

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

DEPT: Community Services Agency

BOARD AGENDA #: *B-10

AGENDA DATE: April 25, 2017

SUBJECT:

Approval of a Lease with NUCP Turlock, LLC for Office Space at 301 South Soderquist Road, Turlock, California for the Community Services Agency and the Alliance Worknet

BOARD ACTION AS FOLLOWS:

No. 2017-209

On motion of Supervisor Withrow, Seconded by Supervisor Monteith

and approved by the following vote,

Ayes: Supervisors: Olsen, Withrow, Monteith, DeMartini, and Chairman Chiesa

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.

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

DEPT: Community Services Agency
Urgent Routine

BOARD AGENDA #: *B-10

AGENDA DATE: April 25, 2017

CEO CONCURRENCE: _____

4/5 Vote Required: Yes No

SUBJECT:

Approval of a Lease with NUCP Turlock, LLC for Office Space at 301 South Soderquist Road, Turlock, California for the Community Services Agency and the Alliance Worknet

STAFF RECOMMENDATIONS:

1. Authorize the Chief Operations Officer acting as the Project Manager, on behalf of the Community Services Agency (CSA) and the Alliance Worknet, to negotiate and execute a 10-year lease agreement with tenant improvements amortized over 10 years with NUCP Turlock, LLC, for 34,996 square feet of space in property located at 301 South Soderquist Road, Turlock, CA for the Community Services Agency and Alliance Worknet.
2. Authorize the Chief Executive Office, Purchasing Agent and/or Director for the Community Services Agency or her designee to negotiate, execute, and sign subleases, amendments or renewal agreements within the property.

DISCUSSION:

CSA Services in Turlock

In 1998, the Community Services Agency (CSA) was asked by the City of Turlock to explore the possibility of expanding services provided in the Turlock community. With an estimated 15% of CSA customers living in the southern portion of the County, there was an opportunity for CSA to serve a significant portion of the County population. The Department worked closely with the City of Turlock to establish a location most convenient to CSA customers.

CSA currently leases a combined 21,254 square feet over two locations.

101 Lander Avenue Location

The Turlock office, located at 101 Lander Avenue (formerly First Interstate Bank), opened on January 7, 2002 and includes 15,400 square feet. The County's original lease with the Denis Family which was approved by the Board of Supervisors on February 6, 2001 was for ten years beginning November 1, 2001 and terminating October 31, 2011. The lease was amended four additional times extending the lease to its current end date of December 31, 2017.

Approval of a Lease with NUCP Turlock, LLC for Office Space at 301 South Soderquist Road, Turlock, California for the Community Services Agency and the Alliance Worknet

In August 2015 the Community Services Agency was notified that the 101 Lander Avenue location was sold by the Denis Family and that a new landlord, Kay Tayler Investments III, LLC had acquired the property. Kay Tayler Investments III, LLC plans to pursue other business options for the 101 Lander Avenue location. Since the sale of the property, the County has been operating on a month to month basis with the new landlord, during which time CSA, General Services Agency (GSA) Purchasing Department and the new landlord worked to finalize a new lease. On November 17, 2015 the Board approved a 14-month lease with Kay Tayler Investments III, LLC at the 101 Lander Avenue location. This action would provide the Departments with the time necessary to negotiate and execute a lease to include tenant improvements at a new location in Turlock allowing Alliance Worknet to operate a WIOA required "One Stop" Career Resource Center and provide for separate client and staff areas ensuring safety of staff and client confidentiality. On March 2, 2017 the County was notified that Kay Tayler Investments III, LLC closed escrow and the new owner of the 101 Lander Avenue location is Alan J. Vallarine, as Trustee of the Vallarine 2002 Trust.

The following is an overview of the lease that expires on December 31, 2017 for the 101 Lander Avenue site:

	Lease Term	Number of Months	Monthly Lease Amount	Price per Square Foot
Original	November 1, 2001 – October 31, 2011	120	\$19,404	\$1.26
Amendment #1	November 1, 2011 – October 31, 2014	36	\$19,404	\$1.26
Amendment #2	November 1, 2014 – October 31, 2015	12	\$19,404	\$1.26
Amendment #3	November 1, 2015 – December 31, 2016	14	\$20,500	\$1.33
Amendment #4	January 1, 2016 – December 31, 2017	12	\$20,500	\$1.33

275 Third Street Location

On August 21, 2013 CSA entered into a lease with United Samaritans Foundations to lease an additional 5,954 square feet at 275 Third Street in Turlock, CA. The initial term of the lease was for three years with two optional one year renewals. CSA uses this location to train new employees for the StanWORKs division.

Approval of a Lease with NUCP Turlock, LLC for Office Space at 301 South Soderquist Road, Turlock, California for the Community Services Agency and the Alliance Worknet

	Lease Term	Number of Months	Monthly Lease Amount	Price per Square Foot
Original	August 21, 2013 – August 20 2016	36	\$4,465.50	\$.75
Amendment #1	August 21, 2016 – August 20, 2017	12	\$4,465.50	\$.75

Alliance Worknet Resource Center

In 2007, the Alliance Worknet opened and operated a separate Career Resource Center in the State Employment Development Department (EDD) office on Broadway Street in Turlock until the State EDD reorganization of unemployment insurance services in 2013 caused the closure of this site. Alliance Worknet’s new Workforce Innovation and Opportunity Act (WIOA) funding now requires “One-Stop” Career Resource Centers to be established again.

The staff working at the 101 Lander Ave., Turlock site includes Alliance Worknet and CSA staff as well as partner agency staff. CSA currently assigns 50 staff at the 101 Lander Turlock site and Alliance Worknet has two staff and two partner agency staff members from Learning Quest and ASPIRAnet. These partner agencies provide High School Equivalency Test preparation and Adult Basic Education services and workforce development services to CSA Welfare to Work customers on a daily basis. The Turlock site outcomes for the period July 2015 through June 2016 include the following:

- 2,663 customers made 9,386 visits to the Alliance Worknet Resource Center on Broadway Street in Turlock (2012-2013 data is the last available before the closure of the One-Stop Career Resource Center).
- From July 2015 to June 2016, 547 County residents registered with a Turlock zip code made 1,750 visits to another One-Stop Career Resource Centers in Modesto, Patterson or Oakdale. This data showing the needed service demand of Turlock residents helped support the decision to open another site in Turlock.

Community Services Agency

On average, 73 clients come into the Turlock office on a daily basis: in Fiscal Year 2015-2016, a total of 33,823 clients were seen. As of February 2017, the Turlock office has the following open cases:

- 2,685 CalWorks cash aid customers;
- 8,297 CalFresh recipients; and
- 26,032 Medi-Cal recipients

The two-story design of the current Turlock location at 101 Lander Avenue does not allow Alliance Worknet to operate a WIOA required “One Stop” Career Resource Center. In addition,

Approval of a Lease with NUCP Turlock, LLC for Office Space at 301 South Soderquist Road, Turlock, California for the Community Services Agency and the Alliance Worknet

the usable square footage of the Lander Avenue lobby does not provide for separate client and staff areas resulting in concerns related to safety and client confidentiality. One of Alliance Worknet's Fiscal Year 2015-2016 Final Budget Objectives was to open a new "One-Stop" Career Resource Center in Turlock to provide services to area customers by June 30, 2016.

Seeking a New Turlock Location

On May 19, 2015, the General Services Agency issued Request for Quote (RFQ) #15-25-SS to seek a new location for services in Turlock to include:

- Approximately 12,000 to 20,000 total square feet
- Proximity to bus routes
- Space to accommodate:
 - 1 classroom/training room
 - 2 standard conference rooms
 - 5 to 6 private offices
 - 40 6'x8' cubicles
 - 1 lobby/waiting room area and reception services for approximately 30 customers
 - 1 break room
 - 4 restrooms
 - 1 computer/data/phone room and storage.
- ADA compliance
- Well-lit and safely accessible parking lot for a minimum of 80 staff and customers
- Wire and cable necessary to support hardware and software to be used by the County (specifications will be provided prior to finalization of lease)

Two proposals were received on May 27, 2015 from:

- Exit Realty Consultants: 9,500 square feet for \$.75-\$.90 per square feet not including tenant improvements at 130 and 138 Regis, Turlock
- Berkshire Hathaway Commercial Property Group for 17,500 square feet at \$1.00 per square foot (not including tenant improvements) at 751, 775 & 783-787 N. Golden State Blvd., Turlock

After conducting site visits, the County determined the North Golden State Blvd site was preferred. However, lease negotiations that commenced in March, 2016 revealed that the Turlock Town Center Covenant, Conditions and Restrictions (CC&R's) and existing tenant prohibited use restrictions would not permit the use of adequate office space for the CSA.

Finding a New Location in Turlock - 301 South Soderquist Road

In April 2016, after the two sites identified through the RFQ process were found to be infeasible, CSA and Alliance Worknet met with the Chief Executive Office Capital Projects Team to determine a new path to find a location in Turlock. With the excellent assistance of the City of Turlock, the County, CSA and Alliance Worknet began negotiations with Steve Thomas of NUCP Turlock, LLC. regarding a very suitable property at 301 South Soderquist Road location in Turlock. In September 2014, the West Main Market Place, a neighborhood shopping center located in the heart of Turlock, CA opened. In addition to other local retail and service businesses, the recently redeveloped 105,000 square foot center is now anchored by

Grocery Outlet, the Dollar Tree and Planet Fitness. The facility is currently vacant and will need renovations for tenant improvements for the County's proposed use.

The proposed 10-year lease will amortize \$1,782,000 of Tenant Improvements (TIs) over a period of ten years. The tenant improvements include provisions for separate client and staff areas ensuring safety of staff and client confidentiality including a customer lobby, interview rooms, computer training labs, resource rooms, public and employee restrooms, employee offices space and data wiring and card access system.

The monthly lease rate is estimated to be \$57,743.40 per month or \$1.65 per square foot for the initial 10-year lease. The \$57,743.40 per month rate includes TI of \$15,048.28 per month or \$.43 per square foot and a base rental rate of \$42,695.12 per month or \$1.22 per square foot, for total first year cost of \$692,920.80. If the lease is terminated prior to the end of the 10th year CSA and the Alliance Worknet would pay off the outstanding TI balance. The financial terms of the lease can be absorbed within the Department's long range budget forecast and meet the long term objective and service delivery to the community and employees of CSA and the Alliance Worknet.

The cumulative cost of the 10-year lease and TI amortized over ten years is \$6,929,208.

The start-up costs for CSA and Alliance Worknet to relocate are estimated to be \$1,000,000 in Fiscal Year 2017-2018. These one-time start-up costs are for the installation of telecommunications, furnishings and department specific equipment needs. Start-up costs will be allocated to the partner agencies. In addition to the annual lease costs and one-time start-up costs, increased operating costs for Fiscal Year 2017-2018 are estimated to be \$337,811 for janitorial services, utilities and security. Each agency will fund their share of the site costs based on the square footage of the space they occupy. Of the 34,996 square feet the proposed space allocation is the Community Services Agency 31,796 square feet or 90.86% and Alliance Worknet 3,200 square feet or 9.14%.

Time-Sensitive Facility Needs

The County is currently in a long-range master planning and facility review for the Community Services Agency and the partner agencies at the Community Services Facility. However, there are time-sensitive facility needs that need to be addressed as the Master Planning efforts are underway. Despite the long range planning under way the Community Services Agency and Alliance Worknet need a facility in Turlock allowing Alliance Worknet to operate a WIOA required "One Stop" Career Resource Center and provide for separate client and staff areas ensuring safety of staff and client confidentiality.

The recommended lease contains a lack of funding clause that will allow the County to terminate the lease agreement upon 240 days' notice, after the first five year period, if sufficient funding doesn't materialize over the 10-year lease period or if County-owned space becomes available. At such time, CSA and the Alliance Worknet would be required to pay off the outstanding tenant improvement balance. Additionally, the space could also be sublet by the County to other non-profit organizations that support the County in delivering human services programs, if circumstances warranted with consent of the Landlord.

Approval of a Lease with NUCP Turlock, LLC for Office Space at 301 South Soderquist Road, Turlock, California for the Community Services Agency and the Alliance Worknet

The recommendation to proceed with this lease was supported by the Board of Supervisors Capital Facilities Committee, comprised of Supervisors Monteith and Olsen on March 24, 2017.

POLICY ISSUE:

County policy requires the Board of Supervisors' approval to allow the Purchasing Agent to enter a new lease agreement for where the total compensation exceeds \$100,000. The cumulative total for lease over the 10-year lease term will be \$6,929,208 which exceeds the \$100,000 threshold and requires Board approval.

FISCAL IMPACT:

The total proposed budget for Fiscal Year 2016-2017 for the Community Services Agency is \$338,825,736 and includes funding for two facilities in Turlock. Appropriations and estimated revenues to support the new lease in Turlock will be included in each participating County Department's Fiscal Year 2017-2018 Proposed Budget.

All operating costs are eligible for State and Federal reimbursement through CalWORKs, CalFresh, Medi-Cal and Alliance Worknet's Workforce Innovation Opportunity Act (WIOA) funding. There is no additional cost to the County's General Fund as a result of relocating and consolidating the Turlock services and associated with the Turlock lease.

Appropriations and estimated revenue to support operating costs for the duration of the 10-year lease agreement with Tenant Improvements amortized over 10-years will be included with each Department's future budget submissions.

BOARD OF SUPERVISORS' PRIORITY:

Approval of the requested actions supports the Board of Supervisors' priorities of A Healthy Community, Effective Partnerships and Efficient Delivery of Public Services by allowing the Community Services Agency and Alliance Worknet to maintain existing customer services currently provided in the community of Turlock that will collocated multiple services while preparing for a new site that will meet the long term objectives and projected customer service needs of both agencies.

STAFFING IMPACT:

Existing staff from Chief Executive Office, the Community Services Agency and Alliance Worknet will assist with the project management and the coordination of this project.

CONTACT PERSON:

Patricia Hill Thomas, Chief Operations Officer (209) 525-6333

Kathryn M. Harwell, Director (209) 558-2500

ATTACHMENT(S):

Lease Agreement

OFFICE LEASE

301 S. Soderquist Road, Turlock, California

Landlord

NUCP TURLOCK, LLC

Tenant

COUNTY OF STANISLAUS

Date for Reference Purposes Only

04/25/2017

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[to be updated]

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OFFICE LEASE

301 S. Soderquist Road, Turlock California

1. **Basic Lease Provisions** ("**Basic Lease Provisions**"). The parties agree to the following basic provisions of this office lease ("**Lease**"), including the exhibits incorporated herein:

1.1 **Parties.** This Lease dated, for reference purposes only, April 25, 2017, is made by and between NUCP TURLOCK, LLC, a California limited liability company ("**Landlord**") and COUNTY OF STANISLAUS ("**Tenant**").

1.2 **Premises.** The "**Premises**" shall be defined as an area on the ground and second floors of the Building (hereafter defined) consisting of approximately 34,996 square feet (19,513 on the ground floor and 15,483 on the second floor) of rentable area as determined in accordance with BOMA standards ("**Rentable Area**"), identified on the floor plan attached hereto as **Exhibit A** (the "**Floor Plan**"). The Premises will also include the Initial Improvements thereon presently existing or to be constructed in accordance with the "**Work Letter Agreement**" attached as **Exhibits B** ("**Initial Improvements**").

1.3 **Building.** A two-story building located at 301 S. Soderquist Road, in the City of Turlock, County of Stanislaus, State of California (the "**Building**") which, following completion of the Initial Improvements, will consist of approximately **113,751** square feet of Rentable Area as determined in accordance with BOMA standards.

1.4 **Project.** All of that approximately 7.3496 acre parcel property generally located at the south-west corner of Soderquist Road and West Main Street (excluding the north-east corner thereof, APN 050-000-033) in the City of Turlock, County of Stanislaus, State of California, including the Building, and a shared-use, landscaped surface parking lot being APN 050-001-034 (the "**Project**"). The Project is part of a larger commercial complex comprised of 1200,1300 and 1400 W. Main Street that is owned by various parties and commonly known as West Main Marketplace (the "**Complex**") which is governed by that certain Reciprocal Easement Agreement and Quitclaim of Easement dated January 14, 2011, and recorded as Document No. 2011-0006620-00 in the Stanislaus County Official Records and the Supplement to Reciprocal Easement Agreement and Quitclaim of Easement dated March 9, 2011, and recorded as Document No. 2011-004599-00 in the Stanislaus County Official Records (together, the "**CC&Rs**").

1.5 **Term.**

(a) **Initial Term.** The initial term of this Lease ("**Initial Term**") shall be a period commencing ten business days (or other date mutually approved by the parties) after the date on which the Premises are certified for occupancy as demonstrated by a certificate of occupancy ("**Occupancy Certificate**") issued by the City of Turlock (the "**Commencement Date**") and continuing for a period of ten full calendar years, plus, if the Commencement Date is other than the first day of a calendar month, the period from the Commencement Date until the last day of the month in which the Commencement Date occurs (the "**Initial Term Expiration Date**"). Within 15 days following the Commencement Date, the parties shall execute a Confirmation of Lease Terms Memorandum (the "**Confirmation**") in the form of **Exhibit C** attached hereto, which sets forth the Commencement Date Base Rent (as hereafter defined), and expiration of the Initial Term. The parties further anticipate that construction of Initial Improvements will be complete within **five** months after receipt of building permits for the Initial Improvements (the "**Building Permits**"). The parties agree that time is of the essence and Landlord acknowledges and agrees that the Commencement Date cannot be later than December 1, 2017 ("**Anticipated Commencement Date**"). If because of Tenant Delay (as defined below), Tenant delays the Commencement Date to a date which is after the Anticipated Commencement Date, (a) the Commencement Date shall be the date the Commencement Date would have occurred had Tenant not caused such delays and (b) the Anticipated Commencement Date and any other time period in which Landlord is obligated to perform various actions hereunder shall be extended by the number of days as

such performance or other day is delayed due to any Tenant Delay. "Tenant Delay" means any delay in the performance of Landlord's obligations hereunder that occurs as the result of (i) any request by Tenant either that Landlord perform any work in addition to Landlord's Work, or that Landlord delay commencing or completing Landlord's Work to be performed prior to the Commencement Date for any reason; (ii) any change by Tenant to the Floor Plan (as defined in the Work Letter Agreement) and the Tenant-approved Initial Improvements Plans (as defined in the Work Letter Agreement); (iii) any failure of Tenant to respond to any request for approval required hereunder within the period specified herein for such response or, where no response time is specified, within a reasonable period after receipt of request therefor; (iv) any delay in Landlord's Work caused by the installation of Tenant's fixtures in the Premises or the performance of any other part of Tenant's Work prior to the Commencement Date; or (v) Tenant's failure to cause to be delivered to Landlord, by the date on which Landlord requires such materials or other specifications, any materials or other specifications required to be provided by Tenant, provided Landlord has given Tenant reasonably sufficient advance notice of the date on which Landlord will require such materials or other specifications. For purposes of clauses (i), (ii), and (iii) of this Section 1.5(a), only acts or omissions of Tenant's Construction Representative (as defined in the Work Letter Agreement) may be the basis of Tenant Delay.

(b) **Option Periods.** Tenant shall have two options ("Option" or "Options") to extend the Term of this Lease for an additional period of five years per Option (each an "Option Period") with the first Option Period commencing on the day after the Initial Term Expiration Date and the second Option Period commencing on the day after the expiration of the first Option Period, on the same terms, covenants and conditions contained in this Lease, provided Tenant delivers written notice ("Option Notice") to Landlord no later than six (6) months prior to expiration of the Term then in effect. Failure of Tenant to exercise an Option, by giving notice as and when required herein, time being of the essence, shall result in termination of the same. Further, if Tenant is in default on the date of giving the Option Notice beyond any applicable notice and cure period, the Option Notice shall be ineffective. Tenant's right to exercise the second Option shall be conditioned upon Tenant's exercise of the first Option. For purposes of this paragraph 1.5(b), the word "Term" shall refer collectively to the Initial Term and any Option Period then in effect.

1.6 Base Rent.

(a) Starting on the Commencement Date and continuing on the first day of each month during the Term, Tenant shall pay the following base rent per month ("**Total Base Rent**") without notice, demand, deduction or offset (except as may otherwise be expressly provided in this Lease):

Months	Premises Rentable Area Square Footage	Monthly Base Rent/ RSF	Monthly Amortization of Initial Improvements/ RSF [#]	Monthly Total Base Rent/ RSF [#]	Monthly Base Rent [#]	Monthly Amortization of Initial Improvements [#]	Monthly Total Base Rent [#]
1-120	34,996*	\$1.22	\$0.43	\$1.65	\$42,695.12	\$15,048.28	\$57,743.40

* RSF represents rentable square feet; subject to adjustment following determination of actual RSF per Section 1.2 above..

Reflects amortization of \$1,782,000 in Initial Improvements over 10 years @ 0.28% capitalization rate (rounded off). Monthly Amortization of Initial Improvements amounts (and resulting Total Base Rent amounts and applicable amounts payable under Section 37) shall be reduced to the extent Landlord's total Initial Improvements cost (see below) is less than \$1,782,000.

(b) If the Commencement Date falls on other than the first day of a calendar month, then the first full month of the Lease Term shall be Month 1 under the above schedule, and (pro-rated) Total Base Rent for the remainder of the month in which the Commencement Date occurs shall be paid no later than the date on which the second full month's Total Base Rent is due.

(c) Upon completion of the Initial Improvements, Landlord will provide Tenant a complete accounting of the design and construction costs thereof. If the total, as agreed by Landlord and Tenant, is greater than \$1,782,000, no adjustment will be made to the monthly Total Base Rent. If the total is less than \$1,782,000, monthly Total Base Rent will be reduced to reflect the amortization of the reduced final cost amount as provided in Section 37.3 below, and reflected in the Confirmation.

1.7 Rent Paid Upon Execution. Following approval of this Lease by Tenant's Board of Supervisors and on execution of this Lease, Tenant will pay Landlord the amount of Total Base Rent for the first full month of the Initial Term, and such payment shall be applied to such month as and when it becomes due.

1.8 Security Deposit. None.

1.9 Tenant's Share. "Tenant's Share" means the percentage determined by dividing the square footage of Rentable Area in the Premises by the total square footage of the Rentable Area to be contained in the Building. As such, Tenant's Share for purposes under this Lease shall initially mean **30.77%**, subject to adjustment based on actual square footages as provided in Sections 1.2 and 1.3 above. If the Rentable Area in the Building (or Project) is increased (by the addition of new area or reconfiguration of any area, and such new or reconfigured area is opened for business to the general public), Tenant's Share shall be revised to reflect the increase.

1.10 Base Year. N/A

1.11 Right of First Offer. For the entire Term of this Lease, including any extensions, in the event Landlord elects (voluntarily or involuntarily) to lease all or any portion of the Building currently occupied by Dollar Tree ("ROFO Space") to any party other than Dollar Tree and its successors, Tenant shall have the right to lease the ROFO Space in accordance with the following provisions.

(a) **Notice.** Landlord shall deliver a written notice ("**ROFO Notice**") to Tenant which states that Landlord has elected to lease the ROFO Space. The ROFO Notice must also include the principal proposed economic terms, including at least the following:

- (i) Term.
- (ii) Monthly Total Base Rent and the commencement thereof.
- (iii) Dollar amount of ROFO Space initial improvements costs included in Total Base Rent.

(b) **Acceptance.** By written notification delivered by Tenant ("**Acceptance Notice**") within 30 days after Tenant's receipt of the ROFO Notice, Tenant may elect to lease the ROFO Space on the terms set forth in the ROFO Notice, and (except for Section 37, which will not apply) as otherwise negotiated in good faith and with due diligence between the parties based on commercially reasonable lease terms for comparable space in a comparable shopping center. Notwithstanding the foregoing, Tenant's lease of the ROFO Space is contingent on extension of the Term of this Lease to a term which is at least coterminous with the ROFO Space lease. To the extent applicable, Tenant may satisfy this coterminous extension obligation by exercising any extension Options under this Lease. Otherwise, extensions will be mutually negotiated by Landlord and Tenant in good faith and with due diligence.

(c) **No Acceptance Notice.** If Tenant does not timely provide an Acceptance Notice, Landlord may lease the ROFO Space to any prospective tenant on the terms set forth in the ROFO Notice, or any other economic terms which are less favorable to the prospective tenant except

Landlord may lease the ROFO Space to any other prospective tenant for a Monthly Total Base Rent and other economic terms which is at least 90% of the Monthly Total Base Rent and other economic terms set forth in the ROFO Notice.

(d) **Revival.** If Landlord does not enter into a lease of the ROFO Space with a third party within six months after the ROFO Notice, on any terms, Tenant's right of first offer under this section shall be deemed revived and Landlord may not lease the ROFO Space without first offering it to Tenant in accordance with this section. Notwithstanding the foregoing, if Landlord is in active negotiations with any prospective tenant for a lease of the ROFO Space on terms permitted by this section at the end of the six month period, Landlord may conclude a ROFO Space lease on permitted terms with that prospective tenant thereafter.

2. Lease of the Premises.

2.1 Lease. Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the Premises for the Term and in accordance with all of the covenants and obligations set forth in this Lease.

2.2 Vehicle Parking.

(a) Landlord shall provide Tenant **five** designated and exclusively marked overnight parking spaces for use by Tenant's vehicles in an area of the surface parking lot mutually agreed by Landlord and Tenant. Should parking availability become an issue, Landlord and Tenant shall agree on the designation of specific parking stalls in close proximity to the Premises, subject to any existing easements, or restrictions, rights or conditions of record, Landlord, upon Tenant's written request, and provided to Tenant before execution of this Lease. Parking for a minimum of 150 Tenant employee and customer vehicles shall be provided in the shared-use lot on the Project site during weekdays between the hours of 6:00 a.m. and 6:00 p.m.; and parking for up to 50 Tenant employee and customer vehicles shall be provided on any day between the hours of 6:00 p.m. and 12:00 a.m. Subject to the first sentence of this Section, if Landlord designates employee parking from time to time, Tenant's employees shall park only in such designated employee parking area.

(b) Landlord specifically warrants that Tenant's parking rights under Section 2.2(a) above do not conflict with the CC&R's, and Landlord has the right to provide Tenant with those parking rights under the CC&R's.

2.3 Common Areas - Definition. The term "**Common Areas**" is defined as all areas and facilities outside the Premises and within the exterior boundary line of the Project that are provided and designated by Landlord from time to time for the general non-exclusive use of Landlord, Tenant and of other tenants of the Project and their respective employees, suppliers, shippers, customers and invitees, including but not limited to stairways and stairwells, public restrooms (if any), parking areas, loading and unloading areas, trash areas, roadways, sidewalks, walkways, ramps, driveways, landscaped areas and decorative walls. A general location map of the Project and the Common Areas is attached as **Exhibit D**.

2.4 Common Areas - Rules and Regulations. Tenant agrees to abide by and conform to the CC&Rs, those prohibited and exclusive use set forth in **Exhibit F** and the rules and regulations attached hereto as **Exhibit E**, as the same may be modified from time to time by Landlord in conformance with this section, with respect to the Project and Common Areas, and to cause its employees, suppliers, shippers, customers, and invitees to so abide and conform. Landlord or such other person(s) as Landlord may appoint shall have the exclusive control and management of the Common Areas and shall have the right, from time to time, to reasonably modify, amend and enforce said rules and regulations, provided they are not inconsistent with the terms of this Lease. Landlord shall not be responsible to Tenant for the non-compliance with said rules and regulations by other tenants, their subtenants, agents, vendors, employees and invitees of the Project.

2.5 Changes in Common Areas. Landlord shall have the right, in Landlord's sole discretion, from time to time:

(a) To make changes to the Common Areas, including, without limitation, changes in the location, size, shape, number and appearance thereof, including but not limited to the driveways, entrances, loading and unloading areas, ingress, egress, direction of traffic, decorative walls, landscaped areas and walkways, provided that no such changes may materially reduce the number of Project parking spaces available for the Premises or restrict access to the Premises;

(b) To close temporarily any of the Common Areas for maintenance purposes so long as reasonable access to the Premises and adequate Project parking for the Premises remains available; and

(c) To use the Common Areas while engaged in making repairs or alterations to the Project, or any portion thereof, so long as reasonable access to the Premises and adequate Project parking for the Premises remains available.

3. Term/Improvements.

3.1 Term. The Term of this Lease shall be as set forth in Section 1.5 above.

3.2 Delay in Possession. This Lease will remain in full force and effect in the event Landlord, for any reason whatsoever, is unable to deliver possession of the Premises to Tenant by the Anticipated Commencement Date. However, in such case, Tenant shall not be obligated to pay Rent or perform any other obligation of Tenant under the terms of this Lease, and Landlord shall waive and forgive, and Tenant shall not be required to pay, an amount equal to \$500 for each day between the Anticipated Commencement Date and the actual Commencement Date ("**Liquidated Damages**"). The parties agree that the foregoing Liquidated Damages amount is a reasonable estimate of Tenant's actual damages in the event of delay in possession. Notwithstanding the foregoing, if Landlord, for any reason other than Tenant Delay or Force Majeure (see Section 41 below), is unable to deliver possession of the Premises to Tenant by the date which is six months after the Anticipated Commencement Date, Tenant, in its sole discretion may, with written notice to Landlord, terminate this Lease without liability to either party (except for indemnities and any obligation which this Lease expressly provides survives termination), at any time thereafter unless and until Landlord delivers possession of the Premises to Tenant.

3.3 Initial Improvements. Landlord and Tenant agree that the initial improvements to the Premises shall be in accordance with the Work Letter Agreement. Landlord and Tenant agree that the Initial Improvements to the Premises shall include the items as detailed in **Exhibit B ("Landlord's Work")** attached hereto, to be completed prior to Tenant's occupancy, at Landlord's sole cost and expense. Landlord's Work shall be designed, constructed and installed in full compliance with all covenants and restrictions of record, and all applicable building codes, regulations, ordinances, the Americans with Disabilities Act of 1990 (the "**ADA**"), all labor, minimum wage and prevailing wage laws (including without limitation Labor Code Section 1720.2 if applicable), the Tenant Improvement Standards (as defined in the Work Letter Agreement), and all other applicable laws and regulations (collectively, "**Laws**"). Tenant shall be permitted early access to the Premises to install Tenant's Work (as defined therein), Letter Agreement, provided that Tenant provides evidence of insurance required under this Lease to Landlord prior to entry onto the Premises and Tenant does not unreasonably interfere with Landlord's performance of Landlord's Work.

3.4 Early Possession. If Tenant occupies the Premises prior to the Commencement Date, all the other terms and provisions of this Lease shall remain in effect as if the Commencement Date had occurred but Tenant shall not be required to pay Base Rent for such occupancy until the Commencement Date has occurred.

4. Rent.

4.1 Base Rent. From and after the Commencement Date, Tenant shall pay the Total Base Rent as specified in Section 1.6 above, as the same is adjusted from time to time pursuant to this Lease.

4.2 Additional Rent. From and after the Commencement Date (except for any partial month before Month 1 as provided in Section 1.6(b) above), Tenant shall pay to Landlord, in addition to the Total Base Rent, Tenant's Share of Operating Expenses, Property Taxes and Insurance Expenses (each defined below) during each calendar year of the Term of the Lease (prorated for any partial year). Tenant's Share of Operating Expenses, Property Taxes and Insurance Expenses shall be paid on a monthly basis in an amount estimated by Landlord, paid together with Total Base Rent, and prorated for any partial month. The amounts shall be reconciled in accordance with Section 4.6 below. "Rent" as used herein means (a) Total Base Rent, (b) Tenant's Share of Operating Expenses, Property Taxes, Insurance Expenses and (c) any other amounts required to be paid by Tenant to Landlord hereunder.

4.3 Tenant's Share of Operating Expenses.

(a) "Operating Expenses" include all direct costs of the ownership, management, operation, insuring, maintenance, repair and replacement of the Building, Common Areas and the Project so as to maintain the same in good condition and in compliance with laws, including without limitation walkways, driveways, parking lot, landscaping, fences, signs and utility installations, all utility and building systems serving the Building and Common Areas (including heating, ventilation, air conditioning, plumbing, landscape, electrical systems, life safety and fire equipment, telecommunications systems, tenant directories and Common Area elevators), and all parts thereof, all as determined by consistent accounting practices, including the following costs by way of illustration, but not limitation: water and sewer charge; utilities; security services; Common Area janitorial services; labor; a proportionate share of the wages and salaries of employees used in the management, operation and maintenance of the Project, and payroll taxes and similar governmental charges with respect thereto; waste disposal, supplies, materials, equipment, tools, and costs of upkeep of all parking and Common Areas; and a reasonable management fee, calculated in a manner which is consistent with the methodology used during the five years preceding the Effective Date of this Lease, but in no case exceeding amounts customarily paid for managing similar projects in the metropolitan area in which the Project is located.

(i) Operating Expenses shall not include depreciation of the Project or depreciation of improvements or equipment therein, Landlord's executive salaries or real estate brokers' commissions. For any year in which the Building is less than 95% occupied, all amounts shall be calculated, as reasonably determined by Landlord, as if the Building were 95% occupied.

(b) Operating Expenses shall also include items considered capital repairs, replacements, improvements and equipment, costs incurred in replacing and/or adding improvements mandated by any governmental agency or applicable law and any repairs or removals necessitated thereby, provided the foregoing in this subsection is amortized over its useful life according to Federal income tax regulations or guidelines for depreciation thereof, does not include any structural maintenance, structural repair or replacement of structural components of the Building or roof replacements more than once every 15 years, and Tenant pays only Tenant's Share of such amortized expenses during the portion of the Term of this Lease during which Tenant is required to pay Operating Expenses.

(c) Operating Expenses shall not include any of the following: rentals and other costs in leasing equipment ordinarily considered to be of a capital nature; principal or interest payments on loans secured by a deed of trust or mortgage on the Building or Project (or any part thereof); depreciation of any improvements; the cost of any utility or special service provided to a tenant or paid to a tenant of the Building or Project that is not provided generally to all tenants of the Building and Project; paid absences, fringe benefits and salaries of executives or employees of Landlord above the level of building manager; fines and penalties except to the extent caused by any act or omission of Tenant; bad debts loss and rent loss or reserves for bad debts or rent loss; repairs and replacements to the extent

effected at no cost to Landlord pursuant to warranties or guaranties or insurance; damage and repairs for which Landlord receives insurance proceeds; costs associated with the financing or refinancing of the Building or Project; ground lease and mortgage payments payable by Landlord; costs necessitated by or resulting from the negligence or willful misconduct of Landlord or its employees, agents or contractors; costs related to maintaining Landlord's existence as an entity; costs incurred in connection with the defense of Landlord's title to the Building or Project; reserves for anticipated future expenses; costs and expenses incurred in connection with renting or leasing space in the Building or Project (including without limitation, rental and leasing commissions, tenant improvement costs, advertising and promotional expenses, legal fees for preparation of rental agreements and leases, rents payable with respect to any leasing office); and court costs and legal fees incurred to enforce the obligations of other tenants of the Building or Project under their respective leases.

(d) Tenant's Share of Operating Expenses shall be reconciled in accordance with Section 4.6 below.

4.4 Tenant's Share of Property Taxes.

(a) "**Property Taxes**" includes any form of real estate tax or assessment, general, special, ordinary or extraordinary, and any license fee, commercial rental tax, improvement bond or bonds, levy or tax (other than inheritance, income, franchise or estate taxes, or any tax based on rental income or gross receipts) imposed on the Project or any portion thereof by any authority having the direct or indirect power to tax, including any city, county, state or federal government, or any school, agricultural, sanitary, fire, street, drainage or other improvement district thereof. However, Property Taxes shall not include any amount resulting from a reassessment caused by a transfer or other change of ownership of the Project, Building or Project more frequently than once every five years.

(b) Tenant's Share of Property Taxes shall be reconciled in accordance with Section 4.6 below.

4.5 Tenant's Share of Insurance Expenses.

(a) "**Insurance Expenses**" as used herein shall mean the cost incurred by Landlord for insurance required to be carried by Landlord pursuant to Section 8 of this Lease, provided that Insurance Expenses may include costs of flood or earthquake coverages only if: (i) such coverage is customarily obtained by owners of comparable projects in the metropolitan area in which the Project is located, or (ii) Landlord reasonably demonstrates that the coverage is commercially reasonable under the circumstances.

(b) Tenant's Share of Insurance Expenses shall be reconciled in accordance with Section 4.6 below.

4.6 Estimate of Expenses and Payment of Operating Expenses, Taxes, & Insurance in Excess of Base Year; Cap.

(a) **Reconciliation.** Commencing with the calendar year ending **December 31, [2017]** and delivery of a statement the following March, Landlord shall give Tenant by the last day of March of each Lease Year, a statement ("**Annual Statement**") of the Operating Expenses, Insurance Expenses, and Property Taxes for the Project incurred by Landlord during the prior calendar year of the Term and (if applicable) the amounts which are payable by Tenant hereunder (to the extent they exceed the Base Year) versus the estimated amount (if any) actually paid by Tenant with Base Rent. Such Annual Statement shall include a new estimate of Operating Expenses, Insurance Expenses, and Property Taxes for the Project payable by Tenant for the then current calendar year of the Term. Within 60 days of the receipt of the Annual Statement, Tenant shall pay to Landlord any underpayment of Tenant's Share of Operating Expenses, Insurance Expenses, and Property Taxes for the Project for the prior year of the Term as reflected in the Annual Statement or if the Annual Statement reflects an

overpayment by Tenant of such amounts, Tenant shall be entitled to a credit against the estimated Tenant's Operating Expenses, Insurance Expenses and Property Taxes for the Project for the then current year of the Term, next coming due or if the Term has expired Landlord shall pay to Tenant any overpayment together with the delivery of the Annual Statement.

(b) **Payment At Expiration of Term.** Even though the Term may have expired and Tenant has vacated the Premises, when the final determination is made of Tenant's Share of expenses payable hereunder for any year in which this Lease terminates, Tenant shall within 60 days pay additional Rent due for the period of Tenant's occupancy.

(c) **Book And Records.** Landlord shall maintain at all times during the Term of this Lease, at the office of Landlord or its property manager (within the County of Stanislaus), full, complete and accurate books of account and records with respect to Operating Expenses, Insurance Expenses and Property Taxes for the Project, and shall retain such books and records, as well as contracts, bills, vouchers and checks, and such other documents as are reasonably necessary to properly audit the expenses payable hereunder. For a period of six months after receipt of an Annual Statement, Tenant shall be entitled, upon not less than ten days' prior written notice to Landlord and during normal business hours, at the office of the property manager for the Building or Landlord's offices, to inspect and examine Landlord's books and records relating to expenses payable by Tenant hereunder for the immediately preceding Lease Year. After expiration of such six-month period Tenant shall have no further right to review or audit Landlord's books and records. If, after inspection and examination of Landlord's books and records, Tenant disputes the amount charged by Landlord, Tenant may, by written notice to Landlord, request an independent audit of such books and records. The independent audit of the books and records shall be conducted by a certified public accountant ("CPA") with office lease auditing experience and reasonably acceptable to both Landlord and Tenant which (unless otherwise agreed by both parties) has not been engaged by either Landlord, Tenant or any affiliate of either within the preceding ten years. The audit shall be limited to the determination of the amount of expenses for the subject Lease Year. If the audit discloses that the amount of expenses billed to Tenant was incorrect, the appropriate party shall pay to the other party the deficiency or overpayment, as applicable. All costs and expenses of the audit shall be paid by Tenant unless the audit shows that Landlord overstated expenses for the subject Lease Year by more than five percent, in which case Landlord shall pay all costs and expenses of the audit. The exercise by Tenant of the audit rights hereunder shall not relieve Tenant of its obligation to timely pay all sums due under this Lease, including, without limitation, any disputed expenses until a final determination is made hereunder.

(d) **Cap in Operating Expenses Increases.** Notwithstanding any other provision of this Lease, under no circumstances shall Tenant be required to pay more than a 2% increase from one calendar year to the next in Tenant's Share of Controllable Operating Expenses (as defined below). For purposes of this Lease, "**Controllable Expenses**" shall include items which are generally within Landlord's control. By way of example, Controllable Expenses do *not* include taxes, utilities, insurance, and the first full 12-months of any new service provided by Landlord (e.g., Landlord-provided security services in accordance with Section 7.2).

4.7 Option Period Base Rent. The Base Rent for each Option Period shall be equal to the greater of (i) the Base Rent payable for the last month of the preceding Term and (ii) 90% of the Fair Market Rental (as defined below) for the Premises, subject to the limitations herein.

(a) For purposes of this Lease, "**Fair Market Rental**" means the then prevailing base rent per square foot of rentable area then being charged for comparable office space in the City of Turlock for buildings and projects comparable in quality and amenities to the Premises, Building and Project, including without limitation parking and access, and involving leases with similar terms and conditions as this Lease, taking into account all material economic components to the comparable lease transaction. The office spaces used for comparison shall, to the greatest feasible extent, be comparable in size, quality and design to the Premises.

(b) Not later than 90 days before the end of the then Term, Landlord and Tenant shall meet in an effort to negotiate, in good faith, the Fair Market Rental as of the commencement of the applicable Option Period. If the parties are unable to agree upon the Base Rent for the applicable Option Period at least 75 days prior to the commencement of the Option Period, each party shall, within 30 days after the date the parties are unable to reach agreement, provide the other with a written determination prepared by a licensed real estate broker or appraiser who is experienced in the market in which the Premises is located, which contains an explanation of each party's proposed Fair Market Rental. If, within 15 days thereafter, the parties are still unable to agree on the Fair Market Rental, Landlord and Tenant shall jointly select a third licensed real estate broker or appraiser who is experienced in the market in which the Premises are located (the "Referee"), who will determine which of the parties' determinations most closely approximates the actual fair market rental rate. The Referee shall be a person who has not represented either Landlord or Tenant within the previous ten years and who has no financial interest in the determination of Fair Market Rental other than payment of a reasonable fee and costs for his or her services. Each of Landlord and Tenant will pay 50% of the Referee's fees and costs, and the decision of the Referee will be conclusive, final and binding on all parties. Except for the Referee's fees and costs, each of Lessor and Lessee will bear its own fees and costs in these matters

(c) In the event that the Fair Market Rental is not established before the commencement of the Option Period, Tenant shall pay Base Rent as reasonably determined by Landlord. When the Fair Market Rental has been established, the new Base Rent shall be retroactively effective as of the beginning of the Option Period, and Landlord shall refund Tenant any overpayments within 30 days after the establishment of the new Base Rent.

(d) Notwithstanding the foregoing, Base Rent during any Option Term shall not exceed the "**Cap Amount**," determined by assuming a Base Rent/rsf for the first full month of the Initial Term being \$1.22, and multiplying that amount by a factor equal to the percentage change in the U.S. Department of Labor's Consumer Price Index for all Urban Consumers (CPI-U), U.S. City average for all items, from the first day of the first full month of the Initial Term to the first month of the applicable Option Term (not to exceed 2% per year, compounded annually).

5. Use.

5.1 Use. The Premises shall be used and occupied for the purpose of general office with public services and ancillary office uses, and for no other purpose.

5.2 Compliance with Law.

(a) Landlord warrants to Tenant that the Building, Project and Premises, in the state existing on the Commencement Date (including without limitation Landlord's Work), does not violate Laws in effect on the Commencement Date. In the event it is determined that the Building, Project or Premises, in the state existing on the Commencement Date, do violate any Laws in effect on the Commencement Date, then it shall be the obligation of the Landlord, after written notice from Tenant, to promptly, at Landlord's sole cost and expense, rectify any such violation. Except to the extent involving access to the Premises, utilities serving the Premises, and life-safety systems serving the Premises, compliance with such Laws under this Section 5.2(a) shall not be required where (i) the use or condition is a legal nonconforming use or (ii) such Laws are not enforced or enforceable due to a preexisting use or condition. If Landlord is performing any work as part of Landlord's Work that requires issuance of a building permit, Landlord shall, at its sole cost and expense, and prior to the Commencement Date, procure a Certificate of Occupancy and Landlord shall deliver copies of the same to Tenant.

(b) Tenant shall conduct its business in a lawful manner and shall not use or permit the use of the Premises or the Common Areas in any manner that will tend to create waste or a nuisance, or unreasonably disturb other occupants of the Project.

(c) Landlord has investigated Tenant's proposed occupation and use of the Premises, and has satisfied itself that such occupation and use satisfies all applicable fire insurance

underwriter requirements and rating bureaus to maintain Landlord's current fire insurance. If Tenant changes its manner of occupying and using the Premises in a manner which conflicts with the requirements of any fire insurance underwriters or rating bureaus, and such change results in an increase in Landlord's fire insurance premiums, Tenant shall be responsible for the increase.

5.3 Condition of Premises. Except as otherwise provided in this Lease, including without limitation Landlord's obligations under Section 5.2 and the Work Letter Agreement, Tenant hereby accepts the Premises, Building, Common Areas and all the Project in their condition existing as of the Commencement Date subject to all applicable zoning, municipal, county and state laws, ordinances and regulations governing and regulating the use of the Premises, and any easements, covenants or restrictions of record, and accepts this Lease subject thereto and to all matters disclosed thereby and by any exhibits attached hereto. Tenant acknowledges that it has satisfied itself by its own independent investigation that the Premises are suitable for its intended use, and that except as expressly provided in this Lease neither Landlord nor Landlord's agents or representatives have made any representation or warranty as to the present or future suitability of the Premises, Common Areas, or Project for the conduct of Tenant's business.

6. Maintenance, Repairs and Alterations.

6.1 Tenant's Obligations.

(a) Tenant shall pay for and be solely responsible for regular janitorial service to the Premises.

(b) Tenant shall pay for and be solely responsible for all gas, heat, air conditioning, light, power, premises telephone and other utilities and services specially or exclusively supplied and/or metered exclusively to the Premises or to Tenant, together with any taxes thereon.

(c) Except for Landlord's obligations herein and subject to Section 9 and 13, Tenant shall at all times and at Tenant's sole cost and expense, keep, maintain, clean, repair, preserve and replace, as necessary, the Premises and all parts thereof including, without limitation, the Initial Improvements, Alterations (as defined below), all special or supplemental HVAC systems, electrical systems, pipes and conduits, located within the Premises and installed by or on behalf of Tenant, all fixtures, furniture and equipment, Tenant's storefront, Tenant's signs, locks, closing devices, security devices, interior windows, window sashes, casements and frames, floors and floor coverings, shelving, kitchen and/or restroom facilities and appliances located within the Premises to the extent such facilities and appliances are intended for the exclusive use of Tenant, custom lighting installed by or on behalf of Tenant, and any Alterations or other property located within the Premises in first class condition and repair, reasonable wear and tear excepted. Notwithstanding anything to the contrary contained herein and unless caused by the negligent act or omission of Tenant or any of Tenant's agents, employees, contractors, licensees or invitees, Tenant's maintenance and repair obligations shall (a) be limited to (i) the interior surfaces of the ceilings, walls and floors of the Premises; (ii) interior doors and interior glass (as opposed to glass in the Building's exterior walls); (iii) exposed plumbing pipes, exposed electrical wiring, light switches, fixtures installed by or on behalf of Tenant in the Premises, and (iv) equipment installed by or at the expense of Tenant and (b) exclude any repairs which are needed as a result of the act or omission of Landlord or Landlord's employees, tenants, partners, contractors or agents. In addition, Tenant shall be responsible for all repairs and Alterations in and to the Premises and Building and the facilities and systems thereof to the satisfaction of Landlord, the need for which arises out of (a) Tenant's use or occupancy of the Premises, (b) the installation, removal, use or operation of Tenant's property in the Premises, (c) the moving of Tenant's property into or out of the Building, or (d) the act, omission, misuse or negligence of Tenant or Tenant Parties (as defined in Section 8.1). Such maintenance and repairs shall be performed with due diligence, lien free and in a good and workmanlike manner, by licensed contractor(s) which are selected by Tenant and approved by Landlord, which approval Landlord shall not unreasonably withhold, condition or delay.

6.2 Landlord's Obligations.

(a) Subject to Sections 9 and 13, Landlord shall have sole responsibility to keep the Common Areas of the Project and Building, including without limitation exterior walls, roof, and utility and mechanical systems serving the Project, in good condition and repair.

(b) Subject to Sections 9 and 13, and except as provided in Section 6.1, Landlord shall have sole responsibility to keep in good condition and repair (i) the Building shell and other structural portions of the Building (including the roof and foundations) and (ii) the basic heating, ventilating, air conditioning ("HVAC"), sprinkler and electrical systems within the Building core and standard conduits, connections and distribution systems thereof within the Premises (but not any above standard improvements installed in the Premises such as, for example, but by way of limitation, custom lighting, special or supplementary HVAC or plumbing systems or distribution extensions, special or supplemental electrical panels or distribution systems, or kitchen or restroom facilities and appliances to the extent such facilities and appliances are intended for the exclusive use of Tenant); provided, however, to the extent such maintenance, repairs or replacements are required as a result of any negligent act or omission of Tenant or Tenant Parties, Tenant shall pay to Landlord, as additional rent, the costs of such maintenance, repairs and replacements. Landlord shall not be liable to Tenant for failure to perform any such maintenance, repairs or replacements, except to the extent caused by Landlord's gross negligence or willful misconduct. Except as otherwise provided herein (including without limitation Section 27.1), there shall be no abatement of rent and no liability of Landlord by reason of any injury to or interference with Tenant's business arising from the making of any repairs, alterations or improvements in or to any portion of the Project, Building or the Premises or in or to fixtures, appurtenances and equipment therein. Without limiting the foregoing, Tenant waives the right to make repairs at Landlord's expense under any law, statute or ordinance now or hereafter in effect (including the provisions of California Civil Code Section 1942 and any successive sections or statutes of a similar nature).

6.3 Alterations and Additions.

(a) Landlord will, in advance, prepare the Premises for occupancy according to Tenant's specifications, as reflected in **Exhibit B**. Tenant shall not, without Landlord's prior written consent, make any further alterations, improvements, additions, Utility Installations or repair in, on or about the Premises, or the Project ("**Alterations**"). As used in this Section 6.3, the term "**Utility Installations**" shall mean carpeting, window and wall coverings, power panels, electrical distribution systems, lighting fixtures, air conditioning, plumbing, and telephone and telecommunication wiring and equipment. Landlord reserves the right to condition its consent to any Alterations requiring approval under this section to the removal of such Alterations by Tenant on expiration or earlier termination of this Lease. Landlord so conditioning its consent shall be deemed to be reasonable hereunder. If Landlord so conditions its consent and Tenant elects to proceed with the Alterations, then, on the expiration or earlier termination of this Lease, Tenant shall remove such Alterations and restore that portion of the Premises to its condition prior to such Alterations. Should Landlord permit Tenant to make its own Alterations, Tenant shall use only such contractor as has been expressly approved by Landlord, which approval shall not unreasonably be withheld, conditioned or delayed, and Landlord may require Tenant to provide Landlord, at Tenant's sole cost and expense, a payment and completion bond in an amount equal to one and one-half times (1½) the estimated cost of such improvements, to insure Landlord against any liability for mechanic's and materialmen's liens and to insure completion of the work. Should Tenant make any Alterations without the prior approval of Landlord, or use a contractor not expressly approved by Landlord, Landlord may at any time during the Term of this Lease, require that Tenant remove any part or all of the same. Notwithstanding the provisions of this section, Landlord agrees to allow Tenant to install such fixtures and appliances as may be necessary for the proper conduct of its business; provided that no such installation or removal thereof shall affect any structural portion of the Building nor any utility lines, communications lines, equipment or facilities in the Building serving any tenant other than Tenant.

(b) Tenant shall pay, when due, all claims for labor or materials furnished to or for Tenant at or for use in the Premises, which claims are or may be secured by any mechanic's or materialmen's liens against the Premises, the Building or the Project, or any interest therein. If any such liens are filed, Tenant shall, at its sole cost, immediately cause such lien to be released of record or bonded to Landlord's reasonable satisfaction so that it no longer affects title to the Project, the Building or

the Premises. If Tenant fails to cause such lien to be so released or bonded within thirty (30) days after filing thereof, Landlord may, without waiving its rights and remedies based on such breach, and without releasing Tenant from any of its obligations, cause such lien to be released by bonding the same to Landlord's reasonable satisfaction so that it no longer affects title to the Project, the Building or the Premises. Tenant shall pay to Landlord within thirty (30) days after receipt of invoice from Landlord, any sum paid by Landlord to remove such liens, together with interest at the Interest Rate from the date of such payment by Landlord.

(c) Tenant shall give Landlord not less than ten days' notice prior to the commencement of any work in the Premises by Tenant, and Landlord shall have the right to record and post notices of non-responsibility in or on the Premises or the Building as provided by law. If Tenant shall, in good faith, contest the validity of any such lien, claim or demand, then Tenant shall, at its sole expense defend itself and Landlord against the same and shall pay and satisfy any such adverse judgment that may be rendered thereon before the enforcement thereof against the Landlord or the Premises, the Building or the Project, upon the condition that if Landlord shall require, Tenant shall furnish to Landlord a surety bond satisfactory to Landlord in an amount equal to such contested lien claim or demand indemnifying Landlord against liability for the same and holding the Premises, the Building and the Project free from the effect of such lien or claim. In addition, unless Tenant has obtained a bond legally releasing the Premises and Building from the lien, claim or demand, Landlord may require Tenant to pay Landlord's reasonable attorneys' fees and costs in participating in such action if Landlord shall decide it is to Landlord's best interest so to do.

(d) All Alterations and Utility Installations (whether or not such Utility Installations constitute trade fixtures of Tenant), which may be made to the Premises by Tenant, including but not limited to, floor coverings, paneling, doors, drapes, built-ins, moldings, sound attenuation, and lighting and telephone or communication systems, conduit, wiring and outlets, shall be made and done in a good and workmanlike manner and of good and sufficient quality and materials.

(e) Tenant shall provide Landlord with as-built plans and specifications for any Alterations.

7. Security and Utilities.

7.1 Services Provided by Landlord. As part of Operating Expenses, Landlord shall contract for and provide the following services to the Premises and Project:

(a) All utilities, maintenance and repair for all Common Areas., including the sidewalks, driveways; exterior landscaping; exterior façade, walls, glass, doors and roof; exterior fencing and security systems; site signage and exterior building directories.

(b) Intentionally Omitted.

7.2 Security Services. Landlord will, if it obtains all necessary approvals or consents from other Building tenants (including without limitation consents to include the costs in shared operating expenses), provide security service or protection in the Building and/or the Project, in any manner deemed reasonable by Landlord at Landlord's sole discretion, from the Commencement Date throughout the Term. If Landlord is unable to obtain the necessary approvals or consents, Tenant may provide security service or protection for its Premises, agents, employees, contractors or invitees. Under no circumstances shall Tenant be deemed to be exercising dominion, supervision or control over any portion of the Project other than the Premises.

8. Insurance; Indemnity.

8.1 Liability Insurance - Tenant. Tenant shall, at Tenant's sole expense, obtain and keep in force during the Term of this Lease, a policy of Comprehensive General Liability insurance in form

reasonably approved by Landlord, in an amount of not less than \$3,000,000.00 per occurrence of bodily injury and property damage combined and shall show Landlord, Landlord's property manager and Landlord's lender as an additional insureds, under a separate endorsement, against liability arising out of the use, occupancy or maintenance of the Premises and the Common Areas by Tenant and its officers, directors, employees, agents, contractors, representatives, members, owners, trustees, vendors, patrons and invitees ("**Tenant Parties**"). In addition, Tenant shall, at Tenant's sole expense, obtain and keep in force during the Term of this Lease (a) Tenant worker's compensation and employer's liability insurance, in statutory amounts and limits, covering all persons employed in connection with any work done in, on or about the Premises for which claims for death or bodily injury could be asserted against Landlord, Tenant or the Premises, (b) loss of income, extra expense and business interruption insurance in such amounts as will reimburse Tenant for direct or indirect loss of earnings attributable to all perils commonly insured against by prudent tenants or attributable to prevention of access to the Premises or to the Building as a result of such perils, and (c) any other form or forms of insurance as Tenant or Landlord or the mortgagees of Landlord may reasonably require from time to time, in form, amounts and for insurance risks against which a prudent tenant would protect itself.

8.2 Liability Insurance - Landlord. Landlord shall obtain and keep in force, during the Term of this Lease, a policy of Combined Single Limit Bodily Injury and Broad Form Property Damage Insurance, plus coverage against such other risks Landlord deems advisable from time to time, insuring Landlord, but not Tenant, against liability arising out of the ownership, use, occupancy or maintenance of the Project in an amount not less than \$3,000,000.00 per occurrence. Landlord shall have the right to maintain all or any portion of such insurance under a blanket, excess or umbrella policy, as long as such policy is dedicated entirely to the Project.

8.3 Property Insurance - Tenant. Tenant shall, at Tenant's expense, obtain and keep in force during the Term of this Lease, for the benefit of Tenant, replacement cost fire and extended coverage insurance, with vandalism and malicious mischief, in an amount sufficient to cover not less than 100% of the full replacement cost, as the same may exist from time to time, of all of Tenant's personal property, fixtures, equipment and Initial Improvements and Alterations. In the event of any damage or destruction of all or any part of the Premises, Tenant shall immediately: (a) notify Landlord thereof; and (b) deliver to Landlord all insurance proceeds received by Tenant with respect to the Initial Improvements and Alterations, whether or not this Lease is terminated as permitted in Section 9, and Tenant hereby assigns to Landlord all rights to receive such insurance proceeds. If, for any reason (including Tenant's failure to obtain insurance for the full replacement cost of the Initial Improvements and Alterations which Tenant is required to insure), Tenant fails to receive insurance proceeds covering the full replacement cost of such Initial Improvements and Alterations which are damaged, Tenant shall be deemed to have self-insured the replacement cost of such Initial Improvements and Alterations, and upon any damage or destruction thereto, Tenant shall immediately pay to Landlord the full replacement cost of such items, less any insurance proceeds actually received by Landlord from Landlord's or Tenant's insurance with respect to such items.

8.4 Property Insurance - Landlord. Landlord shall obtain and keep in force, during the Term of this Lease, a policy or policies of insurance covering loss or damage to the Project improvements, but not Tenant's personal property, fixtures, equipment or Initial Improvements or Alterations, in the amount of the full replacement cost thereof, as the same may exist from time to time, utilizing Insurance Services Office standard form, or equivalent, providing protection against all perils included within the classification of fire, extended coverage, vandalism, malicious mischief, plate glass, and such other perils as Landlord deems advisable or may be required by a lender having a lien on the Project. In addition, Landlord shall obtain and keep in force, during the Term of this Lease, a policy of rental value insurance covering a period of at least one year, with loss payable to Landlord, which insurance shall also cover all Operating Expenses, Property Taxes and Insurance Expenses for that period. Tenant will not be named in any such policies carried by Landlord and shall have no right to any proceeds therefrom. The policies required by these Sections 8.2 and 8.4 shall contain such deductibles as Landlord or its lender may determine, consistent with customary commercial standards for comparable properties in Turlock, California. Landlord shall be responsible for all deductibles thereunder. Tenant shall not do or permit to be done anything which shall invalidate the insurance policies carried by

Landlord. Tenant shall pay the portion of any increase in the property insurance premium for the Project over what it was immediately prior to the Commencement Date of this Lease to the extent the increase is specified by Landlord's insurance carrier as being caused by a change in Tenant's operations at the Premises. Landlord represents that it has received assurances from its insurance carrier that, based on the carrier's policies in effect as of the Commencement Date, the nature of Tenant's occupancy will not result in any increase in the property insurance premium for the Project.

8.5 Insurance Policies. Each party shall deliver to the other copies of all insurance policies required under Sections 8.1 through 8.4 or evidencing the existence and amounts of such insurance by no later than the Commencement Date of this Lease. No such policy shall be cancelable or subject to reduction of coverage or other modification except after 30 days prior written notice to the other. Each party shall, at least 30 days prior to the expiration of such policies, furnish the other with renewals thereof.

(a) Each policy required to be obtained by either party hereunder shall: (a) be issued by insurers which are approved by the other party and/or its mortgagees and are authorized to do business in the state in which the Building is located and (other than worker's compensation and employer's liability) are rated not less than financial class V, and not less than policyholder rating A in the most recent version of Best's Key Rating Guide; (b) be in form reasonably satisfactory from time to time to the other party; (c) contain an endorsement that the insurer waives its right to subrogation as described in Section 8.6 below; and (d) contain an undertaking by the insurer to notify the other party (and any mortgagees and ground lessors of the other party who are named as additional insureds) in writing not less than thirty (30) days prior to any material change, reduction in coverage, cancellation or other termination thereof; (e) contain a cross liability or severability of interest endorsement; and (f) be in amounts sufficient at all times to satisfy any coinsurance requirements thereof. Each such policy shall also provide that any loss otherwise payable thereunder shall be payable notwithstanding (i) any act or omission of Landlord or Tenant which might, absent such provision, result in a forfeiture of all or a part of such insurance payment, (ii) the occupation or use of the Premises for purposes more hazardous than permitted by the provisions of such policy, (iii) any foreclosure or other action or proceeding taken by any mortgagee pursuant to any provision of the mortgage upon the happening of a default thereunder, or (iv) any change in title or ownership of the Premises.

(b) Each policy required to be obtained by Tenant shall also (i) name Landlord and, at Landlord's request, Landlord's mortgagees, ground lessors (if any) and managers of which Tenant has been informed in writing, as additional insureds thereunder, all as their respective interests may appear; (ii) not have a deductible amount exceeding Five Thousand Dollars (\$5,000.00), which amount shall be deemed self-insured with full waiver of subrogation; and (iii) specifically provide that the insurance afforded by such policy for the benefit of Landlord and Landlord's mortgagees and ground lessors shall be primary, and any insurance carried by Landlord or Landlord's mortgagees and ground lessors shall be excess and non-contributing;

(c) Notwithstanding any other provision of this Section 8, for so long as Tenant is the County of Stanislaus, insurance obtained through the CSAC Excess Insurance Authority, a joint powers authority established pursuant to Article 1, Chapter 5, Division 7, Title 1, of the California Government Code (Section 6500 et seq.) will satisfy the requirements of this Lease.

8.6 Waiver of Subrogation. Tenant and Landlord each hereby release and relieve the other, and waive such party's entire right of recovery against the other, for direct or consequential loss or damage arising out of or incident to the perils (whether due to the negligence of Landlord or Tenant or their agents, employees, contractors and/or invitees) covered by (a) insurance carried by the other party or (b) occurrences which would have been covered under any insurance required to be obtained and maintained by Landlord or Tenant (as the case may be) under Section 8 had such insurance been obtained and maintained as required therein. Each party shall cause each property and loss of income insurance policy required to be obtained by it pursuant to Section 8 to provide that the insurer waives all rights of recovery by way of subrogation against either Landlord or Tenant, as the case may be, in connection with any claims, losses and damages covered by such policy. If either party fails to maintain

property or loss of income insurance required hereunder, such insurance shall be deemed to be self-insured with a deemed full waiver of subrogation as set forth in the immediately preceding sentence.

8.7 Indemnities.

(a) **Tenant Indemnities.** Tenant shall indemnify, defend, protect and hold Landlord and its officers, directors, employees, agents, contractors, representatives, members, owners, trustees, invitees, property manager and lenders ("**Landlord Parties**"), harmless from and against any and all claims for damage to the person or property of any person or any entity arising from Tenant's use of the Premises, Building or Project, or from the conduct of Tenant's business or from any activity, work or things done, permitted or suffered by Tenant in or about the Premises or elsewhere within the Project and shall further indemnify, defend and hold harmless Landlord and Landlord Parties from and against any and all claims, costs and expenses arising from any breach or default in the performance of any obligation on Tenant's part to be performed under the terms of this Lease, or arising from any negligent or intentionally wrongful act or omission of Tenant or any of Tenant Parties under this Lease and from and against all costs, attorney's fees, expenses and liabilities incurred by Landlord or Landlord Parties as the result of any such breach, default, negligence or intentional misconduct, and in dealing reasonably therewith, including but not limited to the defense or pursuit of any claim or any action or proceeding involved therein; and in case any action or proceeding be brought against Landlord by reason of any such matter, Tenant, upon notice from Landlord, shall defend the same at Tenant's expense by counsel reasonably satisfactory to Landlord, and Landlord shall cooperate with Tenant in such defense. Landlord need not have first paid any such claim in order to be so indemnified. As between Tenant (and the Tenant Parties) and Landlord (and Landlord Parties) only, Tenant, as a material part of the consideration to Landlord, hereby assumes all risk of damage to property of Tenant or injury to persons (including Tenant Parties), in, upon or about the Premises, or any property of Tenant or injury to Tenant Parties in, upon or about the Building or Project arising from any cause and Tenant hereby waives all claims in respect thereof against Landlord, except for claims arising from, or based upon, damage to property or injury to persons that is caused by the negligence or intentionally wrongful acts of Landlord or Landlord Parties. Additionally, nothing, shall limit any rights of Tenant and Tenant Parties against third parties other than Landlord and Landlord Parties. The terms of this section shall survive the expiration or earlier termination of this Lease.

(b) **Tenant's Indemnity.** Tenant shall indemnify, protect, defend and hold the Landlord and Landlord Parties, harmless of and from any and all "**Claims**" (defined as claims, liability, costs, penalties, fines, damages, injury, judgments, forfeiture, losses and expenses) to the extent arising from (i) the negligence or willful misconduct of Tenant or Tenant Parties or employees, agents, contractors, employees, representatives, successors or assigns; (ii) any failure on the part of Tenant or Tenant's agents, as applicable, to perform or comply with applicable laws; and (iii) any default in the performance of any obligation on Tenant's part to be performed under the terms of this Lease.

(c) **Landlord's Indemnity.** Landlord shall indemnify, protect, defend and hold the Tenant and Tenant Parties, harmless of and from any and all Claims for damage to the person or property of any person to the extent arising from (i) the negligence or willful misconduct of Landlord or Landlord Parties or employees, agents, contractors, employees, representatives, successors or assigns; (ii) any failure on the part of Landlord or Landlord's agents, as applicable, to perform or comply with applicable Laws; (iii) any latent, design, construction or structural defect arising as a result of the Initial Improvements; and (iv) any default in the performance of any obligation on Landlord's part to be performed under the terms of this Lease.

(d) **Survival.** The provisions of this Section 8.7 shall survive the expiration or earlier termination of the Term.

9. Damage or Destruction.

9.1 Definitions.

(a) **"Casualty Damage"** means any fire or other casualty damage to the Premises, Building, or Project.

(b) **"Material Casualty Damage"** means any Casualty Damage to the Premises which makes any of the Premises untenable, or any Casualty Damage to the Building or Project which materially interferes with Tenant's activities at the Premises, including without limitation including loss of use due to loss of access, parking or essential services.

9.2 General. Landlord shall promptly repair or restore any Casualty Damage, at Landlord's sole cost and expense, if Landlord receives insurance proceeds sufficient to cover the costs of such repairs, reconstruction and restoration (including proceeds from Tenant and/or Tenant's insurance which Tenant is required to deliver to Landlord). Except as otherwise provided in this Lease, the Lease shall remain in full force and effect. If the Casualty Damage entitles Tenant to receive proceeds of any insurance maintained by Tenant under this Lease, Tenant will use diligent efforts to obtain such proceeds as soon as reasonably possible and make such proceeds available to Landlord for such repair or restoration. If, however, the Premises or any other part of the Building is damaged to an extent exceeding twenty-five percent (25%) of the full replacement cost thereof, or Landlord's contractor estimates that such work of repair, reconstruction and restoration will require longer than 180 days to complete, or Landlord will not receive insurance proceeds (and/or proceeds from Tenant, as applicable) sufficient to cover the costs of such repairs, reconstruction and restoration, then Landlord may elect to either:

(a) repair, reconstruct and restore the portion of the Building and Premises damaged by such casualty (including, to the extent of insurance proceeds received from Tenant, the Tenant Improvements and Tenant Changes), in which case this Lease shall continue in full force and effect; or

(b) terminate this Lease effective as of the date which is thirty (30) days after Tenant's receipt of Landlord's election to so terminate.

Notwithstanding the foregoing, Landlord's right to terminate this Lease because of a fire or other casualty to other parts of the Building which do not adversely affect Tenant's use or enjoyment of the Premises and the Common Area shall be conditioned on Landlord simultaneously terminating the leases of all other similarly situated tenants in the Building.

9.3 Additional Obligations for Material Casualty Damage.

(a) Following any Material Casualty Damage, the Rent payable hereunder (including Tenant's Share of Operating Expenses, Property Taxes and Insurance Expenses) shall be abated to the extent any of the Premises are untenable or the operation of Tenant's activities at the Premises are adversely affected.

(b) Within 30 days after the date of Material Casualty Damage, Landlord shall provide Tenant with a written estimate, confirming the amount of time Landlord reasonably expects to complete the necessary repairs or restorations to eliminate the Material Casualty Damage ("**Completion Estimate**"). Unless the Completion Estimate is (i) from a reputable California-licensed general contractor selected by Landlord and reasonably acceptable to Tenant, and (ii) indicates that the necessary repairs or restorations can be completed within 135 days after the date of the Material Casualty Damage (or such longer period approved by Tenant and Landlord in their mutual reasonable discretion), Tenant shall have the right to terminate this Lease upon written notice to Landlord within 30 days after the date Tenant receives the Completion Estimate.

(c) In the event Landlord is unable to or otherwise fails to deliver a Completion Estimate to Tenant within the time period set forth above (or such longer periods approved by Tenant and Landlord in their mutual reasonable discretion), Tenant shall have the right to terminate this Lease upon written notice to Landlord within 30 days after the date the Completion Estimate was due.

(d) In the event Landlord is unable to or otherwise fails to complete the necessary repairs or restorations to eliminate the Material Casualty Damage within 135 days after the date of the Material Casualty Damage (or such longer period approved by Tenant and Landlord in their mutual reasonable discretion), Tenant shall have the right to terminate this Lease upon written notice to Landlord at any time prior to the completion of the repairs or restorations.

9.4 Termination - Advance Payments. Upon termination of this Lease pursuant to this Section 9, an equitable adjustment shall be made concerning advance Rent and any advance payments made by Tenant to Landlord, based on the actual termination date.

9.5 Waiver. Landlord and Tenant each hereby waive the provisions of California Civil Code Sections 1932(2), 1933(4) and any other applicable existing or future law permitting the termination of a lease agreement in the event of damage or destruction under any circumstances other than as provided in this Section 9.

10. Tenant's Personal Property Taxes. Tenant shall pay prior to delinquency all taxes assessed against and levied upon trade fixtures, furnishings, equipment and all other personal property of Tenant contained in the Premises or elsewhere. If any of Tenant's personal property is assessed with Landlord's real property, Tenant shall pay to Landlord the taxes attributable to Tenant within ten days after receipt of a written statement setting forth the taxes applicable to Tenant's property.

11. Assignment and Subletting.

11.1 General. Tenant shall not assign, sublet, mortgage or otherwise transfer (together, "Transfer") any part of Tenant's interest in the Lease or in the Premises without Landlord's prior written consent, which Landlord shall not unreasonably withhold. Landlord shall respond to Tenant's request for consent hereunder in a timely manner and any attempted assignment, subletting, mortgaging or transfer without such consent shall be void. Use or occupancy of the Premises by another agency, department or division of the County of Stanislaus ("Other Occupant") shall not be deemed a Transfer. For purposes of this Lease, Landlord shall be presumed to be acting unreasonably if it rejects a Transfer to a proposed transferee (i) whose intended use does not violate any other Project tenant's exclusive rights and (ii) which satisfies Landlord's then applicable standards for tenants of comparable space within the Project.

11.2 Terms and Conditions Applicable to Assignment and Subletting:

(a) Landlord's consent to any Transfer shall not release Tenant of Tenant's obligations hereunder or alter the primary liability of Tenant to pay the Rent and other sums due Landlord hereunder, including Tenant's Share of Operating Expenses, Property Taxes and Insurance Expenses, and to perform all other obligations to be performed by Tenant hereunder unless Landlord expressly releases Tenant in writing.

(b) Landlord's consent to any Transfer shall not constitute consent to any subsequent Transfer.

11.3 Landlord's Expenses. In the event Tenant shall Transfer the Premises or request the consent of Landlord to any Transfer, then Tenant shall pay Landlord's reasonable costs and expenses incurred in connection therewith, not to exceed \$1,500.00.

12. Default; Remedies.

12.1 Default. The occurrence of any one or more of the following events shall constitute a material default of this Lease by Tenant:

(a) The failure by Tenant to make any payment of Rent or any other payment required to be made by Tenant hereunder, as and when due where such failure shall continue for a period of ten days after written notice thereof from Landlord to Tenant.

(b) The failure by Tenant to observe or perform any of the covenants, conditions or provisions of this Lease to be observed or performed by Tenant other than those referenced in subsection (a) above, where such failure shall continue for a period of 30 days after written notice thereof from Landlord to Tenant; provided, however, that if the nature of Tenant's noncompliance is such that more than 30 days are reasonably required for its cure, then Tenant shall not be deemed to be in default if Tenant commenced such cure within said 30-day period and thereafter diligently pursues such cure to completion.

(c) (i) The making by Tenant of any general arrangement or general assignment for the benefit of creditors; (ii) Tenant becoming a "debtor" as defined in 11 U.S.C. §101 or any successor statute thereto (unless, in the case of a petition filed against Tenant, the same is dismissed within 60 days); (iii) the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located at the Premises or Tenant's interest in this Lease, where possession is not restored to Tenant within 30 days; or (iv) the attachment, execution or other judicial seizure of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where such seizure is not discharged within 30 days.

12.2 Remedies. In the event of any material default of this Lease by Tenant as provided in Section 12.1, Landlord may at any time thereafter, with notice to Tenant:

(a) Terminate Tenant's right to possession of the Premises by any lawful means, in which case this Lease and the Term hereof shall terminate and Tenant shall immediately surrender possession of the Premises to Landlord.

(b) Landlord may from time to time upon termination of this Lease, recover all Rent becoming due hereunder or make such alterations and repairs as may be necessary in order to relet the Premises, and relet said Premises or any part thereof on Tenant's account for such term or terms and at such rental or rentals and upon such other terms and conditions as Landlord in its sole discretion may deem advisable. Upon each such reletting all rentals received by Landlord from such reletting shall be applied, first, to the payment of any indebtedness other than Rent due hereunder from Tenant to Landlord; second, to the payment of any costs and expenses of such reletting including brokerage fees and attorney's fees and of costs of such alterations and repairs; third to the payment of Rent due and unpaid hereunder and the residue, if any, shall be held by Landlord and applied in payment of future Rent as the same may become due and payable hereunder. Should Landlord at any time terminate this Lease for any breach in addition to any other remedies it may have it may recover from Tenant:

- (i) the worth at the time of any unpaid Rent which had been earned at the time of such termination: plus
- (ii) the worth at the time of award of the amount by which the unpaid Rent which would have been earned after termination until the time of award exceeds the amount of such rental cost Tenant proves could have been reasonably avoided; plus
- (iii) the worth at the time of award of the amount by which the unpaid Rent for the balance of the term after the time of award exceeds the amount of such rental loss that Tenant proves could be reasonably avoided; plus
- (iv) any other amount necessary to compensate Landlord for all the detriment approximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things

would be likely to result therefrom, including the cost of recovering the Premises and attorney's fees incurred in connection with such termination.

(c) The term Rent or rentals as used herein shall be deemed to be and to mean the minimum annual rental and all other sums required to be paid by Tenant pursuant to the terms of this Lease.

(d) As used in subparagraph (i) and (ii) above the "worth at the time of award" is computed by allowing interest at the rate otherwise payable by Tenant for delinquencies under this Lease. As used in subparagraph (iii) above the "worth at the time of award" is computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

(e) Except as specifically provided otherwise in this Lease, all covenants and agreements by Tenant under this Lease shall be performed by Tenant at Tenant's sole cost and expense and without any abatement or offset of rent. If Tenant shall fail to pay any sum of money (other than monthly Base Rent) or perform any other act on its part to be paid or performed hereunder and such failure shall continue for three (3) days with respect to monetary obligations (or ten (10) days with respect to non-monetary obligations, except in case of emergencies, in which such case, such shorter period of time as is reasonable under the circumstances) after Tenant's receipt of written notice thereof from Landlord, Landlord may, without waiving or releasing Tenant from any of Tenant's obligations, make such payment or perform such other act on behalf of Tenant. All sums so paid by Landlord and all necessary incidental costs incurred by Landlord in performing such other acts shall be payable by Tenant to Landlord within thirty (30) days after written demand therefor as additional rent.

(f) Pursue any other remedy now or hereafter available to Landlord under the laws or judicial decisions of the state wherein the Premises are located, including all rights and remedies under California Civil Code Sections 1951.2 and 1951.4 (lessor may continue lease in effect after lessee's breach and abandonment and recover rent as it becomes due, if lessee has the right to sublet or assign, subject only to reasonable limitations). Following any Landlord-declared event of default, unpaid installments of Rent and other unpaid monetary obligations of Tenant under the terms of this Lease shall bear interest from the date due at the rate otherwise payable by Tenant for delinquencies under this Lease.

12.3 Default by Landlord. Landlord shall not be in default unless Landlord fails to perform obligations required of Landlord within a reasonable time, but in no event later than 30 days after written notice by Tenant to Landlord and to the holder of any mortgage or deed of trust covering the Premises whose name and address shall have therefore been furnished to Tenant in writing, specifying how Landlord has failed to perform such obligation; provided, however, that if the nature of Landlord's obligation is such that more than 30 days are required for performance then Landlord shall not be in default if Landlord commences performance within such 30-day period and thereafter diligently pursues the same to completion.

12.4 Late Charges. Tenant hereby acknowledges that late payment by Tenant to Landlord of Total Base Rent, Tenant's Share of Operating Expenses, Property Taxes, and Insurance Expenses or other sums due hereunder will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges, and late charges which may be imposed on Landlord by the terms of any mortgage or trust deed covering the Project. Accordingly, if any installment of Rent, including Total Base Rent, Operating Expenses, Property Taxes or Insurance Expenses, or any other sum due from Tenant shall not be received by Landlord or Landlord's designee within ten days after such amount shall be due, then, without any requirement for notice to Tenant, Tenant shall pay to Landlord a late charge equal to 5% of such overdue amount. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Landlord will incur by reason of the late payment by Tenant.

13. Condemnation. If the Premises or any portion thereof of the Building or Project are taken under the power of eminent domain or sold under the threat of the exercise of said power (all of which are herein called "**condemnation**"), this Lease shall terminate as to the part so taken as of the date the condemning authority takes title or possession, whichever first occurs; provided that if so much of the Premises, Building or the Project are taken by such condemnation as would substantially affect the operation and use of Tenant's business conducted from the Premises, Tenant shall have the option, to be exercised only in writing within 30 days after Landlord shall have given Tenant written notice of such condemnation (or in the absence of such notice, within 30 days after the condemning authority shall have taken possession), to terminate this Lease as of the date the condemning authority takes such possession. If Tenant does not terminate the entire Lease in accordance with the foregoing, the remaining portion of this Lease shall remain in full force and effect as to the portion of the Premises remaining, except that the Base Rent and Tenant's Share of Operating Expenses, Property Taxes, Insurance Expenses and other charges shall be reduced in the proportion that the Rentable Area of the Premises taken bears to the total Rentable Area of the Premises. Common Areas taken shall be excluded from the Common Areas usable by Tenant and no reduction of Rent shall occur with respect thereto or by reason thereof provided commercially reasonable access to the Premises still remains. Landlord shall have the option in its sole discretion to terminate this Lease as of the taking of possession by the condemning authority, by giving written notice to Tenant of such election within 30 days after receipt of notice of a taking by condemnation of any part of the Premises or the Project, but only if so much of the Premises or the Project are taken by such condemnation as would substantially impair Landlord's operation and maintenance of the Project. In the event that this Lease is not terminated by reason of such condemnation, Landlord shall, to the extent of severance damages received by Landlord in connection with such condemnation, repair any damage to the Premises caused by such condemnation except to the extent that Tenant has been reimbursed therefor by the condemning authority. Landlord and Tenant each hereby waives the provisions of California Code of Civil Procedure Section 1265.130 and any other applicable existing or future law allowing either party to petition for a termination of this Lease upon a partial taking of the Premises, except as provided in this Section 13.

14. Broker's Fee. Landlord and Tenant each warrants to the other that no person or entity other than the brokers identified herein, if any ("**Brokers**") can properly claim a right to a real estate commission, finder's fee or other real estate brokerage-type commission (collectively, "**Real Estate Compensation**") based upon the acts of that party with respect to the transactions contemplated within this Lease. Tenant and Landlord each hereby agrees to indemnify, protect and defend the other against (by counsel acceptable to the party seeking indemnification) and hold the other harmless from and against any and all damages, liabilities, loss, cost and expense, including, but not limited to, reasonable attorneys' fees and court costs, resulting from any claims through the indemnifying party herein for Real Estate Compensation by any person or entity other than the Brokers named herein.

15. Estoppel Certificate.

15.1 Information to be Provided. Each party (as "**responding party**") shall at any time (but not more than three times within any 12-month period) upon not less than 30 days' prior written notice from the other party ("**requesting party**") execute, acknowledge and deliver to the requesting party a statement in writing certifying: (a) the Commencement Date of this Lease; (b) that this Lease is unmodified and in full force and effect (or, if modified, that this Lease is in full force and effect as modified, and stating the date and nature of such modifications); (c) the date to which the rent and other sums payable under this Lease have been paid; (d) that there are not, to the best of Tenant's or Landlord's knowledge, any defaults under this Lease by either Landlord or Tenant, except as specified in such certificate; and (e) such other matters as are reasonably requested by Landlord or Tenant. Any such statement may be conclusively relied upon by any prospective purchaser or encumbrancer of the Project or of the business of Tenant.

15.2 Failure to Deliver. At the requesting party's option, the responding party shall deliver an accurate statement that (i) this Lease is in full force and effect, without modification except as may be represented by the requesting party, (ii) to the responding party's knowledge there are no uncured

defaults in the requesting party's performance, and (iii) if Landlord is the requesting party, not more than one month's Rent has been paid in advance.

15.3 Financial Statements. If Landlord desires to finance, refinance, or sell the Project, or any part thereof, Tenant hereby agrees to deliver to any lender or purchaser designated by Landlord such regularly prepared financial statements of Tenant as may be reasonably required by such lender or purchaser. Such statements shall include Tenant's past three years' financial statements. All such financial statements shall be received by Landlord and such lender or purchaser in confidence (to the extent otherwise confidential) and shall be used only for the purposes herein set forth. In addition, Tenant will provide to Landlord (without demand but upon demand if so required), as soon as available during each year of the Term, Tenant's most recent financial statements. Tenant shall also use reasonable efforts to cooperate with Landlord in connection with any transaction subject to this Section 15.3, provided that no such cooperation will require Tenant to alter the basic business terms of this Lease or otherwise materially diminish any Tenant rights or materially increase any Tenant obligation hereunder.

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

17. Interest on Past-Due Obligations. Except as expressly herein provided, any amount due to Landlord not paid when due shall bear interest from the due date at the lesser of 7.5% per annum or the maximum rate then allowable by law (the "**Interest Rate**"). Interest shall not be payable on late charges incurred by Tenant nor on any amounts upon which late charges are paid by Tenant.

18. Time of Essence. Time is of the essence with respect to this Lease and each of the obligations to be performed under this Lease.

19. Incorporation of Prior Agreements; Amendments. This Lease contains all agreements of the parties with respect to any matter mentioned herein. No prior or contemporaneous agreement or understanding pertaining to any such matter shall be effective. This Lease may be modified in writing only, signed by the parties in interest at the time of the modification.

20. Notices. Any notice, waiver or consent required or permitted to be given hereunder shall be in writing and may be given by personal delivery, certified or registered mail, electronic mail or facsimile, and shall be deemed sufficiently given if delivered or addressed to Tenant or to Landlord at the addresses noted below. Service of personally delivered notices, waivers or consents shall be deemed given upon personal delivery to the intended party. Mailed notices, waivers or consents shall be deemed given upon actual receipt at the address required or 48 hours following deposit in the mail (sent postage prepaid, certified or registered with signature requested), whichever first occurs. Notices, waivers or consents sent by electronic mail or facsimile shall be deemed given upon receipt, provided the notice, waiver or consent is also sent via regular mail within 24 hours. Either party may by notice to the other specify a different address for notice purposes. A copy of all notices, waivers or consents required or permitted to be given to Landlord hereunder shall be concurrently transmitted to such party or parties at such addresses as Landlord may from time to time hereafter designate by notice to Tenant.

Landlord: NUCP Turlock, LLC
c/o New Urban Communities Partners, LLC
3100 Oak Road Suite 140
Walnut Creek, CA 94597

Tenant: Stanislaus County
c/o Chief Operations Officer
1010 Tenth Street, Suite 6800
Modesto, CA 95354

and

Stanislaus County General Services Agency
c/o Purchasing Agent
1010 Tenth Street, Suite 5400
Modesto, CA 95354

21. Waivers. No waiver by a party of any provision hereof shall be deemed a waiver of any other provision hereof or of any subsequent breach by such party of the same or any other provision. A party's consent to, or approval of, any act shall not be deemed to render unnecessary the obtaining of such party's consent of or approval of any subsequent act.

22. No Recording. Neither party shall record this Lease nor any "short form" memorandum of this Lease.

23. Holding Over. If Tenant, with Landlord's consent, remains in possession of the Premises or any part thereof after expiration of the Term hereof, such occupancy shall be a tenancy from month to month upon all provisions of this Lease pertaining to the obligations of Tenant, except that the Base Rent payable shall be one hundred twenty-five percent (125%) of the Base Rent payable immediately preceding the termination or expiration date of this Lease and all Options if any granted under the terms of this Lease shall be deemed terminated and be of no further effect during said month to month tenancy. A month-to-month tenancy hereunder shall be terminable by either party on not less than 60 days' written notice.

24. Cumulative Remedies. No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.

25. Binding Effect; Choice of Law. Subject to any provisions hereof restricting assignment or subletting by Tenant and subject to the provisions of Section 11, this Lease shall bind the parties, their personal representatives, successors and assigns. This Lease shall be governed by the laws of the State of California and any litigation concerning this Lease between the parties hereto shall be initiated in the County of Stanislaus.

26. Subordination.

26.1 Subordination or Priority of Lease. At Landlord's sole discretion, this Lease shall be subordinate to any mortgage, deed of trust, or any other pledge or security now or hereafter placed upon the Project. If any mortgagee or trustee shall elect to have this Lease hereby prior to the lien of its mortgage or deed of trust, and shall give written notice thereof to Tenant, this Lease shall be deemed prior to such mortgage or deed of trust, whether this Lease is dated prior or subsequent to the date of said mortgage or deed of trust or the date of recording thereof. In the event that any ground or master lease terminates for any reason or any mortgage or deed of trust is foreclosed or a conveyance in lieu of foreclosure is made for any reason, at the election of Landlord's successor in interest, Tenant shall attorn to and become the tenant of such successor. Tenant hereby waives its rights under any current or future law which gives or purports to give Tenant any right to terminate or otherwise adversely affect this Lease and the obligations of Tenant hereunder in the event of any such foreclosure proceeding or sale.

26.2 Execution of Documents. Tenant agrees to execute any documents required to effectuate an attornment, a subordination, or to make this Lease granted herein prior to the lien of any mortgage or deed of trust, as the case may be. Tenant's failure to execute such documents within ten days after written demand shall constitute a material default by Tenant hereunder without further notice to Tenant and, at Landlord's discretion, Landlord shall execute such documents on behalf of Tenant as Tenant's attorney-in-fact. Tenant does hereby make, constitute and irrevocably appoint Landlord as Tenant's attorney-in-fact and in Tenant's name, place and stead, to execute such documents in accordance with this Section 26.2.

26.3 Nondisturbance. Notwithstanding Section 26.1, Landlord agrees that subordination of this Lease to any current or future mortgage or deed of trust is conditioned upon Tenant's receipt of a non-disturbance agreement from the party requiring such subordination (the "**Superior Lienor**"). Such non-disturbance agreement shall provide that Tenant's possession of the Premises shall not be interfered with following a foreclosure of the mortgage or deed of trust (or deed in lieu thereof) provided Tenant is not in default under this Lease beyond any applicable cure periods. Landlord shall use reasonable efforts to obtain from any current Superior Lienor a non-disturbance agreement for the benefit of Tenant, specifying that Tenant's rights to possession of the Premises shall not be disturbed so long as Tenant is not in default under this Lease beyond any applicable cure periods. Tenant covenants and agrees to execute and deliver to Landlord within fifteen (15) days after receipt of written demand by Landlord and in the form reasonably required by Superior Lienor, any additional documents evidencing the priority or subordination of this Lease with respect to any such ground or master lease or the lien of any such mortgage or deed of trust or Tenant's agreement to attorn, provided such documents contain the non-disturbance provisions required by this Section 26.3). Should Tenant fail to sign and return any such documents within said fifteen (15) day period, Tenant shall be in default hereunder without the benefit of any additional notice or cure periods.

27. Landlord's Access.

27.1 Rights of Landlord. Landlord and Landlord's agents shall have the right to enter the Premises at reasonable times and upon reasonable notice, for the purpose of inspecting the same, performing any services required of Landlord, showing the same to prospective purchasers, lenders or tenants, taking such safety measures, erecting such scaffolding or other necessary structures, and the erecting, using and maintaining of utilities, services, pipes and conduits through the Premises and/or other premises, as long as Landlord uses commercially reasonable efforts (including without limitation coordinating potential interference periods with Tenant to the extent reasonably possible, performing work during non-operational hours, providing additional signage and ramps if necessary, etc.) to minimize any material adverse effect to or interference with Tenant's use of the Premises. Landlord may at any time place on or about the Premises or the Building any ordinary "For Sale" and "For Rent" signs.

27.2 No Abatement of Rent. All activities of Landlord pursuant to this Section 27 shall be without abatement of Rent, nor shall Landlord have any liability to Tenant for the same.

27.3 Means of Entry. Landlord shall have the right to retain keys to the Premises and on 24 hours notice to Tenant, to unlock all doors in or upon the Premises other than to files, vaults and safes, and in the case of emergency to enter the Premises by any reasonable appropriate means, and any such entry shall not be deemed a forcible or unlawful entry or detainer of the Premises or an eviction. Tenant waives any charges for the damages or injuries or interference with Tenant's property or business therewith.

28. Signs and Directories. Tenant shall not place or permit to be placed any sign upon the Premises or Building exterior, or in the windows, or the Project, without Landlord's prior written consent. Landlord shall provide Tenant with signage required by the Work Letter, and be responsible for maintaining all such signage, at Landlord's sole cost and expense. All signage shall comply with local laws and ordinances.

29. Quiet Possession. Upon Tenant paying the Rent for the Premises and observing and performing all of the covenants, conditions and provisions on Tenant's part to be observed and performed hereunder, Tenant shall have quiet possession of the Premises for the entire Term hereof subject to all of the provisions of this Lease.

30. Restrictions on Signs/Access. Tenant shall not.

30.1 Use a representation (photographic or otherwise) of the Building or the Project or their name(s) in connection with Tenant's business; and/or

30.2 Suffer or permit anyone, except in emergency, to go upon the roof of the Building.

31. Authority. Each of the individual(s) executing this lease on behalf of Tenant and Landlord represents and warrants that such individual is duly authorized to execute and deliver this Lease on behalf of the party.

32. Conflict. Any conflict between the printed provisions, Exhibits or Addenda of this Lease and the typewritten or handwritten provisions, if any, shall be controlled by the typewritten or handwritten provisions.

33. No Offer. Preparation of this Lease by either party and submission of same to the other shall not be deemed an offer to lease. This Lease shall become binding upon Landlord and Tenant only when fully executed by both parties.

34. Multiple Parties. If more than one person or entities named as either Landlord or Tenant herein, except as otherwise expressly provided herein, the obligations of Landlord and Tenant herein shall be the joint and several responsibility of all persons or entities named herein as such Landlord or Tenant, respectively.

35. Hazardous Materials.

35.1 Definition of Hazardous Materials. "Hazardous Materials" shall mean any substance or material which has been determined by any state, federal or local governmental authority to be capable of posing a risk of injury to health, safety or property, including all of those materials and substances designated as hazardous or toxic by any municipal, county, state or federal law, statute, ordinance, rule or regulation. Without limiting the generality of the foregoing the term "Hazardous Materials" shall include petroleum and petroleum products, asbestos or asbestos containing materials, polychlorinated biphenyls in concentrations greater than 50 parts per million, hazardous waste identified in accordance with Section 3001 of the Federal Resource Conservation and Recovery Act of 1976, as amended, substances defined as "hazardous substances" or "toxic substances" in the Comprehensive Environmental Response, Compensation and Liability Act Of 1980, as amended, 42 U.S.C. Sec. 9061 et seq.; Hazardous Materials Transportation Act, 49 U.S.C. Sec. 5102; and Resource Conservation and Recovery Act, 42 U.S.C. Sec. 6901 et seq. and all of those materials and substances defined as "hazardous waste" in Section 66088 of Title 26 of the California Code of Regulations, Division 22, as the same shall be amended from time to time, or any other materials requiring remediation under federal, state or local laws, statutes, ordinances, rules or regulations.

35.2 Hazardous Materials Use. Tenant shall comply with all applicable federal, state and local laws, statutes, ordinances, rules and regulations relating to the storage, use, release, disposal, and clean-up of Hazardous Materials, including, but not limited to, the obtaining of proper permits. Tenant shall immediately notify Landlord of any inquiry, test, investigation, or enforcement proceeding by or against Tenant or the Premises concerning any Hazardous Materials. If Tenant's storage, use, release or disposal of any Hazardous Materials in, on or adjacent to the Premises, Building or the Project results in any contamination of the Premises, Building or the Project, or the soil or surface or groundwater in or about the Building or Project, Tenant shall remove the contamination at its expense. Tenant further agrees to indemnify, defend and hold Landlord and Landlord Parties harmless from and against any claims, suits, causes of action, costs, fees, judgments and liabilities, including attorneys' fees and costs arising out of or in connection with any Hazardous Materials used, stored, released or disposed of in, on or about the Premises or the Project by Tenant or Tenant Parties or any clean-up work, inquiry or enforcement proceeding in connection therewith. Tenant's obligations under this Section 35.2 shall survive termination or expiration of this Lease. Landlord hereby recognizes that Tenant shall not be in any way liable or be required to protect, indemnify, save and defend Landlord or Landlord Parties harmless from any and all liability, loss, damage or expense, including reasonable attorneys' fees, claims, suits and judgments that Landlord or Landlord Parties may suffer as a result of, or with respect to the presence of any Hazardous Materials existing on the Premises on the Commencement Date. The terms of this section shall survive the expiration or earlier termination of this Lease.

36. Mortgagee Protection Clause. Tenant agrees to give any mortgagees and/or trust deed holders (“**Holders**”), by certified mail or reputable overnight courier service (such as Fedex) a copy of any notice of default served upon Landlord, provided that prior to such notice Tenant has been notified, in writing (by way of notice of assignment of rents and leases, or otherwise) of the addresses of such Holders. Tenant further agrees that if Landlord shall have failed to cure such default within the time provided for in this Lease, then the Holders shall have an additional 30 days within which to cure such default or if such default cannot be cured within that time, then such additional time as may be necessary, if within such 30 days Holder has commenced and is diligently pursuing the remedies necessary to cure such default (including but not limited to commencement of foreclosure proceeding, if necessary to effect such cure) in which event this Lease shall not be terminated while such remedies are being so diligently pursued.

37. Early Termination. Notwithstanding any other provisions for termination contained in this Lease:

37.1 Termination due to Funding Issues. Tenant may terminate this Lease at any time after the 60th complete month of the Initial Term if it determines, in its sole discretion, that (i) sufficient funds are not available to allow for continuation of this Lease, or (ii) current County owned space becomes available that will accommodate the Permitted Use. In such event, Tenant must provide Landlord a minimum of 180 days prior written notice, identifying the termination date. Tenant shall remain obligated to pay (i) monthly Base Rent plus Tenant’s Share of Operating Expenses, Property Taxes and Insurance Expenses through the Lease termination date as otherwise provided in this Lease, plus (ii) in the County’s sole discretion, *either* (x) the remaining unamortized principal (not interest) of Initial Improvements costs no later than the Lease termination date, or (y) the monthly amortization amount of Initial Improvements on or before the date that each Base Rent payment would have been due had Tenant not terminated this Lease in accordance with this Section 37.1.

37.2 Termination for Any Reason. In addition to Tenant’s other rights under this section, Tenant may terminate this Lease at any time before the 60th complete month of the Initial Term for any reason whatsoever. In such event, Tenant must provide Landlord a minimum of 360 days prior written notice, identifying the termination date. Tenant shall remain obligated to pay (i) monthly Base Rent plus Tenant’s Share of Operating Expenses, Property Taxes and Insurance Expenses through the Lease termination date as otherwise provided in this Lease, plus (ii) all remaining Base Rent amounts (prorated through the Lease termination date) through the 60th complete month of the Initial Term, plus (iii) the remaining unamortized principal (not interest) of Initial Improvements costs. Tenant must pay all amounts described in clauses (ii) and (iii) no later than the Lease termination date.

37.3 Amortization Amounts. Wherever this Lease requires an amortization of Initial Improvements costs, the following principles shall be used: (i) Initial Improvements costs shall equal the amount determined in accordance with Section 1.6 (but not to exceed \$1,782,000); (ii) Initial Improvements costs shall be amortized in equal monthly amounts over the entire Initial Term of the Lease (10-years plus, if applicable, any additional days described in Section 1.5(a)); and (iii) **simple** interest at a rate of .28% per annum. A reference chart of payoff amounts at key contract junctures is attached hereto as Schedule 37.3.

37.4 Consequences of ROFO Space Lease. Notwithstanding any other provision of this Section 37, Tenant shall not have right to terminate this Lease under either Section 37.1 or Section 37.2 during any coterminous lease of ROFO Space pursuant to Section 1.11.

38. Attachments. Attached hereto are the following documents which constitute a part of this Lease.

- | | |
|---------------|---|
| EXHIBIT A | Floor Plan |
| EXHIBIT B | Work Letter Agreement. |
| EXHIBIT C | Confirmation of Lease Terms Memorandum |
| EXHIBIT D | Project |
| EXHIBIT E | Rules and Regulations |
| EXHIBIT F | Prohibited and Exclusive Uses |
| SCHEDULE 37.3 | Initial Tenant Improvement Payoff Chart |

39. Nondiscrimination. Tenant herein covenants by and for itself, and all persons claiming under or through Tenant, that this Lease is made and accepted upon and subject to the conditions that there be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, marital status, physical handicap, sexual orientation, national origin or ancestry, in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment of the Premises herein leased, nor shall Tenant, or any person claiming under or through Tenant, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, subtenants, or vendees in the Premises herein leased.

40. OFAC Compliance. Tenant represents and warrants to Landlord that Tenant is not a party with whom Landlord is prohibited from doing business pursuant to the regulations of the Office of Foreign Assets Control ("OFAC") of the U.S. Department of the Treasury, including those parties named on OFAC's Specially Designated Nationals and Blocked Persons List. Tenant is currently in compliance with, and shall at all times during the term of this Lease remain in compliance with, the regulations of OFAC and any other governmental requirement relating thereto. In the event of any violation of this section, Landlord shall be entitled to immediately terminate this Lease and take such other actions as are permitted or required to be taken under law or in equity. TENANT SHALL DEFEND, INDEMNIFY AND HOLD HARMLESS LANDLORD FROM AND AGAINST ANY AND ALL CLAIMS, DAMAGES, LOSSES, RISKS, LIABILITIES AND EXPENSES (INCLUDING ATTORNEYS' FEES AND COSTS) INCURRED BY LANDLORD ARISING FROM OR RELATED TO ANY BREACH OF THE FOREGOING CERTIFICATIONS.

41. Force Majeure. In the event that Landlord or Tenant shall be delayed or hindered in, or prevented from, the performance of any work, service or other act required under this Lease to be performed by either Landlord or Tenant, except for Tenant's payment of Rent and other charges, and such delay or hindrance is due to strikes, lockouts, acts of God, governmental restriction, enemy act, civil commotion, unavoidable fire or other casualty, or other cause of a like nature beyond the reasonable control of Landlord or Tenant, then performance of such work, service or other act shall be excused for the period of such delay, and the period for the performance of such work, service or other act shall be extended for a period equivalent to the period of such delay.

42. Counterparts. This Lease may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument, and it shall not be necessary that any single counterpart bear the signatures of all parties.

43. No Partnership. Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third party to create the relationship of principal and agent or of partnership or of joint venture or of any association between Landlord and Tenant, and no provision contained in this Lease nor any acts of the parties hereto shall be deemed to create any relationship between Landlord and Tenant other than the relationship of landlord and tenant.

44. CASp Inspection. To Landlord's actual knowledge, the Project, Building and Premises have undergone inspection by a Certified Access Specialist (**CASp**). On or before the Commencement Date, Landlord will make all modifications, repairs and improvements required to correct violations of construction-related accessibility standards that are noted in the CASp, and obtain a disability access inspection certificate confirming that the Project and Premises meet all applicable standards. Landlord will provide Tenant with a copy of the certificate before the Commencement Date.

45. Contract Interpretation. The parties hereto acknowledge that each has thoroughly reviewed this Lease and bargained over its terms. Accordingly, neither party will be considered responsible for the preparation or drafting of this Lease, this Lease will be deemed to have been prepared jointly and it shall be interpreted fairly, reasonably and not more strongly against one party than the other. The provisions of this Lease allocate the risks between the parties. The terms and conditions contained in this Lease reflect this allocation of risk, and each provision is part of the bargained-for consideration of this Lease.

46. Captions. The captions in this Lease are for convenience only and are not a part of this Lease and shall not be deemed to explain, modify, amplify, expand, limit or define the terms and provisions of this Lease.

47. Transfer of Landlord's Interest. The term "Landlord" as used in this Lease, so far as covenants or obligations on the part of the Landlord are concerned, shall be limited to mean and include only the owner or owners, at the time in question, of the fee title to, or a lessee's interest in a ground lease of, the Project. In the event of any transfer or conveyance of any such title or interest (other than a transfer for security purposes only), the transferor shall be automatically relieved of all covenants and obligations on the part of Landlord contained in this Lease accruing after the date of such transfer or conveyance. Landlord and Landlord's transferees and assignees shall have the absolute right to transfer all or any portion of their respective title and interest in the Project, the Building, the Premises and/or this Lease without the consent of Tenant, and such transfer or subsequent transfer shall not be deemed a violation on Landlord's part of any of the terms and conditions of this Lease.

48. Limitation on Landlord's Liability. Notwithstanding anything contained in this Lease to the contrary, the obligations of Landlord under this Lease (including any actual or alleged breach or default by Landlord) do not constitute personal obligations of the individual partners, directors, officers, members or shareholders of Landlord or Landlord's partners, and Tenant shall not seek recourse against the individual partners, directors, officers, members or shareholders of Landlord or against Landlord's partners or any other persons or entities having any interest in Landlord, or any of their personal assets for satisfaction of any liability with respect to this Lease. In addition, in consideration of the benefits accruing hereunder to Tenant and notwithstanding anything contained in this Lease to the contrary, Tenant hereby covenants and agrees for itself and all of its successors and assigns that the liability of Landlord for its obligations under this Lease (including any liability as a result of any actual or alleged failure, breach or default hereunder by Landlord), shall be limited solely to, and Tenant's and its successors' and assigns' sole and exclusive remedy shall be against, Landlord's interest in the Project, and no other assets of Landlord.

49. Independent Legal Representation. The parties acknowledge and agree that they have had adequate time and opportunity to seek the advice of independent legal counsel before executing this Lease.

LANDLORD AND TENANT HAVE CAREFULLY READ AND REVIEWED THIS LEASE AND EACH TERM AND PROVISION CONTAINED HEREIN AND, BY EXECUTION OF THIS LEASE, SHOW THEIR INFORMED AND VOLUNTARY CONSENT THERETO. THE PARTIES HEREBY AGREE THAT, AT THE TIME THIS LEASE IS EXECUTED, THE TERMS OF THIS LEASE ARE COMMERCIALY REASONABLE AND EFFECTUATE THE INTENT AND PURPOSE OF LANDLORD AND TENANT WITH RESPECT TO THE PREMISES.

(Signature Page Follows)

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be signed upon the day(s) and years written below:

"LANDLORD"

"TENANT"

NUCP TURLOCK, LLC

COUNTY OF STANISLAUS

By: _____

By: Patricia H M

Name _____

Name: _____

Its: _____

Its: _____

Date: _____

Date: _____

APPROVED AS TO FORM:


By: John P. Doering
Stanislaus County Counsel

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be signed upon the day(s) and years written below:

"LANDLORD"

NUCP TURLOCK, LLC

By: 

Name Steven P. Thomas

Its: Manager

Date: 4/21/2017

APPROVED AS TO FORM:

By: John P. Doering
Stanislaus County Counsel

"TENANT"

COUNTY OF STANISLAUS

By: _____

Name: _____

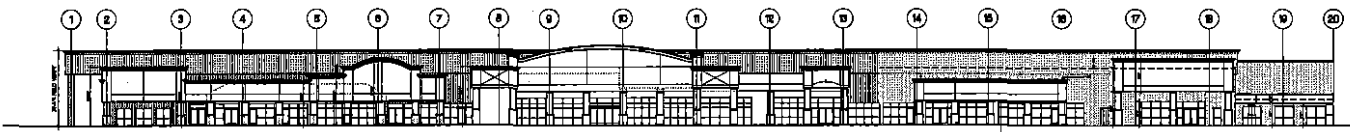
Its: _____

Date: _____

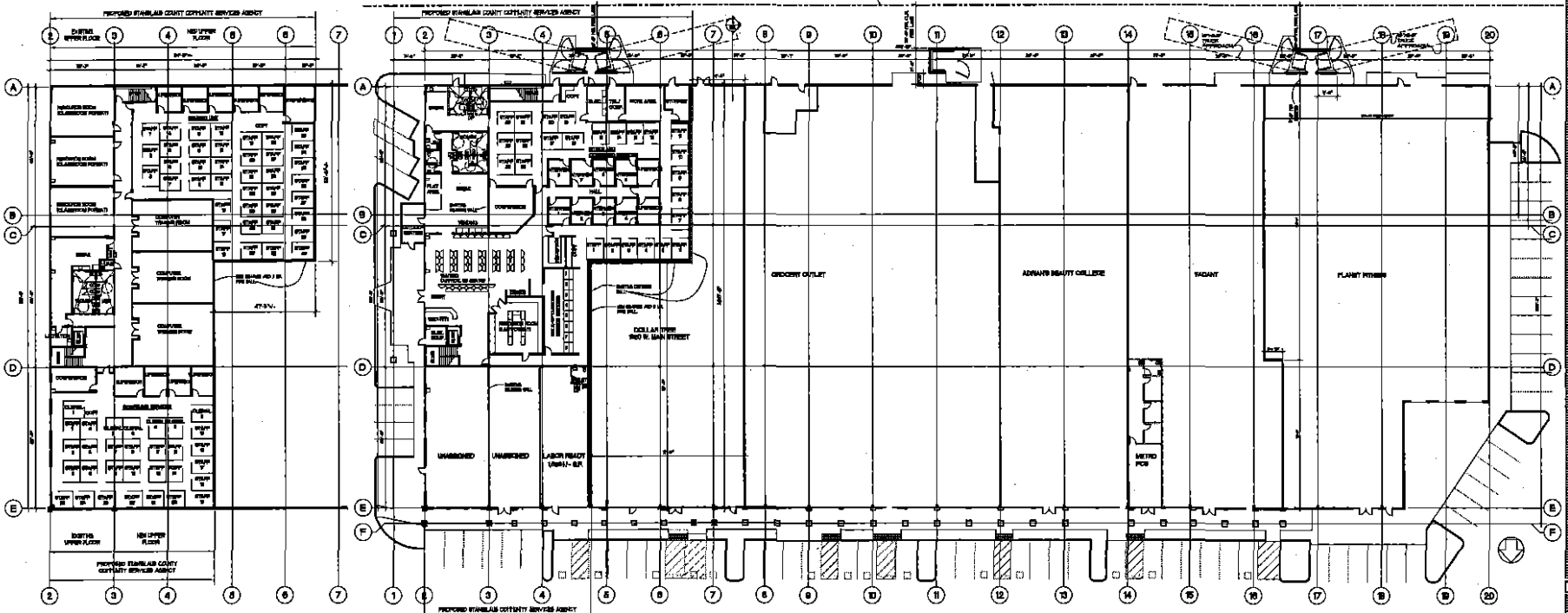
EXHIBIT A
FLOOR PLAN

First and Second Floor Layouts of Premises

5 SEPTEMBER 2016 (1)
24 AUGUST 2016
23 JUNE 2016
8 JUNE 2016
15 JANUARY 2016



NORTH EXTERIOR ELEVATION



UPPER FLOOR (19,448 +/- SQ. FT.)

GROUND FLOOR (14,235 +/- SQ. FT.)

SCALE: 1/8" = 1'-0"

PROPOSED STANBLAUS COUNTY COMMUNITY SERVICES AGENCY TOTAL GROSS AREA 33,683 +/- SQ. FT.

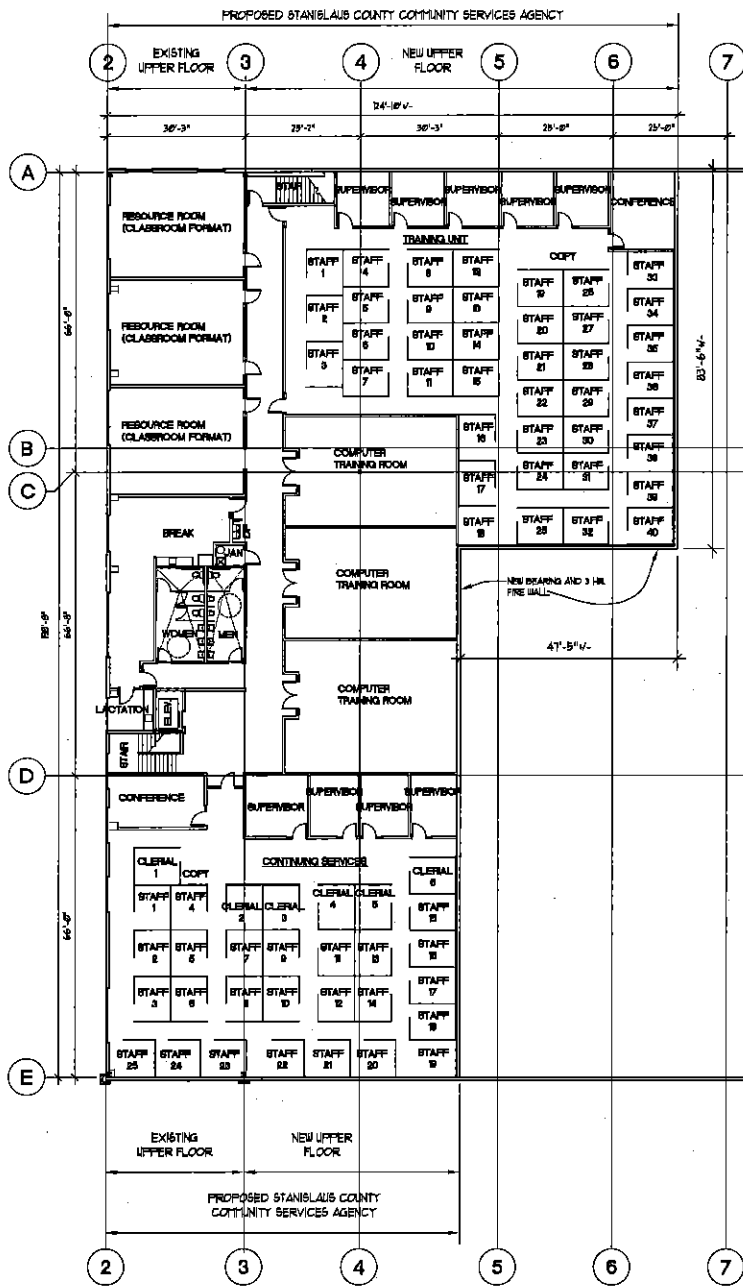
LEASE SQ. FT. AREA COMPARISON	GROUND FLOOR	UPPER FLOOR	TOTAL
EXISTING AVAILABLE LEASE AREA	7,020 +/- S.F.	6,050 +/- S.F.	13,070 +/- S.F.
PROPOSED NEW BUILDING AREA	0 +/- S.F.	6,300 +/- S.F.	6,300 +/- S.F.
PROPOSED COUNTY OFFICES	1,250 +/- S.F.	9,448 +/- S.F.	10,698 +/- S.F.
PROPOSED UNASSIGNED LEASE AREA	6,301 +/- S.F.	0 +/- S.F.	6,301 +/- S.F.



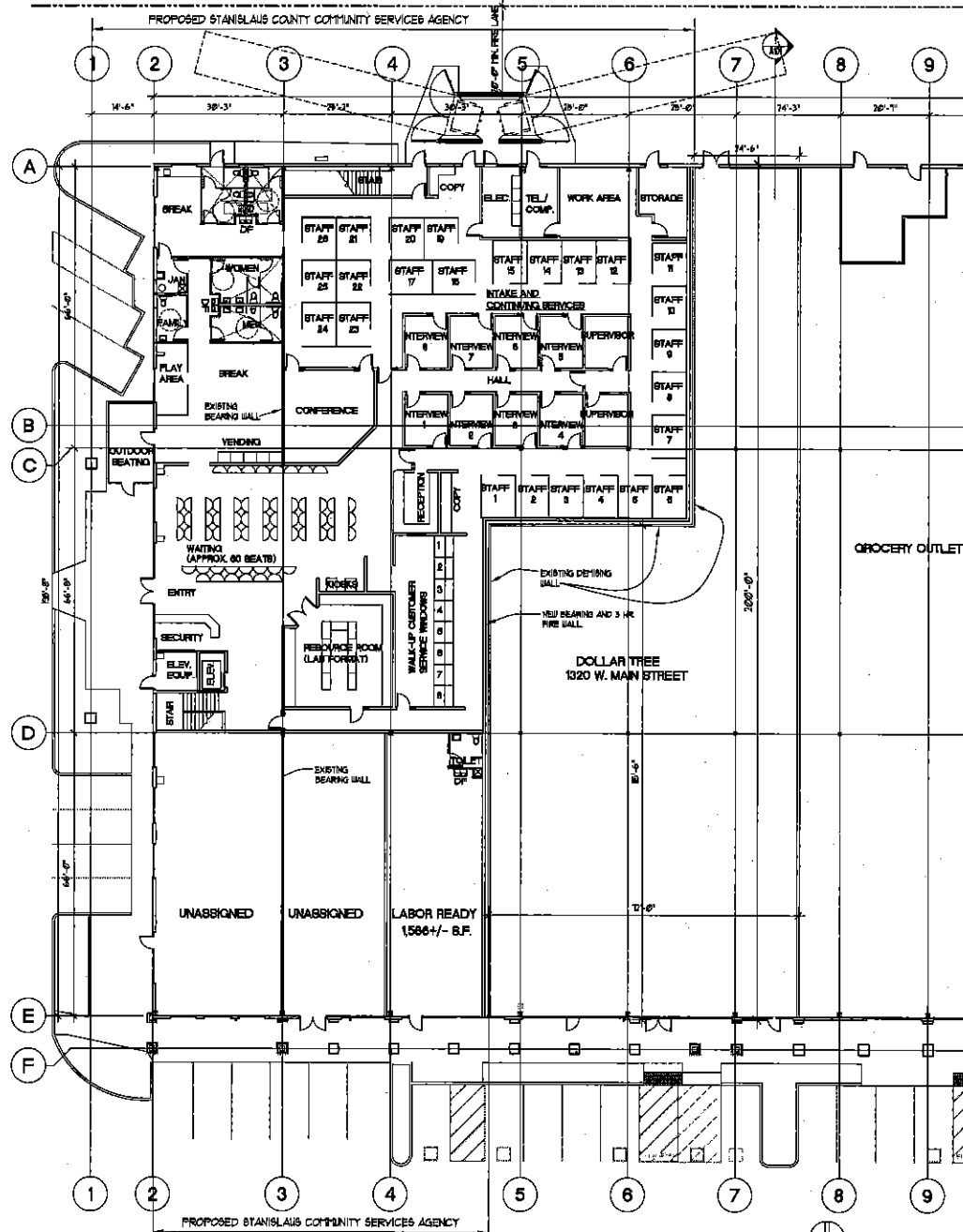
PROPOSED LEASING PLAN FOR MCF TURLOCK, LLC
AN EXISTING COMMERCIAL CENTER
 1300 W. MAIN STREET SHOPPING CENTER
 1300-1500 W. MAIN STREET
 TURLOCK, CALIFORNIA

PROPOSED FLOOR PLANS #161005

A101



UPPER FLOOR (19,448+/- SQ. FT.)



GROUND FLOOR (14,235+/- SQ. FT.)

SCALE: 3/32" = 1'-0"

GEORGE MEU ASSOCIATES ARCHITECTURAL PLANNING

450 BARRACLOUGH BLVD. SUITE 200 CALIFORNIA 94601
PHONE 910 484 9628

5 SEPTEMBER 2016 (1)
14 AUGUST 2016
23 JUNE 2016

PROPOSED LEASING PLAN FOR NUCF TUELOCK, LLC
AN EXISTING COMMERCIAL CENTER

1300 W. MAIN STREET SHOPPING CENTER
1300 W. MAIN STREET
TUELOCK, CALIFORNIA

PROPOSED ENLARGED FLOOR PLANS #161005

A102

GEORGE MEU ASSOCIATES ARCHITECTURAL PLANNING
1300 W. MAIN STREET, SUITE 200, TUELOCK, CA 95286
TEL: 910.484.9628 FAX: 910.484.9629

EXHIBIT B
WORK LETTER AGREEMENT

This Work Letter Agreement ("**Work Letter**") is entered into as of April 25, 2017, by and between NUCP TURLOCK, LLC, a California limited liability company ("**Landlord**") and County of Stanislaus ("**Tenant**"). Concurrently with the execution of this Work Letter, Landlord and Tenant have entered into a lease (the "**Lease**") of which this Work Letter is a part, covering premises in Turlock, California (the "**Premises**"), as more particularly described in the Lease. Capitalized terms used but not defined in this Work Letter shall have the meanings given to them in the Lease. Landlord and Tenant agree as follows:

1. **Definitions.** The following terms used in this Work Letter or any schedule hereto have the meanings below:

- a. "**Exclusive Use Space**" means the Premises.
- b. "**Floor Plan**" is the Floor Plan prepared by Tenant's Designer and approved for the Premises attached as Exhibit A to the Lease.
- c. "**Landlord's Work**" is the Initial Improvements required to be designed by Landlord's Designer, installed or constructed by Landlord's Contractor, or both, as indicated in the Responsibilities Matrix.
- d. "**Tenant's Work**" is the Initial Improvements required to be installed or constructed by Tenant, as indicated in the Responsibilities Matrix, including without limitation lobby furniture, office furnishings, cubicles, computers, audio visual equipment for conference rooms.
- e. "**Responsibilities Matrix**" is attached hereto as Schedule 1.
- f. "**Tenant Improvement Standards**" are attached hereto as Schedule 2.

2. **General.** The Responsibilities Matrix generally identifies Landlord and Tenant's responsibilities with respect to the Initial Improvements. Except as otherwise provided, responsibility includes design, construction and installation, and payment of all costs relating thereto.

3. **Landlord's Work.** Landlord shall use its commercially reasonable, diligent efforts to complete the Landlord's Work in accordance with the Initial Improvements Plans described below no later than the Anticipated Commencement Date.

4. **Tenant's Work.** See Lease Section 3.3.

5. **Initial Improvements Plans.** Landlord shall cause its designers, as approved by Tenant, to convert the Floor Plan into final working drawings and specifications ("**Initial Improvements Plans**") consistent with the Floor Plan and other requirements of the Lease and this Work Letter. Tenant will provide a cubicle layout to Landlord to assist in the electrical and data wiring. Landlord shall submit the Initial Improvements Plans to Tenant for Tenant's approval. Within 15 business days of Landlord's submittal to Tenant, Tenant will either approve or disapprove the plans and specifications; provided that any such disapproval must be accompanied by Tenant's written specification of the reasons for withholding approval and any changes or revisions necessary to obtain Tenant's approval, if applicable. This procedure shall be repeated until the Initial Improvements Plans are approved by Tenant. No changes to the approved Initial Improvements Plans shall be made without Tenant's written consent.

6. **County Cooperation.** County shall use its best efforts to facilitate approval of Landlord's tenant improvement working drawings and obtaining of all required permits, including procurement of building permit by July 1, provided working drawings are finalized by June 1, 2017.

7. **Conduct of Landlord's Work.**

a. **Landlord's Responsibility.** Landlord will, at Landlord's sole cost and expense, design, install and construct the Landlord's Work in accordance with the approved Initial Improvements Plans and the following requirements:

(i) All of Landlord's general construction contracts and prime design contracts relating to Landlord's Work are subject to Tenant's reasonable approval. Without limiting the foregoing, all of Landlord's general construction contracts and prime design contracts relating to Landlord's Work must expressly identify Tenant as a third-party beneficiary thereof.

(ii) Landlord shall provide Tenant with the name, address and other contact information for its designers, general contractors and subcontractors engaged to perform any substantial portion of the Initial Improvements.

(iii) Before beginning the Landlord's Work, Landlord shall furnish Tenant with evidence that Landlord's general contractor has fulfilled the following insurance requirements and shall maintain, at no expense to Tenant:

A. Worker's Compensation with statutory limits and Employer's Liability Insurance with limits of not less than \$100,000.

B. Commercial General Liability Insurance with limits of not less than \$2 million combined single limit for bodily injury and property damage, including personal injury, Contractual Liability coverage specifically endorsed to cover the indemnity provisions contained herein, and Contractor's Protective Liability coverage if contractor will use subcontractors.

C. Motor Vehicle Liability Insurance with limits of not less than \$250,000 per person, \$500,000 per accident for bodily injury and \$100,000 for property damage.

(iv) Landlord's general contractor shall name Tenant as additional insured on its Commercial General Liability and Motor Vehicle Liability Insurance. Certificates evidencing the above insurance must be furnished to Tenant before commencing work. Insurance carriers must be licensed to do business in California.

(v) Additionally, before beginning the Landlord's Work, Landlord shall furnish Tenant with evidence that Landlord's principal designer maintains at least \$1,000,000 in professional liability insurance covering the applicable services.

(vi) Landlord's prime construction contract shall also include a construction schedule that will permit compliance with all completion deadlines required by this Lease.

(vii) Landlord shall cause all materials and equipment warranties in connection with the Landlord's Work (including without limitation elevator warranties) to be assigned to or otherwise vested in Tenant, to permit Tenant to enforce them directly.

b. **Costs of Design and Construction.** Landlord shall be solely responsible for paying when due all planning costs, permit fees and all other costs of the design, construction and installation of Landlord's Work, whether or not such amount exceeds the amount identified in Lease Section 1.6.

c. As-Built Drawings. Landlord shall cause reproducible "As-Built Drawings" to be delivered to Tenant and/or Tenant's representative not later than 30 days after the completion of the Landlord's Work.

8. Representatives. Landlord hereby appoints [TBD] as Landlord's representatives to act for Landlord in all matters covered by this Work Letter ("**Landlord's Construction Representative**"). Tenant hereby appoints [TBD] as Tenant's representative to act for Tenant in all matters covered by this Work Letter ("**Tenant's Construction Representative**"). Each party shall be entitled to rely upon consents or approvals from the other's Construction Representative in all matters concerning design, installation and construction as if the consents and approvals had been given directly by the other party.

**Responsibilities Matrix
Community Services Agency Turlock - 301 S Soderquist**

Schedule 1

Item	Landlord/ Contractor	County
<u>Design and Construction Documents</u>	X	
<u>Design Review and Approval</u>		X
<u>Permits, fees (all), Inspection, Soft costs</u>	X	
<u>General Construction (core, shell, fixed construction of TIs)</u>		
Walls, ceilings, flooring, painting, glazing, plumbing mechanical, electrical, finishes, etc. -- to obtain Certificate of Occupancy.....	X	
All improvements to non-exclusive use space.....	X	
Fire protection systems.....	X	
<u>Specialized Construction (as agreed by design review)</u>	X	
Security barriers/glazing, counters, cabinetry and cabinet locks, acoustical treatment, window coverings and screens.		
<u>Locks</u>		
Key locks		
Hardware to County specifications.....	X	
Blank Cores (provided to County Locksmith).....	X	
Temporary Construction Cores (returned to Landlord)	X	
Keyed Cores for Final Occupancy.....		X
Exterior card access actuated door, frame and reader box and connection to power/low voltage systems.....	X	
Interior card access actuated door, frame and reader box and connection to power/low voltage systems.....	X	
All card access frame and strike hardware to County specifications.....	X	
Wiring from each reader/door to Controller location installed, labeled, tested (per County specifications).....	X	
Cards, card readers and system controller.....		X
Programming of card access system.....		X
<u>Low Voltage</u>		
Outlets (based on County approved design)	X	
Rings and pathways to fish cable (to County specifications).....	X	
Cat 6 data cable		
Terminated at User end.....	X	
Punched down to patch panel or 66 block (per County)	X	
Terminated at wall outlet, ceiling outlet, etc. (per County)	X	
All cables labeled, tested, toned and certified.....	X	
Fire alarm, thermostatic, lighting, other low voltage signal.....	X	
Telephone (VoIP)		
System.....		X
Devices.....		X
Audio-Video		
Coordination with General Construction	X	
Shielded video cabling between devices		X
Wall, floor, ceiling box and pathway	X	

Audio and video devices	X
Electrical outlets at devices	X
Electronic Data	
Wifi Antenna(s)	X
Pathway from Provider with conduit from MPOE	X
Service from Provider	X
Cable trays and ladders per County approved	
Server Room layout	X
Rack equipment (racks, routers, switches, controllers, etc.)	X
<u>Furnishings</u>	
All modular, office, workroom, conference furniture	X
Coordination of	
Electrical and data connections	X
Furniture delivery and storage (per agreed schedule)	X
Extended Storage Due to Construction Delay	X
Installation	X
Electrical and data (low voltage) connections	X
Copiers, fax, printers, etc	X
<u>Signage</u>	
Code-required signage (including ADA, Building Code)	X
Building exterior signage	
At exterior face of building	X
At site signage (display, pedestal or monument signs)	X
Directional site signage (in non-exclusive use areas)	X
Interior Directional Signage (within exclusive-use area)	X
Non-Code Interior Signage	X
Public Entrance Signage (approved by County)	X
<u>Site (non-exclusive use space)</u>	
Landscaping, landscape maintenance, parking (per Code or agreement), parking maintenance, lighting, accessible path of travel and signage	X
Sidewalk and walkway maintenance	X
<u>Janitorial</u>	
Exclusive Use Space	X
Non-Exclusive Use Space	X
<u>Building Maintenance</u>	
Exclusive Use Space	
Lights, Interior Filters, County-provided FF&E	X
Interior doors, all locks and access systems, electronic (IT) systems	X
Building-wide systems, structural, HVAC, electrical, plumbing	
exterior glass, roof, parking and site, Landlord-installed	
equipment, exterior leaks and exterior doors	X
All Non-Exclusive Use Space	X
<u>Building and Site Security</u>	
Building Security Alarm System (Devices, Monitoring, Response)	
Exclusive-Use Space	X

Non-Exclusive Use Space (if appropriate, as agreed)	X
Security Staffing	
Interior (Exclusive-Use Space).....	X
Interior (Non-exclusive Use Spaces) -- Per Lease ¹	X X
Exterior/Parking -- Per Lease ²	X X

All Other -- As provided in the Lease or, if not described in the Lease, as mutually agreed in writing by the Landlord and County.

¹ County pays for prorated "exclusive use" percentage of cost for covered area if shared by multiple tenants of the Project.

² County pays for prorated "exclusive use" percentage of cost for covered area if shared by multiple tenants of the Project.

**STANDARDS (MINIMUM) FOR
STANISLAUS COUNTY COMMUNITY SERVICES FACILITY-TURLOCK**

Schedule 2

These general requirements ("**Tenant Improvement Standards**") define the needs and characteristics of the tenant improvement project described in the lease document, unless specific deviation from these requirements is defined and agreed to by both the Landlord and the County in writing. These "standards" are not design documents, but shall help to define the design and space performance intent to be designed by the Landlord's architect, and constructed by the Landlord's contractor(s.)

None of these standards shall supersede building code or plan approvals issued by the Permitting authority or any regulatory agency; however, these standards may exceed applicable Code requirements to meet

Materials

Stanislaus County will review Landlord or its Contractor/Architect submitted recommendations and selections for all finishes and finish materials. The materials and finishes review shall be on the basis of actual materials (manufacturer/brand, product and color) to be used and should be assembled to comparatively show all materials in use in each room or area (color board, for example.) The following standards provide general, minimum standards acceptable to the County. The County will work with the Landlord's professional designer to finalize material selections in a timely manner.

Flooring

Offices and open office workstation areas; conference rooms; corridors and stairwells; lobbies. 28 oz. carpeting or greater; 24" x 24" carpet tiles; rubber base. Rolled carpet may be used if approved in writing by the County in advance. Entrance lobbies shall include fixed "walk off" mats or materials.

Restrooms. Ceramic tile with ceramic tile base. **Public-access restrooms:** Include Accent tile.

Breakrooms; work rooms; copy rooms; computer/IT rooms; print/plan rooms; file storage rooms. Vinyl composite tile (VCT); rubber base.

Kitchens, food service or vending areas. Welded sheet vinyl with 5" coved rubber base, where allowed by Code.

Utility rooms; janitorial closets; other non-public storage (over 200 sq. ft.) spaces. Smooth finished sealed concrete with rubber base.

Walls

Offices and open office workstation areas; conference rooms; corridors and stairwells; lobbies. Gypsum board finish Level 4 with Orange Peel texture.

Reception areas. (May be within or adjacent to lobbies.) Include an ADA-compliant "built in" reception counter; a security divider, use of shatter-resistant materials, security "pass through" mechanisms; microphone and speaker audio system; or other means to protect the staff and public. The Landlord's architect shall work with the County to determine specific needs at each reception position. Landlord should assume use of shatter-resistant glazing, soffits, non-Code signage, etc., in cost estimates. In certain cases, some reception areas may be provided using County-provided modular systems furnishings. In either case, the following general provisions apply to all reception counters:

- Reception counter, if any, may be at standing height or at seated height; however, provision for an *ADA-compliant* accessible reception position shall be included. ADA compliance includes provision of adequate knee space and other specific requirements defined by Code.
- Security/confidentiality partitions or screens *are required between counter "stations,"* with sufficient countertop work surface of no less than 24" depth shall be provided on both the public and staff side of the divider. Privacy partitions between multiple counter reception workstation positions will be required where HIPPA compliance or other operational needs are required (as determined by the County.) *A minimum of one "station" shall be fully ADA compliant and accessible.*
- Counter reception stations shall be "closable (and lockable)" to prevent unauthorized access into staff areas by the public when the station is not in use.
- All receptionist positions shall be equipped with a readily accessible, concealed "panic button" to alert security and other staff (determined by the County) as to security concerns.
- All receptionist positions shall allow for the reception employee(s) an "escape path of travel" to avoid being entrapped at the reception area.

Restrooms. Gypsum board finish *Level 4 with texture;* Ceramic tile at water closets and lavatory areas to 48" above finished floor. Note that Fiber-Reinforced Plastic (FRP) may be considered. *Optional:* Ceramic tile to 72" above finished floor. **Public-access restrooms:** Include Accent tile.

Breakrooms; work rooms; copy rooms; computer/IT rooms; print/plan rooms; file storage rooms. Gypsum board finish Level 4 with Orange Peel texture. **Computer/IT rooms:** Also have 3/4" plywood backboard on 50% of the room's wall surface (to be approved by the County.)

Kitchens, food service or vending areas. Seamless Fiber-reinforced plastic (FRP) finish full height; or otherwise as required by regulatory entity (OSPHD, Environmental Resources, etc.)

Utility rooms; janitorial closets; other non-public storage (over 200 aq. ft.) spaces. Gypsum board finish level 4 with O.P. texture.

Acoustics. Acoustical batting shall be provided in all private office walls, conference room walls, or the walls of any other room containing noisy (85 dB +) equipment or amplified sound equipment.

Ceilings

Offices and open office workstation areas; conference rooms; corridors and stairwells; lobbies. Non-fire-rated spaces: Suspended T-Bar with 24"x48"x7/8" with regular/fine finish white ceiling tiles; grid to match ceiling tile or of a spineless/invisible type, unless otherwise specific by County. Rated Corridors as required by code.

Restrooms. Gypsum board to match walls (finish Level 4.) Suspended ceiling tile/grid system.

Breakrooms; work rooms; copy rooms; computer/IT rooms; print/plan rooms; file storage rooms. Non-fire-rated spaces: Suspended T-Bar with 24"x48"x7/8" with regular/fine finish ceiling tiles; grid to match ceiling tile or of a spineless/invisible type, unless otherwise specifically approved by the County. Rated Corridors as required by code.

Kitchens, food service or vending areas. As required by Code or licensing authority.

Utility rooms; janitorial closets; other non-public storage (over 200 sq. ft.) spaces. Gypsum board match wall finish or suspended ceiling. (See *Breakrooms; work rooms; copy rooms; computer/IT rooms; print/plan rooms; file storage rooms.*)

Acoustics. Acoustical batting shall be provided to minimize sound transmission above suspended ceilings in all private offices and conference rooms, or any other room with amplified sound equipment.

Lighting

Offices and open office workstations. At minimum, Building Code, including Title 24 energy compliant 2' x 4' or 2' x 2' LED diffused room/area lighting. Note: Workstations and furnishings will include task lighting.

Conference rooms; lobbies; public waiting areas. *At minimum, see "office and open office workstations"* except for the following: Public counters, receptionist workstations and walk-up window areas require supplemental "spot lighting" or task lighting for transactions. Waiting and conference rooms or areas may include accent lighting, such as indirect, "uplighting," sconces, "art walls" or "feature wall" specialty lighting.

All conference rooms shall be equipped with lighting controls that allow a "projection/presentation wall" to be separately illuminated or dimmed for presenters or projected video presentations; and separately controlled (dimmed) for attendee/viewer note taking or reading.

Restrooms and break rooms. At minimum, Building Code, including Title 24 energy compliant 2' x 4' or 2' x 2' LED diffused room/area lighting. May include accent lighting; however, counter areas, wash basins and baby changing stations shall include direct downlighting (such as LED can or spot lights.)

Work rooms; copy rooms; print/plan rooms; file storage rooms. Enhanced general room lighting is required to adequately illuminate all equipment, storage and work surfaces.

Computer/IT rooms; computer work rooms and laboratories. See *Conference rooms; lobbies; public waiting areas*, except that lighting shall be indirect to avoid reflective glare on monitors or projections screens.

Corridors and stairwells; utility rooms; janitorial closets; other non-public storage spaces. As required by Code.

Kitchens, food service or vending areas. See *Work rooms; copy rooms* except that task-specific spot or area lighting may be additionally required. Provision may be required for special lighting (examination rooms, procedure rooms, etc.) requiring supplemental support bracing, or electrical configuration.

Exterior. Parking facilities for the public, staff and for overnight parking of County official vehicles shall be well lighted, and the pathway between the building entrance and the parking areas shall be well lighted. Flagpoles and flags shall be illuminated from sundown to sunrise daily.

Doors & Frames

Interior Doorways. Type as required by Code. Doors into occupied offices, conference rooms, reception counters, interview rooms or other occupied rooms shall have a side light of at least 18"

width and equal to the door height for staff security purposes. Side light shall have a closable horizontal window coverings (1" width mini-blinds.)

Metal . Pre-finished aluminum frames or 18 gauge metal welded frame. 1 3/4" 16 gauge metal door; ADA-complaint hardware. *See locks.*

Wood. Solid, pre-finished Birch, Oak or Cherry; 1 3/4"; ADA-compliant hardware. *See locks.*

Exterior Doorways. Aluminum "store front" system or 16 gauge metal welded frame. 1 3/4" 16 gauge metal door; ADA-complaint hardware. *See locks.*

Locks.

Keyed Doorways. Keyed doors use Best or Schlage, 7-Pin small interchangeable core locksets. Landlord/Contractor to provide and install locksets in doors and to provide cores to County for keying. Contractor will install temporary Construction Cores initially, and shall provide the one blank core to the County for each lock. The County Locksmith will provide the final keyed cores and shall coordinate distribution of keys; as well as coordination to provide full access for Contractors as needed until final occupancy.

Keyed doors will include all private offices, storage rooms, file rooms, conference/workrooms, and IT/computer rooms, . All doorways separating "public" from "staff" zones shall be keyed, including all exterior doors unless otherwise directed by the County.

Proximity Card Access System. A proximity card system will be the primary method of access for County staff, with the key system used as a backup and for "one room" security use. The County will identify the number of proximity card access doors and the placement of readers per its security plan. Generally, the access system will be required at one employee entrance to each occupied department office space, and for access between "public" and "staff only" security zones.

The proximity card access system (Lenel or equivalent) will require low voltage wiring to the strike in the doorframe and to the card reader, each to/from the controller computer. The controller/computer will be located in a secure room (IT or computer room.)

The electronic strikes in frames and low voltage wiring to the card readers and strikes from the controller are to be provided by the Landlord/Contractor. The card readers and controller will be provided and programmed by the County.

The Landlord/Contractor shall provide all required power to fully operate the access system.

Window Coverings

Landlord and contractor shall provide window coverings at all exterior windows of a type to be approved by the County. Landlord and contractor shall provide horizontal mini-blinds or other window coverings approved by the County at all interior windows, include side lights, except for clearstory or other interior glass 72" above the finished floor or higher. Blinds shall be 1" minimum width aluminum allow (Hunter Douglas or equivalent.)

Windows at conference rooms classrooms or laboratories, whether interior or exterior, shall include capability to "black out" the room for video presentations without light bleed from adjacent or exterior sources.

Cabinets

Custom grade, including Style A Frameless, flush overlay laminated plastic. Pulls will be ADA-compliant 3" stainless steel. Drawer slides shall open to full extension.

Cabinetry in medical offices, procedure rooms, laboratories, food and beverage service areas shall be as required by Code or licensing authority, *and shall be ADA-compliant.*

Cabinet key locks are required.

Paint

Interior paint shall be three coats: one primer, two finish coats. County-approved interior colors.

Toilet Compartments

Separate public and private (staff) use restrooms shall be provide for males and females per Code and building occupancy plans. All public restrooms (male and female) shall include infant diaper changing facilities. *Restrooms shall provide ADA-compliant access.*

Compartments shall be laminate plastic (Bobrick or equivalent.) Toilet and bath accessories shall be Bobrick or equivalent.

Electrical

At minimum, all electrical shall be installed per Code requirements; however, additional provisions must include the following:

Private offices. A minimum of two duplex outlets in each private office, one on each wall furthest from the door (*see office furniture placement diagram.*)

Workrooms, copy rooms, plan/file rooms. May require dedicated power circuit for copier(s) or print equipment.

Corridors, lobbies, waiting areas and rooms. One duplex outlet with child-proof safety feature no less than every sixty (60) feet of length for janitorial purposes. Lobbies, waiting rooms, break rooms having audio/video equipment, televisions or similar mounted on walls will require high-mounted (approximately 84" a.f.f.) power.

IT Rooms or computer equipment room. County will define specific needs for dedicated circuit power to computer equipment, racks, cable trays or ladders, or other devices at the equipment backboard or elsewhere in the IT equipment room. All incoming data and CATV services shall be terminated to equipment backboard. All analog (POTS) telephone service shall be terminated to 66 Block connections at the backboard. Note that power outlets may be required in the ceiling.

Conference and assembly rooms. A duplex outlet will be required at 84" above the finished floor at each "video presentation" wall for connection of audio-video equipment. A duplex outlet at the ceiling may be required for ceiling-mounted video equipment (projector, etc.)

Conference and assembly rooms having audio or video systems (speakers, amps, computer racks, assistive listening systems, etc.) will require dedicated circuit(s) as specified by the County. Audio and video equipment and systems will be provided by the County.

Coordination of Modular Furniture Installation. The Landlord/Contractor shall coordinate and connect all electrical and data to County-provided modular "systems" furnishings, including

workstations, office furniture, conference room furnishings and all other furnishings provided by the County's furniture vendor or mover. Landlord's coordination shall include schedule synchronization and connection of electrical and low-voltage (data) cabling, and Landlord shall be responsible for any delay, storage, excess delivery or other impacts resulting from tenant improvement construction delay.

Site. Power shall be provided to exterior site security cameras, lighting, signage (where appropriate) and flagpole lighting.

Low Voltage and Signal

Cable type. All data cabling and associated equipment (connectors, terminations, etc.) shall be CAT6.

Landlord/Contractor shall provide for the installation of low voltage cabling, labeling of lines, terminations (including jacks, wall plates, 66 Block or otherwise), texting and toning of all lines.

Cable routing. Cabling will be required to terminate at wall plates; looped cable runs (lengths of terminated and ready cable at the wall); to termination blocks; or terminated at ceilings. Cable trays, ladders, conduit or tubes shall be installed at each concealed wire access location. Overhead cable runs above suspended ceilings may be affixed by J-hook or as required by Code. Conduits and "smurf tubes" concealed in walls or ceilings shall include a lead pull-string and appropriate labeling.

Telephony. For planning purposes, County staff and public telephone services will be provided using Voice-Over-IP (VoIP) systems provided by the County across the CAT6 data lines to be installed by the Landlord/Contractor. Some provision for analog POTS telephone will be required for point-of-sale (POS) devices, TTY/TTP teletype devices, alarm or autodial devices (normally less than a dozen analog lines.) One data cable to each proximity card access system reader and each door strike actuator shall be required.

Data cabling via walls. Each staff workstation or office will require continuous, non spliced data cabling as follows:

From each private office, a minimum of two wall plates (*see office furniture placement diagram*) with each providing three (3) CAT6 connections (a total of 6 cables per office.)

From each workstation located in free standing, conventional furniture, three (3) cables terminated at an adjacent wall plate or floor outlet.

From each workstation located in modular systems furniture, a continuous cable via a wall point-of-connection via the furniture cable tray to the furthest point of equipment connection at workstations. The cable will be terminated, tested and toned, then looped at the point of wall (or power pole) connection until the County's furniture installing is completed. (*see Electrical: Coordination of Modular Furniture Installation.*)

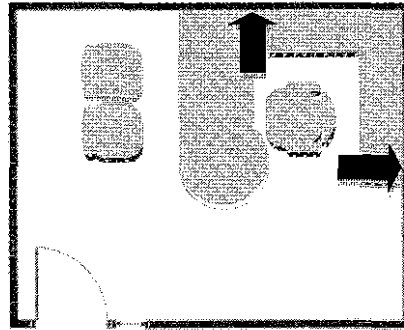
Specialty Equipment. All copiers, printers, plotters, televisions, monitors, etc. not located in workstations shall require two (2) data cable connections.

Wifi antenna. The County will identify specific locations for Wifi antenna connections. Each location at the ceiling will require a single terminated, tested, toned and labeled data cable. (Power is provided over ethernet.)

Fire alarm system. The Landlord/Contractor is responsible for providing a complete, operational fire protection and alarm system per Code requirements and subject to County review and approval.

Office Furniture Placement Diagram for electric outlets and low voltage connections.

Electrical outlets and low voltage wall plates shall be installed on two walls in each private office as shown below. No outlet is required on the wall having the door, nor on the adjacent wall closest to the door.



Signage

All Code-required signage shall be provided by the Landlord/Contractor.

The Landlord's architect/designer will suggest a design for non-Code signage formats, including sign materials, sizes, colors, mounting locations, etc. to the County.

County will identify all interior non-Code signage requirements and the County will procure and install the non-Code signage.

All exterior non-Code signage will be reviewed and coordinated with the Landlord. Landlord should include exterior building signage with design approved by County, and procured and installed by the Landlord/Contractor. "Front door" and any other exterior signage will be provided and installed by the County, and approved in advance with the Landlord.

The County and the Landlord will coordinate the placement of any building dedication plaque(s) or monuments at the exterior of the premises; and the Landlord will coordinate and install the approved plaque(s), signs or monuments. County will provide the monument, sign or plaque(s) per agreed specifications.

Flagpoles

A minimum of two (2) thirty-five foot (35') stainless or brushed aluminum finished flagpoles will be provided at a prominent location near the pedestrian or vehicular entrance to the premises. Each flagpole shall be capable of displaying two standard 4' x 6' flags using concealed (secure) halyard and pulley hardware. Each flagpole and flag must be lighted between sunset and sunrise daily. Landlord shall provide one 4' x 6' flag of the United State of America and one 4' x 6' flag of the State of California.

EXHIBIT C
CONFIRMATION OF LEASE TERMS MEMORANDUM

RE. That certain Lease by and between NUCP Turlock, LLC ("Landlord") and County of Stanislaus ("Tenant") dated April 25, 2017 ("Lease").

1. Landlord and Tenant hereby confirm that Landlord delivered possession of the Premises to Tenant on _____, 2017, (for purposes of this Certificate, the "**Delivery Date**") in accordance with the terms and provisions of the Lease.
2. Landlord and Tenant hereby confirm that the Commencement Date of the Lease is _____, 2017 and that the Initial Term of the Lease will expire on _____.
3. Landlord and Tenant hereby agree that the monthly Total Base Rent under this Lease shall be \$_____.
4. Tenant acknowledges that as of the date of this Certificate, the Lease is in full force and effect and to Tenant's knowledge Landlord has performed all of its obligations required to be performed as of the date hereof.

Landlord and Tenant have executed this Certificate as of the dates set forth below.

"LANDLORD"

"TENANT"

NUCP TURLOCK, LLC

COUNTY OF STANISLAUS

By: _____

By: _____

Name _____

Name: _____

Its: _____

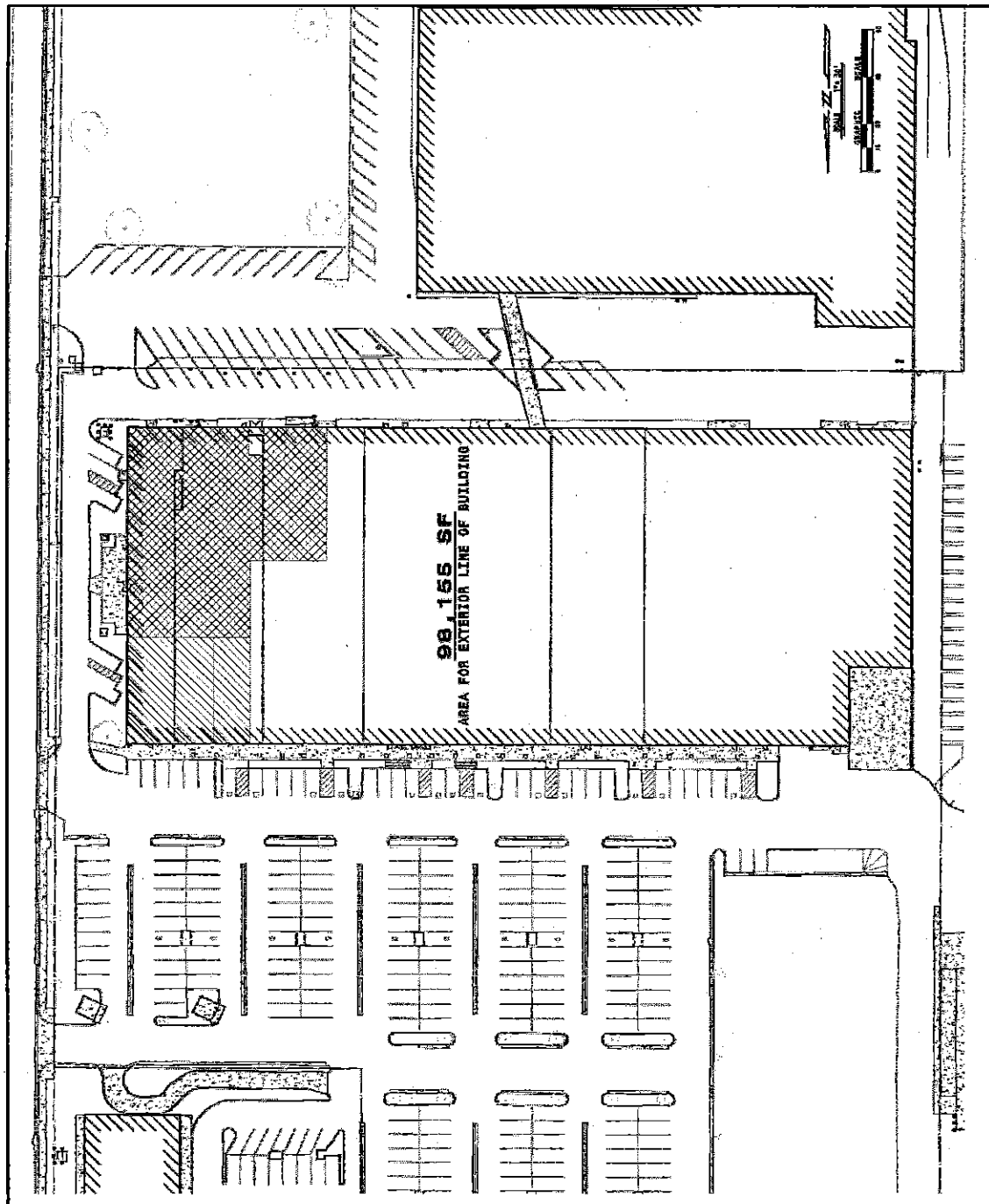
Its: _____

Date: _____

Date: _____

**EXHIBIT D
PROJECT**

[Landlord to provide, subject to County review]



<p>GROUND AND UPPER FLOOR SUNSHINE COUNTY CSA OCCUPIED AREA</p>		<p>UPPER FLOOR PROPOSED SUNSHINE COUNTY CSA OCCUPIED AREA</p>	
<p>LEASE NO. 07 AREA SUMMARY: EXISTING AVAILABLE LEASE AREA PROPOSED NEW BUILDING AREA PROPOSED COUNTY CSA OCCUPIED AREA</p>	<p>0/23 +/- SF 0 +/- SF 3,625 +/- SF</p>	<p>UPPER FLOOR (UPPER FLOOR) TOTAL: 8,150 +/- SF 13,398 +/- SF 19,448 +/- SF</p>	<p>12,800 +/- SF</p>
<p>PROPOSED TOTAL BUILDING PROPOSED PRESTIGE STAMPAAR AND SUNSHINE COUNTY CSA TOTAL PROPOSED COUNTY BALANCE</p>	<p>17,600 +/- SF 17,600 +/- SF</p>	<p>17,600 +/- SF</p>	<p>17,600 +/- SF</p>
<p>GEORGE MEE ASSOCIATES PROPOSED LEASING PLAN 1000 W. MAIN STREET SHOPPING CENTER TURLOCK, CALIFORNIA</p>			
<p>DATE: 08/17</p>		<p>SCALE: 1/8" = 1'-0"</p>	

**CONTRACTOR SHALL CALL
UNDERGROUND SERVICE ALERT
(800) 227-2600
PRIOR TO ANY EXCAVATION
FOR VERIFICATION OF
UNDERGROUND UTILITY LOCATION**

**CONTRACTOR SHALL CALL
UNDERGROUND SERVICE ALERT
(800) 227-2600
PRIOR TO ANY EXCAVATION
FOR VERIFICATION OF
UNDERGROUND UTILITY LOCATION**

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(800) 227-2600
PRIOR TO ANY EXCAVATION
FOR VERIFICATION OF
UNDERGROUND UTILITY LOCATION**

BUILDING AREA EXHIBIT

PART OF
MUCP WEST MAIN PROPERTY
1300 WEST MAIN PROPERTY
IN THE SUBMITTAL AREA OF WEST MAIN STREET AND SUNSHINE ROAD
FOR MUCP TURLOCK, L.L.C.
DATE: 08/17 11:00 AM

EXHIBIT E
RULES AND REGULATIONS

1. No sign, advertisement, name or notice shall be installed or displayed on any part of the outside or inside of the Building (other than within the Premises) without the prior written consent of Landlord. Landlord shall have the right to remove, at Tenant's expense and without notice, any sign installed or displayed in violation of this rule. All approved signs or lettering on doors and walls shall be printed, painted, affixed or inscribed at the expense of Tenant by a person approved by Landlord, using materials and in a style and format approved by Landlord.

2. Tenant shall not place anything or allow anything to be placed near the glass of any window, door, partition or wall which may appear unsightly from outside the Premises. No awnings or other projection shall be attached to the outside walls of the Building without the prior written consent of Landlord. No curtains, blinds, shades or screens shall be attached to or hung in, or used in connection with, any window or door of the Premises, other than Building standard materials, without the prior written consent of Landlord.

3. Tenant shall not obstruct any sidewalks, passages, exits or entrances of the Project. Tenant and no employee, invitee, agent, licensee or contractor of Tenant shall go upon or be entitled to use any portion of the roof of the Building.

4. The directory of the Building will be provided exclusively for the display of the name and location of tenants only, and Landlord reserves the right to exclude any other names therefrom.

5. Tenant shall not cause any unnecessary labor by carelessness or indifference to the good order and cleanliness of the Premises. Landlord shall not in any way be responsible to Tenant for loss of property on the Premises, however occurring, or for any damage to Tenant's property by the janitors or any other employee or any other person.

6. No deliveries shall be made which impede or interfere with other tenants or the operation of the Building.

7. Tenant shall not place a load upon any floor of the Premises which exceeds the load per square foot which such floor was designed to carry and which is allowed by law. Landlord shall have the right to prescribe the weight, size and position of all equipment, materials, furniture or other property brought into the Building. Heavy objects, if such objects are considered necessary by Tenant, as determined by Landlord, shall stand on such platforms as determined by Landlord to be necessary to properly distribute the weight. Business machines and mechanical equipment which cause noise or vibration that may be transmitted to the structure of the Building or to any space therein to such a degree as to be objectionable to Landlord or to any tenants in the Building, shall be placed and maintained by Tenant, at Tenant's expense, on vibration eliminators or other devices sufficient to eliminate noise or vibration. Landlord will not be responsible for loss of, or damage to, any such equipment or other property from any cause, and all damage done to the Building by maintaining or moving such equipment or other property shall be repaired at the expense of Tenant.

8. Tenant shall not use or keep in the Premises any kerosene, gasoline or inflammable or combustible fluid or material other than those limited quantities necessary for the operation or maintenance of office equipment. Tenant shall not use or permit to be used in the Premises any foul or noxious gas or substance, or permit or allow the Premises to be occupied or used in a manner offensive or objectionable to Landlord or other occupants of the Project by reason of noise, odors or vibrations, nor shall Tenant bring into or keep in or about the Premises any birds or animals (other than service animals).

9. Tenant shall not use any method of heating or air-conditioning other than that supplied by Landlord.

10. Intentionally omitted

11. Landlord reserves the right to exclude from the Building (other than the Premises) between the hours of 6:00 p.m. and 8:00 a.m., or such other hours as may be established from time to time by Landlord, and on legal

holidays, any person unless that person is known to the person or employee in charge of the Building and has a pass or is properly identified. Landlord shall not be liable for damages for any error with regard to the admission to or exclusion from the Building of any person. Tenant shall be responsible for all persons for whom it requests passes and shall be liable to Landlord for all acts of such persons. Landlord reserves the right to prevent access to the Building in case of invasion, mob, riot, public excitement or other commotion by closing the doors or by other appropriate action.

12. Tenant shall close and lock all doors of its Premises and entirely shut off all water faucets or other water apparatus, and, except with regard to Tenant's computers and other equipment which reasonably require electricity on a 24-hour basis, all electricity, gas or air outlets before Tenant and its employees leave the Premises. Tenant shall be responsible for any damage or injuries sustained by other tenants or occupants of the Building or by Landlord for noncompliance with this rule.

13. The toilet rooms, toilets, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed, and no foreign substances of any kind whatsoever shall be thrown therein.

14. Tenant shall not sell, or permit the sale at retail, of newspapers, magazines, periodicals, theater tickets, or any other goods or merchandise to the general public in or on the Premises. Tenant shall not make any room-to-room solicitation of business from other tenants in the Project. Tenant shall not use the Premises for any business or activity other than that specifically provided for in the Lease.

15. Tenant shall not install any radio or television antenna, loudspeaker or other device on the roof or exterior walls of the Building. Tenant shall not interfere with radio or television broadcasting or reception from or in the Building or elsewhere.

16. Except as expressly permitted in the Lease, Tenant shall not mark, drive nails, screw or drill into the partitions, window mullions, woodwork or plaster, or in any way deface the Premises or any part thereof, except to install normal wall hangings. Tenant shall repair any damage resulting from noncompliance under this rule.

17. Canvassing, soliciting and distribution of handbills or any other written material, and peddling in and around the Project or the Building are expressly prohibited, and each tenant shall cooperate to prevent same.

18. Landlord reserves the right to exclude or expel from the Project and/or the Building any person who, in Landlord's judgment, is intoxicated or under the influence of liquor or drugs or who is in violation of any of the Rules and Regulations of the Project or Building.

19. Tenant shall store all its trash and garbage within its Premises. Tenant shall not place in any trash box or receptacle any material which cannot be disposed of in the ordinary and customary manner of trash and garbage disposal. All garbage and refuse disposal shall be made in accordance with directions reasonably issued from time to time by Landlord.

20. The Premises shall not be used for the storage of merchandise held for sale to the general public, or for lodging or for manufacturing of any kind. No cooking shall be done or permitted by Tenant on the Premises, except that use by Tenant of Underwriters' Laboratory-approved equipment for brewing coffee, tea, hot chocolate and similar beverages shall be permitted and the use of a microwave shall be permitted, provided that such equipment and use is in accordance with all applicable federal, state, county and city laws, codes, ordinances, rules and regulations.

21. Tenant shall not use in any space, or in the public halls of the Building, any hand trucks except those equipped with rubber tires and side guards, or such other material-handling equipment as Landlord may approve. Tenant shall not bring any other vehicles of any kind into the Building.

22. Tenant shall not use the name of the Project or Building in connection with, or in promoting or advertising, the business of Tenant, except for Tenant's address.

23. Tenant agrees that it shall comply with all fire and security regulations that may be issued from time to time by Landlord, and Tenant also shall provide Landlord with the name of a designated responsible employee to represent Tenant in all matters pertaining to such fire or security regulations. Tenant shall cooperate fully with Landlord in all matters concerning fire and other emergency procedures.

24. Tenant assumes any and all responsibility for protecting its Premises from theft, robbery and pilferage. Such responsibility shall include keeping doors locked and other means of entry to the Premises closed.

25. So long as tenant's use and enjoyment of the Premises and Common Areas are not adversely affected, Landlord may waive any one or more of these Rules and Regulations for the benefit of Tenant or any other tenant, but no such waiver by Landlord shall be construed as a waiver of such Rules and Regulations in favor of Tenant or any other such tenant, nor prevent Landlord from thereafter enforcing any such Rules and Regulations against any and all of the tenants in the Building.

26. These Rules and Regulations are in addition to, and shall not be construed to in any way modify or amend, in whole or in part, the terms, covenants, agreements and conditions of any lease of premises in the Project or Building.

27. Landlord reserves the right to make such other and reasonable Rules and Regulations as, in its judgment, may from time to time be needed for safety, security, care and cleanliness of the Project and/or Building and for the preservation of good order therein. Tenant agrees to abide by all such Rules and Regulations hereinabove stated and any additional rules and regulations which are adopted, except to the extent they conflict with the Lease.

28. Tenant shall be responsible for the observance of all of the foregoing rules by Tenant's employees, agents, clients, customers, invitees or guests.

29. Tenant shall not lay linoleum, tile, carpet or other similar floor covering so that the same shall be affixed to the floor of the Premises in any manner except by a paste, or other material which may easily be removed with water, the use of cement or other similar adhesive materials being expressly prohibited. The method of affixing any such linoleum, tile, carpet or other similar floor covering shall be subject to the approval of Landlord. The expense of repairing any damage resulting from a violation of this rule shall be borne by Tenant.

PARKING RULES AND REGULATIONS

In addition to the parking provisions contained in the Lease to which this Exhibit "E" is attached, the following rules and regulations shall apply with respect to the use of the Building's parking facilities.

1. Every parker is required to park and lock his/her own vehicle. All responsibility for damage to or loss of vehicles is assumed by the parker and Landlord shall not be responsible for any such damage or loss by water, fire, defective brakes, the act or omissions of others, theft, or for any other cause.

2. Except as provided in the Lease, Tenant shall not leave vehicles in the parking areas overnight nor park any vehicles in the parking areas other than automobiles, motorcycles, motor driven or non-motor driven bicycles or four wheeled trucks.

3. Except as provided in the Lease, no overnight or extended term storage of vehicles shall be permitted.

4. Vehicles must be parked entirely within painted stall lines of a single parking stall.

5. All directional signs and arrows must be observed.

6. The speed limit within all parking areas shall be five (5) miles per hour.

7. Parking is prohibited: (a) in areas not striped for parking; (b) in aisles; (c) where "no parking" signs are posted; (d) on ramps; (e) in cross-hatched areas; and (f) in reserved spaces and in such other areas as may be designated by Landlord or Landlord's parking operator.

8. Loss or theft of parking identification devices must be reported to the Management Office immediately, and a lost or stolen report must be filed by the Tenant or user of such parking identification device at the time. Landlord has the right to exclude any vehicle from the parking facilities that does not have an identification device.

9. Any parking identification devices reported lost or stolen found on any unauthorized car will be confiscated and the illegal holder will be subject to prosecution.

10. Washing, waxing, cleaning or servicing of any vehicle in any area not specifically reserved for such purpose is prohibited.

11. The parking operators, managers or attendants (if any) are not authorized to make or allow any exceptions to these rules and regulations.

12. Tenant's continued right to park in the parking facilities is conditioned upon Tenant abiding by these rules and regulations and those contained in this Lease. Further, if the Lease terminates for any reason whatsoever, Tenant's right to park in the parking facilities shall terminate concurrently therewith.

13. Intentionally omitted

14. Intentionally omitted.

15. Landlord reserves the right to modify and/or adopt other reasonable and non-discriminatory rules and regulations for the parking facilities (other than establishment of parking fees) as it deems necessary for the operation of the parking facilities. Landlord may refuse to permit any person who violates these rules to park in the parking facilities, and any violation of the rules shall subject the vehicle to removal, at such vehicle owner's expense.

EXHIBIT F
PROHIBITED AND EXCLUSIVE USES

Reciprocal Easement Agreement and Quitclaim of Easement dated January 14, 2011, and recorded as Document No. 2011-0006620-0 and the Supplement to Reciprocal Easement Agreement and Quitclaim of Easement

5. RESTRICTIONS ON USE

(a) No portion of the Shopping Center shall be used for any of the following uses: shooting gallery or gun range; residential uses, including but not limited to, single-family dwellings, townhouses, condominiums, other multi-family units and other forms of living quarters, sleeping apartments or lodging rooms; animal raising or boarding facilities (except that this prohibition shall not prohibit kennels or boarding facility services that are incidental to the primary business of retail veterinary services nor shall same prohibit the on-site maintenance and storage of live animals for sale to the public, as in a pet shop); mortuaries or funeral homes; manufacturing or industrial uses; flea markets, pawn shops, or similar businesses (but not excluding thrift stores); adult entertainment centers (including adult theatres) involving nudity or sexually explicit, graphic or similar material otherwise suitable for adult audiences only, massage parlors (excluding massages in a reputable day spa or similar operation); so-called "head shops" or establishment selling or exhibiting "adult" or pornographic materials or drug-related paraphernalia; dumping, disposing, incineration, or reduction of garbage refuse (exclusive of garbage compactors located within, or outside and adjacent to, any Building); any fire sale, bankruptcy sale (unless pursuant to a court order) or auction house operation; any on-premises dry cleaning plant; nightclubs, cocktail lounges (except as incidental to a restaurant operation) or taverns; bingo parlors, off-track betting agencies, or other venues for games of chance or gambling (including, but not limited to, off-track or sports betting parlor; table games such as blackjack or poker, slot machines, video poker/blackjack/keno machines or similar devices) provided, however, that this prohibition shall not apply to government-sponsored gambling activity (for example, California Lotto sales) or charitable gambling activities, so long as such governmental and/or charitable activities are incidental to retail business operations being conducted by an occupant; car washes; any use which constitutes a public or private nuisance or which emits or generates and obnoxious (as opposed to normal and customary emissions associated with good retail or restaurant operations) odor, noise (except for music and public address system sound heard no more than 60 linear feet of any store which created such music or sound), litter, dust or dirt which can be heard or smelled outside any Building; any use which produces or is accompanied by any unusual fire, explosive or other damaging or dangerous hazards (including the storage, display or sale of explosives or fireworks).

(b) If the 1400 Parcel is annexed hereunder, no portion of the 1300 Parcel or the 1400 Parcel shall be used for any of the following uses: schools, training or educational facilities, including, but not limited to, beauty schools (other than the existing beauty school in the 1300 Building), barber colleges, trade schools, reading rooms (except as incidental to the retail sale of books, magazines and newspapers), day care (except day care as an incidental use to another use), provided, however, that this prohibition shall not apply to any such use which does not exceed 15,000 sq. ft. in size); churches; automobile, truck, recreation vehicle, mobile home (new or used) sales, leasing, or display, including automobile showrooms, and used car lots; body shop repair operation, including automobile servicing or repair work (e.g. oil change, tire change, body or paint shop, tune-up, brake or muffler service); provided the foregoing restrictions shall not prohibit retail operations similar to Pep Boys, Auto Zone, Les Schwab; batting cages, or dance studios provided, however, that this prohibition shall not apply to any such use which do not exceed 7,500 sq. ft. in size); theaters for live performances or motion pictures provided, however, that this prohibition shall not apply to any such use which do not exceed 3,000 sq. ft. in size); bowling alleys, skating rinks of any type, or venues for any other similar uses.

(c) If the 1400 Parcel is annexed hereunder, no portion of the 1400 Parcel shall operate a supermarket or sell fresh meat, fish, poultry or produce (the "Exclusive Uses"). Notwithstanding the foregoing, the Exclusive Uses shall not prohibit the following: (a) the operation of a restaurant (quick service, sit down or otherwise); (b) the sale, handling or storage of grocery items other than fresh meat, fish, poultry or

produce (whether taxable or nontaxable) in not more than 3,000 square feet of any premises' Applicable Floor Area (defined to mean the display area of any premises, aisle area adjacent thereto and storage area, plus a proportionate share of all other non-display areas in such premises), provided that such premises may conduct incidental sales of produce in not more than ten square feet of shelf space in a sandwich or coffee shop type of operation; (c) a store primarily devoted to the sale of Prescription Pharmacy Merchandise (defined as merchandise which, under the laws of the State of California, is required to be dispensed by or under the supervision of a registered or licensed pharmacist) and health and beauty aids, having a merchandise mix comparable to that of a national or major regional drugstore chain such as Rite-Aid, Walgreen's or CVS, except in no event shall fresh meat, fish, poultry, or produce be sold, handled or stored by such drugstore in any part of such store; or (d) the sale, handling or storage of beer, wine or spirits.

(d) Uses of the 1200 Parcel shall comply with all applicable Governmental Regulations and shall not burden the Common Area on the 1300 Parcel and the 1400 Parcel (if annexed hereunder) with more parking than permitted under Section 3.1 above.

Grocery Outlet, Inc.

So long as Tenant is operating in the Premises for the Intended Use and has not ceased to be operating in the Premises for a continuous period in excess of twelve (12) months (exclusive of closures due to remodeling, alterations, restoration, casualty or condemnation), Landlord covenants and agrees that during the term of this Lease, Tenant shall have the exclusive right ("Tenant's Exclusive Right") to (i) sell food (defined as food for human consumption but not pet food) items in the Shopping Center, and (ii) utilize the name "Grocery" and "Market" in its business name at the Shopping Center. The following uses or entities shall be exempt from Tenant's Exclusive Right: (i) any tenant or occupant that sells food items on a basis which is incidental to an otherwise permitted use; (ii) restaurants (quick service, sit down or otherwise); (iii) a store primarily devoted to the sale of vitamin, minerals and supplements such as a GNC; (iv) a store primarily devoted to the sale of Prescription Pharmacy Merchandise (defined as merchandise which, under the laws of the State of California, is required to be dispensed by or under the supervision of a registered or licensed pharmacist) and health and beauty aids, having a merchandise mix comparable to that of a national or major regional drugstore chain such as Rite-Aid, Walgreen's or CVS; (v) any of the following stores: Sears Holdings, K Mart, Meijer's, Duckwall Alco, A.J. Wright, Big Lots, Ross Stores (including dds), Shopko, Pamida, Dolgencorp, Value City, Dollar Tree, or Family Dollar; (vi) 99 Cents Only and Dollar General, but only if (A) such store(s) limits its sale of food items to less than 1,000 leasable square feet of floor area in its store at the Shopping Center, and (B) with respect to Dollar General, Dollar General does not occupy more than 12,000 leasable square feet of floor area at the Shopping Center (however, it is expressly agreed by the parties that in no event shall Landlord permit a "Dollar General Market" to operate at Landlord's Property (or on the Shopping Center, to the extent within Landlord's reasonable control)); and (vii) any tenant or occupant of the Shopping Center existing as of the date of this Lease. For purposes of this Paragraph 10, the term "incidental" shall mean that the regular display of food items occupies no more than one thousand (1,000) square feet of floor area of such tenant's or occupant's premises.

No part of the Landlord's Property (and the Shopping Center as well, to the extent within Landlord's reasonable control) shall be used (collectively, the "Prohibited Uses"): (a) as an auditorium, meeting hall, school (other than the existing beauty school), church, or other place of public assembly, telemarketing or call center (other than as an incidental use), gymnasium, health club, fitness center, or dance hall (provided, however, that this prohibition shall not apply to any such gymnasium, health club, or fitness center use with a ground floor that is less than 25,000 leasable square feet); (b) for Bingo or similar games of chance provided, however, that this prohibition shall not apply to government-sponsored gambling activity (for example, California Lotto sales) or charitable gambling activities, so long as such governmental and/or charitable activities are incidental to retail business operations being conducted by an occupant; (c) as a massage parlor (excluding massages in a reputable day spa or similar operation), video game arcade (except as an incidental use), bowling alley (except a bowling alley shall be permitted provided (i) it is not within two hundred fifty (250) feet of the Premises as measured from front door to front door and (ii) the combined parking ratio (i.e., including reciprocal parking) for Landlord's Property

and 1400 W. Main Street parcel is at least six (6) spaces per one thousand (1,000) square feet of ground floor leasable area in the buildings thereon), skating rink, car wash, car repair other than a Pep Boys, AutoZone, Jiffy Lube or similar operations or car rental agency, night club or adult book or adult video store; (c) for a sit-down restaurant within one hundred (100) feet of the Premises as measured from door to door; (d) for any use which constitutes a public or private nuisance or which causes loud noises or noxious or offensive smoke or odors (including any business using exterior loud speakers, but excluding any commercially reasonable exterior speakers used by a fast-food drive thru operation provided the volume does not unreasonably disturb other tenants of the Landlord's Property); (e) for a manufacturing facility or dry cleaner (except facilities for drop off and pick up of clothing cleaned at another location); or (f) any other use inconsistent with the operation of a retail shopping center.

Dollar Tree

As a material inducement for Tenant to enter into this Lease, Landlord hereby agrees as follows:

a). Exclusive. Tenant shall have the exclusive use for the operation of a single price point variety retail store ("Exclusive" or "Exclusive Use"). Landlord shall not lease, rent, or permit any other premises in the Shopping Center to be occupied, whether by a tenant, sublessee, assignee, licensee or other occupant, whose "principal business" (hereinafter defined) is for the operation of a single price point variety retail store.

b). Restricted Uses. Landlord will not permit any other occupant in the Shopping Center to operate the following uses (hereinafter "Restricted Uses") without Tenant's consent and such consent shall be in Tenant's sole and absolute discretion:

(1) Variety retail operations with the word "Dollar" in their trade name;

(2) A non-membership warehouse store under 30,000 square feet that sells restaurant supplies, janitorial supplies and related items.

For the purpose of this Section, "principal business" shall be defined as selling such merchandise in twenty-five percent (25%) or more of the sales floor area (including one-half [1/2] of the adjacent aisle space).

Any of the following uses:

A lingerie bar, "go go" bar or other similar establishment;

A Laundromat;

A carnival, amusement park or circus;

Planet Fitness

Landlord covenants and agrees that the Center shall be leased, operated, maintained and managed in a manner substantially similar to shopping centers similar to the Center in the trade area where the Center is located, and otherwise in a professional manner, consistent at a minimum with other similarly-anchored centers in the greater commercial area and that no premises (and no portion of any premises) in the Center shall be used or occupied for any of the following: any unlawful use; any unusual fire, explosive or dangerous hazards (including the storage, display or sale of explosives or fireworks other than "sparklers"); funeral or mortuary establishment; a restaurant immediately adjacent to the Premises (provided ice cream and/or yogurt shops, and juice bars (including a Jamba Juice, which juice bar may sell other items typically sold at a Jamba Juice) are deemed to be not restaurants); the sale of coffins or caskets; used car lot; auction or bankruptcy sale (except those which are lawful and bona fide); pawn shop; shooting gallery; refinery; adult bookstore or facility selling, renting or displaying pornographic

books, magazines, literature, films, pictures, videotapes, video discs or other paraphernalia or merchandise of any kind; an assembling, manufacturing, distilling, refining, smelting, industrial, agricultural, drilling or mining operation; on-premises dry cleaning plant (except facilities for drop off and pick up of clothing cleaned at another location shall be permitted); food stamp center; any cocktail lounge or bar provided, however, notwithstanding the foregoing a cocktail lounge or bar is permitted in that part of the Center (except as incidental to a restaurant operation); disco or night club; games of chance other than lottery tickets and other items commonly sold in retail establishments may be sold as an incidental part of business; any use that permits a pest infestation without prompt action to eliminate the infestation; any use that permits noxious odors to be smelled outside of the premises; any use that permits vibrations to be felt inside of the Premises; auction house or flea market.

Metro PCS (none)

Get Air Trampoline (none)

SCHEDULE 37.3

INITIAL TENANT IMPROVEMENT PAYOFF CHART

Lease Year	Tenant Improvement Principal Balance Repayment at End of Lease Year
1	Not Applicable
2	Not Applicable
3	Not Applicable
4	Not Applicable
5	\$1,052,298.00
6	\$842,836.32
7	\$632,875.68
8	\$422,416.08
9	\$211,457.52
10	\$0.00

Assumes an initial tenant improvement cost of \$1,782,000.00 repaid at 0.28% over 10 years within a total lease cost of \$1.65 per square foot per month.

Amount shown is principal tenant improvement balance at the end of each Lease Year. Early termination and principal balance of tenant improvement are optional after the first five years. The principal tenant improvement balance is repaid in full at the end of the tenth lease year.

OPTIONAL LEASE RENEWAL RENTAL RATE

Total Square Footage: 34,996 square feet
 Rental Rate Basis: \$1.22 per square foot

Escalated at Initial Term at Consumer Price Index (CPI) rate; not to exceed 2.000% per year from initial term
 Rent Escalation Upon Renewal in Year 11 2.000% maximum per year, from initial year (Year 1)

Maximum Monthly Rent Rate in Year 11 \$1.49

	Year of Lease Renewal	Adjusted Maximum Rent Per Sq. Ft./Mo	TI Repayment Per Month	Maximum Total Cost Per Month
LEASE RENEWAL TERMS	11	\$1.49	\$0.00	\$52,144.04
	12	\$1.52	\$0.00	\$53,193.92
	13	\$1.55	\$0.00	\$54,243.80
	14	\$1.58	\$0.00	\$55,293.68
	15	\$1.61	\$0.00	\$56,343.56
	16	\$1.64	\$0.00	\$57,393.44
	17	\$1.67	\$0.00	\$58,443.32
	18	\$1.71	\$0.00	\$59,843.16
	19	\$1.74	\$0.00	\$60,893.04
	20	\$1.78	\$0.00	\$62,292.88