

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

DEPT: Chief Executive Office

BOARD AGENDA #: *B-8

AGENDA DATE: June 13, 2017

SUBJECT:

Approval of Memoranda of Understanding Between the Judicial Council of California, the County of Stanislaus, and the Superior Court of California, County of Stanislaus for the Use of Courthouse Construction Funds for the Continued Lease of the 4th and 6th Floors of 801 Tenth Street, Modesto, CA

BOARD ACTION AS FOLLOWS:

No. 2017-296

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

Ayes: Supervisors: Olsen, Withrow, Monteith, and Vice-Chairman DeMartini


Noes: Supervisors: None

Excused or Absent: Supervisors: Chairman Chiesa

Abstaining: Supervisor: None

- 1) Approved as recommended
- 2) Denied
- 3) Approved as amended
- 4) Other:

MOTION:



ATTEST: PAM VILLARREAL, Assistant Clerk

File No.

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

DEPT: Chief Executive Office
Urgent Routine

BOARD AGENDA #: *B-8

AGENDA DATE: June 13, 2017

CEO CONCURRENCE: *pkc*

4/5 Vote Required: Yes No

SUBJECT:

Approval of Memoranda of Understanding Between the Judicial Council of California, the County of Stanislaus, and the Superior Court of California, County of Stanislaus for the Use of Courthouse Construction Funds for the Continued Lease of the 4th and 6th Floors of 801 Tenth Street, Modesto, CA

STAFF RECOMMENDATIONS:

1. Approve the attached Memorandum of Understanding between the Judicial Council of California, and the Superior Court of California, County of Stanislaus, and the County of Stanislaus related to the use of Courthouse Construction Fund monies for the cost of court facility space for the 4th floor at 801 Tenth Street.
2. Approve the attached First Amendment to Memorandum of Understanding between the Judicial Council of California, the County of Stanislaus, and the Superior Court of California, County of Stanislaus for use of Courthouse Construction Funds for the cost of court facility space for the 6th floor at 801 Tenth Street.
3. Authorize the Chairman of the Board to sign the Memoranda of Understanding.

DISCUSSION:

The recommendations contained in this report authorize the use of Courthouse Construction Funds for the Courts' lease costs at 801 Tenth Street in Modesto. Courthouse Construction Funds are collected by the County and are to be used by the Courts for facility-related costs. All expenditures of Courthouse Construction Funds must first be approved by the Judicial Council. The attached Memoranda of Understanding will allow the extension of existing leases for the Courts to remain at their current location.

The Judicial Council of California currently leases the fourth and sixth floors of the City Towers building at 801 Tenth Street in Modesto for use by the Superior Court of California, County of Stanislaus Civil Departments 21 and 22 (fourth floor), and Departments 23 and 24 (sixth floor). The fourth floor lease of 14,376 rentable square feet was entered into commencing on April 1, 2008 for a period of ten years. On March 1, 2009, the Judicial Council and the Superior Court entered into a second lease for the sixth floor of City Towers for 10,906 rentable square feet for a period of ten years.

In June 2009, the AOC, the Court, and the County entered into Memoranda of Understanding that established and clarified the amounts and timing of local Courthouse Construction Fund disbursements from the County to the Court in order that the Judicial Council and the Superior Court could meet its respective obligations for the lease agreements. The June 2009

Approval of Memoranda of Understanding Between the Judicial Council of California, the County of Stanislaus, and the Superior Court of California, County of Stanislaus for the Use of Courthouse Construction Funds for the Continued Lease of the 4th and 6th Floors of 801 Tenth Street, Modesto, CA

Memoranda of Understanding encumbered a total of \$5,302,262 of Courthouse Construction Funds for the two ten-year leases as follows:

Fourth Floor Lease:	\$ 882,398	(MOU dated June 5, 2009)
Sixth Floor Lease:	<u>\$4,419,864</u>	(MOU dated June 12, 2009)
Total Original Obligation:	\$5,302,262	

The four civil courtrooms and related support space encompassed in the two City Towers leases were developed to accommodate growth in the Superior Courts beyond the capacity of the existing Modesto Courthouse located at 800 11th Street in Modesto. These courtrooms are intended to be included in the proposed New Modesto Courthouse currently planned on the adjacent city block bounded by Ninth and Tenth Streets, G and H Streets. At this time, the Judicial Council has authorized funding for the design of the new Courthouse project; however, funding for its construction remains pending approval by the State.

Construction of the proposed 27-courtroom new facility will, in the best possible case, extend well beyond the existing termination of the original ten-year leases at City Towers, necessitating an extension of the City Towers Group leases and amendment to the Memoranda of Understanding with the County for use of the Courthouse Construction Funds. The proposed First Amendment to the leases will extend the term of the Courts' occupancy of City Towers until April 30, 2022. Four options to extend the lease(s) for six months each are also included.

The Judicial Council and the Superior Court have previously negotiated an extension of a lease of County space in the Hall of Records building with the County's Purchasing Officer through December 31, 2021, which was executed on March 27, 2017.

Both Memoranda of Understanding also include a change to the new name of the Judicial Council of California (formerly the "Administrative Office of the Courts.")

POLICY ISSUE:

The County has responsibility for approving any use of the Courthouse Construction Funds. The proposed lease extensions at the City Towers property by the Judicial Council will enable continued use by the local Superior Courts, and will create an additional obligation encumbering the Courthouse Construction Fund for the extended lease period. This action will approve the additional use of the Courthouse Construction Fund for the purpose of extending the City Towers leases by the Courts. If the use of the funds is approved by the Board of Supervisors, the Judicial Council of California will seek State approval to enter into the lease extensions.

Approval of Memoranda of Understanding Between the Judicial Council of California, the County of Stanislaus, and the Superior Court of California, County of Stanislaus for the Use of Courthouse Construction Funds for the Continued Lease of the 4th and 6th Floors of 801 Tenth Street, Modesto, CA

FISCAL IMPACT:

The amount of additional Courthouse Construction Funds to be encumbered by these Memoranda of Understanding (MOUs) totals \$2,334,119 through April 30, 2022 as follows:

Fourth Floor Lease:	\$1,074,809
Sixth Floor Lease:	\$1,259,310
Total Additional Obligation:	\$2,334,119

The total Courthouse Construction Funds committed, including both the existing MOUs and the new MOUs total \$3.9 million from Fiscal Year 2016-2017 through Fiscal Year 2021-2022 as follows:

Fiscal Year	4th Floor	6th Floor	Total
2016-2017	\$331,236	\$371,116	\$702,352
2017-2018	\$210,553	\$381,056	\$591,609
2018-2019	\$73,541	\$390,435	\$463,976
2019-2020	\$342,006	\$400,686	\$742,693
2020-2021	\$354,370	\$410,066	\$764,435
2021-2022	\$304,892	\$348,992	\$653,884
Total	\$1,616,598	\$2,302,350	\$3,918,948

The annual estimated revenue for the Chief Executive Office – Courthouse Construction Fund is \$420,000, consisting of \$400,000 in estimated revenue from fines, forfeitures, and penalties, and \$20,000 in interest revenue. It is estimated that the total amount of available fund balance as of May 31, 2017 is \$3.3 million which is sufficient to fund the recommended Courthouse Construction Fund obligations when combined with annual estimated revenue.

The lease costs for the 2016-2017 Fiscal Year are \$702,352, and are included in the Fiscal Year 2016-2017 Chief Executive Office – Courthouse Construction Fund budget. There is no budget adjustment necessary in the 2016-2017 Fiscal Year.

Cost of recommended action:	\$	702,352
Source(s) of Funding:		
Courthouse Construction Funds	\$	702,352
Funding Total:	\$	702,352
Net Cost to County General Fund	\$	-

Fiscal Year:	2016-2017
Budget Adjustment/Appropriations needed:	No

Fund Balance as of 5/31/17 \$ 3,336,985

Approval of Memoranda of Understanding Between the Judicial Council of California, the County of Stanislaus, and the Superior Court of California, County of Stanislaus for the Use of Courthouse Construction Funds for the Continued Lease of the 4th and 6th Floors of 801 Tenth Street, Modesto, CA

BOARD OF SUPERVISORS' PRIORITY:

The recommended action is consistent with the Board's priority of Efficient Delivery of Public Services by providing space for court functions in a cost-efficient manner.

STAFFING IMPACT:

Staff from the Chief Executive Office will monitor the CEO – Courthouse Construction Fund budget to ensure that payments are made in accordance with the attached Memoranda of Understanding.

CONTACT PERSON:

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

Tim Fedorchak, Senior Management Consultant. Telephone: (209) 525-6333

ATTACHMENT(S):

1. Memorandum of Understanding (50-G1/ Lease 4th Floor) Between the Judicial Council of California, and the Superior Court of California, County of Stanislaus, and the County of Stanislaus Related to the Use of Courthouse Construction Fund Monies
2. First Amendment to Memorandum of Understanding (08-50-G1/ Lease 6th Floor) Between the Judicial Council of California, the County of Stanislaus, and the Superior Court of California, County of Stanislaus for the use of Courthouse Construction Funds

ATTACHMENT ONE

Memorandum of Understanding (50-G/ Lease 4th Floor) Between the
Judicial Council of California, and the Superior Court of California, County
of Stanislaus, and the County of Stanislaus Related to the Use of
Courthouse Construction Fund Monies

MEMORANDUM OF UNDERSTANDING
50-G1/ Lease 4th Floor
BETWEEN THE JUDICIAL COUNCIL OF CALIFORNIA, AND THE
SUPERIOR COURT OF CALIFORNIA, COUNTY OF STANISLAUS,
AND THE COUNTY OF STANISLAUS RELATED TO THE
USE OF COURTHOUSE CONSTRUCTION FUND MONIES

This MEMORANDUM OF UNDERSTANDING (“**CCF MOU**”) is entered into as of May 1, 2017 (“**Effective Date**”), by and between the Judicial Council of California (the “**Judicial Council**”), the Superior Court of California, County of Stanislaus (the “**Court**”), and the County of Stanislaus (the “**County**”). For purposes of this CCF MOU, the Judicial Council, the Court, and the County are each a “**Party**” and are sometimes together referred to as the “**Parties.**”

BACKGROUND TO AND PURPOSE OF MOU

A. On February 27, 2007, the County and the Court submitted to the Judicial Council, acting by and through the Administrative Office of the Courts (the “**AOC**”), the County Courthouse Construction Fund Request for Approval of Expenditure or Encumbrance (the “**CCF Request**”) of Courthouse Construction Funds (“**CCFs**”) to pay for the 10-year lease of two new civil courtrooms in the City of Modesto (the “**4th Floor Lease**”).

B. The AOC approved the CCF Request for an expenditure from and future encumbrances of the local Courthouse Construction Funds (the “**CCF**”) on April 9, 2007, for the 4th Floor Lease with the stipulation that an MOU must be developed between the AOC and the County regarding a definition of project funding and administration.

C. On August 10, 2007, the AOC entered into a lease agreement with City Tower Group, LLC, a California limited liability company, as landlord (the “**Lessor**”), for approximately 14,376 rentable square feet in the building located at 801 Tenth Street, Modesto, California (the “**Premises**”), for a period of ten years commencing on April 1, 2008.

D. On June 5, 2009, the AOC, the Court, and the County entered into an agreement which set forth the procedure for the County to follow in disbursing CCFs to the Court in furtherance of the CCF Request, including the establishment of the amounts and timing of local CCF disbursements from the County to the Court in order that the AOC and the Court could meet its respective obligations to the Lease (“**Previous CCF Agreement**”). Pursuant to the Previous CCF Agreement, County agreed to encumber \$882,398 in CCFs (“**Original CCFs**”) as reimbursement to the Court for the reductions

that the AOC would make from the Trial Court Trust Fund (“**Fund**”) distributions of the Court for the lease payments.

E. On July 29, 2014, the Judicial Council amended the California Rules of Court to substitute the “Judicial Council” for the “Administrative Office of the Courts” or the “AOC” in all contracts, memoranda of understanding, and other legal agreements, documents, proceedings, and transactions, with no prejudice to the substantive rights of any party.

F. The Court has asked the Judicial Council to negotiate an amendment to the 4th Floor Lease to extend the term until April 30, 2022 (the “**Lease Extension**”), and to pay an additional \$2,629,083 in rent for that extended term as set forth in the draft First Amendment to Lease (“**First Lease Amendment**”), which is attached as Exhibit “A” and incorporated herein by reference.

G. To facilitate the First Lease Amendment, the Parties now wish to enter into this CCF MOU to expand upon the Previous CCF Agreement in order to approve the payment of additional CCF monies by the County to the Court in the amount of One Million Seventy-Four Thousand Eight Hundred Nine Dollars (\$1,074,809) for rental costs related to the First Lease Amendment (“**Additional CCFs**”), and to provide an Updated Funding Plan, attached hereto as Exhibit “B” and incorporated herein. Pursuant to the Updated Funding Plan, the sources of funding for the rent under the First Lease Amendment will be a combination of: (1) Original CCFs; (2) new judgeship funds in the amount of \$15,514 per month (i.e. \$186,168 annually) (“**New Judgeship Funds**”); and (3) the Additional CCFs. Hereafter, the Lease and the First Lease Amendment are referred to as the “Lease.”

H. Concurrent with the execution of this CCF MOU, the Court and the Judicial Council will be entering into an Intra-Branch Agreement in furtherance of a Court-Funded Facilities Request relating to the First Lease Amendment (“**IBA**”).

I. This CCF MOU sets forth the respective responsibilities of the Judicial Council, the County, and the Court, with regard to the use of the CCFs and established the payment procedure for the Parties to follow.

NOW, THEREFORE, in consideration of the foregoing promises and for other good and valuable consideration, the sufficiency of which is hereby acknowledged by the Parties, the Judicial Council, the Court, and County hereby agree as follows:

AGREEMENT

1. JUDICIAL COUNCIL RESPONSIBILITIES

1.1 The Judicial Council will make all lease payments to the Lessor in accordance with the Lease, as amended.

1.2 The Judicial Council will be responsible for the portion of the rent under the Lease which is associated with the New Judgeship Funds.

1.3 The Judicial Council will comply with the procedure for monthly reductions from the Fund as set forth in the IBA. The Judicial Council will reduce the Court's distribution from its annual allocation from the Fund for the applicable period set forth in the Updated Funding Plan.

2. COURT RESPONSIBILITIES

Court acknowledges that local CCFs are one of the sources of funding with respect to the Lease as set forth in the Updated Funding Plan. It is the responsibility of the Court to take whatever action is necessary to ensure that the County timely transfers any necessary funds from the CCF to the Court so that the Court will have sufficient funds when the Judicial Council reduces the Court's distribution from the Fund. The Court accepts all risks with respect to the County's failure to transfer funds from the CCF to the Court.

3. COUNTY RESPONSIBILITIES

3.1 County acknowledges that local CCFs are one of the sources of funding with respect to the Lease.

3.2 With respect to the Additional CCFs, the County shall encumber \$1,074,809 for the Lease Extension, assuming payments will be due to the Court approximately as follows: \$73,541 in FY 2018–2019; \$342,006 in FY 2019–2020; \$354,370 in FY 2020–2021; and \$304,892 in FY 2021–2022, as reimbursement to the Court for the reductions that the Judicial Council will be making from the Fund distributions of the Court.

3.3 With respect to the Original CCFs, to the extent that the Original CCFs have not yet been disbursed, the County shall disburse to the Court the following amounts: \$331,236 for FY 2016-2017; and \$210,553 for FY 2017-2018.

3.4 On or by July 31 of each fiscal year stated in Sections 3.2 and 3.3, the County will disburse the Additional CCFs and the Original CCFs (collectively "CCF

Funds”) to the Court in the amounts set forth in section 3.2 and 3.3 for the purpose of paying a portion of the annual rent of the Lease, however, for those fiscal years in which the July 31 for that fiscal year occurred prior to the Effective Date, the County will disburse the Additional CCFs associated with those fiscal years to the Court as soon as possible after the Effective Date to the extent that the CCFs have not yet been disbursed.

4. EFFECTIVE DATE AND TERMINATION

This CCF MOU will become effective on the Effective Date, and will remain in effect until the Lease is terminated or expires.

5. EFFECT OF TERMINATION

Notwithstanding any expiration or termination of this CCF MOU, all payment obligations under this CCF MOU incurred prior to expiration or termination of this CCF MOU will survive.

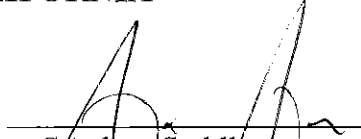
6. COUNTERPARTS

This CCF MOU may be executed in one or more counterparts, all of which together shall constitute one and the same agreement.

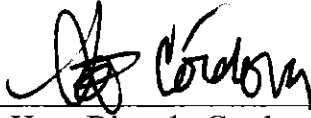
[SIGNATURE PAGE IMMEDIATELY FOLLOWS]

IN WITNESS WHEREOF, the Parties hereto have executed this CCF MOU as of the Effective Date.

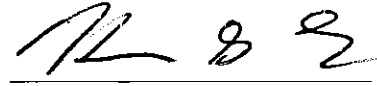
JUDICIAL COUNCIL OF CALIFORNIA

By: 
Name: Stephen Saddler
Title: Manager, Contracts
Date: 6/29/17

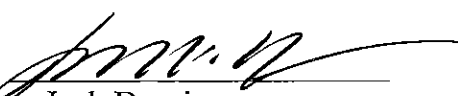
SUPERIOR COURT OF CALIFORNIA, COUNTY OF STANISLAUS

By: 
Name: Hon. Ricardo Cordova
Title: Presiding Judge
Date: 6/27/17

APPROVED AS TO FORM:
Judicial Council of California,
Legal Services

By: 
Name: Kenneth S. Levy
Title: Attorney
Date: 6/29/17

APPROVED AS TO FORM:
County of Stanislaus

By: 
Name: Jack Doering
Title: County Counsel
Date: 6/2/17

COUNTY OF STANISLAUS, a political subdivision of the State of California


By: 
Name: Vito Chiesa
Title: Chairman, Board of Supervisors
Date: 6/15/17

EXHIBIT "A"

FIRST LEASE AMENDMENT



**Judicial Council of California
Real Estate and Facilities Management
455 Golden Gate Avenue, San Francisco, CA 94102-3688**

For the benefit of: Superior Court of California, County of Stanislaus

Location of Premises: 801 Tenth Street, Suite 400, Modesto, CA

FIRST AMENDMENT TO LEASE AGREEMENT

This FIRST AMENDMENT TO LEASE AGREEMENT (the “**Amendment**”) dated _____, 2017, which date is for reference purposes only, is made by and between the Judicial Council of California (the “**Lessee**”), and City Tower Group, LLC, a California limited liability company (the “**Lessor**”) for the benefit of the Superior Court of California, County of Stanislaus (the “**Court**”). Lessee and Lessor may be together referred to as the “**Parties**” or individually as a “**Party**.”

RECITALS

A. Lessor and the Judicial Council of California, Administrative Office of the Courts, as Lessee, entered into that certain Lease Agreement dated August 10, 2007 (the “**Original Lease**”), for premises consisting of approximately 14,376 rentable square feet/12,892 usable square feet of space (the “**Premises**”) for use by the Court.

B. The term under the Original Lease is for ten (10) years which commenced on April 1, 2008, and is scheduled to expire on March 31, 2018 (“**Original Term**”).

C. On July 29, 2014, the Judicial Council of California amended rule 10.81 of the California Rules of Court to substitute the Judicial Council for the “Administrative Office of the Courts” or the “AOC” in all contracts, memoranda of understanding, and other legal agreements, documents, proceedings, and transactions, with no prejudice to the substantive rights of any party.

D. Lessor and Lessee now desire to amend the Lease to (a) reduce the rent for the remaining portion of the Original Term; (b) extend the term; and (c) provide optional extension terms.

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereto agree as follows:

1. Incorporation of Recitals; Defined Terms. The foregoing provisions of the Recitals are true and correct and are incorporated into this Amendment by this reference. Any defined terms not defined herein will have the definition meaning given those terms in the Lease.

2. Replacement of Administrative Office of the Courts Name. All references to “Administrative Office of the Courts” or “AOC” in the Lease shall be replaced by “Judicial Council” or “Council” with no prejudice to the substantive rights of the Parties, and the Judicial Council will continue to perform all duties, responsibilities, functions, or other obligations, and bear all liabilities, and exercise all rights, powers, authorities, benefits, and other privileges attributed to the “Administrative Office of the Courts” or “AOC” in the Lease.

3. Extension of Lease Term. Section 1.3 of the Original Lease shall be amended to reflect that the Original Term is hereby extended for an additional 49 months, commencing April 1, 2018, and ending on April 30, 2022 (“**First Extension Term**”), upon the same terms and conditions set forth in the Original Lease except as modified herein.

4. Rent. Section 1.4.1 of the Original Lease shall be amended to reflect that the rent for the remaining portion of the Original Term and the First Extension Term shall be as follows:

Lease Month	Per Square Foot Amount	Monthly Rent
5/1/2017 – 4/30/2018	\$2.90 per square foot	\$41,690.40
5/1/2018 – 4/30/2019	\$2.97 per square foot	\$42,696.72
5/1/2019 – 4/30/2020	\$3.05 per square foot	\$43,846.80
5/1/2020 – 4/30/2021	\$3.12 per square foot	\$44,853.12
5/1/2021 – 4/30/2022	\$3.20 per square foot	\$46,003.20

5. Option to Extend Term. Section 3.4 of the Original Lease is hereby deleted in its entirety and replaced with the following new section 3.4:

3.4 Option to Extend Term. Lessor grants to Lessee four (4) options to extend the Lease term (“**Option(s)**”) beyond the First Extension Term. The Option(s) shall be for a period of six (6) months each (“**Option Term(s)**”), subject to the conditions described in this section 3.4

3.4.1 Exercise. The Option(s) may be exercised by Lessee delivering to Lessor notice thereof no later than four (4) months prior to the expiration of the First Extension Term or any Option Term, as applicable.

3.4.2 Rent for Option Term(s). If exercised by Lessee, the Rent for the Option Term(s) shall be as follows:

Option Terms	Lease Months	Per square foot amount	Monthly rent
First option	5/1/2022 – 10/31/2022	\$3.28 per square foot	\$47,153.28
Second option	11/1/2022 – 4/30/2023	\$3.28 per square foot	\$47,153.28
Third option	5/1/2023 – 10/31/2023	\$3.36 per square foot	\$48,303.36
Fourth option	11/1/2023 – 4/30/2024	\$3.36 per square foot	\$48,303.36

6. Lessee’s Right to Early Termination. Section 3.3 of the Original Lease is hereby deleted in its entirety and replaced with the following new Section 3.3:

3.3 Lessee’s Right to Early Termination. The Lessee may terminate the Lease any time after March 31, 2021, upon 90-days advance written notice to Lessor. In the event that Lessee elects to terminate the Lease according to this section 3.3, Lessee will not be obligated to pay any type of termination penalty.

7. Parking. The third paragraph of Section 1.2 of the Original Lease is hereby deleted in its entirety and replaced with the following paragraphs:

Lessee shall also have the right to twenty-five (25) reserved parking spaces and three (3) reserved and secure parking spaces for the Judges of the Court (as defined in section 1.5) at the location within the Project shown on the site plan attached hereto as Exhibit “A-2” and incorporated herein (“**Reserved Spaces**”), and an additional twenty-five (25) unreserved parking spaces, within an off-site parking lot/garage to be located no more than two blocks from the Premises (“**Unreserved Spaces**”), at Lessor’s sole expense. The acceptable radius from the Premises for the Unreserved Spaces is shown on the site plan attached hereto as Exhibit “A-3” and incorporated herein.

At Lessee’s sole discretion, the Unreserved Spaces may be located at a Lessee owned parking lot. For every month that the Unreserved Spaces are located at a Lessee owned parking lot and not provided by

Lessor, Lessee shall receive a \$2000 rent credit (“**Rent Credit(s)**”) which shall be used to offset each monthly rent payment commencing May 1, 2017.

In the event that the Unreserved Spaces are located in a Lessee owned parking lot and Lessee desires to move the Unreserved Spaces from the Lessee owned parking lot, Lessee shall provide Lessor with 60-day written notice that the Lessee owned parking lot will no longer be available for the Unreserved Spaces in which case Lessor shall have no more than 60 days to relocate the Unreserved Spaces, at Lessor’s sole expense, to an off-site parking lot/garage which is no more than two blocks from the Premises within the radius area that is shown on Exhibit “A-3.” In the event that the Unreserved Spaces are relocated from a Lessee owned parking lot to an off-site parking lot/garage in accordance with this paragraph and this relocation does not occur at the beginning or end of a lease month, any Rent Credits utilized by Lessee shall be prorated accordingly and Lessee shall reimburse Lessor any Rent Credits allocated to the period of the month after relocation of the Unreserved Spaces in the next monthly rent payment.

8. Notices. Section 1.6 of the Original Lease is hereby deleted in its entirety and replaced with the following new section 1.6:

1.6 Notices.

1.6.1 Lessee’s Notification Address. Notwithstanding any provision to the contrary contained in this Lease, all notices required or permitted to be given to Lessee under this Lease will be addressed to Lessee as follows:

Judicial Council of California
Real Estate and Facilities Management
Attn: Associate Facilities Analyst
455 Golden Gate Avenue, 8th floor
San Francisco, CA 94102-3688
Telephone: 415-865-4068
Fax: 415-865-4694

with a copy to:

Judicial Council of California
Real Estate and Facilities Management
Attn: Manager, Real Estate
455 Golden Gate Avenue, 8th floor
San Francisco, CA 94102-3688
Telephone: 415-865-4048
Fax: 415-865-4694

In addition, all notices relating to termination of the Lease or an alleged breach or default by Lessee must also be sent to:

Judicial Council of California
Branch Accounting and Procurement
455 Golden Gate Avenue, 6th floor
San Francisco, CA 94102-3688
Attention: Manager, Contracts
Telephone: 415-865-7989
Fax: 415-865-4326

All notices and correspondence to Lessee must reference the address of the Premises and the name of the entity occupying the Premises.

1.6.2 Lessor's Notification Address.

City Tower Group, LLC
Allen Beebe
4866 Salida Blvd.
Salida, CA 95368
209-529-7050

9. No Further Modifications. Except as specifically modified herein, the Lease remains unmodified and in full force and effect.

[SIGNATURE PAGE IMMEDIATELY FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this First Amendment to Lease as of the date and year first above written.

LESSEE:

APPROVED AS TO FORM: **JUDICIAL COUNCIL OF CALIFORNIA**
Judicial Council of California,
Legal Services

By: _____
Name: Kenneth S. Levy
Title: Attorney
Date: _____

By: _____
Name: Stephen Saddler
Title: Manager, Contracts
Date: _____

LESSOR:

CITY TOWER GROUP, LLC

By: _____
Name: Allen Beebe
Title: _____
Date: _____

EXHIBIT "A-2"

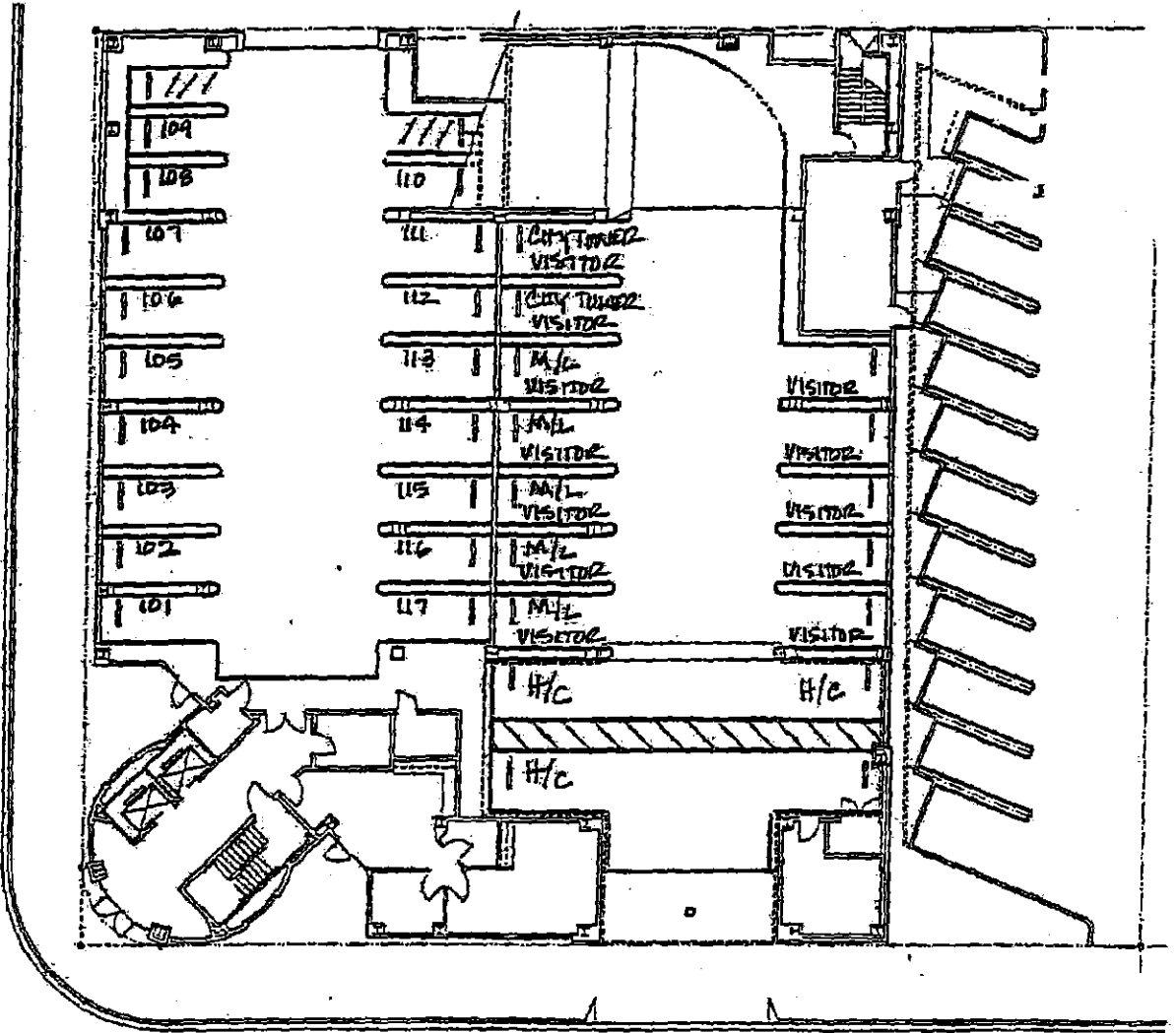
PARKING PLAN

EXHIBIT "A-2"

PARKING PLAN

U. *J. Kelly*
LEVEL 1

Space 101 / 104 / 107 thru 109



1ST LEVEL

ATTACHMENT TWO

First Amendment to Memorandum of Understanding (08-50-G1/ Lease 6th Floor) Between the Judicial Council of California, the County of Stanislaus, and the Superior Court of California, County of Stanislaus for the use of Courthouse Construction Funds

FIRST AMENDMENT TO MEMORANDUM OF UNDERSTANDING
08/50-G1/ Lease 6th Floor
BETWEEN THE JUDICIAL COUNCIL OF CALIFORNIA,
THE COUNTY OF STANISLAUS,
AND THE SUPERIOR COURT OF CALIFORNIA, COUNTY OF STANISLAUS
FOR USE OF COURTHOUSE CONSTRUCTION FUNDS

This FIRST AMENDMENT TO MEMORANDUM OF UNDERSTANDING (“**CCF MOU First Amendment**”) is entered into as of May 1, 2017 (“**Effective Date**”), by and between the Judicial Council of California, (the “**Judicial Council**”), the Superior Court of California, County of Stanislaus (the “**Court**”) and the County of Stanislaus (the “**County**”). For purposes of this CCF First MOU Amendment, the Judicial Council, the Court, and the County are each a “**Party**” and are sometimes together referred to as the “**Parties**.”

BACKGROUND TO AND PURPOSE OF MOU

A. On January 31, 2008, the County and the Court submitted to the Judicial Council, acting by and through the Administrative Office of the Courts (the “**AOC**”) a County Courthouse Construction Fund Request for Approval of Expenditure or Encumbrance (the “**CCF Request**”) of Courthouse Construction Funds (“**CCFs**”) to pay for a 10-year lease at 801 Tenth Street, 6th Floor, Modesto (the “**6th Floor Lease**”).

B. On August 7, 2008, the AOC and the Court entered into a Memorandum of Understanding (“**AOC-Court MOU**”) which set forth the AOC and Court’s agreement to a funding plan for the 6th Floor Lease along with the amounts that the AOC would monthly withhold from the Court’s allocation from the Trial Court Trust Fund (the “**Fund**”) pursuant to the funding plan attached to the AOC-Court MOU.

C. On August 15, 2008, the AOC entered into a lease agreement with City Tower Group, LLC, a California limited liability company, as the landlord (the “**Lessor**”), for approximately 10,906 rentable square feet in the building located at 801 Tenth Street, Modesto, California (the “**Premises**”) for a period of ten years commencing on March 1, 2009.

D. On June 12, 2009, the AOC, the Court, and the County entered into a Memorandum of Understanding which set forth the procedure for the County to follow in disbursing CCFs to the Court in furtherance of the CCF Request, including the establishment of the amounts and timing of local CCF disbursements from the County to the Court in order that the AOC and the Court could meet its respective obligations to the Lease (“**CCF MOU**”). Pursuant to the CCF MOU, County agreed to encumber \$4,419,864

\$4,419,864 in CCFs (“**Original CCFs**”) as reimbursement to the Court for the reductions that the AOC would make from the Fund distributions of the Court for the lease payments.

E. On July 29, 2014, the Judicial Council amended the California Rules of Court to substitute the “Judicial Council” for the “Administrative Office of the Courts” or the “AOC” in all contracts, memoranda of understanding, and other legal agreements, documents, proceedings, and transactions, with no prejudice to the substantive rights of any party.

F. The Court and the Judicial Council now wish to amend the Lease, to extend the term of the Lease until April 30, 2022 (the “**Lease Extension**”), and to pay an additional \$1,994,489 in rent for that extended term as set forth in the draft First Amendment to Lease (“**First Lease Amendment**”), which is attached as Exhibit “A” and incorporated herein by reference.

G. To facilitate the First Lease Amendment, the Parties now wish to amend the CCF MOU to approve the payment of additional CCF monies by the County to the Court in the amount of One Million Two Hundred Fifty-Nine Thousand Three Hundred Ten Dollars (\$1,259,310) for rental costs related to the First Lease Amendment (“**Additional CCFs**”), and to provide an Updated Funding Plan, attached hereto as Exhibit “B” and incorporated herein. Pursuant to the Updated Funding Plan, the sources of funding for the rent under the First Lease Amendment will be a combination of: (1) Original CCFs; and (2) the Additional CCFs. Hereafter, the Lease and the First Lease Amendment are referred to as the “Lease.”

H. Concurrent with the execution of this CCF MOU, the Court and the Judicial Council will be entering into an Intra-Branch Agreement in furtherance of a Court-Funded Facilities Request relating to the First Lease Amendment (“**IBA**”).

I. This First MOU Amendment sets forth the respective responsibilities of the Judicial Council, the County, and the Court, with regard to the use of the CCFs and establishes the payment procedure for the Parties to follow.

NOW, THEREFORE, in consideration of the foregoing promises and for other good and valuable consideration, the sufficiency of which is hereby acknowledged by the Parties, the Judicial Council, the Court, and County hereby agree as follows:

AGREEMENT

1. JUDICIAL COUNCIL RESPONSIBILITIES

1.1. The Judicial Council will make all lease payments to the Lessor in accordance with the Lease, as amended.

1.2. The Judicial Council will comply with the procedure for monthly reductions from the Fund as set forth in the IBA. The Judicial Council will reduce the Court's distribution from its annual allocation from the Fund for the applicable period set forth in the Updated Funding Plan.

2. COURT RESPONSIBILITIES

Court acknowledges that local CCFs are one of the sources of funding with respect to the Lease as set forth in the Updated Funding Plan. It is the responsibility of the Court to take whatever action is necessary to ensure that the County timely transfers any necessary funds from the CCF to the Court so that the Court will have sufficient funds when the Judicial Council reduces the Court's distribution from the fund. The Court accepts all risks with respect to the County's failure to transfer funds from the CCF to the Court.

3. COUNTY RESPONSIBILITIES

3.1. County acknowledges that local CCFs are the source of funding with respect to the Lease.

3.2. With respect to the Additional CCFs, the County shall encumber \$1,259,310 for the Lease Extension, assuming payments will be due to the Court approximately as follows: \$99,566 in FY 2018–2019; \$400,686 in FY 2019–2020; \$410,066 in FY 2020–2021; and \$348,992 in FY 2021–2022, as reimbursement to the Court for the reductions that the Judicial Council will be making from the Fund distributions of the Court.

3.3. With respect to the Original CCFs, to the extent that the Original CCFs have not yet been disbursed, the County shall disburse to the Court the following amounts: \$371,116 for FY 2016-2017; \$381,056 for FY 2017-2018; and \$290,869 for FY 2018-2019.

3.4. On or by July 31 of each fiscal year stated in Sections 3.2 and 3.3, the County will disburse the Additional CCFs and the Original CCFs (collectively "**CCF Funds**") to the Court in the amounts set forth in Section 3.2 and 3.3 for the purpose of paying a portion of the annual rent of the Lease, however, for those fiscal years in which the July 31 for that

fiscal year occurred prior to the Effective Date, the County will disburse the Additional CCFs associated with those fiscal years to the Court as soon as possible after the Effective Date to the extent that the CCFs have not yet been disbursed.

4. EFFECTIVE DATE AND TERMINATION

This First CCF MOU Amendment will become effective on the Effective Date, and will remain in effect until the Lease is terminated or expires.

5. EFFECT OF TERMINATION

Notwithstanding any expiration or termination of the CCF MOU (including any amendments thereto), all payment obligations under the CCF MOU (including the CCF MOU First Amendment) incurred prior to expiration or termination of the CCF MOU will survive.

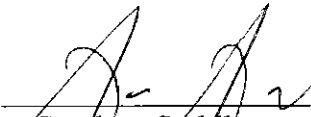
6. COUNTERPARTS

This First MOU Amendment may be executed in one or more counterparts, all of which together shall constitute one and the same agreement.


[SIGNATURE PAGE IMMEDIATELY FOLLOWS]

IN WITNESS WHEREOF, the Parties hereto have executed this CCF MOU First Amendment as of the Effective Date.

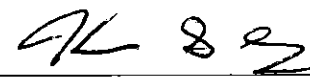
JUDICIAL COUNCIL OF CALIFORNIA

By: 
Name: Stephen Saddler
Title: Manager, Contracts
Date: 6/29/17

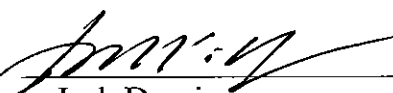
SUPERIOR COURT OF CALIFORNIA, COUNTY OF STANISLAUS

By: 
Name: Hon. Ricardo Cordova
Title: Presiding Judge
Date: 6/27/17

APPROVED AS TO FORM:
Judicial Council of California,
Legal Services

By: 
Name: Kenneth S. Levy
Title: Attorney
Date: 6/29/17

APPROVED AS TO FORM:
County of Stanislaus

By: 
Name: Jack Doering
Title: County Counsel
Date: 6/7/17

COUNTY OF STANISLAUS, a political subdivision of the State of California

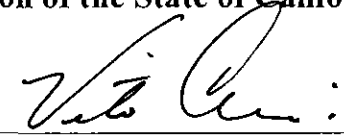
By: 
Name: Vito Chiesa
Title: Chairman, Board of Supervisors
Date: 6/15/17

EXHIBIT "A"
LEASE AMENDMENT



Judicial Council of California
Real Estate and Facilities Management
455 Golden Gate Avenue, San Francisco, CA 94102-3688

For the benefit of: Superior Court of California, County of Stanislaus

Location of Premises: 801 Tenth Street, Suite 600, Modesto, CA

FIRST AMENDMENT TO LEASE AGREEMENT

This FIRST AMENDMENT TO LEASE AGREEMENT (the “**Amendment**”) dated _____, 2017, which date is for reference purposes only, is made by and between the Judicial Council of California (the “**Lessee**”), and City Tower Group, LLC, a California limited liability company (the “**Lessor**”) for the benefit of the Superior Court of California, County of Stanislaus (the “**Court**”). Lessee and Lessor may be together referred to as the “**Parties**” or individually as a “**Party**.”

RECITALS

A. Lessor and the Judicial Council of California, Administrative Office of the Courts, as Lessee, entered into that certain Lease Agreement dated August 10, 2007 (the “**Original Lease**”), for premises consisting of approximately 10,906 rentable square feet/8,896 usable square feet of space (the “**Premises**”) for use by the Court.

B. The term under the Original Lease is for ten (10) years which commenced on March 1, 2009, and is scheduled to expire on February 28, 2019 (“**Original Term**”).

C. On July 29, 2014, the Judicial Council of California amended rule 10.81 of the California Rules of Court to substitute the Judicial Council for the “Administrative Office of the Courts” or the “AOC” in all contracts, memoranda of understanding, and other legal agreements, documents, proceedings, and transactions, with no prejudice to the substantive rights of any party.

D. Lessor and Lessee now desire to amend the Lease to extend the term, provide optional extension terms, and to provide for increased rent during such extended terms.

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereto agree as follows:

1. Incorporation of Recitals; Defined Terms. The foregoing provisions of the Recitals are true and correct and are incorporated into this Amendment by this reference. Any defined terms not defined herein will have the definition meaning given those terms in the Lease.

2. Replacement of Administrative Office of the Courts Name. All references to “Administrative Office of the Courts” or “AOC” in the Lease shall be replaced by “Judicial Council” or “Council” with no prejudice to the substantive rights of the Parties, and the Judicial Council will continue to perform all duties, responsibilities, functions, or other obligations, and bear all liabilities, and exercise all rights, powers, authorities, benefits, and other privileges attributed to the “Administrative Office of the Courts” or “AOC” in the Lease.

3. Extension of Lease Term. Section 1.3 of the Original Lease shall be amended to reflect that the term of the Original Lease is hereby extended for an additional 38 months, commencing March 1, 2019, and ending on April 30, 2022 (“**First Extension Term**”), upon the same terms and conditions set forth in the Original Lease except as modified herein.

4. Rent. Section 1.4.1 of the Original Lease shall be amended to reflect that the rent for the for the remaining portion of the Original Term and the First Extension Term shall be as follows:

Lease Month	Per Square Foot Amount	Monthly Rent
5/1/2017 – 4/30/2018	\$2.90 per square foot	\$31,627.40
5/1/2018 – 4/30/2019	\$2.97 per square foot	\$32,390.82
5/1/2019 – 4/30/2020	\$3.05 per square foot	\$33,263.30
5/1/2020 – 4/30/2021	\$3.12 per square foot	\$34,026.72
5/1/2021 – 4/30/2022	\$3.20 per square foot	\$34,899.20

5. Option to Extend Term. Section 3.4 of the Original Lease, is hereby deleted in its entirety and replaced with the following new section 3.4:

3.4 Option to Extend Term. Lessor grants to Lessee four (4) options to extend the Lease term (“**Option(s)**”) beyond the First Extension Term. The Option(s) shall be for a period of six (6) months each (“**Option Term(s)**”), subject to the conditions described in this section 3.4

3.4.1 Exercise. The Option(s) may be exercised by Lessee delivering to Lessor notice thereof no later than four (4) months prior to the expiration of the First Extension Term or any Option Term, as applicable.

3.4.2 Rent for Option Term(s). If exercised by Lessee, the Rent for the Option Term(s) shall be as follows:

Option Terms	Lease Months	Per square foot amount	Monthly rent
First option	5/1/2022 – 10/31/2022	\$3.28 per square foot	\$35,771.68
Second option	11/1/2022 – 4/30/2023	\$3.28 per square foot	\$35,771.68
Third option	5/1/2023 – 10/31/2023	\$3.36 per square foot	\$36,644.16
Fourth option	11/1/2023 – 4/30/2024	\$3.36 per square foot	\$36,644.16

6. **Lessee’s Right to Early Termination.** Section 3.3 of the Original Lease is hereby deleted in its entirety and replaced with the following new Section 3.3:

3.3 Lessee’s Right to Early Termination. The Lessee may terminate the Lease any time after March 31, 2021, upon 90-days advance written notice to Lessor. In the event that Lessee elects to terminate the Lease according to this section 3.3, Lessee will not be obligated to pay any type of termination penalty.

7. **Parking.** The third paragraph of Section 1.2 of the Original Lease is hereby deleted in its entirety and replaced with the following paragraphs:

Lessee shall also have the right to nine (9) reserved parking spaces and two (2) reserved and secure parking spaces for the Judges of the Court (as defined in section 1.5) at the location within the Project shown on the site plan attached hereto as Exhibit “A-2” and incorporated herein (“**Reserved Spaces**”), and an additional six (6) unreserved parking spaces, within an off-site parking lot/garage to be located no more than two blocks from the Premises (“**Unreserved Spaces**”), at Lessor’s sole expense. The acceptable radius from the Premises for the Unreserved Spaces is shown on the site plan attached hereto as Exhibit “A-3” and incorporated herein.

At Lessee’s sole discretion, the Unreserved Spaces may be located at a Lessee owned parking lot. For every month that the Unreserved Spaces are located at a Lessee owned parking lot and not provided by Lessor, Lessee shall receive a \$480.00 rent credit (“**Rent Credit(s)**”) which shall be used to offset each monthly rent payment commencing May 1, 2017.

In the event that the Unreserved Spaces are located in a Lessee owned parking lot and Lessee desires to move the Unreserved Spaces from the Lessee owned parking lot, Lessee shall provide Lessor with 60-day written notice that the Lessee owned parking lot will no longer be available for the Unreserved Spaces in which case Lessor shall have no more than 60 days to relocate the Unreserved Spaces, at Lessor's sole expense, to an off-site parking lot/garage which is no more than two blocks from the Premises within the radius area that is shown on Exhibit "A-3." In the event that the Unreserved Spaces are relocated from a Lessee owned parking lot to an off-site parking lot/garage in accordance with this paragraph and this relocation does not occur at the beginning or end of a lease month, any Rent Credits by Lessee shall be prorated accordingly and Lessee shall reimburse Lessor any Rent Credits allocated to the period of the month after relocation of the Unreserved Spaces in the next monthly rent payment.

8. Notices. Section 1.6 of the Original Lease is hereby deleted in its entirety and replaced with the following new section 1.6:

1.6 Notices.

1.6.1 Lessee's Notification Address.

Notwithstanding any provision to the contrary contained in this Lease, all notices required or permitted to be given to Lessee under this Lease will be addressed to Lessee as follows:

Judicial Council of California
Real Estate and Facilities Management
Attn: Associate Facilities Analyst
455 Golden Gate Avenue, 8th floor
San Francisco, CA 94102-3688
Telephone: 415-865-4068
Fax: 415-865-4694

with a copy to:

Judicial Council of California
Real Estate and Facilities Management
Attn: Manager, Real Estate
455 Golden Gate Avenue, 8th floor
San Francisco, CA 94102-3688
Telephone: 415-865-4048
Fax: 415-865-4694

In addition, all notices relating to termination of the Lease or an alleged breach or default by Lessee must also be sent to:

Judicial Council of California
Branch Accounting and Procurement
455 Golden Gate Avenue, 6th floor
San Francisco, CA 94102-3688
Attention: Manager, Contracts
Telephone: 415-865-7989
Fax: 415-865-4326

All notices and correspondence to Lessee must reference the address of the Premises and the name of the entity occupying the Premises.

1.6.2 Lessor's Notification Address.

City Tower Group, LLC
Allen Beebe
4866 Salida Blvd.
Salida, CA 95368
209-529-7050

9. No Further Modifications. Except as specifically modified herein, the Lease remains unmodified and in full force and effect.

[SIGNATURE PAGE IMMEDIATELY FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment to Lease as of the date and year first above written.

LESSEE:

APPROVED AS TO FORM:
Judicial Council of California,
Legal Services

JUDICIAL COUNCIL OF CALIFORNIA

By: _____
Name: Kenneth S. Levy
Title: Attorney
Date: _____

By: _____
Name: Stephen Saddler
Title: Manager, Contracts
Date: _____

LESSOR:

CITY TOWER GROUP, LLC

By: _____
Name: Allen Beebe
Title: _____
Date: _____

EXHIBIT "A-2"

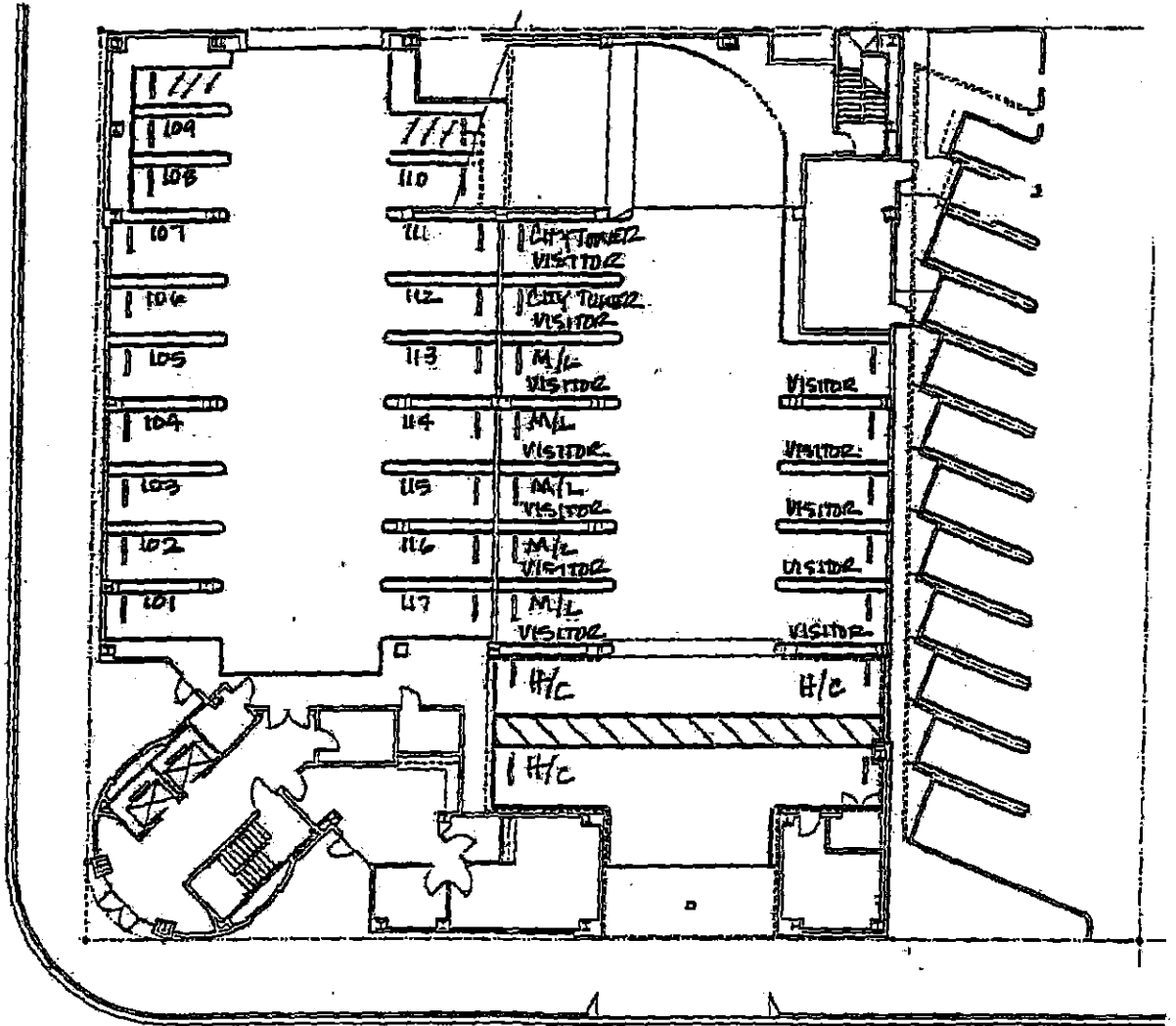
PARKING PLAN

EXHIBIT "A-2"

PARKING PLAN

L.L. *Willy Buh*
LEVEL 1

Space 101 / 104 / 107 thru 109



1ST LEVEL