per code.  
48  
49  
50

EXHIBIT B – MASTER LEASE

1 13. APPLICABLE REGULATIONS  
2

3 Landlord's Work and Tenant's Work shall be performed in accordance with all applicable  
4 laws, ordinances and regulations of all duly constituted authorities, insurance services,  
5 including, without limitation, Title III of the Americans with Disabilities Act of 1990, all  
6 regulations issued thereunder and the Accessibility Guidelines for Buildings and  
7 Facilities issued pursuant thereto, as the same are in effect on the date hereof and may  
8 be hereafter modified, amended or supplemented ("Applicable Laws"). For purposes of  
9 Section 1938 of the California Civil Code, Landlord hereby discloses to Tenant, and  
10 Tenant hereby acknowledges, that the Premises have not undergone inspection by a  
11 Certified Access Specialist (CASP). Nevertheless, Landlord's architect shall certify the  
12 Premises as meeting all applicable construction-related accessibility standards pursuant  
13 to California Civil Code Section 55.53.  
14

15 SECTION III - SCOPE OF TENANT'S WORK  
16

17 Premises Fixturing and Furnishing  
18

19 The Tenant shall bear the entire expense and responsibility for providing within the  
20 Premises (whether affixed to the Premises or not) all furniture, fixtures and equipment,  
21 and all other property incidental to the operation of the type of business to be operated  
22 by Tenant, except that which is within the scope of Landlord's Work. Tenant shall  
23 provide insurance for any and all claims for bodily injury, including death resulting  
24 therefrom, and damage to or destruction of property or any kind whatsoever and to  
25 whomsoever belonging, and arising from the Premises fixturing and furnishing.  
26

27 SECTION IV - TIME FOR START OF TENANT'S WORK  
28

29 Tenant shall install Tenant's furniture, fixture and equipment and shall open the Premises for  
30 business within thirty (30) days after the Rent Commencement Date.  
31

EXHIBIT B – MASTER LEASE

EXHIBIT "D"  
GUARANTEE OF LEASE

1  
2 Intentionally Omitted.  
3

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EXHIBIT B – MASTER LEASE

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**"EXHIBIT "E"  
TENANT'S CERTIFICATE  
STATEMENT OF TENANT RE: LEASE**

Date: \_\_\_\_\_  
Re: Address: \_\_\_\_\_  
For Premises in: \_\_\_\_\_

Gentlemen:  
The undersigned, as Tenant under that certain Lease made and entered into between \_\_\_\_\_  
\_\_\_\_\_, as Landlord and the undersigned, as Tenant, hereby ratifies said Lease and certifies:

- 1. The date of \_\_\_\_\_, is the "Effective Date" of the Lease;  
(Landlord to insert date when Landlord executes Lease)
- 2. The date of \_\_\_\_\_, is the "Commencement Date" of the Term referred to in the Lease;
- 3. The date of \_\_\_\_\_, is the "Expiration Date" of the term referred to in the Lease;
- 4. The date of \_\_\_\_\_, is the "Rent Commencement Date" referred to in the Lease.

The undersigned has entered into occupancy of the premises described in said Lease on \_\_\_\_\_  
\_\_\_\_\_, and the Rent in the monthly amount of  
\$ \_\_\_\_\_ was payable from that date. Said Lease is in full force and effect and  
has not been assigned, modified, supplemented or amended in any way (except by  
agreement(s) dated \_\_\_\_\_); that the same represents the entire  
agreement between the parties as to this Lease, that all conditions under said Lease to be  
performed by the Landlord have been satisfied, including, but without limitation, all co-tenancy  
requirements thereunder, all required contributions by Landlord to Tenant on account of  
Tenant's improvements have been received, and on this date there are no existing defenses or  
offsets which the undersigned has against the enforcement of said Lease by the Landlord.

Very truly yours,  
\_\_\_\_\_  
Date  
\_\_\_\_\_  
Date

EXHIBIT B – MASTER LEASE

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**EXHIBIT "F"  
SIGN CRITERIA**

These criteria have been established for the purpose of assuring an outstanding shopping center, and for the mutual benefit of all tenants. Conformance will be strictly enforced, and any installed nonconforming or unapproved signs must be brought into conformance at the expense of the Tenant.

**A. GENERAL CRITERIA**

- 1. Signage may occur anywhere within the limits of the basic storefront opening.
- 2. Signage shall be limited to trade name only.
- 3. Banners, sales notices, etc., will be permitted only with the approval of Landlord.

**B. SIGN RESTRICTIONS**

- 1. Signs may project no more than five inches (5") beyond the lease line pop-outs.
- 2. Manufacturer's labels, Underwriter's labels, clips, brackets, or any other form of extraneous advertising, attachment, or lighting devices shall be fully concealed from public view.
- 3. Any sign, notice, or other graphic or video display, particularly self-illuminated signs, located in the interior of the premises and easily visible or legible from the public space, except those which are required by applicable law, ordinance, codes, or regulations, shall be clearly shown.
- 4. The following types of signs, sign components and devices shall not be permitted:
  - a. Boxed or cabinet type.
  - b. Cloth, paper, cardboard, similar stickers or decals around or on surfaces of the storefront.
  - c. Moving, rotating, or flashing.
  - d. Noise making or odor producing.
  - e. Molded plastic.
  - f. No name brands, product names or phrases may appear on the storefront in any area directly visible from the space, without written approval of the Landlord.
  - g. Decals or other signage indicating product lines or the acceptance of credit cards, shall not be permitted on the storefront.
  - h. Un-edged or un-capped letters, with no returns and exposed fastenings.

**C. SIGN TYPES ALLOWED**

- 1. Dimensional, illuminated, halo or back-lit letters. Sides and faces of letters must be opaque. They shall be pin-mounted, a maximum of one and one-half inches

EXHIBIT B – MASTER LEASE

- 1 (1 1/2") from a non-reflective backing, and illuminated by 3200-3700 K neon.  
2 Alternative face colors may be permitted by the Landlord on an individual basis.  
3 The face shall be recessed from the edge, a minimum of one half inch (1/2").  
4  
5 2. Recessed, non-illuminated signage, cast or carved out of the store front material.  
6  
7 3. Non-dimensional signage attached to the store front may be gold leaf, silver leaf,  
8 and white or black die cut vinyl, or any one paint color.  
9  
10 4. Individual illuminated channel letters.  
11  
12 5. Neon.  
13  
14 6. Others as approved.  
15  
16 D. ADDITIONAL SIGNAGE  
17  
18 1. Service doors to Tenant spaces throughout the project shall have standard  
19 identification only (name and address number). The signage will be designed and  
20 installed by Landlord. The Tenant shall not apply any signage or other wording to  
21 the service doors.  
22 2. Postal numbers on or adjacent to the store fronts, if required, will be designed  
23 and installed by the Landlord, at Tenant's expense.  
24  
25 E. SIGN AREA  
26  
27 1. No signs to occur within two feet (2'-0") of the demising lease line (perpendicular to  
28 the store front).  
29  
30 2. Total sign area is not to exceed in square footage, the width of the storefront in  
31 feet.  
32  
33 3. Total sign area shall not exceed ten percent (10%) of the storefront.  
34  
35 4. No neon signs allowed below elevation + 7'-0", where exposed to customers.  
36

**FIRST AMENDMENT TO LEASE  
(County Space, Suite 19)**

THIS FIRST AMENDMENT TO LEASE, dated as of February 1, 2017, is made by and between Sylvan Square, LLC, a California limited liability company ("Landlord") and the County of Stanislaus, a political subdivision of the State of California ("Tenant").

**RECITALS**

A. On April 19, 2016, In Board Agenda Item B-5, the Stanislaus County Board of Supervisors approved a ten year lease with Landlord and authorized the Project Manager to negotiate and execute the terms of the lease with the Landlord.

B. On May 23, 2016, Landlord and Tenant entered into a written lease ("Lease") for approximately 18,522 square feet of improved real property located at 3500 Coffee Road, Suite 19, Modesto, California ("Premises"). The Lease contemplated that the Landlord will construct certain improvements described therein.

C. Article 1 (Rent) of the Fundamental Lease Provisions of the Lease provides:

Rent: Notwithstanding anything in the RFP to the contrary, starting on the Rent Commencement Date and continuing through the one hundred twentieth (120th) full calendar month of the Lease, Tenant shall pay to Landlord Rent in the amount of **\$1.40** per square foot per month, payable on the first day of each month. No Rent is payable on the outdoor patio area.

D. Tenant has requested that Landlord construct improvements not originally contemplated in the Lease, which will affect the Rent to be paid by Tenant.

E. In order to provide an additional \$22,226.40 in funding for the additional tenant improvements, Landlord and Tenant have agreed to amend the Lease on the terms and conditions set forth herein.

F. Article 1 further required that the tenant improvements be completed by by no later than November 1, 2016. This condition has not been met.

NOW, THEREFORE, in consideration of the mutual promises contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant agree as follows:

1. Article 1 (Lease Term) of the Fundamental Lease Provisions of the Lease is hereby amended and restated to provide:

Lease Term: Ten (10) Year term commencing on the Rent Commencement Date

Article 1 (Rent) of the Fundamental Lease Provisions of the Lease is hereby amended and restated to provide:

Rent: Notwithstanding anything in the RFP to the contrary, starting on the Rent Commencement Date and continuing through the one hundred twentieth (120th) full calendar month of the Lease, Tenant shall pay to Landlord Rent in the amount of \$1.41 per square foot per month, payable on the first day of each month. No Rent is payable on the outdoor patio area.

2. Article 1 (Completion of Landlord's Work; Rent Commencement Date) of the Fundamental Lease Provisions is hereby amended and restated to provide:

Completion of Landlord's Work; Rent Commencement Date: Landlord's Work must be complete by no later than February 24, 2017. Landlord's Work shall not be considered complete until issuance of either a temporary or final Certificate of Occupancy by the applicable regulatory agency. The Rent Commencement Date shall be the day after the Certificate of Occupancy is issued.

If Landlord's Work is not complete by February 24, 2017, Landlord shall reimburse County in an amount not to exceed \$3,000.00 for all out-of-pocket expenses incurred by County due to further delay in completion of tenant improvements.

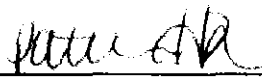
Because Landlord has invited County and its vendors to commence work on the County's premises starting on February 6, 2017, while Landlord's construction of tenant improvements is still underway, Landlord hereby holds County harmless for any coordination or damage issues arising from such activities by County and/or its vendors.

In addition, Landlord shall reduce Tenant's overall Rent obligation by the sum of Seven Thousand Three Hundred Ten (\$7,310.00) Dollars to compensate Tenant for storage costs for furniture. Such offset shall be deducted by Tenant from those Rent sums paid to Landlord immediately following the Rent Commencement Date in an amount of \$3,655 per month for the first two months of the lease term.

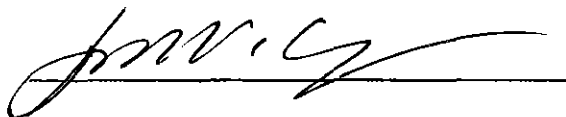
2. Except as provided herein, all other terms and conditions of the Lease shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have executed this First Amendment to Lease as of the date first set forth above.

TENANT: COUNTY OF STANISLAUS

By:   
Name: Patricia Hill Thomas  
Title: Assistant Executive Officer and Chief Operations Officer

Approved as to form:





Name: John P. Doering  
Title: Stanislaus County Counsel

LANDLORD: SYLVAN SQUARE, LLC, a California limited liability company  
By: MDSFS, Inc., a California corporation


By:   
Name: John Godi  
Title: CEO

EXHIBIT C – FACILITY OPERATING AGREEMENT

# EXHIBIT C – FACILITY OPERATING AGREEMENT

## FACILITY OPERATING AGREEMENT FOR THE STANISLAUS VETERANS CENTER

THIS Agreement is entered into as of this 14<sup>th</sup> day of July, 2016 by and between the County of Stanislaus (the "County"), the CITY OF MODESTO (the "City") and the VETERANS FOUNDATION OF STANISLAUS COUNTY (the "Foundation"), individually a "party" and collectively, the "parties."

### RECITALS

- A. WHEREAS, an estimated 27,000 of our Nation's Veterans reside in Stanislaus County; and
- B. WHEREAS, the Stanislaus County Veterans Advisory Commission (the "Commission") was established on April 3, 2012 by Stanislaus County to advise the Board of Supervisors and County staff generally on matters pertaining to Veterans services; and
- C. WHEREAS, the Foundation was created as a non-profit corporation to seek funding, donations and/or contributions and to bring people, organizations and resources together in time, space and effort to effectively improve the wellbeing of all Stanislaus County Veterans of the United States Armed Forces and their families; and
- D. WHEREAS, Section 1262 of the Military and Veterans Code provides that any county may lease or purchase space to provide and/or maintain Veterans facilities for the benefit of one or more Veterans organizations; and
- E. WHEREAS, Section 1262(h) of the Military and Veterans Code provides that the County may join with any city in the county and jointly carry out the purposes of this section, such as to provide and/or maintain Veterans facilities for the benefit of one or more Veterans organizations; and
- F. WHEREAS, Section 37461 of the Government Code provides that a city may provide and maintain buildings, memorial halls, and meeting places for Veterans patriotic, fraternal, and benevolent associations; and
- G. WHEREAS, Section 1264 of the Military and Veterans Code provides that a city or county providing or maintaining any Veterans facilities may provide for the use of such facilities by persons or organizations other than Veterans, either free of charge or for stated compensation to aid in defraying the cost of maintenance, provided such use does not duly interfere with the reasonable use of the facilities by the Veterans organizations; and
- H. WHEREAS, Section 1266 of the Military and Veterans Code provides that whenever a city or a county provides and/or maintains any building or meeting space under section 1262, the provision of that facility and its acceptance by a Veterans association constitutes a dedication of that property for a public purpose and the dedication cannot be revoked unless the Veterans organization has either consented to the proposed action or has abandoned its use of the facilities; and

## EXHIBIT C – FACILITY OPERATING AGREEMENT

- I. WHEREAS, the County, the City and the Foundation entered into a Memorandum of Understanding ("MOU") on September 22, 2015 and this Agreement is intended to implement the goals and objectives of the MOU; and
- J. WHEREAS, under the MOU, the goals of the project are:
- To create a "One Stop Shop" concept for Veterans services in the City of Modesto;
  - To establish broad support, participation and investment in the project including county, cities, state, federal, Veterans' organizations, private contributors, grant opportunities and property owners.
  - To co-locate the County's Aging and Veterans Offices and other offices as appropriate, to provide services to Veterans.
  - To create a sustainable financial model for long term success; and
- K. WHEREAS, under the MOU, the objectives of developing the project are:
- To jointly develop for a 10-year period a building to create a "One Stop Shop" concept to provide services to Veterans with a partnership between the Parties for a 10-year period;
  - To develop a sustainable funding plan for the proposed Veterans Center;
  - That the Foundation will develop sustainable funding to support Veterans services, including planning for long-term facility needs; and
  - To seek broad support including participation and investment in the Veterans Center, including county, cities, state, federal; Veterans organizations, private contributors, grant opportunities and property owners; and
- L. WHEREAS, the MOU required that the County, the Foundation, and the City enter into this Agreement to incorporate and formalize the terms and conditions relating to the funding, operation and management of the Veterans Center (the "Stanislaus Veterans Center"); and
- M. WHEREAS, the County and the City desire to provide funding and support for the lease of a Veterans Center for a 10-year period subject to the terms and conditions of this Agreement, during which time the Foundation intends to develop sustainable funding to support Veteran services, including planning for long-term facility needs; and
- N. WHEREAS, on April 19, 2016, the Stanislaus County Board of Supervisors approved proceeding with the Stanislaus Veterans Center pursuant to a collaboration between the City and the County and the Foundation, including the negotiation and execution of a 10-year lease with Sylvan Square, LLC for a total of 37,547 square feet of improved real property located at 3500 Coffee Road, Suite 15, Modesto, California 95355; and

## EXHIBIT C – FACILITY OPERATING AGREEMENT

- O. WHEREAS, on May 23, 2016, the County entered into a lease with Sylvan Square, LLC of approximately 18,522 square feet of improved real property located at 3500 Coffee Road, Suite 19, Modesto, California ("Adjacent Lease" or "County Space") for the County's Area Agency on Aging and Veterans Services and the County's Community Services Agency; and
- P. WHEREAS, on June 13, 2016, the County entered into a second lease ("Master Lease") with Sylvan Square, LLC of approximately 19,025 square feet of improved real property located at 3500 Coffee Road, Suite 15, Modesto, California ("Premises") and will sublease the Premises to the Foundation; and
- Q. WHEREAS, the City is not a party to the Adjacent Lease or the Master Lease; and
- R. WHEREAS, together, the real property described in the Master Lease and the Adjacent Lease comprise the Stanislaus Veterans Center ("Center"); and
- S. WHEREAS, in accordance with the executed MOU, the Foundation has consented pursuant to Section 1266 of the Military and Veteran's Code to limit its use of the Premises to 10 years, unless earlier terminated as provided herein, and has agreed that such use shall be subject to the terms and conditions of this Agreement; and
- T. WHEREAS, the Master Lease and the Adjacent Lease require the landlord to construct certain tenant improvements, the cost of which will be included in the rent payable under the Leases to the landlord; and
- U. WHEREAS, the parties intend that the Center will serve Veterans and Veterans organizations for purposes that include hosting meetings, banquets, fundraisers and events that enhance the quality of life of Veterans as well as other uses; and
- V. WHEREAS, the parties are willing to work together to pursue the development and joint use of the Center subject to the terms of this Agreement, the Master Lease, and the Sublease (together, the "Contractual Obligations").

NOW THEREFORE, the parties agree as follows:

1. **Recitals.** The parties agree that the above recitals are true, complete and correct.
2. **Definitions.** The parties agree and acknowledge that the following definitions apply to this Agreement and the Sublease:
  - a. The Center is comprised of the entire 37,547 square feet of improved real property as depicted on Exhibit A.
  - b. The County Space is comprised of that portion of the Center that is the subject of the Adjacent Lease as depicted in blue and green on Exhibit A-1.
  - c. The Premises are comprised of that portion of the Center that is the subject of the Master Lease and the Sublease as depicted in gold on Exhibit A-1 and includes the Hall

## EXHIBIT C – FACILITY OPERATING AGREEMENT

and a Conference Area. The Hall is depicted in gold and the Conference Area in orange on Exhibit A-2.

3. **Name of the Center.** The name of the real property that is the subject of the Master Lease and the Adjacent Lease is the Stanislaus Veterans Center.
4. **Use of the Premises.**
  - a. **Use for Veterans Activities.**
    - i. The Premises shall be used for activities in support of Veterans and Veterans services. Veterans organizations eligible for use of the Premises include military service organizations, including but not limited to the Veterans of Foreign Wars and its affiliate organizations, American Legion and its affiliate organizations, Marine Corps League, Korean War Veterans, Korean War Dogs, American GI Forum, Fleet Reserve Association, Sea Cadets, Patriot Guard Riders, Disabled American Veterans, Vietnam Veterans of America, Blue Star Moms, Gold Star Moms, Military Order of Purple Heart, Veterans Employment Council and True Patriots.
    - ii. It is understood that that portion of the Premises not used by the Foundation for administrative purposes or offices will also be available for public or private use when not scheduled for use for Veterans purposes.
  - b. **Use by Foundation, County and City.** In recognition of the significant financial contribution by the County and City, and in recognition of the planned shared use, the parties agree that the Premises shall be made available for use by the County and the City in accordance with the Contractual Obligations and the SOP (defined below) without additional cost to the County and City.
  - c. **Income Producing Activities.** Subject to the Contractual Obligations, the Foundation may, as authorized by Military and Veterans Code Section 1264, manage and schedule the use of the Premises by persons or organizations other than Veterans, either free of charge or for stated compensation, to aid in defraying the cost of maintenance, provided that such use does not duly interfere with the reasonable use of the Premises by Veterans organizations.
5. **County Rights, Obligations and Responsibilities.** The County will:
  - a. Comply with the terms and conditions of the Contractual Obligations.
  - b. Provide the County's share of funding for the Premises for a period of ten (10) years as shown on Exhibit B, subject to the Contractual Obligations.
  - c. Be responsible for the accounting of funds received and spent as outlined on Exhibit B.
  - d. Include in the County's annual financial audit the income and expenses shown on Exhibit B.
  - e. Donate to the Foundation abandoned kitchen equipment no longer being used from the old Juvenile Center kitchen and other County kitchen equipment no longer being used, for use within the Premises if requested by the Foundation.

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## EXHIBIT C – FACILITY OPERATING AGREEMENT

- f. Provide furniture, fixtures and equipment for the County Space at the County's sole cost and expense.
- g. Pay for rent, utilities and services for the County Space at the County's sole cost and expense.
- 6. **Foundation Rights, Obligations and Responsibilities.** The Foundation will:
  - a. Comply with the terms and conditions of the Contractual Obligations.
  - b. Provide the Foundation's share of funding for a period of ten (10) years as shown on Exhibit B in accordance with the Contractual Obligations.
  - c. Provide furniture, fixtures and equipment for the Foundation Space at the Foundation's sole cost and expense. Provide enhanced kitchen equipment over any equipment donated by the County.
  - d. Develop sustainable funding for the lease and operation of the Premises in support of Veterans services, including planning for immediate and long-term needs of the Premises.
  - e. Market, schedule and license space within the Premises for Veterans and non-Veterans groups or to facilitate fundraising.
  - f. Provide at its sole cost and expense human resources, whether volunteer or paid employees, and other services it determines as reasonably appropriate in the exercise of its reasonable discretion to manage and operate the Premises. Comply with all applicable labor laws and regulations, including the provision of Workers Compensation insurance.
  - g. Assume all responsibility for liquor licensing and dram shop insurance.
  - h. Within fifteen (15) days after written request by the County or the City, provide the requesting party with detailed financial statements (including income and expense statement, profit and loss statement and balance sheets).
  - i. On an annual basis at least ninety (90) days prior to the end of the Foundation's fiscal year, submit to the County and the City the Foundation's budget for the upcoming fiscal year.
  - j. On an annual basis within one hundred twenty (120) days after the end of the Foundation's fiscal year, submit to the County and the City its financial statements audited or certified by an independent certified public accountant, who shall be mutually agreed upon by the Parties, together with a status report to the County and City regarding the Center's operations.
  - k. Abide by generally accepted accounting principles in keeping and maintaining all of its financial records.

## EXHIBIT C – FACILITY OPERATING AGREEMENT

### 7. City Responsibilities. The City agrees to:

- a. Make City staff available to answer periodic questions related to the marketing of the Premises and offer verbal advice and documents (if available) to assist the Foundation in the marketing of the Premises. This verbal advice shall be offered at no cost to the Foundation.
- b. Provide the City's share of funding to the County for a period of ten (10) years as shown on Exhibit B, subject to the Contractual Obligations.

### 8. Funding and Payment of Expenses.

- a. **Estimate.** Exhibit B attached hereto contains the schedule of estimated annual revenue and certain expenses for the Premises.
- b. **Budget and Arrange for Funding.** The parties agree to budget, arrange for and provide funding for their respective financial obligations as shown on Exhibit B and pursuant to the Contractual Obligations.
- c. **Annual Funding.** The County, the City and the Foundation hereby commit to contribute the annual funding for a ten (10) year period reflected in Exhibit B. Notwithstanding the foregoing, the parties' obligation to make annual contributions shall terminate upon the earliest of the following events: (1) after the tenth year of contributions, (2) upon termination of the Lease or any of the Contractual Obligations, (3) if the Foundation abandons the use of the Premises, (4) or if the Foundation is in material default under the Contractual Obligations. In addition, the City's obligation for annual funding contributions will cease if all or substantially all of the aforementioned activities initially conducted on the Premises are re-located outside of the City of Modesto. As provided in this Agreement, all parties consent and agree that the obligation of the County and the City to provide funding shall not continue beyond ten (10) years.

### 9. Operating Committee.

- a. **Establishment of Operating Committee.** In light of the fact that the parties have mutual obligations, needs, responsibilities and are partners in the Center, an Operating Committee is hereby established for the purpose of oversight, information sharing, coordination and collaboration for the shared use of the Facilities comprising the Center as described in the Contractual Obligations. The Operating Committee shall prepare rules and guidelines governing the shared use of the physical facilities comprising the Center, including the Hall and the Conference Area, as such uses are described in the Contractual Obligations. These rules and guidelines shall be reflected in Standard Operating Procedures ("SOPs") that may be adopted, amended and repealed from time-to-time by the Operating Committee. The Operating Committee shall be composed of seven (7) members as follows:
  - i. The Chair of the Veterans Advisory Commission;
  - ii. One additional member of the Veterans Advisory Commission appointed by the Commission's Chair.
  - iii. The Foundation's Chief Executive Officer;

6

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06687-0001



## EXHIBIT C – FACILITY OPERATING AGREEMENT

- iv. A Foundation Board member or employee as designated from time-to-time by the Foundation's Chief Executive Officer;
- v. The County's Chief Operations Officer;
- vi. The County's Director of Area Agency on Aging and Veterans Services; and
- vii. The County's Director of the Community Services Agency.

Each member may select an alternate to attend meetings in their stead. The Operating Committee shall appoint a Committee Chair at its first meeting and annually thereafter.

- b. **Standard Operating Procedures.** The Operating Committee shall adopt (prior to the occupancy of the Center), bylaws and standard operating procedures ("SOPs"). The purpose of the SOPs is to provide guidelines for use of Center by occupants. The SOPs shall:
  - i. Be within the scope of the terms of 9a., above, or govern the conduct and timing of the Committee's internal operations, and address various Center operational matters, including but not limited to: the scheduling of the Conference Area (depicted on Exhibit A-2) pursuant to an online scheduling system accessible by all Parties; Center security; operating hours; access; Center and utilities budget and usage; maintenance, janitorial and related supplies; rental policies, procedures and pricing; Veterans Groups usage for all groups County-wide; parking; emergency preparedness and evacuation planning; dispute resolution process; coordination with Sylvan Square neighbors; coordination of interior signage; and other matters related to the SOPs to be adopted by the Operating Committee prior to occupancy;
  - ii. Be consistent with the Contractual Obligations;
  - iii. Not address, govern or affect the internal operations of the County, City or Foundation or any aspect of their respective corporate or entity structures;
  - iv. Not address, govern or affect the manner in which the Foundation conducts its internal operations, including but not limited to, the Foundation's veteran's programs or its training, staffing, accounting, vendor contracting or internal budgeting; and
  - v. Not become effective until the Operating Committee has adopted a dispute resolution plan.

### 10. Signage and Naming Rights.

- a. **Signage.** The parties agree that exterior signage will be consistent with the name of the Premises.
  - i. All exterior signage must be in accordance with the Modesto Municipal Code and subject to approval by the Operating Committee and the Landlord of the Master Lease.

## EXHIBIT C – FACILITY OPERATING AGREEMENT

- ii. Signage for interior spaces in the Center shall be approved by the Operating Committee or in accordance with the SOPs and shall be consistent throughout as determined by the Operating Committee.
  - b. Naming rights:
    - i. The name of the exterior of the Center has been established by the County's Board of Supervisors. The Center shall be named the Stanislaus Veterans Center.
    - ii. Naming rights for the interior of the Premises shall be in the reasonable discretion of the Foundation.
- 11. Compliance with County's Discrimination Policy.** Any party or licensee using the Premises shall comply with the discrimination policy attached hereto as Exhibit C.
- 12. All Applicable Laws.** The parties agree to abide by all applicable federal, state and local laws and ordinances. The laws applicable to general law counties shall apply to this Agreement.
- 13. Prohibited Uses.** The Premises shall not be used for the following:
- a. Working or campaigning for the nomination or election to any public office or for ballot measures, whether partisan or nonpartisan. Notwithstanding the foregoing, the Premises may be used to provide a candidate forum for which tickets may be sold;
  - b. Manufacturing, including any use primarily for warehousing, assembling, manufacturing, refining, smelting, agriculture or mining operations;
  - c. A second hand store, thrift store or flea market;
  - d. A fire sale, bankruptcy sale (unless pursuant to a court order) or auction house;
  - e. A sale of firearms, guns or explosives;
  - f. The sale of live animals of any kind;
  - g. The use of hazardous or toxic substances except for reasonably necessary substances that are kept in reasonably necessary quantities for normal office or facility operations provide that their use and storage are in accordance with applicable laws;
  - h. Any use prohibited in the Contractual Obligations.
- 14. General Prohibitions.** The Foundation shall not allow or permit to be brought into the Premises anything (a) that is prohibited by or in conflict with any law, ordinance, or government rule or, (b) that is prohibited by the standard form for fire insurance policy or, (c) that will increase the existing rate or affect fire or other insurance on the Premises or its contents or cause cancellation of any insurance policy covering the Premises or any part of its contents, (d) that will adversely affect the Foundation's status as a non-profit 501(c)(3) corporation.

## EXHIBIT C – FACILITY OPERATING AGREEMENT

### 15. Termination.

- a. **Ten-Year Term.** As to the funding obligations under this Agreement, notwithstanding anything to the contrary in law, the obligations of the City and the County shall be in effect for a period of ten (10) years after commencement of the Lease, or earlier if the Contractual Obligations are terminated due to the default of any of the parties. After expiration or termination of the Contractual Obligations, the parties shall have no further cost, liability or obligation to each other or to any other party. It is agreed that upon expiration or termination of the Contractual Obligations, the County and City shall have no further obligation to pay for costs expenses associated with the Premises. Nothing in this Agreement shall preclude the Foundation and the landlord of the Premises from negotiating a new lease upon mutually acceptable terms and conditions.
- b. **No Continuing Obligations.** With respect to Military and Veterans Code section 1266, the Foundation consents to the proposed action to create and operate the Veterans Center for a period not to exceed ten (10) years, and the parties intend that this Agreement now and forever constitutes a waiver of any rights under Military and Veterans Code section 1266. The parties specifically intend that there are no third-party beneficiaries under this agreement or under any prior or subsequent agreements related to the use, funding, operation and maintenance of the Premises.

### 16. Indemnification and Insurance.

- a. **Insurance.** For the term of this Agreement, the County and the Foundation agree to secure and maintain the insurance required under the Master Lease. The Foundation and the County shall name each other, the Master Landlord, the City, and their respective boards, officers, agents, and employees as additional insureds.
- b. **Indemnification of County and Foundation.** The County and the Foundation also agree to the indemnification obligations as provided in the Lease and the Sublease.
- c. **Indemnification of City.** The Foundation shall indemnify, defend and hold the City harmless from any claims for personal injury or property damage arising from or connected to the negligence or wrongful acts of the Foundation, its officers, agents and employees or from the material failure of the Foundation to perform its obligations under the Contractual obligations. The County shall indemnify, defend and hold the City harmless from any claims for personal injury or property damage arising from or connected to the negligence or wrongful acts of the County, its officers, agents and employees or from the material failure of the County to perform its obligations under the Contractual obligations. The provisions of this paragraph shall survive the termination of this Agreement.
- d. **Directors and Officers Insurance.** In addition, the Foundation agrees to secure Directors & Officers Liability Coverage for the errors and omissions of its directors and officers and to name the County and its Board of Supervisors as additional insureds.
- e. **Waiver of Subrogation.**
  - i. As to the County and the Foundation, the parties hereby waive any rights they have against the other on account of any loss or damage occasioned to any of them, their respective property or contents, arising from any risk generally covered by property

## EXHIBIT C – FACILITY OPERATING AGREEMENT

insurance, and the parties each, on behalf of their respective property insurance companies insuring the property against any such loss, waive any right of subrogation that they may have against the other parties, as the case may be. The parties shall indemnify the other against any loss or expense, including reasonable attorney fees, resulting from the failure to obtain this waiver.

ii. Workers Compensation insurance provided by the County or the Foundation shall contain an endorsement that shall waive any right of recovery (waiver of subrogation) against each other, and their respective officers, directors, agents, employees and volunteers.

f. **Entry by County and City.** The County and the City shall have the right of entry into the Premises for any reasonable cause and as allowed under the Sublease.

**17. Events of Default.** The following shall be considered an "Event of Default":

- a. Should any party at any time be in default hereunder with respect to any payments or other charges payable under the Contractual Obligations, and should such default continue for a period of ten (10) days after written notice; or should any party be in default in the prompt and full performance of any other of its promises, covenants or agreements herein contained and should such default or breach of performance continue for more than thirty (30) days after written notice thereof specifying the particulars of such default or breach of performance; (provided, however, that if such default cannot be cured within said thirty (30) day period, the defaulting party shall be deemed to have cured said default if the defaulting party so notifies Landlord in writing within said thirty (30) day period, and diligently, and in good faith, continues with and actually completes said cure, but in no event shall such period extend beyond sixty (60) days from the date of giving such notice); or should any party vacate or abandon the Premises; then the other parties may treat the occurrence of any one or more of the foregoing events as an event of default, and thus a breach of this Agreement;
- b. The failure of the Foundation to maintain its tax-exempt status.
- c. The bankruptcy or insolvency of any party.
- d. Any of the grounds for default under the Contractual Obligations.

**18. Remedies Upon Default.**

- a. On the occurrence of any Event of Default the parties may, in addition to any other rights and remedies provided herein, exercise any remedy in law or equity or as provided in the Master Lease or Sublease.
- b. On the occurrence of any Event of Default by the Foundation hereunder, the County may terminate the right of the Foundation to occupy the Premises, whereupon this Agreement shall expire, and the Foundation shall quit and surrender the Premises to the County. In addition to any and all remedies available to the County in law or equity, the Foundation hereby agrees that the County shall have the right to file an unlawful detainer action to recover possession of the Premises pursuant to the California unlawful detainer statutory scheme, as amended from time to time, and the Foundation hereby waives the right to object to the County's use of the unlawful detainer procedure.

## EXHIBIT C – FACILITY OPERATING AGREEMENT

- 19. Further Assurances.** Each party shall cooperate with the other and execute such instruments or documents and take such other actions as may reasonably be requested from time to time in order to carry out, evidence or confirm their rights or obligations or as may be reasonably necessary or helpful to give effect to this Agreement.
- 20. Notices and Consents.** All notices, consents, demand and other communication from one party to the other that are given pursuant to terms of this Agreement shall be in writing and shall be deemed to have been fully given when delivered, including delivery by commercial delivery services or facsimile transmission, or if deposited in the United States mail, certified or registered, postage prepaid, when received or refused. All notices consents, demands and other communications shall be addressed as follows or to another place as such party may designate in a notice:
- For the County:  
Stanislaus County Chief Operations Officer  
1010 10th Street, Ste. 6800  
Modesto, CA 95354
- For the City:  
City Manager  
1010 10th Street  
Modesto, CA 95354
- For the Foundation:  
Chief Executive Officer  
P.O. Box 576571  
Modesto, CA 95357
- 21. Entire Agreement.** There are no oral agreements between the parties affecting this Agreement and the Contractual Obligations supersede and cancel previous negotiations, arrangements, brochures, agreements and understandings between all parties with respect to the subject matter thereof.
- 22. Authority.** Each person executing this Agreement on behalf of the party warrants the party has the right and authority to enter into this Agreement and that each person signing on behalf of the corporation is authorized to do so.
- 23. Time of the Essence.** Time is of the essence in this Agreement and all of its provisions.
- 24. Illegality or Unenforceability of Portion of Agreement.** If any provision of this Agreement is determined to be illegal or unenforceable, this determination shall not affect any other provision of this Agreement, and all other provisions shall remain in full force and effect.
- 25. Estoppel.** At any time with at least fifteen (15) days' prior notice by any party to this Agreement, the other parties shall execute, acknowledge and deliver to Foundation a certificate certifying; (a) that this Agreement is unmodified and in full force or, if there have been modifications, that this Agreement is in full force, as modified, together with the date and nature of each modification; (b) that no notice has been received of any default that has not been cured, except defaults specified in the certificate, and (c) that no default is claimed, except defaults specified in the certificate, and (d) other matters as may be reasonably requested by any party.
- 26. Waiver.** The waiver by any party of any agreement, condition or provision contained in this Agreement shall not be deemed to be a waiver of any subsequent breach of the agreement,

EXHIBIT C – FACILITY OPERATING AGREEMENT

condition or provision or any other agreement, condition, or provision contained in the Agreement.

27. **Headings.** The various headings and numbers in this Agreement and the grouping of the provisions of this Agreement into separate sections and paragraphs for the purpose of convenience only and shall not be considered part of this Agreement.

28. **Governing Law.** This Agreement shall be governed by and construed pursuant to the law of the State of California.


29. **Exhibits.** The exhibits attached to this Agreement are by this reference incorporated herein and made part of this Agreement.

- Exhibit A, Map Depicting Veterans Center within Sylvan Square Shopping Center
- Exhibit A-1, Map Depicting the Entire Veterans Center
- Exhibit A-2, Map Depicting the Veterans Hall, Conference Area and County Space
- Exhibit B, Estimated Expenses
- Exhibit C, Nondiscrimination Policy

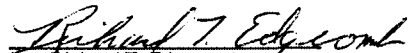
IN WITNESS WHERE OF, the parties have executed this Agreement as of the date first set forth above.

**"County"**

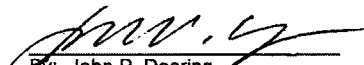
Stanislaus County

  
By: Patricia Hill Thomas  
Chief Operations Officer

APPROVED AS TO CONTENT:

  
By: Richard T. Edgecomb  
Chairman, Stanislaus County  
Veterans Advisory Commission

APPROVED AS TO FORM:

  
By: John P. Doering  
Stanislaus County Counsel

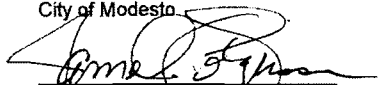
**"Foundation"**

Veterans Foundation of Stanislaus County

  
By: Rebecca A. Crow, Chief Executive Officer

**"City"**

City of Modesto

  
By: Jim Holgersson  
City Manager

APPROVED AS TO FORM:

  
By: Adam Lindgren  
City Attorney

Attest:   
Stephanie Lopez, City Clerk

APPROVED AS TO FORM:

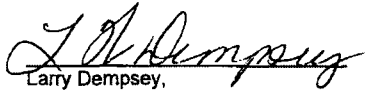
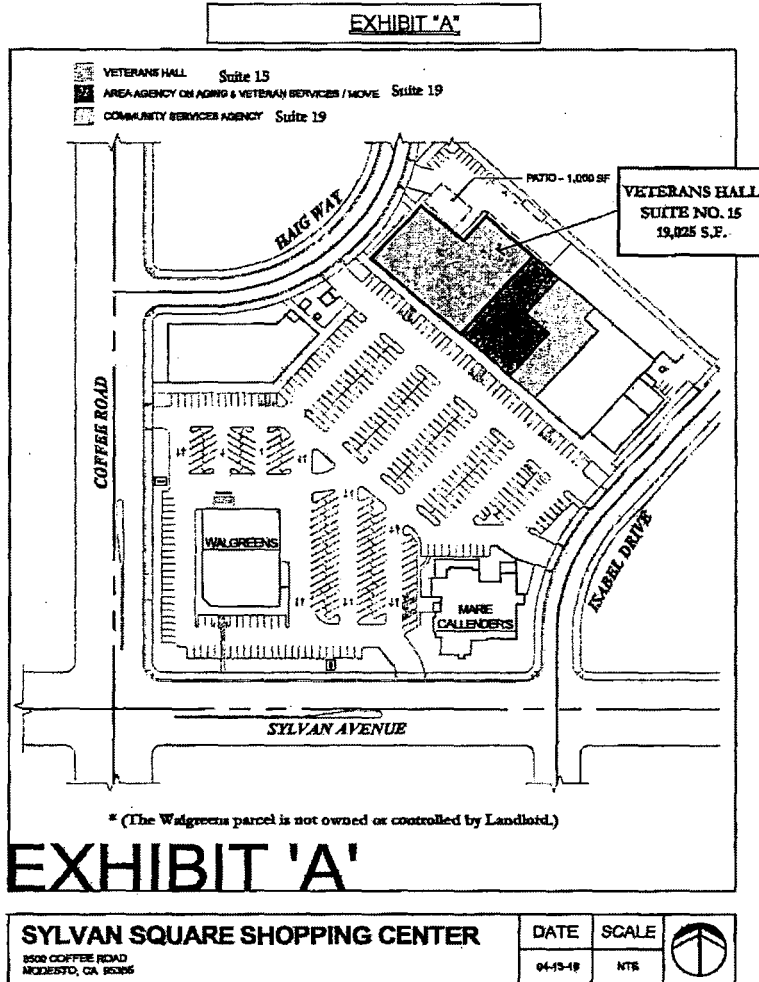
  
Larry Dempsey,  
Counsel for the Foundation

EXHIBIT C – FACILITY OPERATING AGREEMENT



# EXHIBIT C – FACILITY OPERATING AGREEMENT

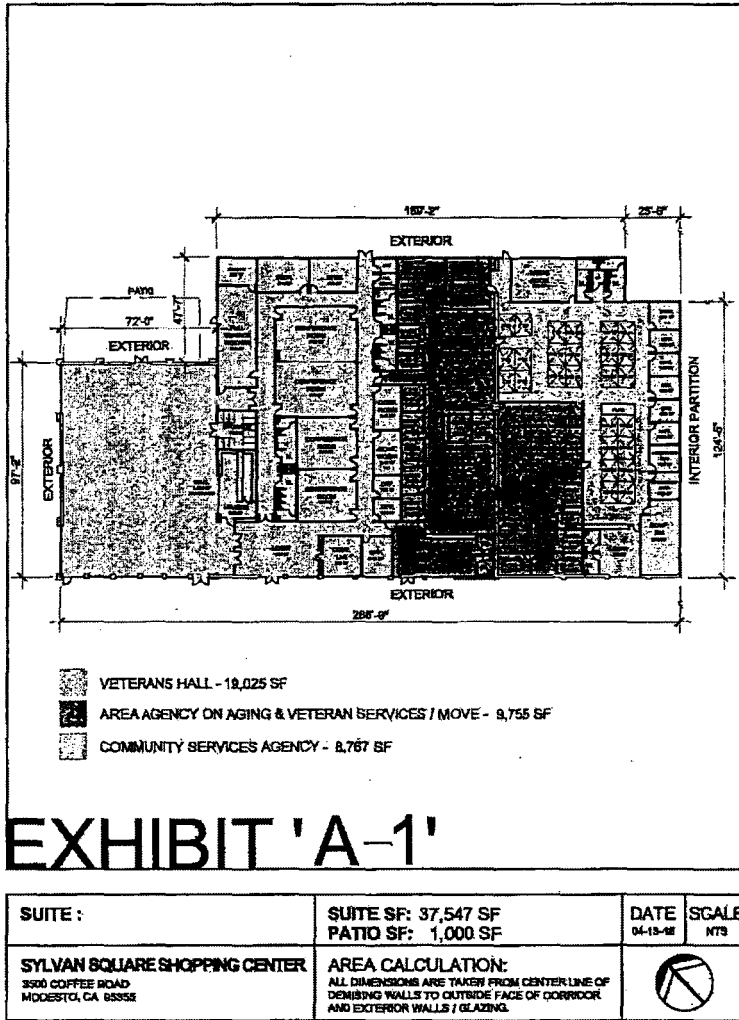
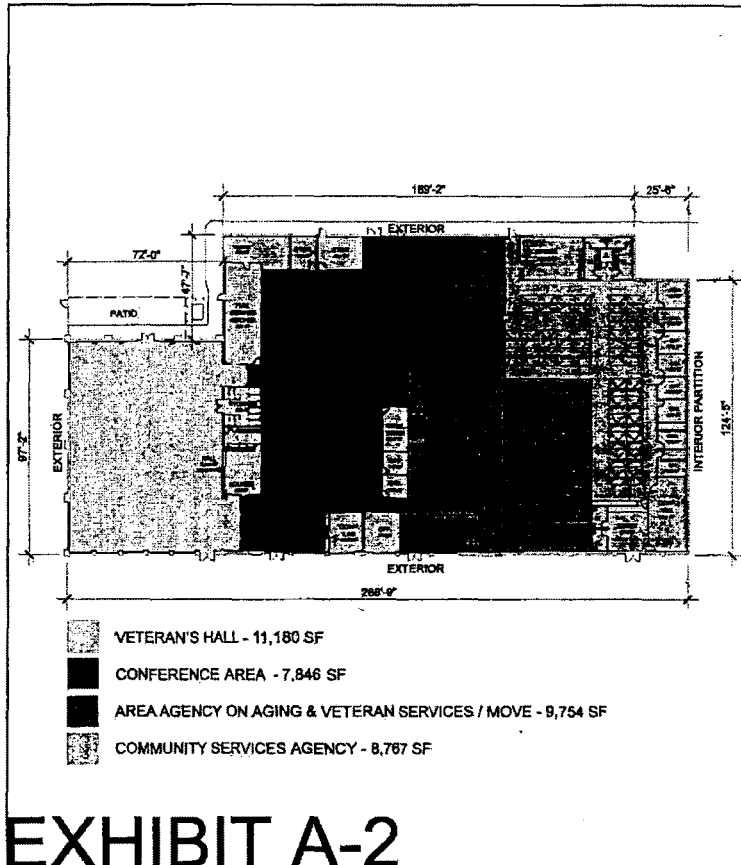




EXHIBIT C – FACILITY OPERATING AGREEMENT




<b>SUITE :</b>  SYLVAN SQUARE SHOPPING CENTER 2500 COFFEE ROAD MODESTO, CA 95335	<b>SUITE SF: 37,547 SF</b> <b>PATIO SF: 1,000 SF</b>	<b>DATE</b> 06-21-18	<b>SCALE</b> NTS
<b>AREA CALCULATION:</b> ALL DIMENSIONS ARE TAKEN FROM CENTER LINE OF DEMISING WALLS TO OUTSIDE FACE OF CORRIDOR AND EXTERIOR WALLS / GLAZING.			

EXHIBIT C – FACILITY OPERATING AGREEMENT

EXHIBIT B

EXHIBIT B				
<b>Sylvan Square Costs &amp; Square Footage</b>				
<b>Program</b>	<b>Square Feet</b>	<b>Annual Rent</b>	<b>Annual Utilities</b>	<b>Total Cost</b>
Veterans Hall	19,025	\$ 321,903	\$ 80,493	\$ 402,396
<b>Total</b>				
<b>Sylvan Square Annual Revenues</b>				
<b>Organization</b>	<b>Veterans Hall</b>	<b>Monthly Rent</b>		
Stanislaus County Revenue	\$ 147,396	\$ 12,283.00		
City of Modesto Revenue	\$ 80,000	\$ 6,666.67		
Foundation Revenue	\$ 175,000	\$ 14,583.33		
<b>Total</b>	<b>\$ 402,396</b>	<b>\$ 33,533.00</b>		
<b>10 Year Contributions - Not Including Utilities</b>				
Stanislaus County	\$ 1,473,960.00			
City of Modesto	\$ 800,000.00			
Foundation	\$ 1,750,000.00			

Estimated Budget for Rent and Utilities: \$0.35 per square foot for an annual total of \$80,493 included are gas, electricity, basic janitorial service, water, solid waste and sewer. Exclusive of data/telecommunication, special event janitorial/security and other utilities/services.

Funds received shall be first applied to the payment of Rent and next to the payment of utilities. In the event of a deficiency, the County and Foundation shall reasonably allocate the deficiency based on estimated usage.

The City's first annual payment in the amount of Eighty Thousand Dollars (\$80,000) shall be made to the County on or before June 30, 2016, and annually thereafter on the anniversary of the first payment.

# EXHIBIT C – FACILITY OPERATING AGREEMENT

## EXHIBIT C



### STANISLAUS COUNTY EQUAL EMPLOYMENT OPPORTUNITY/ NON-DISCRIMINATION STATEMENT 2016

The Board of Supervisors of Stanislaus County hereby reaffirms its commitment to a clearly defined Equal Employment Opportunity Program to ensure that all people will work under equal opportunity conditions and that employment decisions in County service are made in accordance with Equal Employment Opportunity principles in compliance with state and federal legal requirements.

It is hereby reaffirmed that there shall be no discrimination in County employment policies and practices including pre-employment medical examinations and inquiries, recruitments, advertising, testing, certification, hiring, transfers, promotions, job assignment, training, compensation, benefits, leaves of absence, layoffs (including reemployment), terminations, and all other conditions of employment based on race, religious creed, color, national origin, ancestry, physical or mental disability, medical condition, genetic information, pregnancy related condition, marital status, gender/sex, sexual orientation, gender identity, gender expression, age (over 40), political affiliation or belief, or military and veterans status. Moreover, it is further reaffirmed that our Workplace Harassment, Discrimination, and Anti-Retaliation Policy includes prohibition of harassment (visual, verbal, or physical) of or discrimination against an employee or their family members, applicant, unpaid intern, volunteer, independent contractor, or client based on the conditions enumerated above. The policy also prohibits retaliatory discrimination or harassment against a person or their family members because the person complained about discrimination, filed a charge of discrimination, or participated in an employment discrimination investigation or lawsuit.

It is further reaffirmed that the County is also clearly committed to comply with all laws enforced by the EEOC including: Section 504 of the Rehabilitation Act of 1973 as amended (29 U.S.C. 797), the Americans with Disabilities Act (ADA) of 1990, and Title VII of the Civil Rights Act of 1964 (P.L. 88-352) to the end that no person in the United States shall, on the basis of proscribed grounds, be excluded from participation, be denied the benefits, or be otherwise subjected to discrimination under any program or activity in which the County receives Federal financial assistance.

It will be the Chief Executive Officer's responsibility, in concert with those persons cited in the County's Equal Employment Opportunity Program, to effectively carryout the Board's commitment of ensuring Equal Employment Opportunity and non-discrimination towards those who seek the services provided by County government.

This statement shall be updated annually and upon approval it will be distributed to all County Departments, posted to the County website and distributed to local community organizations.

  
\_\_\_\_\_  
Stan Risen  
Chief Executive Officer

  
\_\_\_\_\_  
Dick Monteith  
Chairman, Board of Supervisors

Stanislaus County Board of Supervisors

April 19, 2016

Agenda Item B-5

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Approval of the Stanislaus Veterans Center Project and Authorization to Negotiate and Execute a 10-Year Lease with Sylvan Square LLC for Space at 3500 Coffee Road, Modesto, and an Operating Agreement for the Center, and Related Actions

# Stanislaus County

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**Patricia Hill Thomas**  
Chief Operations Officer



**Purpose** • \ pur·pose \ pər-pəs \ *noun*

: the feeling of being determined to do or achieve something

**Determination** • \ de·ter·mi·na·tion \  
di-tər-mə-nâ-shən \ *noun*

: a quality that makes you continue trying to do or achieve something that is difficult

-- Merriam-Webster n.d., March 2016

**Honor** • \ hon·or \ ˈä-nər \ *noun*

: respect that is given to someone who is admired

**Promise** • \ prom·ise \ ˈprä-mes \ *noun*

: a statement telling someone that you will definitely do something or that something will definitely happen in the future

-- Merriam-Webster n.d., March 2016

# A Unique Public/Private Partnership

Represented by the  
**Stanislaus County Board of Supervisors**  
**Modesto City Council**  
**Veterans Foundation of Stanislaus County**  
**Veterans Advisory Commission**





# Background

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- The Board of Supervisors created the Veterans Advisory Commission on April 3, 2012
- A Needs Assessment study was updated, veterans surveys and workshops were conducted to understand needs.

# Veterans Advisory Commission

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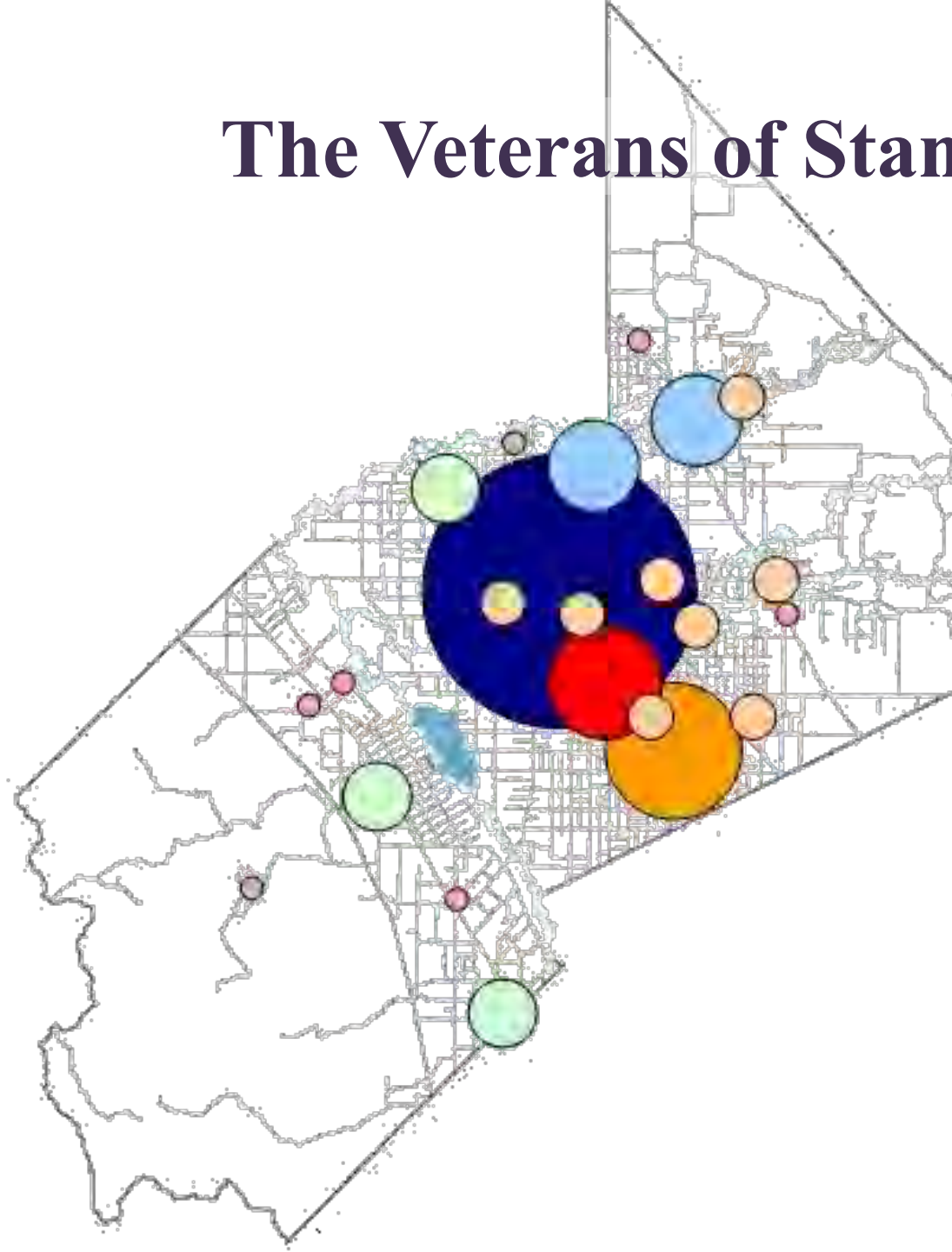
Richard Edgecomb	Chairman, District 4
Bill Johnson	District 1
Wardee Bruce	District 2
Richard Barboza	District 3
Richard Gayton	District 5
Larry Johnson	Member At-Large
Joe Madden	Member At-Large

# Background

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- Principal Objectives of the Commission:
  - Education/Training/Job Placement
  - Outreach to All Veterans – Connect Veterans to Services
  - Provide Transportation Assistance to Veterans
  - Provide a Center for Veterans Activities and Services

# The Veterans of Stanislaus County



<b>Stanislaus County*</b>	<b>27,383</b>	<b>100.00%</b>
Modesto city	12,274	44.82%
Turlock city	3,198	11.68%
Ceres city	2,078	7.59%
Oakdale city	1,178	4.30%
Riverbank city	901	3.29%
Patterson city	787	2.87%
Salida CDP	728	2.66%
Newman city	602	2.20%
Waterford city	359	1.31%
Hughson city	350	1.28%
East Oakdale CDP	293	1.07%
Denair CDP	279	1.02%
West Modesto CDP	173	0.63%
Empire CDP	142	0.52%
Keyes CDP	139	0.51%
Del Rio CDP	92	0.34%
Diablo Grande CDP	85	0.31%
Hickman CDP	48	0.18%
Westley CDP	39	0.14%
Grayson CDP	16	0.06%
Valley Home CDP	11	0.04%
Crows Landing CDP	10	0.04%
Supervisor District 1	2884	12.13%
Supervisor District 2	4,014	16.88%
Supervisor District 3	901	3.79%
Supervisor District 4	12,366	52.00%
Supervisor District 5	3617	15.21%

# Facility Strategy

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- The Facilities Strategy includes a four-part plan:
  - I. Create a non-profit entity to accept contributions.
  - II. Seek other fund raising and grant opportunities
  - III. Create a sustainable financial model
  - IV. Issue a Request For Proposals to Provide the Facility

# Facility Strategy

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- The Veterans Advisory Commission adopted the Facility Strategy on April 28, 2014; the Board of Supervisors approved the Facility Strategy on July 15, 2014 to create a Veterans Center project based on:
  - A 10-year plan to lease an improved facility
  - Seeking proposals from private property owners that are fiscally sustainable

# The Facility Selection Process

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- On September 22, 2015 the Board of Supervisors approved issuance of a Request For Proposals.
- Evaluation Team created :
  - Stanislaus County
  - City of Modesto
  - CEO, Veterans Foundation of Stanislaus County
  - Chairman, Veterans Advisory Commission

# Facility Strategy

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- Top Priority: Create a Veterans “Hall” for programs, events, and banquet uses and fundraising/rental uses, meeting spaces and office space for the County’s Area Agency on Aging/Veterans Services Office – for an estimated 30,000 square feet.
- If available, adjacent spaces for Community Services Agency and Behavioral Health & Recovery Services related programs – to a total of up to 65,000 square feet.



# The Facility Selection Process

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- Seven (7) Proposals were received on November 9, 2015 and were evaluated based on weighted scoring:

55% of Score – Economics of the Proposal

25% -- Building / Site / Location / Parking

20% -- Suitability / Space Planning Potential

# Veteran's Center Proposals

Received November 3, 2015

SALIDA

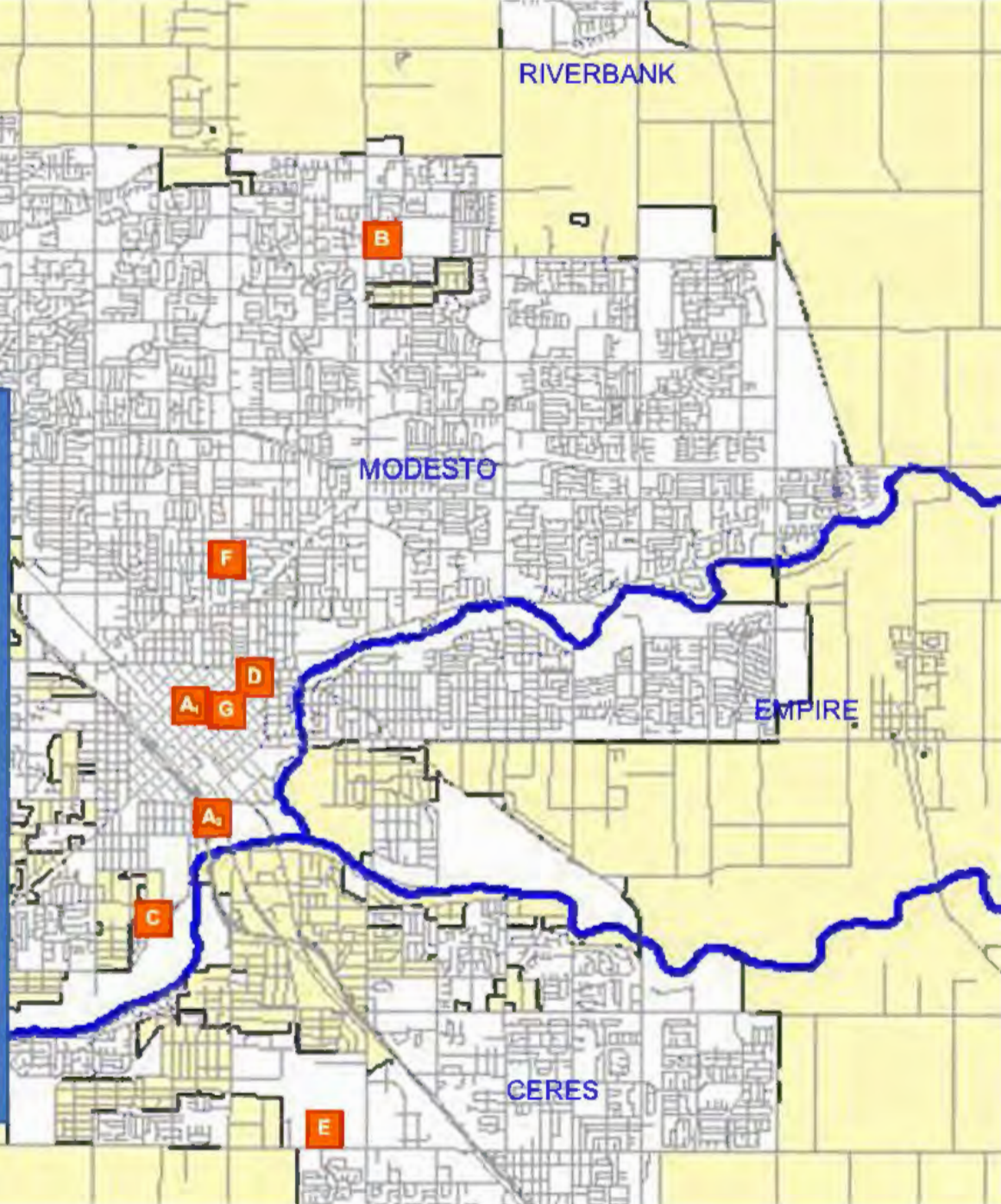
RIVERBANK

MODESTO

EMPIRE

CERES

- A** **Endsley Proposal**
  1. 948 11<sup>th</sup> Street (Offices)
  2. 140 Calaveras Street (Hall)
- B** **Sylvan Square**  
3500 Coffee Road
- C** **Sportsmen of Stanislaus (SOS)**  
819 Sunset Avenue
- D** **Shops at Lincoln Square  
(former SaveMart Center)**  
1801 H Street
- E** **The Land Group**  
705 East Whitmore Avenue
- F** **The Seasons/  
Modesto Event Center**  
945 McHenry Avenue
- G** **The Modesto Bee Building**  
1325 H Street



# Veteran's Center Location

RIVERBANK

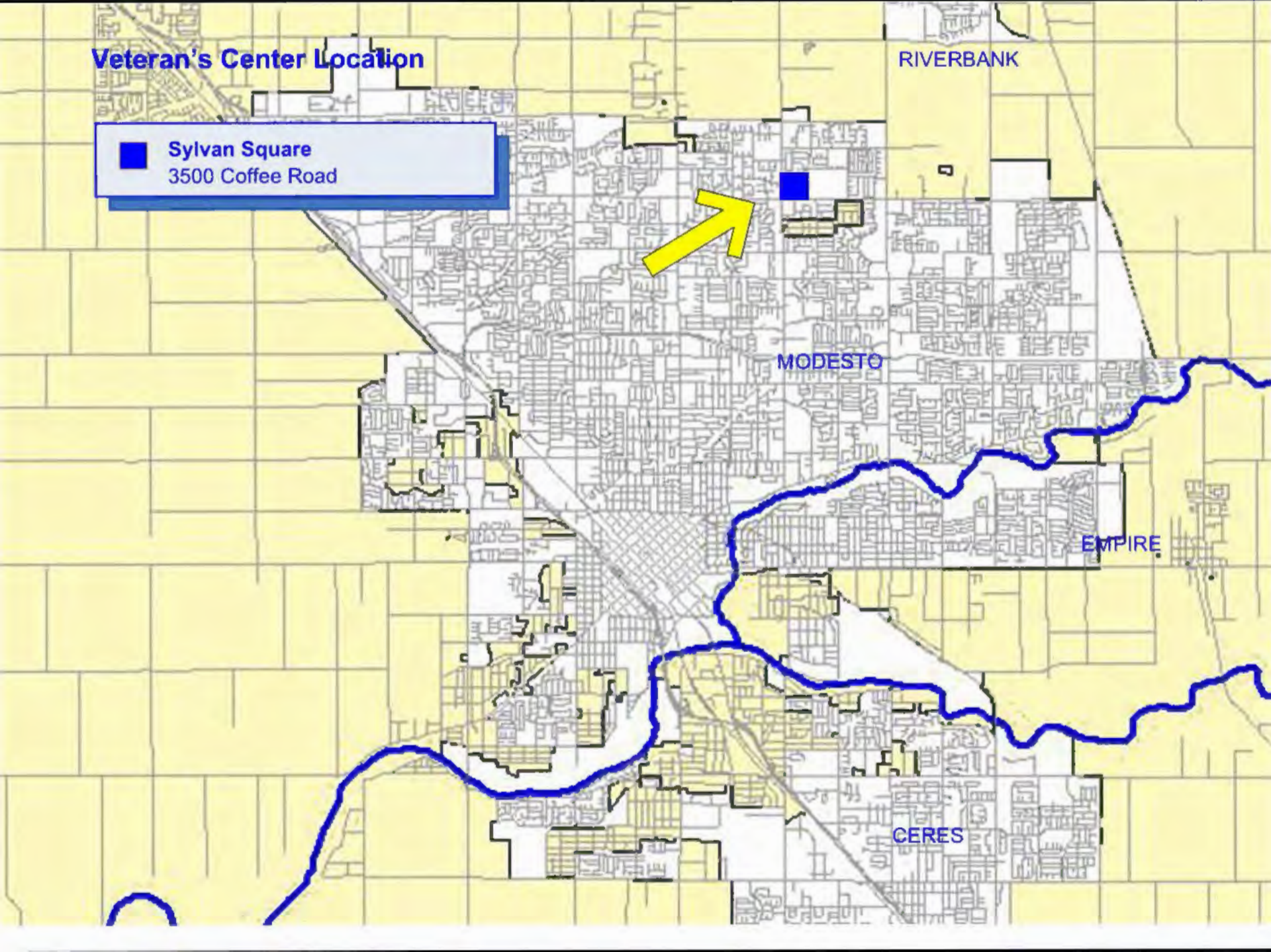
 **Sylvan Square**  
3500 Coffee Road



MODESTO

EMPIRE

CERES



# Evaluation Team Findings

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- On March 2, 2016, after a vigorous selection process, the Facility Evaluation Team ranked Sylvan Square at 3500 Coffee Road as the highest-ranked proposal in accordance with the evaluation criteria and within the approved funding plan.
- Sylvan Square will repurpose 37,544 square feet of vacant retail space at Sylvan and Coffee Roads.

# Evaluation Team Findings

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- The Sylvan Square site will feature:
  - 17,000 square feet of Veterans Hall space
  - 7 Conference Rooms
  - Full service kitchen, lounge and dining for 300+ guests and an outdoor patio
  - Safe and convenient site closest to veterans seeking services

# Evaluation Team Findings

---

- The Sylvan Square site will feature:
  - County Area Agency on Aging / Veterans Services offices
  - Community Services Agency offices (Adult Protective Services; Public Authority; Eligibility)
  - Other veterans-related non-profit services





HAIG WAY

COFFEE ROAD

LA MORENITA & SHOPS

WALGREENS

MARIE CALENDAR'S

SATELLITE DIALYSIS

Garden Center  
3,269 SF

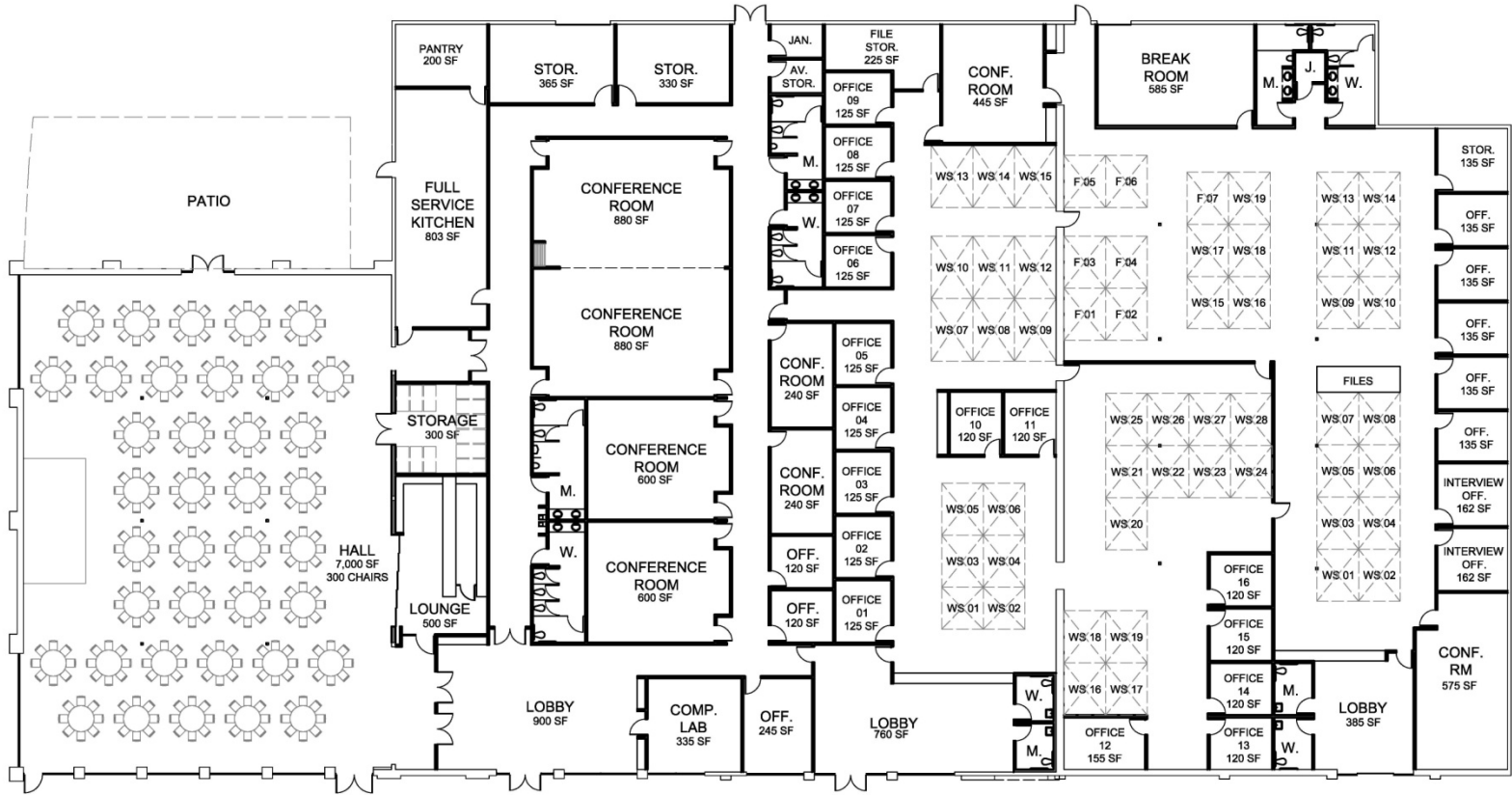
SYLVAN AVENUE

ISABEL DRIVE



# Floor Plan Layout

# DRAFT



PROPOSED T.I. FLOOR PLAN

SCALE: 1/16" = 1'-0"

**Veterans Hall**

**Assembly Hall: 310 Capacity Seated at Tables**

**Kitchen / Pantry / Storage**

**Shared Use Conference and Office Space**

**Area Agency on Aging / Veterans Services**

**Veterans Services Representatives**

**Multipurpose Senior Services Program**

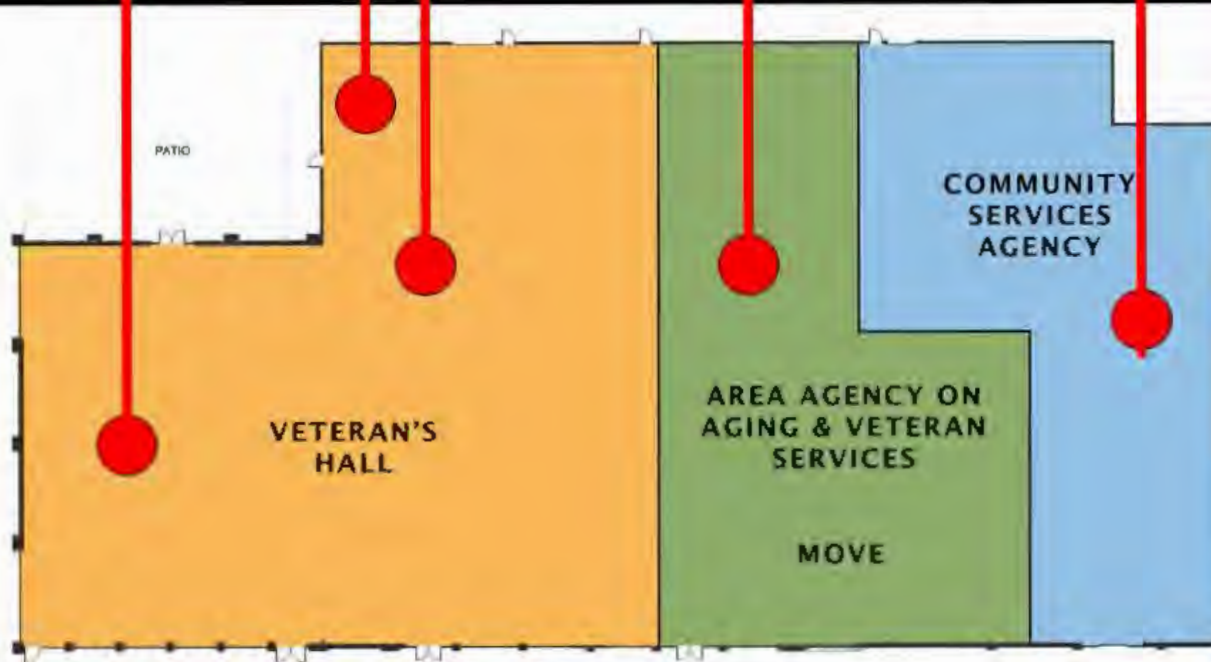
**MOVE (Transit Access)**

**Community Services Agency**

**Adult Protective Services**

**Public Authority**

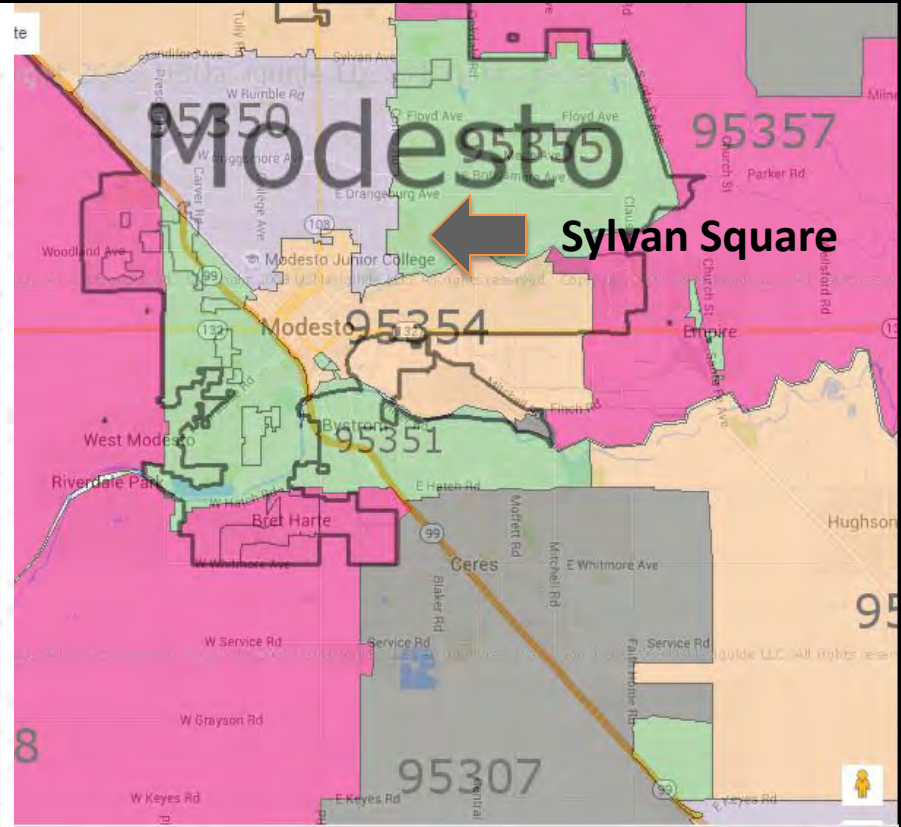
**Eligibility**



# Zip Code Map

Veterans Served By Zip Code  
Fiscal Year 14/15

Zip	Region	Veterans Served	% Served
95307	Ceres	202	10%
95387	Westly	1	0%
95386	Waterford	0	0%
95382	Turlock	67	3%
95380	Turlock	58	3%
95367	Riverbank	53	3%
95363	Patterson	37	2%
95368	Salida	25	1%
95360	Newman	0	0%
95357	Modesto	32	2%
95353	Modesto	3	0%
95352	Modesto	2	0%
95351	Modesto	62	3%
95329	Lagrange	0	0%
95313	Crows Landing	1	0%
95316	Denair	19	1%
95326	Hughson	39	2%
95328	Keys	5	0%
95323	Hickman	4	0%
95319	Empire	3	0%
95350	NW Modesto	386	20%
95354	Central Modesto	185	9%
95355	East Modesto	448	23%
95356	North Modesto	173	9%
95358	West of Modesto	119	6%
95361	Oakdale/Valley F	42	2%
	Totals	1966	100%



← Sylvan Square

# Ten Year Funding Commitment

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Organization	10-Year Funding
Stanislaus County	\$5,116,740
City of Modesto	\$800,000
Veterans Foundation of Stanislaus County	\$1,750,000
Non-Profile Sublease	\$284,700
<b>TOTAL</b>	<b>\$7,951,440</b>

# Expenses and Revenues

## Sylvan Square Costs and Square Footage

Program	Square Feet	Annual Rent	Annual Utilities	Total Cost
Veterans Hall	17,834	\$ 301,751	\$ 78,237	\$ 379,988
AAA and Vet Services	10,819	\$ 183,057	\$ 44,791	\$ 227,848
CSA	8,894	\$ 150,486	\$ 36,821	\$ 187,308
<b>Total</b>	<b>37,547</b>	<b>\$ 635,295</b>	<b>\$ 159,848</b>	<b>\$ 795,144</b>

## Sylvan Square Annual Revenues

Revenue	Veterans Hall	AAA & Veterans Services	CSA	Annual
Stanislaus County General Fund	\$ 100,000			\$ 100,000
City of Modesto Contribution	\$ 80,000			\$ 80,000
Foundation Fundraising	\$ 125,000			\$ 125,000
Hall Rental Revenue	\$ 50,000			\$ 50,000
Sale of MAB	\$ 24,958	\$ 75,042		\$ 100,000
AAA Exsiting Rent		\$ 113,500		\$ 113,500
AAA Existing Utilities		\$ 10,866		\$ 10,866
Non Profit Sub-Lease		\$ 28,470		\$ 28,470
Community Services Agency			\$ 187,308	\$ 187,308
<b>Total</b>	<b>\$ 379,958</b>	<b>\$ 227,878</b>	<b>\$ 187,308</b>	<b>\$ 795,144</b>

# Approved Memorandum of Understanding

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- Veterans Hall will be available free of charge to *all* local Veterans Organizations, the County and City of Modesto when not needed for Veterans purposes.
- County will manage the project to occupancy for the new Center.
- County will be accountable for all funds contributed by and used to develop and lease the Veterans Center for a 10 year period pursuant to Government Code § 6505.
- County will donate abandoned kitchen equipment as available.

## Next Steps

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- Execute the Lease with Sylvan Square Management for the Stanislaus Veterans Center
- Consideration of the Operating Agreement by the Modesto City Council
- Execute the Operating Agreement by the County, City and Foundation
- Authorize a Public Dedication of the facility
- Property Owner completes facility renovations
- Dedication

*“Never, never, never give up”*

*Winston Churchill*

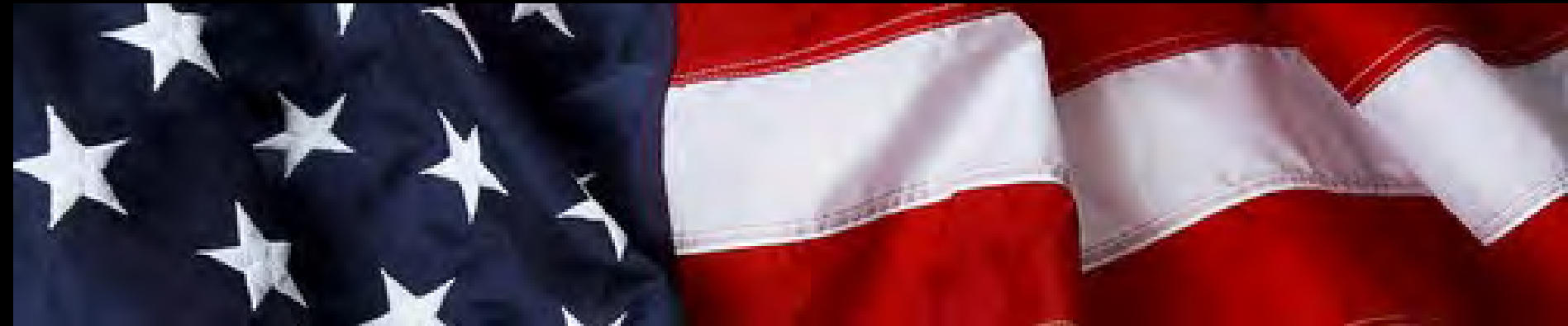
*October 29, 1941*



# Veterans Advisory Commission

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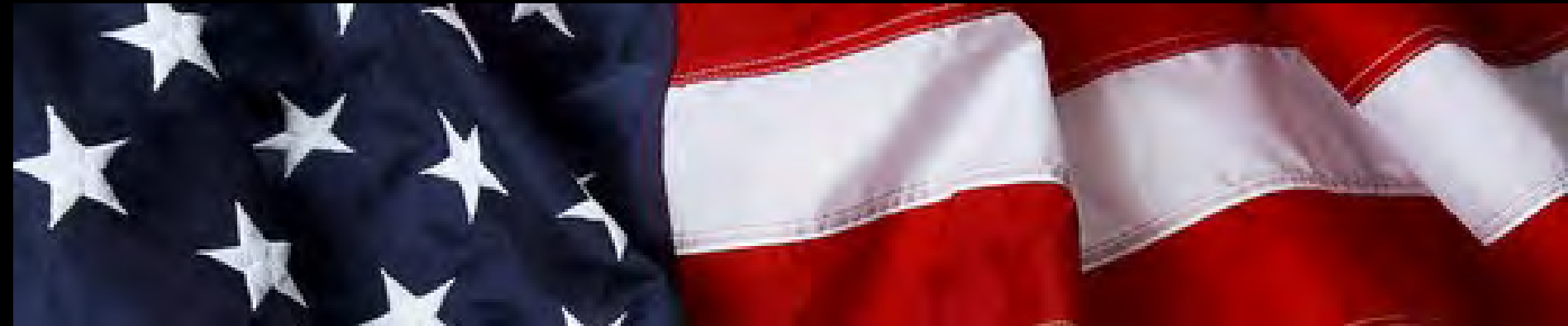
Richard Edgecomb  
Chairman



# Veterans Foundation of Stanislaus County

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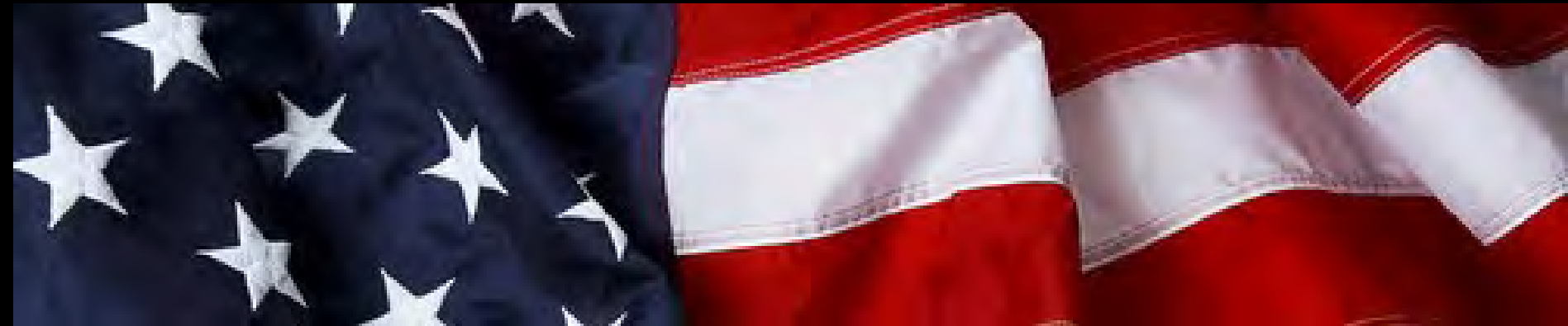
Becky Crow  
Chief Executive Officer



# Stone Brothers Management

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John Godi  
Chief Executive Officer/President



*“The truth of the matter is you  
always know the right thing to do.  
The hard part is doing it”*

*General Norman Schwarzkopf*

# Staff Recommendations

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1. Authorize the Project Manager to negotiate and execute a ten-year lease with Sylvan Square, which is within available funding for the Stanislaus Veterans Center and for the Department of Aging and Veterans Services, the Community Services Agency's Adult Protective Services program.

## Staff Recommendations

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2. Authorize the Project Manager to negotiate and execute sub leases within the Facility to non-profit organizations.
3. Authorize the County to be the lead fiscal agency and a co-tenant of the Veterans Hall.
4. Authorize the Project Manager to negotiate and finalize an Operating Agreement between the County, Veterans Advisory Commission, City of Modesto and Veterans Foundation of Stanislaus County.

# Staff Recommendations

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5. Authorize the Project Manager negotiate and finalize an Operating Agreement between the County Veterans Advisory Commission, City of Modesto and Veterans Foundation of Stanislaus County.



★ SAVE THE DATE ★

VETERANS SERVICE CENTER  
**GRAND OPENING**

NOVEMBER 11, 2016 @ 4:00PM  
3500 COFFEE ROAD (SYLVAN SQUARE)

\*\*On April 19, 2016 @ 6:30pm the new Veterans center will be  
recommended to the Board of Supervisors.  
10th Street Place Chambers

FOR MORE INFORMATION, PLEASE CALL (209) 525-6333





# QUESTIONS & ANSWERS

**FIRST AMENDMENT TO LEASE  
(Veterans/County Space, Suite 15)**

THIS FIRST AMENDMENT TO LEASE, dated as of February 1, 2017, is made by and between Sylvan Square, LLC, a California limited liability company ("Landlord") and the County of Stanislaus, a political subdivision of the State of California ("Tenant").

**RECITALS**

A. On April 19, 2016, in Board Agenda Item B-5, the Stanislaus County Board of Supervisors approved a ten year lease with Landlord and authorized the Project Manager to negotiate and execute the terms of the lease with the Landlord.

B. On May 23, 2016, Landlord and Tenant entered into a written lease ("Lease") for approximately 19,025 square feet of improved real property located at 3500 Coffee Road, Suite 15, Modesto, California ("Premises"). The Lease contemplated that the Landlord will construct certain improvements described therein.

C. Article 1 (Rent) of the Fundamental Lease Provisions of the Lease provides:

Rent: Notwithstanding anything in the RFP to the contrary, starting on the Rent Commencement Date and continuing through the one hundred twentieth (120th) full calendar month of the Lease, Tenant shall pay to Landlord Rent in the amount of **\$1.40** per square foot per month, payable on the first day of each month. No Rent is payable on the outdoor patio area.

D. Tenant has requested that Landlord construct improvements not originally contemplated in the Lease, which will affect the Rent to be paid by Tenant.

E. In order to provide an additional \$22,830 in funding for the additional tenant improvements, Landlord and Tenant have agreed to amend the Lease on the terms and conditions set forth herein.

F. In order to provide Landlord adequate time to complete the additional tenant improvements described in Appendix 1 to Exhibit C of the Lease, Landlord and Tenant have agreed to amend Article 1 of the Lease on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual promises contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant agree as follows:

1. That portion of Article 1 Fundamental Lease Provisions of the Lease relating to Rent is hereby amended and restated to provide:

Rent: Notwithstanding anything in the RFP to the contrary, starting on the Rent Commencement Date and continuing through the one hundred twentieth (120th) full calendar month of the Lease, Tenant shall pay to Landlord Rent in the amount of **\$1.41** per square foot per month, payable on the first day of each month. No Rent is payable on the outdoor patio area.

2. That portion of Article 1 Fundamental Lease Provisions of the Lease relating to "Completion of Landlord's Work; Rent Commencement Date" is hereby amended and restated to provide:

Landlord will use its best efforts to complete Landlord's Work by November 1, 2016. If Landlord's Work is not complete by that date, Tenant will be allowed to occupy portions of the work that have been completed.

Landlord's Work on all areas except the Kitchen and Lounge area must be complete by no later than February 24, 2017. So that Landlord may assist Tenant with installation of certain kitchen equipment, the deadline for completion of Landlord's Work on the Kitchen and Lounge area is extended to March 31, 2017. Landlord's Work shall not be considered complete until issuance of either a temporary or final Certificate of Occupancy by the applicable regulatory agency.

Because Landlord has invited County and its vendors to commence work on the County's premises starting on February 6, 2017, while Landlord's construction of tenant improvements is still underway, Landlord hereby holds County and its vendors harmless for any coordination or damage issues arising from such activities by County and/or its vendors.


The Rent Commencement Date shall be the day after the Certificate of Occupancy for all areas except the Kitchen and Lounge area is issued.

3. Appendix 1 (Scope of Work for Installation of the Foundation's Range Hood and Refrigeration Unit) is added to Exhibit C to the Lease (Description of Landlord's Work and of Tenant's Work). Landlord shall be responsible for the performance of that scope of work on Appendix 1 for the Range Hood and Refrigerator Freezer Unit installation that is described in the "Stone Brothers LLC" column. Tenant shall be responsible for the performance of that scope of work on Appendix 1 for the Range Hood and Refrigerator Freezer Unit installation that is described in the "TriMark (Equipment Vendor)" column.

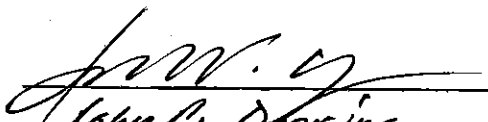
Except as provided herein, all other terms and conditions of the Lease shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have executed this First Amendment to Lease as of the date first set forth above.

TENANT: COUNTY OF STANISLAUS


By:   
Name: Patricia Hill Thomas  
Title: Assistant Executive Officer and Chief Operations Officer

Approved as to form:

  
John P. Deering  
County Counsel

Name: John P. Doering  
Title: Stanislaus County Counsel

LANDLORD: SYLVAN SQUARE, LLC, a California limited liability company  
By: MDSFS, Inc., a California corporation

By:   
Name: John Gadi  
Title: CEO

**SUBLEASE**  
**Paratransit, Inc. Sublease of a Portion of County Space**  
**3500 Coffee Road, Suite 19**

THIS SUBLEASE ("Sublease"), dated as of March 31, 2017, 2017, is made by and between the County of Stanislaus, a political subdivision of the State of California ("County") and Paratransit, Inc. a California nonprofit corporation ("Subtenant").

**RECITALS**

A. On May 23, 2016, the County entered into a lease ("Lease") with Sylvan Square, LLC ("Master Landlord") of approximately 18,522 square feet of improved real property located at 3500 Coffee Road, Suite 19, Modesto, California ("Premises") for the County's Area Agency on Aging and Veterans Services and the County's Community Services Agency. A copy of the Lease is attached hereto as Exhibit "A."

B. Subtenant acknowledges that it has reviewed the Lease and is familiar with the provisions thereof.

C. Subtenant wishes to sublease a portion of the Premises from the County, and the County agrees to sublease a portion of the Premises to Subtenant, on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual promises contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the County and Subtenant agree as follows:

1. **Definitions.** All capitalized terms used in this Sublease and not otherwise defined herein shall have the respective meanings ascribed to them in the Lease.

2. **Subtenant's Space.** The County hereby subleases to Subtenant and Subtenant hereby subleases from County a portion of the Premises consisting of approximately 1,560 square feet as shown on Exhibit B attached hereto ("Subtenant's Space"), for the Term (as defined below), at the rental set forth herein, and subject to all of the terms, conditions and reservations set forth herein.

3. **Use.** The Subtenant's Space shall be used and occupied only for the following purposes:

Provide services intended to enhance the lives of seniors, veterans and individuals with disabilities, and others with specialized transportation needs in accordance with the terms and conditions of the Lease.

Subtenant shall not use or suffer or permit the Subtenant Space to be used for any other purpose except with Master Landlord's and County's discretionary consent.

**4. Term.**

a. This Sublease shall commence on March 31, 2017 ("Sublease Commencement Date") and shall terminate on June 30, 2018 unless sooner terminated pursuant to the terms of this Sublease or the Lease.

b. Subtenant shall have one (1) option to extend the term of the Sublease on the terms and conditions set forth herein, from July 1, 2018 to June 30, 2021, provided Subtenant gives the County between sixty (60) and one hundred twenty (120) days prior written notice of its intent to extend the term of the Sublease. Monthly Rent during the extended term will be \$2,745.60 per month.

c. Notwithstanding anything to the contrary herein, if, during the term of this Sublease, the funding for the use contemplated by Subtenant under this Sublease is terminated by the Stanislaus Council of Governments, and provided that Subtenant is not in default under this Lease, Subtenant may terminate this Sublease upon not less than ninety (90) days prior written notice to the County. Subtenant shall pay Rent to the effective date of termination.

**5. Condition of Subtenant's Space.** Subtenant acknowledges that it is subleasing the Subtenant's Space in an improved condition, on an AS-IS, WHERE-IS and WITH ALL FAULTS basis.. By acceptance of possession of the Subtenant Space, Subtenant conclusively acknowledges the Subtenant Space is in good order and repair and in a tenantable condition Subtenant shall provide its own furniture, moveable fixtures and equipment, subject to any restrictions stated in the Lease.

**6. Rent.** Prior to Occupancy, Subtenant will pay any pro-rated portion of the first months' rent calculated at \$91.52 per day, and the subsequent two months' rent. After the initial rent payment Subtenant will pay rent thirty days in advance per month. Subtenant pays to the County Two Thousand Seven Hundred Forty-Five and 60/100 (\$2,745.60) in monthly rent ("Rent"). The Rent is calculated as follows: \$1.41 per square foot plus 0.35 per square foot for estimated utilities and janitorial services as described in paragraph 7, below; provided the \$1.41 per square foot portion shall not be changed even if the actual square footage is determined to be different. The Rent shall be payable to the County thirty (30) days in advance on the first day of each month, without setoff or deduction. The Rent for any fractional month shall be prorated in the same manner that a fractional month's Rent is computed in accordance with the Lease. Should there be a dispute over amounts owed, the parties shall meet and confer in good faith to resolve the dispute prior to initiating any action. Payment of Rent under this provision does not constitute a waiver of any remedy either party may have under law or equity.

**7. Utilities and Janitorial Services.**

a. The Rent payment in Section 6 includes the estimated cost for utilities (gas, electricity, water, sewer, solid waste) and basic janitorial services ("Utilities and Services"). This estimate does not include janitorial services or supplies for special events or fees or costs associated with data or telecommunication services and equipment. In the event the actual cost for said Utilities and Services exceeds the estimate above, the County and Subtenant shall reasonably allocate the deficiency based on estimated usage. In the event the actual cost for said Utilities and Services is less than the estimate above, the County and Subtenant shall reasonably allocate the excess based on estimated usage, and apply it to Subtenant's future costs for Utilities and Services.

b. The parties agree to meet and confer on an annual basis within 90 days after the end of the County's fiscal year to reconcile their respective utility payments and reconcile their respective responsibilities.

**8. Other Costs.** If, due to the negligence or wrongful acts of Subtenant, or its breach of the Lease, additional costs or charges are imposed on the County by the Master Landlord pursuant to the Lease, Subtenant shall pay all such costs or charges to the County within thirty (30) days after written demand by the County.

**9. Alterations.** Subtenant shall make no alterations, additions or changes to the structure of the Subtenant's Space or to any tenant improvements or permanent fixtures at the Subtenant's Space without the prior written approval of the County. The parties understand that the Lease limits the right of the Tenant to make improvements. Because the County is the Tenant under the Lease, all limitations relating to alterations in the Lease are binding upon Subtenant. Further, Subtenant acknowledges that alterations may be subject to laws applicable to public works projects, including but not limited to the prevailing wage requirements set forth in Labor Code Section 1771.5.

**10. Condition at Termination.** At the expiration of this Sublease, Subtenant shall have removed its trade fixtures and personal property from the Subtenant's Space, and shall surrender the Subtenant's Space to the County in "broom clean" condition and in as good order, repair and condition as when the Subtenant's Space were delivered to Subtenant, ordinary wear and tear excepted.

**11. Lease.** This Sublease is and shall at all times be subject and subordinate to the Lease, and every provision thereof. Subtenant acknowledges that Subtenant's use and enjoyment of the Subtenant's Space are subject to the County's rights and obligations pursuant to the Lease. For purposes of this Sublease, the terms of the Lease are incorporated in this Sublease by reference with the same force and effect as if set forth herein, except that, if the context requires otherwise:

- a. References in such provisions to Owner, Landlord or Lessor shall be deemed to refer to the County;
- b. References in such provisions to Tenant or Lessee shall be deemed to refer to Subtenant;
- c. References in such provisions to the Premises shall be deemed to refer to the Subtenant's Space;
- d. References in such provisions to subleases, sublettings or subtenants in the Lease shall be deemed to refer to subsubleases, subsublettings, or subsubtenants or subassignments. Notwithstanding anything to the contrary in the Lease, Subtenant shall not further transfer any interest in this Sublease or enter into an Occupancy Transaction as defined in Article 21 of the Lease without the prior approval of the County.
- e. Subtenant shall not commit nor permit its employees, agents, visitors, invitees, directors or vendors to commit any act or omission which would violate any material term or condition of the Lease. Likewise, County shall not commit nor permit its employees, agents, visitors, invitees or vendors, including, without limitation, any person on the Premises as a result of use by County and others described at Section 3, above, to commit any act or omission which would violate any material term or condition of the Lease or this Sublease.
- f. Subtenant shall not have any authority to make any separate agreement with Master Landlord regarding the Subtenant's Space. If the Lease terminates or expires, this Sublease shall terminate and the parties shall be relieved of any further liability or obligation under this Sublease, except for liabilities arising prior to the termination of the Lease; provided, however, that if the Lease terminates as a result of a default or breach by the County or Subtenant under this Sublease and/or the Lease, then the defaulting party shall be liable to the nondefaulting party for the damage suffered as a result of such termination. Notwithstanding the foregoing, if the Lease gives the County any right to terminate the Lease in the event of the partial or total damage, destruction, or condemnation of the Premises or the building or project of which the Subtenant's Space are a part, or by exercising any cancellation option, the exercise of such right by the County shall not constitute a default or breach hereunder.
- g. Notwithstanding anything to the contrary contained herein, in no event shall the County be deemed to be in default under this Sublease or liable to Subtenant for any failure of the Master Landlord to perform its obligations under the Lease. With respect to all work, services, utilities, repairs, restoration, maintenance, compliance



with law, insurance, indemnification or other obligations or services to be performed or provided by Master Landlord under the Lease, the County's sole obligation shall be to exercise commercially reasonable efforts to require Master Landlord to comply with the obligations of Master Landlord under the Lease, provided that in no event shall the County be required to file suit against Master Landlord unless any such legal action is required to protect Subtenant and the County's use, possession and enjoyment of the Subtenant's Space.

- h. Wherever the Lease requires the consent of the Landlord be obtained, Master Landlord's consent and the County's consent shall be required. It shall not be unreasonable for the County to withhold consent under any circumstances where Master Landlord withholds its consent, whether or not Master Landlord acts reasonably in so doing.

## **12. Insurance and Indemnification**

- a. Whenever, pursuant to the Lease as incorporated herein, County is required to furnish insurance to or for the Landlord, Subtenant also shall be required to furnish such insurance to or for the County and the Master Landlord, and shall name Master Landlord and the parties identified in the Lease, and the County, its Board members, officers, employees, volunteers and agents as additional insureds.
- b. Whenever, pursuant to the Lease as incorporated herein, County is required to indemnify or defend the Landlord, Subtenant shall be required also to indemnify or defend the County and the Landlord and such other persons as shall be entitled thereto under the Lease.
- c. In addition to Subtenant's obligations under this section, Subtenant shall indemnify, defend and hold harmless the County from and against any loss, cost, damage or expense, or any claim therefor, arising out of (i) any failure by Subtenant to observe or perform any of the terms, covenants or conditions of the Lease required to be observed or performed by Subtenant, including any loss, cost, damage or expense which may result from any default under or termination of the Lease arising by reason of any such failure, or (ii) any holding over by Subtenant in the Subtenant's Space beyond the expiration or sooner termination of this Sublease, including any such liability with respect to the Subtenant's Space arising out of such holding over by Subtenant.
- d. Subtenant waives claims against County for damage to property owned by Subtenant, unless such damage is not covered under any policy of property insurance maintained (or required by this Sublease to be maintained) by Subtenant, and to the extent that such damage is not caused by any negligent or intentional

misconduct of County. Notwithstanding the foregoing, Subtenant hereby waives claims against Master Landlord and County for death, injury, loss or damage of every kind and nature, if and to the extent that County waives or releases such claims against Master Landlord under the Lease. Subtenant agrees to obtain, for the benefit of Master Landlord and County, such waivers of subrogation rights from its insurer as are required of County under the Master Lease.

- e. County shall defend, indemnify and hold the Subtenant, its officers, employees, and agents harmless from and against any and all liability, loss, expense or claims for injury or damages arising out of the performance of this Agreement but only (i) in proportion to and to the extent such liability, loss, expense, or claims for injury or damages are caused by or result from the negligent or intentional acts or omissions of the County, its officers, agents or employees, and (ii) if not otherwise waived or released under Section 12.d above.

13. **Remedies Upon Default.** Should Subtenant be in default of the Sublease, including a default as defined in Article 25 of the Lease, or any other breach or default which would permit Master Landlord to terminate the Lease for default, the County may elect any remedies set forth in Article 25 of the Lease or otherwise provided by applicable law.

14. **Notices.** All notices, consents, demands and other communications from one party to the other given pursuant to the terms of this Sublease or under the laws of the State of California, including but not limited to, notice under the provisions of Section 1161 of the California Code of Civil Procedure and Section 1946 of the California Civil Code, shall be in writing and shall be deemed to have been fully given when deposited in the United States mail, certified or registered, postage prepaid, and addressed to Subtenant or County at the addresses respectively specified below or to such other place as Subtenant or County may from time to time designate by a written notice to the other; or, in the case of Subtenant, delivered to Subtenant at the Subtenant's Space or at any place where Subtenant or any agent or employee of Subtenant may be found if sent subsequent to Subtenant's vacating, deserting, abandoning or surrendering of the Subtenant's Space. Subtenant hereby appoints as its agent to receive the service of all dispossessory or distraint proceedings and notices thereunder the person in charge of or occupying the Subtenant's Space at the time, and, if no person shall be in charge of or occupying the same, then such service may be made by attaching the same on the main entrance of the Subtenant's Space. Subtenant hereby agrees that service of notice in accordance with the terms of this Sublease shall be in lieu of the methods of service specified in Section 1162 of the California Code of Civil Procedure. The provisions of subdivision (a) of Section 1013 of the California Code of Civil Procedure, extending the time within which a right may be exercised or an act may be done, shall not apply to a notice given pursuant to this Sublease.

The address for County is:

Stanislaus County Chief Executive Office  
Attention: Chief Operations Officer  
1010 10<sup>th</sup> Street, Suite 6800  
Modesto, California 95354

The address for Subtenant is:

Paratransit, Inc.  
2501 Florin Road  
Sacramento, CA 95822

15. **Limitation of Liability.** No board member, director, officer, employee, advisor or agent of the County or Subtenant acting within the course and scope of his or her employment duties or fiduciary duties, as the case may be, shall be personally liable in any manner or to any extent under or in connection with this Sublease. In no event shall the County, Subtenant or any of their respective directors, officers, employees, advisors or agents be responsible for any consequential damages suffered or incurred by the County or Subtenant.

16. **Holding Over.** The parties contemplate that this Sublease shall terminate or expire in accordance with the terms and conditions of the Lease, without any right of holdover by Subtenant.

17. **Miscellaneous.**

- a. **Exhibits.** Exhibits A and B are attached to this Sublease and are incorporated herein by this reference.
- b. **Authority.** The individual or individuals signing this Sublease on behalf of each party hereto represent and warrant that: (i) Each has full power and authority to enter into this Sublease and to perform this Sublease; (ii) the execution, delivery and performance of this Sublease by the party in question have been duly and validly authorized by all necessary action on the part of such party and all required consents and approvals have been duly obtained; and (iii) this Sublease is a legal, valid and binding obligation of the party in question, enforceable against such party in accordance with its terms, subject to the effect of applicable bankruptcy, insolvency, reorganization, arrangement, moratorium or other similar laws affecting the rights of creditors generally.
- c. **Independent Covenants.** This Sublease shall be construed as though the covenants between County and Subtenant are independent.


- d. **Attorneys' Fees.** Notwithstanding any provision to the contrary in the Lease, in the event of an action or suit solely between the County and Subtenant by reason of a breach of any of the covenants or agreements in the Lease, then, in that event, the prevailing party in such action or dispute, whether by final judgment or out of court settlement, shall pay its own attorneys' fees and costs.

[SIGNATURE PAGE ATTACHED]

IN WITNESS WHEREOF, the parties have executed this Sublease as of the date first set forth above.

**"County"**

Stanislaus County



By: Patricia Hill Thomas  
Chief Operations Officer

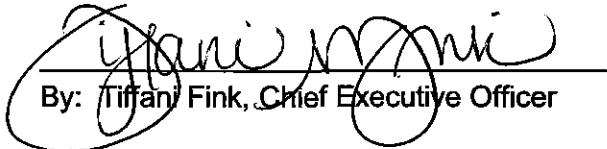
APPROVED AS TO FORM:



By: John P. Doering  
Stanislaus County Counsel

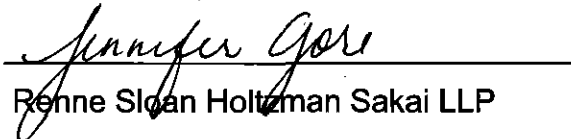
**"Subtenant"**

Paratransit, Inc.



By: Tiffany Fink, Chief Executive Officer

APPROVED AS TO FORM:



Renne Sloan Holtzman Sakai LLP

**SUBLEASE**  
**MOVE-Stanislaus Transportation Sublease of a Portion of County Space**  
**3500 Coffee Road, Suite 19**

THIS SUBLEASE ("Sublease"), dated as of November 1, 2017, is made by and between the County of Stanislaus, a political subdivision of the State of California ("County") and MOVE Stanislaus Transportation Incorporated, a California nonprofit corporation ("Subtenant").

**RECITALS**

A. On May 23, 2016, the County entered into a lease ("Lease") with Sylvan Square, LLC ("Master Landlord") of approximately 18,522 square feet of improved real property located at 3500 Coffee Road, Suite 19, Modesto, California ("Premises") for the County's Area Agency on Aging and Veterans Services and the County's Community Services Agency. A copy of the Lease is attached hereto as Exhibit "A."

B. Subtenant acknowledges that it has reviewed the Lease and is familiar with the provisions thereof.

C. Subtenant wishes to sublease a portion of the Premises from the County, and the County agrees to sublease a portion of the Premises to Subtenant, on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual promises contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the County and Subtenant agree as follows:

1. **Definitions.** All capitalized terms used in this Sublease and not otherwise defined herein shall have the respective meanings ascribed to them in the Lease.
2. **Subtenant's Space.** The County hereby subleases to Subtenant and Subtenant hereby subleases from County a portion of the Premises consisting of approximately 1,560 square feet as shown on Exhibit B attached hereto ("Subtenant's Space"), for the Term (as defined below), at the rental set forth herein, and subject to all of the terms, conditions and reservations set forth herein.
3. **Use.** The Subtenant's Space shall be used and occupied only for the following purposes:  
Provide services intended to enhance the lives of seniors, veterans and individuals with disabilities, and others with specialized transportation needs in accordance with the terms and conditions of the Lease.

Subtenant shall not use or suffer or permit the Subtenant Space to be used for any other purpose except with Master Landlord's and County's discretionary consent.

**4. Term.**

a. This Sublease shall commence on November 1, 2017 ("Sublease Commencement Date") and shall terminate on June 30, 2020, unless sooner terminated pursuant to the terms of this Sublease or the Lease.

b. Subtenant shall have one (1) option to extend the term of the Sublease on the terms and conditions set forth herein, from July 1, 2020 to June 30, 2023, provided Subtenant gives the County between sixty (60) and one hundred twenty (120) days prior written notice of its intent to extend the term of the Sublease. Monthly Rent during the extended term will be \$2,745.60 per month.

c. Notwithstanding anything to the contrary herein, if, during the term of this Sublease, the funding for the use contemplated by Subtenant under this Sublease is terminated by the Stanislaus Council of Governments, and provided that Subtenant is not in default under this Lease, Subtenant may terminate this Sublease upon not less than ninety (90) days prior written notice to the County. Subtenant shall pay Rent to the effective date of termination.

**5. Condition of Subtenant's Space.** Subtenant acknowledges that it is subleasing the Subtenant's Space in an improved condition, on an AS-IS, WHERE-IS and WITH ALL FAULTS basis.. By acceptance of possession of the Subtenant Space, Subtenant conclusively acknowledges the Subtenant Space is in good order and repair and in a tenantable condition Subtenant shall provide its own furniture, moveable fixtures and equipment, subject to any restrictions stated in the Lease.

**6. Rent.** Prior to Occupancy, Subtenant will pay two months' rent. After the initial rent payment Subtenant will pay rent thirty days in advance per month. Subtenant pays to the County Two Thousand Seven Hundred Forty-Five and 60/100 (\$2,745.60) in monthly rent ("Rent"). The Rent is calculated as follows: \$1.41 per square foot plus 0.35 per square foot for estimated utilities and janitorial services as described in paragraph 7, below; provided the \$1.41 per square foot portion shall not be changed even if the actual square footage is determined to be different. The Rent shall be payable to the County thirty (30) days in advance on the first day of each month, without setoff or deduction. The Rent for any fractional month shall be prorated in the same manner that a fractional month's Rent is computed in accordance with the Lease. Should there be a dispute over amounts owed, the parties shall meet and confer in good faith to resolve the dispute prior to initiating any action. Payment of Rent under this provision does not constitute a waiver of any remedy either party may have under law or equity.

**7. Utilities and Janitorial Services.**

a. The Rent payment in Section 6 includes the estimated cost for utilities (gas, electricity, water, sewer, solid waste) and basic janitorial services ("Utilities and Services"). This estimate does not include janitorial services or supplies for special events or fees or costs associated with data or telecommunication services and equipment. In the event the actual cost for said Utilities and Services exceeds the estimate above, the County and Subtenant shall reasonably allocate the deficiency based on estimated usage. In the event the actual cost for said Utilities and Services is less than the estimate above, the County and Subtenant shall reasonably allocate the excess based on estimated usage, and apply it to Subtenant's future costs for Utilities and Services.

b. The parties agree to meet and confer on an annual basis within 90 days after the end of the County's fiscal year to reconcile their respective utility payments and reconcile their respective responsibilities.

8. **Other Costs.** If, due to the negligence or wrongful acts of Subtenant, or its breach of the Lease, additional costs or charges are imposed on the County by the Master Landlord pursuant to the Lease, Subtenant shall pay all such costs or charges to the County within thirty (30) days after written demand by the County.

9. **Alterations.** Subtenant shall make no alterations, additions or changes to the structure of the Subtenant's Space or to any tenant improvements or permanent fixtures at the Subtenant's Space without the prior written approval of the County. The parties understand that the Lease limits the right of the Tenant to make improvements. Because the County is the Tenant under the Lease, all limitations relating to alterations in the Lease are binding upon Subtenant. Further, Subtenant acknowledges that alterations may be subject to laws applicable to public works projects, including but not limited to the prevailing wage requirements set forth in Labor Code Section 1771.5.

10. **Condition at Termination.** At the expiration of this Sublease, Subtenant shall have removed its trade fixtures and personal property from the Subtenant's Space, and shall surrender the Subtenant's Space to the County in "broom clean" condition and in as good order, repair and condition as when the Subtenant's Space were delivered to Subtenant, ordinary wear and tear excepted.

11. **Lease.** This Sublease is and shall at all times be subject and subordinate to the Lease, and every provision thereof. Subtenant acknowledges that Subtenant's use and enjoyment of the Subtenant's Space are subject to the County's rights and obligations pursuant to the Lease. For purposes of this Sublease, the terms of the Lease are incorporated in this Sublease by reference with the same force and effect as if set forth herein, except that, if the context requires otherwise:



- a. References in such provisions to Owner, Landlord or Lessor shall be deemed to refer to the County;
- b. References in such provisions to Tenant or Lessee shall be deemed to refer to Subtenant;
- c. References in such provisions to the Premises shall be deemed to refer to the Subtenant's Space;
- d. References in such provisions to subleases, sublettings or subtenants in the Lease shall be deemed to refer to subsubleases, subsublettings, or subsubtenants or subassignments. Notwithstanding anything to the contrary in the Lease, Subtenant shall not further transfer any interest in this Sublease or enter into an Occupancy Transaction as defined in Article 21 of the Lease without the prior approval of the County.
- e. Subtenant shall not commit nor permit its employees, agents, visitors, invitees, directors or vendors to commit any act or omission which would violate any material term or condition of the Lease. Likewise, County shall not commit nor permit its employees, agents, visitors, invitees or vendors, including, without limitation, any person on the Premises as a result of use by County and others described at Section 3, above, to commit any act or omission which would violate any material term or condition of the Lease or this Sublease.
- f. Subtenant shall not have any authority to make any separate agreement with Master Landlord regarding the Subtenant's Space. If the Lease terminates or expires, this Sublease shall terminate and the parties shall be relieved of any further liability or obligation under this Sublease, except for liabilities arising prior to the termination of the Lease; provided, however, that if the Lease terminates as a result of a default or breach by the County or Subtenant under this Sublease and/or the Lease, then the defaulting party shall be liable to the nondefaulting party for the damage suffered as a result of such termination. Notwithstanding the foregoing, if the Lease gives the County any right to terminate the Lease in the event of the partial or total damage, destruction, or condemnation of the Premises or the building or project of which the Subtenant's Space are a part, or by exercising any cancellation option, the exercise of such right by the County shall not constitute a default or breach hereunder.
- g. Notwithstanding anything to the contrary contained herein, in no event shall the County be deemed to be in default under this Sublease or liable to Subtenant for any failure of the Master Landlord to perform its obligations under the Lease. With respect to all work, services, utilities, repairs, restoration, maintenance, compliance with law, insurance, indemnification or other obligations or services to be performed

or provided by Master Landlord under the Lease, the County's sole obligation shall be to exercise commercially reasonable efforts to require Master Landlord to comply with the obligations of Master Landlord under the Lease, provided that in no event shall the County be required to file suit against Master Landlord unless any such legal action is required to protect Subtenant and the County's use, possession and enjoyment of the Subtenant's Space.

- h. Wherever the Lease requires the consent of the Landlord be obtained, Master Landlord's consent and the County's consent shall be required. It shall not be unreasonable for the County to withhold consent under any circumstances where Master Landlord withholds its consent, whether or not Master Landlord acts reasonably in so doing.

## 12. Insurance and Indemnification

- a. Whenever, pursuant to the Lease as incorporated herein, County is required to furnish insurance to or for the Landlord, Subtenant also shall be required to furnish such insurance to or for the County and the Master Landlord, and shall name Master Landlord and the parties identified in the Lease, and the County, its Board members, officers, employees, volunteers and agents as additional insureds.
- b. Whenever, pursuant to the Lease as incorporated herein, County is required to indemnify or defend the Landlord, Subtenant shall be required also to indemnify or defend the County and the Landlord and such other persons as shall be entitled thereto under the Lease.
- c. In addition to Subtenant's obligations under this section, Subtenant shall indemnify, defend and hold harmless the County from and against any loss, cost, damage or expense, or any claim therefor, arising out of (i) any failure by Subtenant to observe or perform any of the terms, covenants or conditions of the Lease required to be observed or performed by Subtenant, including any loss, cost, damage or expense which may result from any default under or termination of the Lease arising by reason of any such failure, or (ii) any holding over by Subtenant in the Subtenant's Space beyond the expiration or sooner termination of this Sublease, including any such liability with respect to the Subtenant's Space arising out of such holding over by Subtenant.
- d. Subtenant waives claims against County for damage to property owned by Subtenant, unless such damage is not covered under any policy of property insurance maintained (or required by this Sublease to be maintained) by Subtenant, and to the extent that such damage is not caused by any negligent or intentional misconduct of County. Notwithstanding the foregoing, Subtenant hereby waives

claims against Master Landlord and County for death, injury, loss or damage of every kind and nature, if and to the extent that County waives or releases such claims against Master Landlord under the Lease. Subtenant agrees to obtain, for the benefit of Master Landlord and County, such waivers of subrogation rights from its insurer as are required of County under the Master Lease.

- e. County shall defend, indemnify and hold the Subtenant, its officers, employees, and agents harmless from and against any and all liability, loss, expense or claims for injury or damages arising out of the performance of this Agreement but only (i) in proportion to and to the extent such liability, loss, expense, or claims for injury or damages are caused by or result from the negligent or intentional acts or omissions of the County, its officers, agents or employees, and (ii) if not otherwise waived or released under Section 12.d above.

13. **Remedies Upon Default.** Should Subtenant be in default of the Sublease, including a default as defined in Article 25 of the Lease, or any other breach or default which would permit Master Landlord to terminate the Lease for default, the County may elect any remedies set forth in Article 25 of the Lease or otherwise provided by applicable law.

14. **Notices.** All notices, consents, demands and other communications from one party to the other given pursuant to the terms of this Sublease or under the laws of the State of California, including but not limited to, notice under the provisions of Section 1161 of the California Code of Civil Procedure and Section 1946 of the California Civil Code, shall be in writing and shall be deemed to have been fully given when deposited in the United States mail, certified or registered, postage prepaid, and addressed to Subtenant or County at the addresses respectively specified below or to such other place as Subtenant or County may from time to time designate by a written notice to the other; or, in the case of Subtenant, delivered to Subtenant at the Subtenant's Space or at any place where Subtenant or any agent or employee of Subtenant may be found if sent subsequent to Subtenant's vacating, deserting, abandoning or surrendering of the Subtenant's Space. Subtenant hereby appoints as its agent to receive the service of all dispossessory or distraint proceedings and notices thereunder the person in charge of or occupying the Subtenant's Space at the time, and, if no person shall be in charge of or occupying the same, then such service may be made by attaching the same on the main entrance of the Subtenant's Space. Subtenant hereby agrees that service of notice in accordance with the terms of this Sublease shall be in lieu of the methods of service specified in Section 1162 of the California Code of Civil Procedure. The provisions of subdivision (a) of Section 1013 of the California Code of Civil Procedure, extending the time within which a right may be exercised or an act may be done, shall not apply to a notice given pursuant to this Sublease.

The address for County is:

Stanislaus County Chief Executive Office  
Attention: Chief Operations Officer  
1010 10<sup>th</sup> Street, Suite 6800  
Modesto, California 95354

The address for Subtenant is:

MOVE-Stanislaus Transportation Inc.  
Attn: Stacie Morales, Chief Executive Officer  
3500 Coffee Road, Ste. 19  
Modesto, CA 95355

15. **Limitation of Liability.** No board member, director, officer, employee, advisor or agent of the County or Subtenant acting within the course and scope of his or her employment duties or fiduciary duties, as the case may be, shall be personally liable in any manner or to any extent under or in connection with this Sublease. In no event shall the County, Subtenant or any of their respective directors, officers, employees, advisors or agents be responsible for any consequential damages suffered or incurred by the County or Subtenant.

16. **Holding Over.** The parties contemplate that this Sublease shall terminate or expire in accordance with the terms and conditions of the Lease, without any right of holdover by Subtenant.

17. **Miscellaneous.**

- a. Exhibits. Exhibits A and B are attached to this Sublease and are incorporated herein by this reference.
- b. Authority. The individual or individuals signing this Sublease on behalf of each party hereto represent and warrant that: (i) Each has full power and authority to enter into this Sublease and to perform this Sublease; (ii) the execution, delivery and performance of this Sublease by the party in question have been duly and validly authorized by all necessary action on the part of such party and all required consents and approvals have been duly obtained; and (iii) this Sublease is a legal, valid and binding obligation of the party in question, enforceable against such party in accordance with its terms, subject to the effect of applicable bankruptcy, insolvency, reorganization, arrangement, moratorium or other similar laws affecting the rights of creditors generally.
- c. Independent Covenants. This Sublease shall be construed as though the covenants between County and Subtenant are independent.

- d. Attorneys' Fees. Notwithstanding any provision to the contrary in the Lease, in the event of an action or suit solely between the County and Subtenant by reason of a breach of any of the covenants or agreements in the Lease, then, in that event, the prevailing party in such action or dispute, whether by final judgment or out of court settlement, shall pay its own attorneys' fees and costs.

[SIGNATURE PAGE ATTACHED]

IN WITNESS WHEREOF, the parties have executed this Sublease as of the date first set forth above.

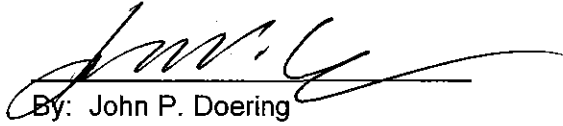
**"County"**

Stanislaus County



By: Patricia Hill Thomas  
Chief Operations Officer

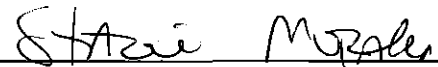
APPROVED AS TO FORM:



By: John P. Doering  
Stanislaus County Counsel

**"Subtenant"**

MOVE-Stanislaus Transportation Inc.



By: Stacie Morales, Chief Executive Officer

APPROVED AS TO FORM:

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**FIRST AMENDMENT TO SUBLEASE  
(Veterans/County Space, Suite 15)**

THIS FIRST AMENDMENT TO SUBLEASE ("Amendment"), dated as of September 20, 2017 ("Effective Date"), is made by and between the County of Stanislaus, a political subdivision of the State of California ("County") and the Veterans Foundation of Stanislaus County, a California nonprofit corporation ("Subtenant" or "Foundation").

RECITALS

A. On June 13, 2016, Sylvan Square, LLC ("Master Landlord") and the County entered into a written lease ("Master Lease") for approximately 19,025 square feet of improved real property located at 3500 Coffee Road, Suite 15, Modesto, California ("Premises").

B. On July 1, 2016, the County and the Foundation entered into a Sublease of the Premises the terms and conditions of which are incorporated herein by this reference.

C. The Master Lease and the Sublease were approved by the Stanislaus County Board of Supervisors on April 19, 2016, in Board Agenda Item #B-5.

D. The Master Lease contemplates that the Master Landlord will construct certain improvements within the Premises. Subtenant has requested that additional improvements be constructed by Master Landlord, which will result in an increase in Rent of one cent (\$.01) per square foot per month.

E. Article 1 of the Fundamental Lease Provisions of the Master Lease provides that the Rent Commencement Date is November 11, 2016.

F. Paragraph 8 of the Sublease provides:

8. **Rent.** Subtenant shall pay to County One Hundred Seventy-Five Thousand Dollars (\$175,000) in annual rent, payable in twelve (12) equal monthly installments each year, in the amount of Fourteen Thousand Five Hundred Eighty-Three and 33/100 Dollars (\$14,583.33) ("Rent") provided, however, Subtenant shall pay to the County, on or before September 10, 2016, the amount of Twenty-Five Thousand Dollars (\$25,000.00) in prepaid rent in satisfaction of Subtenant's first month's rent and part of the second month's rent. The remainder of the rent due for the second month shall, in addition, to the prepayment described above, be in the amount of Four Thousand One Hundred Sixty-six Dollars (\$4,166.33). For all subsequent months, the Rent shall be Fourteen Thousand Five Hundred Eighty-Three and 33/100 Dollars (\$14,583.33). The Rent shall be payable to the County thirty (30) days in advance on the first day of each month, without setoff or deduction. The Rent for the first fractional month shall be computed in accordance with the Master Lease. Should there be a dispute over amounts owed, the parties shall meet and confer in good faith to resolve the dispute prior to initiating any action. Payment of rent under this provision does not constitute a waiver of any remedy either party may have under law or equity.

G. On or about February 1, 2017, to reflect additional Tenant Improvements constructed by Landlord, the County and the Master Landlord entered into a First Amendment to Lease which increased the Rent payable to Master Landlord by one cent (\$.01) per square foot per month and to adjust the Rent Commencement Date to February 24, 2017 due to construction delays.

H. As of the Effective Date of this Amendment, Subtenant has paid the County Seventy Two Thousand Nine Hundred Sixteen Dollars (\$72,916) in Rent.

I. The County and the Foundation have agreed to modify the Sublease to increase the Rent payable to the County by .01 x 19,025 square feet (Two Thousand Two Hundred Eighty Three Dollars (\$2,283.00) per year) and to adjust the Rent Commencement Date to February 24, 2017 due to construction delays, on the terms and conditions set forth herein.

NOW THEREFORE, in consideration of the mutual promises contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, County and Subtenant agree as follows:

1. Paragraph 8 of the Sublease shall be amended and restated as follows:

**Rent.** Subtenant shall pay to County One Hundred Seventy Seven Thousand Two Hundred Eighty Three Dollars (\$177,283) in annual rent, payable in twelve (12) equal monthly installments each year in the amount of Fourteen Thousand Seven Hundred Seventy Three and 58/100 Dollars (\$14,773.58) ("Rent").

**Reconciliation.** Foundation acknowledges and agrees that the new Rent Commencement Date under the Lease is February 24, 2017 and the Rent owed between February 24, 2017 and June 30, 2017 is as follows:

February 24 -28, 2017	\$2,462.25
March, 2017	\$14,773.58
April, 2017	\$14,773.58
May, 2017	\$14,773.58
June, 2017	\$14,773.58

**TOTAL Rent Owed by Subtenant between February 24, 2017 – June 30, 2017: \$61,556.57**

**TOTAL Rent Paid by Subtenant between July 1, 2016 - June 30, 2017: \$72,916**

July, 2017 amount paid	\$11,359.43
<b>July, 2017 balance owed</b>	<b>\$3,414.15</b>
<b>August – End of Lease Term</b>	<b>\$14,773.58 monthly</b>

Rent shall be payable to the County thirty (30) days in advance on the first day of each month, without setoff or deduction. Should there be a dispute over amounts owed, the parties shall meet and confer in good faith to resolve the



dispute prior to initiating any action. Payment of rent under this provision does not constitute a waiver of any remedy either party may have under law or equity.

2. The monthly amount payable by the Foundation under this Amendment shall also apply to the Operating Agreement between the County, the City of Modesto, and the Foundation dated July 14, 2017.

3. This Amendment may be signed in Counterpart.

4. Except as provided herein, all other terms and conditions of the Sublease shall remain in full force and effect.

**[SIGNATURE PAGE TO IMMEDIATELY FOLLOW]**

IN WITNESS WHEREOF, the parties have executed this First Amendment to Sublease as of the date first set forth above.

**“County”**

Stanislaus County



By: Patricia Hill Thomas  
Chief Operations Officer

APPROVED AS TO CONTENT:



By: Richard T. Edgecomb  
Chairman, Stanislaus County  
Veterans Advisory Commission

APPROVED AS TO FORM:



By: John P. Doering  
Stanislaus County Counsel

**“Foundation”**

Veterans Foundation of Stanislaus County



By: Rebecca A. Crow, Chief Executive Officer

APPROVED AS TO FORM:



Larry Dempsey, Counsel for the Foundation