

LEASE

This Lease ("Lease") is made this day of _____, 2023 ("Effective Date"), by and between Arrowood Holdings LLC, a Delaware limited liability company (hereinafter called "Landlord"), and the COUNTY OF SONOMA, a political subdivision of the State of California (hereinafter called "Tenant"). Landlord and Tenant are sometimes collectively referred to herein as the "parties" and singularly, as "party."

ARTICLE 1

REAL PROPERTY, BUILDING, AND PREMISES

1.1 Lease of Premises. Subject to Section 1.5 relating to Tenant's right to expand the Premises (as defined below), Landlord hereby leases to Tenant and Tenant leases from Landlord those certain premises described in **Exhibit A** attached hereto ("Premises"), which is commonly known as 440 Arrowood Drive Santa Rosa, CA, is situated on and included within the Premises that certain 1.55 acres of real property commonly known as Sonoma County Assessor's Parcel Number 037-225-019 located in the City of Santa Rosa, County of Sonoma, State of California ("Property"). The Rentable Area (as defined in Section 1.4) of the Premises Building ("Building") is Twenty Five Thousand Four Hundred and Fourteen (25,414) rentable square feet. The Building, the areas servicing the Building, and the land on which the Building and those areas are located (as shown on the site plan attached to this Lease as **Exhibit B**) are sometimes collectively referred to as both the Premises and the "Real Property".

1.2 Appurtenant Rights. Tenant shall have the right to the exclusive use, throughout the Lease Term, of all sidewalks, plazas and walkways, landscape, parking lot, and service alleys surrounding the Building, delivery and loading areas and facilities of the Building, telephone equipment rooms and all other facilities in or about the Building, and the appurtenances thereto, as the same may exist from time to time. Such use shall be for Tenant and its customers, agents, employees, assignees, subtenants, licensees and invitees. Landlord covenants that all light and air now enjoyed by the Premises shall not be permanently changed by any intentional act of Landlord during the term of this Lease.

1.3 Preparation of Premises; Acceptance. The rights and obligations of the parties regarding the construction and renovation of the Premises before the commencement of the Lease Term are stated in the Leasehold Improvement Agreement ("LIA") attached to this Lease as **Exhibit C**. If this Lease conflicts with the LIA, the LIA shall prevail. Landlord hereby represents and warrants to Tenant that Landlord shall deliver the Premises to Tenant in accordance with the terms and conditions of the LIA, even in the event that Landlord fails to obtain financing for some or all of the improvements. The General Contractor (as defined in the LIA) shall comply with the applicable provisions of California Labor Code Sections 1720.2 and 1770 et seq., regarding

prevailing wages .

1.3.1 Tenant Improvements Landlord shall construct all agreed upon tenant improvements listed in LIA ("Tenant Improvements") at Landlord's sole expense prior to Commencement Date (as defined in Section 2.2) of this Lease and Tenant occupancy and shall deliver the Premises to the Tenant with the Tenant Improvements Substantially Completed as defined in Section 2.3 for Tenant's fixturing and equipment.

1.3.2 Tenant Improvement Allowance. N.A.

1.4 Rentable Area and Usable Area. N.A.

1.4.1 Standard of Calculation. N.A.

1.4.2 Verification of Rentable Area and Usable Area. N . A .

1.4.3 Adjustment of Rent. N . A .

1.5 First Right of Refusal. N.A.

ARTICLE 2

TERM

2.1 Term. The term of this Lease ("Lease Term") shall commence on the Commencement Date provided for in Section 2.2 below and shall end eight (8) years later ("Lease Expiration Date"), subject to any termination, option, renewal or extension rights of Tenant as provided for in this Lease.

2.2 Commencement Date. The Lease Term shall commence on the later of the following dates (the "Commencement Date"): (a) December 1, 2023, or (b) the day that is the first Monday following the elapse of thirty (30) days from the date of the delivery of the Notice of Substantial Completion as defined in Section 2.3 to Tenant. Notwithstanding the foregoing, if Landlord's Notice of Substantial Completion is delivered more than thirty (30) days prior December 1, 2023, and if Tenant commences operation of its business in the Premises prior to December 1, 2023, then this Lease shall commence on the date that Tenant commences operation of its business in the Premises. Upon the determination of the Commencement Date, Landlord and Tenant shall execute a written acknowledgment of the Commencement Date and shall attach it to this Lease as **Exhibit E**.

2.3 Substantial Completion of Tenant Improvements. Landlord's Work shall be deemed "Substantially Complete" when: (a) construction of the Leasehold Improvements has been

substantially completed in accordance with the Permits, and Laws and Orders; (b) the Contractor has certified in writing that the Leasehold Improvements have been substantially completed ("Notice of Substantial Completion"); (c) Landlord's Representative and Tenant's Representative agree that all work has been substantially performed, such agreement not to be unreasonably withheld; (d) there is no incomplete or defective work that unreasonably interferes with Tenant's use of the Premises; (e) the Leasehold Improvements are ready for occupancy by Tenant except for the completion of Tenant's Work; and (f) all utilities are available for use by Tenant in the Premises. The Substantial Completion Date shall not occur until the Leasehold Improvements are Substantially Completed and Tenant has had at least fifteen (15) calendar days to complete Tenant's Work.

Landlord shall diligently pursue completion of any minor details or adjustments that have not been performed at the time Landlord gives the aforesaid notice of substantial completion to Tenant. Landlord agrees to use its best efforts to provide Tenant with at least thirty (30) days' advance notice of the date on which the Tenant Improvements are expected to be Substantially Completed. Tenant shall be granted early access to the Premises for a fixturing period of fifteen (15) days prior to the Commencement Date for installation of Tenant's furniture, fixtures and equipment. Tenant and its contractors or vendors shall comply with the insurance requirements of Section 9.1 prior to such early access.

2.4 Delay in Commencement. If Landlord, for any reason whatsoever, fails to give Tenant a Notice of Substantial Completion by March 1, 2024, as provided for above, then the Tenant may: (a) terminate this Lease by giving Landlord thirty (30) days prior written notice of its intention to do so; or (b) extend Landlord's time for completion thereof and delivery of possession to Tenant. Landlord's obligation to complete the Premises within the time specified in this Section 2.4 shall not otherwise be extended for any reason except delays caused by Tenant, strikes, lockouts, fires, floods, war, civil disorder or government regulations.

2.5 Option To Extend Term. Landlord grants to Tenant one (1) option to extend the Lease Term ("Extension Option") for a period of five (5) years ("Option Term"), subject to the conditions described in this Section 2.5.

2.5.1 Conditions of Option. The Extension Option may be exercised only by written notice delivered by Tenant to Landlord as provided in Subsection 2.5.3 and only if, as of the date of delivery of the notice, Tenant is not in material default under this Lease after the expiration of any applicable cure periods. If Tenant properly exercises the Extension Option, the Lease Term, as it applies to the entire Premises then leased by Tenant, shall be extended for the respective Option Term.

2.5.2 Option Rent.

2.5.2.1 Option Term. The Rent payable by Tenant during the Option Term

shall be equal to the Rent per square foot of Rentable Area in effect immediately prior to the commencement of the Option Term increased by the percentage increase shown by the Consumer Price Index for All Urban Consumers (CPI-U) San Francisco Area (1982-84=100) ("Index") published by the U.S. Department of Labor, Bureau of Labor Statistics ("USDOL"), for the month immediately preceding the first month of the Option Term ("Base Index") as compared with the Index that is 12 months before the Base Index [Note: as of the date of the Lease, the Index is only published by the USDOL every other month, Landlord shall use the Index that is published closest to the month that is immediately preceding the start of the Option Term]. In no event shall the percentage increase be less than three percent (3%) or more than seven percent (7%). Rent shall thereafter be increased annually on the anniversary of the commencement of the Option Term by three percent (3%).

2.5.2.2 Rental Rate of Comparable Space. N.A.

2.5.2.3 Adjustment for Tenant Improvement Allowance. N.A.

2.5.3 Exercise of Option. The Extension Option must be exercised by Tenant, if at all, only at the time and in the manner provided in this Subsection 2.5.3.

2.5.3.1 Exercise of Option. If Tenant wishes to exercise its Extension Option, Tenant shall deliver written notice to Landlord no less than one hundred eighty (180) days before the expiration of the initial Lease Term.

2.5.3.2 Exercise of Subsequent Options. N . A .

2.5.4 Amendment to Lease. If Tenant timely exercises its Extension Option, Landlord and Tenant shall execute an amendment to this Lease, extending the Lease Term for the respective Option Term on the terms and conditions set forth in this Section 2.5. Execution of that amendment shall not be a condition precedent to the effectiveness of the respective Option Term.

2.6 Termination by Tenant.

2.6.1 Non-appropriation of Funds. Tenant may terminate this Lease, in accordance with Section 2.6.3 below, with respect to all of the Premises upon Two Hundred Seventy (270) days' prior written notice to Landlord ("Termination Notice") on the happening of any one or more of the following events: (a) the County Board of Supervisors fails to appropriate sufficient funds for the DHS Behavioral Health Bridge Housing Program to enable the Department of Health Services to continue to rent the Premises; (b) the County Board of Supervisors discontinues, in whole or in part, the DHS Behavioral Health Bridge Housing Program for which the Premises were leased; or (c) the funding, whether County, State or Federal, for the DHS Behavioral Health Bridge Housing Program for which the Premises were leased is reduced or withdrawn.

2.6.2 Discretionary Termination. None

2.6.3 Termination Procedures.

2.6.3.1 Exercise of Termination Right. The termination shall be effective as of Two Hundred Seventy (270) days after Tenant delivers the Termination Notice to Landlord ("Lease Termination Date"). If Tenant terminates the Lease pursuant to this Section 2.6, Tenant's delivery of the Termination Notice to Landlord shall be accompanied by an amount equal to the Lease Termination Fee, as defined in this Subsection 2.6.3.

2.6.3.2 Lease Termination Fee. In the event Tenant funding for this program discontinues, the tenant may terminate the lease with a 270-day notice, and reimbursement of any un-amortized costs that were incurred to complete this lease. This shall include but not be limited to Tenant Improvement costs, brokerage commissions and legal fees. The unamortized costs shall be payable to Landlord within 30 days of tenant's written notice to terminate early. The Lease Termination Fee shall be equal to the Rent rate on the date the Lease terminates multiplied by nine (9) months.

2.7 Holding Over. Any holding over by Tenant shall not be nor be construed to be a renewal of the term of this Lease but shall constitute a month to month tenancy which may be terminated by either party upon ninety (90) days' prior written notice to the other party, and shall otherwise be on the same terms and conditions herein set forth, except Rent shall be one hundred fifty percent (150%) of the Rent payable during the last full month of the Lease Term or Option Term.

ARTICLE 3

USE OF PREMISES

3.1 Tenant's Use. Tenant shall use and occupy the Premises for any lawful business use including providing transitional housing and mental health and addiction recovery and rehabilitation services for those in the community who are homeless, including their minor children.

3.2 Landlord's Obligations. N.A.

3.3 Tenant's Compliance with Laws and Orders. Tenant shall at all times comply with building codes, applicable laws, covenants or restrictions of record, regulations, orders and ordinances ("Law and Orders") with respect to its use of the Premises, Building and Property.

ARTICLE 4

4.1 Definition of "Rent"--Limited Setoff. Commencing on the Commencement Date, Tenant shall pay to Landlord rent ("Rent") in equal monthly installments of Forty Seven Thousand Fifteen and 90/100 dollars (\$47,015.90), (\$1.85 per square foot of the Rentable Area per month) in advance on or before the first day of every calendar month during the Lease Term, without any setoff or deduction except as provided in Section 6.2, Section 10.6, Section 17.3, and Section 20.2. Payment shall be made at the address set forth in Section 19.3 or at any other place that Landlord may from time to time designate in writing. Tenant shall not be obligated to recognize any agent for the collection of Rent until written notice of the appointment and the extent of the authority of such agent shall be provided to Tenant by Landlord. Tenant shall not be responsible for any of Landlord's operating expenses or operating expense pass-throughs during the Lease Term.

4.2 Initial Payment; Proration. The Rent for the first full calendar month of the Lease Term shall be paid on the Commencement Date. If any payment date (including the Commencement Date) for Rent, falls on a day other than the first day of that calendar month, or if any Rent payment is for a period shorter than one calendar month, the Rent for that fractional calendar month shall accrue on a daily basis for each day of that fractional month at a daily rate equal to 1/365 of the total annual Rent. All other payments or adjustments that are required to be made under the terms of this Lease and that require proration on a time basis shall be prorated on the same basis.

4.3 Rental Adjustments. Notwithstanding to the adjustment provided in Section 2.5.2, Rent shall be adjusted as follows: Beginning on the first anniversary of the Commencement Date and on each successive anniversary thereafter during the Lease Term, Rent shall be increased by Three Percent (3%).

4.4 Rent Concessions. N/A

4.5 Property Tax and Insurance Expense Increases. Tenant shall reimburse Landlord for property tax and property insurance expense increases above Base Year 2024, with Tenant reimbursement of property insurance cost increases not to exceed 8% of the previous year's property insurance cost for the coverage listed at **Exhibit D**. Such amount and all monetary obligations of Tenant are deemed to be Rent.

4.6 Address for Payment of Rent. All Rent shall be paid to CIRE Management FBO of Arrowood Holdings LLC at P.O. Box 11248, Santa Rosa, CA 95406.

ARTICLE 5

MAINTENANCE

5.1 Maintenance of Building and Premises. Except as otherwise provided in this Lease,

during the Lease Term, Landlord, at its expense, agrees to maintain the structural elements in the Premises, Building structure, roof, roofing membrane, Building exterior walls, and other structural members and parts of the Building, sidewalks, pathways, signs, walkways and parking areas, and underground lines located on the Property in good order, condition and repair. Landlord represents that it replaced the roof in 2023. Landlord shall have thirty (30) days after notice from Tenant to perform its obligations under this Section 5.1, except Landlord shall perform its obligations immediately if the nature of the problem presents a hazard or emergency or substantially interferes with Tenant's use of Premises. Tenant expressly waives the benefits of California Civil Code Sections 1941 and 1942 and any other law, statute or ordinance now or hereafter in effect that would otherwise afford Tenant the right to make repairs at Landlord's expense.

5.2 Landlord's Warranty. Landlord shall deliver the Premises to Tenant broom clean and free of debris on the Commencement Date and shall warrant that the existing electrical, plumbing, lighting, heating and HVAC, shall be in good working order on said date and for a period of one (1) year. If Tenant does not give Landlord the required notice within the warranty period, correction of any such non-compliance, malfunction or failures shall be the obligation of Tenant.

5.3 Acceptance of Premises. Tenant hereby accepts the Premises, the Building and Property in their condition existing as of the Commencement Date or the date that Tenant is provided with early access to the Premises, whichever is earlier, subject to all applicable Laws and Orders governing and regulating the use of the Premises. Tenant acknowledges that it has satisfied itself by its own independent investigation that the Premises are suitable for its intended use.

5.4 Tenant's Obligations. Tenant shall, at Tenant's sole expense and in accordance with the terms of this Lease, keep the Premises, the Building and Property in good order, repair and condition at all times during the Term, including but not limited to all equipment, plumbing, HVAC equipment, electrical, lighting facilities, water heaters, fixtures, windows, doors, plate glass, fire sprinkler system, smoke detection system and skylights. Tenant in keeping the Premises in good order, condition, and repair shall exercise and perform good maintenance practices, specifically including the procurement and maintenance of a service contract for the HVAC equipment. Subject to Landlord's consent and approval, and within any reasonable period specified by Landlord, Tenant shall, at Tenant's sole expense and in accordance with the terms of this Lease promptly and adequately repair all damage to the Premises and replace or repair all damaged or broken fixtures and appurtenances, unless such is the responsibility of Landlord or is caused by the negligence or willful misconduct of Landlord, its agents or employees. At Landlord's option or if Tenant fails to make such repairs, maintenance, or replacement, Landlord may, but need not, make do so at Tenant's cost.

5.5 Condition Upon Surrender. Upon the last day of the Lease Term, or upon any sooner termination, Tenant shall surrender possession of the Premises to Landlord in the same condition as received, ordinary wear and tear excepted, clean and free of debris. Any damage or deterioration of the Premises shall not be deemed ordinary wear and tear if the same could have been prevented by good maintenance practices by Tenant. Tenant shall repair any damage to the Premises occasioned by the installation or removal of Tenant's trade fixtures, alterations, furnishings and equipment. Notwithstanding anything to the contrary otherwise stated in this Lease, Tenant shall leave the power panels, electrical distribution systems, lighting fixtures, HVAC, and plumbing on the Premises in good operating condition, ordinary wear and tear excepted.

ARTICLE 6

UTILITIES AND SERVICES

6.1 Landlord to Provide Utilities. Landlord shall provide, and Tenant shall pay for, electricity service, gas, water, sewer, and heat, telephone, internet, trash service and all utility services it required for its use.

6.2 Failure to Furnish Utilities. Except as hereinafter provided, Landlord shall not be liable for any failure to furnish any of such services or utilities when such failure is caused by strikes, lockouts, other labor troubles or other conditions beyond Landlord's reasonable control (financial inability excepted), and Tenant shall not be entitled to any damages nor shall any such failure relieve Tenant of the obligation to pay Rent, or constitute or be construed as a constructive or other eviction of Tenant. Notwithstanding the foregoing, Rent of any kind provided in this Lease shall be equitably abated in the event Landlord, for whatever reason is unable to supply any of the Building's sanitary, electrical, heating, air conditioning, water or other systems serving the Premises for a period of twenty-four (24) hours or more, unless the damage or defective condition relating to failure of such systems is caused by: (a) Tenant, its employees, licensees or invitees; or (b) strike, lockout or other labor troubles; or (c) other conditions beyond Landlord's reasonable control (financial inability excepted). If the damage or defective condition is caused by one of the above three listed reasons, then the amount of such abatement shall be agreed upon by Landlord and Tenant or, in the event Landlord and Tenant are unable to agree on such abatement, the amount shall be determined in an arbitration proceeding (pursuant to the terms of Article 23) according to the extent to which such unavailability interferes with Tenant's normal business operations on the Premises. If Landlord's failure to furnish any such services or utilities to the Premises or to supply any of the Building's sanitary, electrical, heating, air conditioning, water or other systems serving the Premises for any period of time is caused by any negligence or willful act of Landlord, or Landlord's agents or contractors, there shall be an immediate abatement of Rent for the period of such failure or lack of supply. In the event of any stoppage or interruption of services, Landlord shall use commercially reasonable and diligent efforts to restore said services as soon as possible. Tenant, however, shall have the right, at its option, to terminate this Lease if any such stoppage or interruption of said services continues for any reason for more than fourteen (14) consecutive days.

6.3 Security Services. Tenant shall have the right to install or have installed in the Premises, a card key access system or other security system.

6.4 Janitorial Services. Landlord shall not be responsible for janitorial service.

6.5 Utility Additions. Landlord reserves the right to install new or additional utility facilities throughout the Building for the benefit of Landlord or Tenant, including, but not by way of limitation, such utilities as plumbing, electrical systems, security systems, communication systems, and fire protection and detection systems, so long as such installations do not unreasonably interfere with Tenant's use of the Premises.

ARTICLE 7

ALTERATIONS AND IMPROVEMENTS

7.1 Tenant Alterations. During the Lease Term, Tenant shall make no alterations, installations, additions, or improvements to the Premises ("Alterations") costing more than Twenty Five Thousand Dollars (\$25,000) without submitting to Landlord plans and specifications therefor and obtaining Landlord's written consent, which consent will not be unreasonably withheld or delayed. Landlord, without any cost or liability to itself, shall cooperate with Tenant in securing building and other permits and authority necessary from time to time for any work permitted under this Lease. Except as provided in Section 6.3, Tenant may at any time remove any equipment and trade fixtures installed by or on behalf of Tenant in the Premises. Should Tenant make any Alterations without the prior approval of Landlord, Landlord may, at any time during the Term of this Lease, require that Tenant remove any or all of the same. All Alterations (regardless of cost) made by Tenant to the Premises during the Lease Term shall be considered part of the Premises.

7.2 Compliance. All Alterations shall be conditioned upon Tenant acquiring a permit and/or license to do so from the appropriate governmental agencies having jurisdiction over the Premises, the furnishing of a copy thereof to Landlord prior to the commencement of the work and the compliance by Tenant with all conditions of said permit and/or license in a prompt and expeditious manner, and any other requirements that Landlord reasonably considers desirable. All works shall be done by a licensed contractor. Tenant shall cause each contractor or subcontractor to maintain all workers' compensation insurance required by law and liability insurance (including property damage) in amounts provided at Exhibit D. Tenant shall provide evidence of that insurance to Landlord before construction begins.

7.3 Payment of Costs. Tenant shall pay, when due, all charges, costs and all claims for labor or materials furnished or alleged to have been furnished to or for Tenant at or for use in the Premises or the Building, which claims are or may be secured by any mechanics' or materialmen's lien against the Premises or the Building or any interest therein. Tenant shall give Landlord not less than ten (10) days' written notice prior to the expected commencement of any work in the Premises by Tenant, and Landlord shall have the right to 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 Landlord or the Premises or the Building, 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 and the Building free from the effect of such lien or claim. In addition, Landlord may require Tenant to pay Landlord's reasonable attorneys' fees and costs in participating in such action if Landlord shall decide it is in its best interest to do so.

7.4 Quality of Work. All Alterations shall be made and done in compliance with all applicable Laws and Orders and in good and workmanlike manner and of good and sufficient quality and materials and shall be and become the property of Landlord and remain upon and be surrendered with the Premises at the expiration of the Lease Term.

ARTICLE 8

PARKING

Included in Tenant's rental herein is the right of Tenant's employees, contractors, agents, customers and invitees to have the right to use on an exclusive basis and free of charge the entire parking lot associated with the Premises.

ARTICLE 9

INSURANCE AND INDEMNITY

9.1 Insurance. Landlord and Tenant and their respective contractors and consultants shall maintain insurance as described in **Exhibit D**, which is attached hereto and incorporated herein by this reference.

9.2 Indemnity.

9.2.1. Indemnification of Landlord. Tenant agrees to indemnify Landlord against and save Landlord harmless and its agents, employees, contractors, and shareholders, directors and lenders, from any and all loss, claim, cost, liability, damage and expense, including, without limitation, reasonable attorneys' fees and costs that may be asserted by any party and incurred in connection with or arising from: (a) any default by Tenant in the observance or performance of any of the terms, covenants or conditions of this Lease on Tenant's part to be observed or performed; (b) the use or occupancy or manner of use or occupancy of Tenant; (c) the condition

of the Premises related to Tenant's duties under this Lease, or any occurrence on the Premises from any cause whatsoever, except to the extent caused by the negligence or willful misconduct of Landlord; (d) any acts, omissions or negligence of Tenant or of the contractors, agents, employees, clients, occupants, visitors or licensees of Tenant. Tenant's obligations under this Section 9.2.1 shall survive the termination of the Lease.

9.2.2. Indemnification of Tenant. Landlord agrees to indemnify Tenant against and save Tenant harmless from any and all loss, claim, cost, liability, damage and expense, including, without limitation, reasonable attorneys' fees and costs that may be asserted by any party and incurred in connection with or arising from: (a) any default by Landlord in the observance or performance of any of the terms, covenants or conditions of this Lease on Landlord's part to be observed or performed; (b) the use or occupancy or manner of use or occupancy of the Building by Landlord or any person or entity claiming through or under Landlord, except Tenant; (c) the condition of the Building or any occurrence in the Building from any cause whatsoever except to the extent caused by the negligence or willful misconduct of Tenant; or (d) any acts, omissions or negligence of Landlord or of the contractors, agents, employees, visitors or licensees of Landlord in, on or about the Building including, without limitation, the design and construction of the Building or the Premises. Landlord's obligations under this Section 9.2.2 shall survive the termination of the Lease.

ARTICLE 10

DESTRUCTION AND UNTENANTABILITY OF PREMISES

10.1 Definitions.

10.1.1 "Premises Partial Damage" shall herein mean damage or destruction to the Premises to the extent that the cost to repair is less than 50% of the then replacement cost of the Premises.

10.1.2 "Premises Total Destruction" shall herein mean damage or destruction to the Premises to the extent that the cost to repair is 50% or more of the then replacement cost of the Premises.

10.1.3 "Insured Loss" shall herein mean damage or destruction that was caused by an event covered by the insurance required to be maintained under this Lease. The fact that an Insured Loss has a deductible amount shall not make the loss an uninsured loss.

10.1.4 "Replacement Cost" shall herein mean the amount of money necessary to be spent in order to repair or rebuild the damaged area to substantially the same condition that

exists immediately prior to the damage occurring, excluding all improvements made by tenants, and except for modifications required by building codes and other laws.

10.2 Partial Damage -- Insured Loss. Subject to the provisions of Section 10.5 and Section 10.6, if at any time during the Lease Term there is damage that is an Insured Loss and that falls into the classification of Premises Partial Damage, then Landlord shall, as soon as reasonably possible and to the extent the required materials are readily available through usual commercial channels, at Landlord's cost, repair such damage, but not Tenant's fixtures, equipment or nonstandard tenant improvements, to substantially its condition existing at the time of the damage, and except for modifications required by building codes and other laws, and this Lease shall continue in full force and effect.

10.3 Partial Damage – Uninsured Loss. Subject to the provisions of Sections 10.5 and Section 10.6, if at any time during the Lease Term there is damage that is not an Insured Loss and that falls within the classification of Premises Partial Damage, unless caused by a negligent or willful act of Tenant (in which event Tenant shall make the repairs at Tenant's expense), Landlord may, at Landlord's option, either (i) repair such damage as soon as reasonably possible at Landlord's expense, in which event this Lease shall continue in full force and effect, or (ii) give written notice to Tenant, within thirty (30) days after the date on which Landlord determines the full extent of such damage, of Landlord's intention to cancel and terminate this Lease, as of the date of the occurrence of such damage. In the event Landlord elects to give such notice of Landlord's intention to cancel and terminate this Lease, Tenant shall have the right within ten (10) days after the receipt of such notice to give written notice to Landlord of Tenant's intention to repair such damage at Tenant's expense, without reimbursement from Landlord, in which event this Lease shall continue in full force and effect, and Tenant shall proceed to make such repairs as soon as reasonably possible. If Tenant does not give such notice within such 10-day period, this Lease shall be cancelled and terminated as of the date of the occurrence of such damage.

10.4 Total Destruction. If at any time during the Lease Term, there is damage, whether or not an Insured Loss (including destruction required by any authorized public authority), which falls into the classification of Premises Total Destruction, Landlord may at Landlord's option either (i) repair such damage as soon as reasonably possible at Landlord's expense, and to the extent the required materials are readily available through usual commercial channels, to its condition existing at the time of the damage, but not Tenant's fixtures, equipment or non-standard tenant improvements, and except for modifications required by building codes and other laws, in which event this Lease shall continue in full force and effect, or (ii) give written notice to Tenant, within thirty (30) days after the date of the occurrence of such damage, of Landlord's intention to cancel and terminate this Lease, as of the date of the occurrence of such damage.

10.5 Damage Near End of Term. If at any time during the last six months of the end of the Lease Term there is damage, whether or not an Insured Loss, which falls into the classification of Premises Partial Damage, Landlord may at Landlord's option cancel and terminate

this Lease as of the date of occurrence of such damage by giving written notice to Tenant of Landlord's election to do so, within thirty (30) days after the date on which Landlord terminates the full extent of such damage. In the event that Landlord terminates the Lease pursuant to this section 10.5, Tenant shall not owe any Rent to Landlord for any period after Tenant receives notice of Landlord's election to terminate or Tenant ceases to occupy all or part of the Premises, whichever is earlier.

10.6 Abatement of Rent; Tenant Remedies.

10.6.1 In the event of damage described in this Article 10 and Landlord or Tenant repairs or restores the Premises pursuant to the provisions of this Article 10, the Rent payable hereunder for the period during which such damage, repair or restoration continues shall be abated in proportion to the degree to which the Premises are rendered unusable, provided that the damage was not the result of the negligence or willful misconduct of Tenant or its principals, employees, contractors or invitees. Such proportional abatement, if any, shall be provided during the period beginning on the later of (a) the date of the damage or (b) the date on which Tenant ceases to occupy the affected portion of the Premises and ending on the date of substantial completion of the restoration and repair.

10.6.2 If Landlord shall be obligated to repair or restore the Premises under the provisions of this Article 10 and shall not commence such repair or restoration within ninety (90) days after such obligations shall accrue, or if Landlord shall not substantially complete the restoration and repair within six (6) months after such occurrence, Tenant may, at Tenant's option, cancel and terminate this Lease by giving Landlord written notice of Tenant's election to do so at any time after six (6) months have elapsed since such occurrence and before substantial completion of the work. In such event, this Lease shall terminate as of the date of such notice. Tenant agrees to cooperate with Landlord in connection with any such restoration and repair, including the approval and/or execution of plans and specifications required.

10.7 Termination-Advance Payments. Upon termination of this Lease pursuant to this Article 10, an equitable adjustment shall be made concerning advance rent and any advance payments made by Tenant to Landlord.

10.8 Waiver. The provisions of this Lease, including those in this Article 10, constitute an express agreement between Landlord and Tenant. Accordingly, Landlord and Tenant waive the provisions of any statutes or regulations, including California Civil Code Sections 1932(2) and 1933(4), that relate to termination of leases when leased property is destroyed and agree that such event shall be governed by the terms of this Lease.

ARTICLE 11

EMINENT DOMAIN

11.1 Appropriation. In the event of any taking of or damage to all or any part of the Building or Premises, including any interest therein or appurtenant thereto, by reason of any exercise of the power of eminent domain, whether by a condemnation proceeding, inverse condemnation or otherwise, or in the event of any transfer, conveyance, or sale of all or any part of the Building or Premises, including any interest therein, or appurtenant thereto made in lieu of an exercise of the power of eminent domain (all of the foregoing being hereinafter referred to as "appropriation") prior to or during the Lease Term, the rights and obligations of Landlord and Tenant with respect to such appropriation, each time there is an instance of such appropriation, shall be governed by the provisions of this Article 11.

11.2 Date of Appropriation. For the purposes of this Article 11, the date of appropriation shall be the date upon which the condemning authority takes possession of all or any part of the Building or any interest therein or appurtenant thereto, or the date upon which Tenant is required by the condemning authority to commence vacating the Premises or any portion thereof, or any interest therein or appurtenant thereto, as a result of such appropriation, whichever date shall first occur.

11.3 Appropriation of All of the Building. In the event of appropriation of all of the Building, this Lease, subject to all provisions of this Article 11 pertaining to payments to be made, shall terminate as of the date of such appropriation.

11.4 Appropriation of Less Than All of the Building or Premises.

11.4.1. General Provisions. Except as provided in this Section 11.4, in the event of appropriation of less than all of the Building or of the Premises, this Lease shall continue in full force and effect, except that, as to the portion of the Premises so appropriated, this Lease shall terminate as of the date of appropriation.

11.4.2. Right to Terminate.

(i) If the appropriation shall render the Premises unavailable or unsuitable, in Tenant's sole opinion, to continue Tenant's normal use of the Premises, Tenant shall have the right to terminate this Lease. Exercise of such right by Tenant shall be made by written notice to Landlord on or before thirty (30) days after the date of Tenant's receipt of written notice of appropriation. Any such termination shall be effective as of the date of the appropriation.

(ii) Subject to the provisions of Section 11.4.5, in the event that fifty percent (50%) or more of the rentable area of the Building (as it existed on the date of the appropriation) should become untenanted or unoccupied because the appropriation renders such space unavailable or untenanted, Landlord shall have the right to terminate this Lease, provided that Landlord also terminates the leases of all other tenants of the Building. Exercise of such right shall be made by notice to Tenant on or before thirty (30) days after the date of receipt of notice of appropriation.

11.4.3. Abatement of Rent. The Rent for the remainder of the Lease Term shall be prorated in the same proportion that part of the Premises usable by Tenant for the normal operation of its business bears to the total Premises immediately prior to the appropriation, taking into consideration the Lease rental rate per Rentable Square Foot for the space for which the proration is made. Rent shall also be abated for any portion of the Premises that is not appropriated but is rendered temporarily unusable by virtue of repairs or restoration necessitated by the appropriation of other space.

11.4.4. Restoration of Premises by Landlord. If this Lease is not terminated pursuant to Section 11.4.2 and subject to Section 11.4.5, Landlord will make any restoration of the remainder of the Building and the Premises necessitated by reason of the appropriation of less than all of the Building as promptly as reasonably practicable to as close to the same condition (as circumstances permit) as existed immediately prior to such appropriation.

11.4.5. Restoration of Premises with Tenant Funds. If Landlord would otherwise have the right to terminate this Lease pursuant to Section 11.4.2(ii), Landlord shall not have the right to terminate this Lease if Tenant, within thirty (30) days after receipt of notice from Landlord that Landlord has elected to terminate this Lease pursuant to Section 11.4.2(ii), notifies Landlord that Tenant desires to have the Building, or so much thereof as may be necessary to constitute a complete architectural unit, restored to a condition which will provide Tenant with suitable facilities in Tenant's sole opinion for its continued use of the Premises and that Tenant will supply any additional funds, if any, that may be necessary, in addition to the net amount of the award paid to Landlord under the provisions of Section 11.6, including severance damages (without offset for special benefits) after first deducting any and all amounts which constitute Tenant's share of the award pursuant to Section 11.6. In such event, Tenant and Landlord shall each agree upon the plans and specifications for such rebuilding, the cost thereof, and the method by which Tenant shall supply to Landlord the additional funds necessary for such rebuilding, and the Rent payable by Tenant shall be equitably reduced in accordance with its contribution of additional funds toward such rebuilding by amortizing such contribution over the then remaining Lease Term. If Landlord and Tenant are unable to agree on any aspect of such rebuilding, the matter shall be submitted to arbitration in accordance with the provisions of Article 23.

11.5 Amounts Payable by Reason of Termination. If this Lease is terminated pursuant to Section 11.4.2, the entire award (less any amounts separately awarded to Tenant under subsections (1) through (6) below, and less the reasonable expenses of Landlord and Tenant incurred in such appropriation proceedings which shall be paid to Landlord or Tenant, as applicable) made with respect to the appropriation shall be paid to Landlord; provided, however, Tenant and its representative shall have the right to participate in any negotiations with respect to the amount or allocation of such award. Payment from the award shall be made first to the senior mortgage holder on the Building in an amount necessary to repay its security interest and then Tenant shall have the right to make a separate claim in the condemnation proceedings and to share in the

aggregate award which is paid by the condemner or awarded by the court specifically for: (1) the fair market value of the unexpired portion of the Lease Term (including the option to lease additional space pursuant to Section 1.5 and the options to extend the Lease Term pursuant to Section 2.5, as if all such options were fully exercised by Tenant and including Tenant's right to terminate as set forth in Section 2.6) in excess of the Rent provided for herein, exclusive of any immovable trade fixtures or improvements; plus (2) any severance damages attributable to the unexpired Lease Term; plus (3) the taking of the unamortized or undepreciated value of any leasehold improvements owned by Tenant that Tenant has the right to remove at the end of the Lease Term and that Tenant elects not to remove; plus (4) reasonable removal and relocation costs for any leasehold improvements that Tenant has the right to remove and elects to remove (if condemner approves the removal); plus (5) relocation costs under Government Code section 7262, the claim for which Tenant may pursue by separate action independent of this Lease; plus (6) any other amount in addition to the foregoing that does not reduce the amount of the award payable to the Landlord.

11.6 Damages if Lease Not Terminated. In the event of any appropriation of less than all of the Building or the Premises, if this Lease is not terminated pursuant to provisions of Section 11.4.2, the entire award made with respect to the appropriation shall be paid to Landlord; provided, however, Tenant and its representatives shall have the right to participate in any negotiations with respect to the amount or allocation of such award. All of such award shall be used first to reimburse Landlord and Tenant for costs incurred in such appropriation proceedings, then shall be used to repair or restore the Building as provided in this Article 11, and any remaining balance shall be allocated between Landlord and Tenant pro rata in accordance with Section 11.5.

11.7 Interest. Tenant shall be entitled to the share of any interest paid on any award to the extent the same is allocable to the amounts to which Tenant is entitled.

11.8 Abatement of Monetary Obligations of Tenant. In addition to any other abatement provided for in this Lease, all monetary obligations of Tenant hereunder shall be abated in an equitable amount based upon the interference with Tenant's normal business operations at the Premises commencing with the date of the appropriation and continuing during the period of any restoration and, in addition, for the remainder of the Lease Term to the extent that the Premises are not fully restored.

11.9 Proration and Refund of Payments. If this Lease is terminated pursuant to this Article 11, the Rent shall be prorated to the date of termination. Landlord shall repay to Tenant any Rent paid by Tenant for any period beyond the date of termination to the extent same is in excess of amounts then owed by Tenant to Landlord.

11.10 Date of Payments. All payments due Tenant from Landlord by reason of an appropriation shall be paid to Tenant without prior notice or demand and on or before the expiration of a period of ten (10) days from the date on which the amount of the award is finally

determined and Landlord obtains, or has the right to obtain, whichever shall first occur, such award. If Landlord shall fail to make any such payments to Tenant on or before the expiration of such ten (10) day period, in addition to any and all other remedies available to Tenant under this Lease or otherwise, Landlord shall be obligated to pay interest to Tenant on the unpaid amount of such payments at the maximum rate permitted by law.

ARTICLE 12

COMPLIANCE WITH LAWS

12.1. Definition of "Laws and Orders." For purposes of this Article 12, the term "Laws and Orders" includes all Federal, State, county, city, or government agency laws, statutes, ordinances, standards, rules, requirements, or orders now in force or hereafter enacted, promulgated, or issued which are applicable to the Premises, the Building and the Real Property. The term also includes government measures regulating or enforcing public access or occupational or health or safety standards for employers, employees, landlords, or tenants (including, without limitation, tenants that are public entities).

12.2. Compliance with Laws and Orders. Throughout the term of this Lease, Landlord, at Landlord's sole expense, shall comply with all Laws and Orders with respect to the Building and Premises. Landlord shall promptly make all repairs, replacements, alterations, or improvements needed to comply with all Laws and Orders.

12.3 Rent Abatement. Subject to Subsection 20.2, Tenant's Rent shall be abated while Tenant's use and enjoyment of the Premises is disrupted by any work required by Section 12.2, provided Tenant is not actually using the space.

12.4 Certified Access Specialist Disclosure. For purposes of Section 1938 of the California Civil Code, Landlord discloses that:

The Premises, Building and Property (referred to as "Premises") in this Section:

have not undergone an inspection by a Certified Access Specialist (CASp) as that term is defined in California Civil Code Section 55.52. In accordance with Section 1938(a), Lessee [Tenant] is further notified as follows: A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if request by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection,

the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises.

have undergone an inspection by a Certified Access Specialist (CASp) and it was determined that the Premises met all applicable construction-related accessibility standards pursuant to California Civil Code §55.51 et seq. Lessee acknowledges that it received a copy of the inspection report at least 48 hours prior to executing this Lease and agrees to keep such report confidential.

have undergone an inspection by a Certified Access Specialist (CASp) and it was determined that the Premises did not meet all applicable construction-related accessibility standards pursuant to California Civil Code §55.51 et seq. Lessee acknowledges that it received a copy of the inspection report at least 48 hours prior to executing this Lease and agrees to keep such report confidential except as necessary to complete repairs and corrections of violations of construction related accessibility standards.

In the event that the Premises, Building or Property have been issued an inspection report by a CASp the Lessor [Landlord] shall prove a copy of the disability access inspection certificate to Lessee [Tenant] within 7 days of the execution of this Lease.

ARTICLE 13

SURRENDER

Tenant covenants that on the last day of the Lease Term or on the last day of a renewal or extension of this Lease, it will peaceably and quietly leave and surrender the Premises in as good condition as they now are, ordinary wear and tear, repairs and replacements required to be made by Landlord, loss by fire, casualty and causes beyond Tenant's control, and alterations, additions and improvements herein permitted, excepted.

ARTICLE 14

SUBORDINATION

This Lease may, at the option of Landlord, be made subordinate to any first mortgage or first deed of trust now or hereafter placed upon or affecting the real property of which the Premises form a

part, and to all renewals, modifications, replacements and extensions thereof; provided that as a condition of such subordination, and only if: (a) such mortgage or deed of trust shall contain a covenant which shall permit the proceeds of all insurance policies covering the Building, improvements, equipment and/or appurtenances thereto, whether such proceeds are to be held by Landlord or the first mortgagee or beneficiary, to be paid and/or made available for repair, replacement and rebuilding as provided in this Lease; and (b) a separate written agreement is entered into by the mortgagee named in any such mortgage, or by the trustee and the beneficiary named in any such deed of trust, and is recorded simultaneously with said mortgage or deed of trust, providing that notwithstanding any default in the mortgage or deed of trust and any foreclosure thereof, or the enforcement by the holder thereof of any rights or remedies, including sale thereunder, or otherwise, this Lease shall be recognized, remain in full force and effect, and the Tenant shall be permitted to remain in quiet and peaceful possession of the Premises throughout the term thereof, and any extension or renewal thereof, as long as Tenant shall not be in default under this Lease, or, if Tenant is in such default, as long as Tenant's time to cure such default shall not have expired. If Tenant has received the nondisturbance agreement and estoppel certificate, Tenant shall, within thirty (30) days after Landlord's request, execute any further instruments or assurances in recordable form that Landlord reasonably considers necessary to evidence or confirm the subordination or superiority of this Lease to any such encumbrances or underlying leases. Such subordination instrument(s) shall be strictly limited to matters contained in the nondisturbance agreement and estoppel certificate, and no such instruments may increase any of Tenant's obligations or decrease any of Tenant's rights under this Lease. Tenant's failure to execute and deliver such instrument(s) shall constitute a default under this Lease only if Landlord has first delivered the nondisturbance agreement and estoppel certificate required hereunder to Tenant.

ARTICLE 15

TRANSFER OF INTEREST

15.1 Tenant's Interest. Tenant shall have the right at any time and from time to time to assign or otherwise transfer all or any part of Tenant's interest in this Lease and to sublet the Premises, or any part thereof, provided that: (a) any assignment or subletting shall provide that the assignee or sublessee assumes and agrees to carry out and perform all of the terms and conditions of this Lease on the part of Tenant to be carried out and performed; (b) an executed copy of the assignment or subletting shall be delivered to Landlord; (c) the proposed use is consistent with the Permitted Use provisions of this Lease governing such matters; and (d) Landlord has provided its written consent, which consent shall not be unreasonably withheld in the reasonable opinion of Landlord, and the proposed new tenant has the financial strength to support the obligations imposed by the Lease. Upon any assignment of Tenant's entire interest in this Lease, Tenant shall be released from any further liability with respect thereto upon the written consent of Landlord, which consent shall not be unreasonably withheld. Landlord's consent shall be deemed to have been given if within thirty (30) days of notice of assignment to Landlord, Landlord fails to object to the new tenant by written notice to Tenant, stating in detail the reasons for such objection. Notwithstanding the foregoing, Tenant shall have the right at any time and from time to time without notice to Landlord to assign or otherwise transfer all or any part of Tenant's interest in this Lease to sublet the Premises, or any part thereof, to any entity that is affiliated with Tenant.

15.2 Landlord's Interest. Landlord may at any time transfer all or part of its interests in the Real Property. The term "Landlord" shall mean the owner or owners of the fee title to the Premises.

ARTICLE 16

QUIET ENJOYMENT AND TITLE

Landlord covenants and represents that it has full right and power to execute and perform this Lease and to grant the estate demised herein, and covenants that Tenant on paying the Rent herein reserved and performing the obligations and covenants hereof shall peaceably and quietly have, hold and enjoy the Premises and all appurtenances during the full term of this Lease or any extension or renewal thereof, and further covenants and represents that Landlord has a fee simple interest in the Premises.

ARTICLE 17

ENVIRONMENTAL REPRESENTATIONS

17.1 Definition of "Hazardous Material." As used in this Article 17, the term "Hazardous Material" shall mean any hazardous or toxic substance, material, or waste that is or becomes regulated by the United States, the State of California, or any local government authority having jurisdiction over the Building. Hazardous Material includes:

(a) Any "hazardous substance," as that term is defined in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA) (42 United States Code sections 9601-9675);

(b) "Hazardous waste," as that term is defined in the Resource Conservation and Recovery Act of 1976 (RCRA) (42 United States Code sections 6901-6992k);

(c) Any pollutant, contaminant, or hazardous, dangerous, or toxic chemical, material, or substance, within the meaning of any other applicable Federal, State or local law, regulation, ordinance, or requirement (including consent decrees and administrative orders imposing liability or standards of conduct concerning any hazardous, dangerous, or toxic waste, substance, or material, now or hereafter in effect);

(c) Petroleum products;

(d) Radioactive material, including any source, special nuclear, or byproduct material as defined in 42 United States Code sections 2011-2297g-4;

(e) Asbestos in any form or condition; and

(f) Polychlorinated biphenyls (PCBs) and substances or compounds containing PCBs.

Notwithstanding the foregoing, Hazardous Materials shall not include limited quantities of standard office, building and janitorial supplies reasonably necessary in connection with Tenant's use and operation of the Premises, provided that such materials are used, stored or disposed of in accordance with applicable Hazardous Substance Laws.

17.2 Compliance with Laws. With respect to Landlord's use of the Premises, the Building and the Real Property prior to this Lease, Landlord represents and warrants to Tenant that to the best of Landlord's actual knowledge, at the Commencement Date, the Premises, the Building and the Property are in compliance with all Federal, State and local laws, regulations and standards relating to the use, occupancy, production, storage, sale, disposal, or transportation of any Hazardous Materials ("Hazardous Substance Laws").

17.3 Right of Offset. With respect to Tenant's obligations to pay Rent under the Lease, Tenant may, upon fifteen (15) days' written notice to Landlord, offset payment of Rent to Landlord for costs and expenses incurred by Tenant for any breach of Landlord's representations and warranties set forth in this Article 17.

17.4 Termination of Lease. In the event that Hazardous Materials are found to be present on the Premises, the Building and/or the Property through no fault of Tenant and such that the Premises, the Building and/or the Property are not in compliance with Hazardous Substance Laws, Tenant may, upon thirty (30) days' written notice to Landlord, terminate this Lease.

17.5 Landlord's Indemnification. Landlord shall indemnify, defend with counsel reasonable and acceptable to Tenant, and hold Tenant fully harmless from any and all liabilities, damages, claims, penalties, fines, settlements, causes of action, cost or expense, including reasonable attorneys' fees, environmental consultant fees and laboratory fees and costs and expenses of investigating and defending any claims or proceedings resulting from or attributable to: (a) the presence, disposal, release or threatened release of any Hazardous Materials that are on, from or affecting the Premises, the Building or the Property, including, without limitation, the soil, water, vegetation, buildings, personal property, persons, animals, or otherwise; (b) any personal injury (including wrongful death), or property damage (real or personal) arising out of or relating to any Hazardous Materials; (c) any lawsuits or administrative action brought or threatened, settlement reached or governmental order relating to any Hazardous Materials; or (d) any violation of any laws applicable to any Hazardous Materials, which with respect to the foregoing (a)-(d) that are the result of Hazardous Materials on the Premises, in the Building or on the Property prior to Tenant taking possession, or which are caused by the negligence or willful misconduct of Landlord.

17.6 Tenant's Indemnification. Tenant shall indemnify, defend with counsel reasonable and acceptable to Landlord, and hold Landlord fully harmless from any and all liabilities, damages, claims, penalties, fines, settlements, causes of action, cost or expense, including reasonable attorneys' fees, environmental consultant fees and laboratory fees and costs and expenses of investigating and defending any claims or proceedings resulting from or attributable to: (a) the presence, disposal, release or threatened release of any Hazardous Materials that are on, from or affecting the Premises, the Building or the Property, including, without limitation, the soil, water, vegetation, buildings, personal property, persons, animals, or otherwise brought on to the Premises, Building or Property by or for Tenant; (b) any personal injury (including wrongful death),

or property damage (real or personal) arising out of or relating to any Hazardous Materials brought on to the Premises, Building or Property by or for Tenant; (c) any lawsuits or administrative action brought or threatened, settlement reached or governmental order relating to any Hazardous Materials brought on to the Premises, Building or Property by or for Tenant; or (d) any violation of any laws applicable to any Hazardous Materials brought on to the Premises, Building or Property by or for Tenant and which are caused by the negligence or willful misconduct of Tenant..

17.7 Survival. Landlord's indemnification obligations under Section 17.5 and Tenant's indemnification obligations under Section 17.6 above shall survive the expiration or sooner termination of this Lease.

17.8 Notices. The parties shall give each other written notice within three (3) calendar days after the date on which either party learns or first has reason to believe that: (a) there has or will come to be located on or about the Premises, the Building or the Property any Hazardous Materials; (b) any release, discharge or emission of any Hazardous Materials that has occurred on or about the Premises, the Building or the Property; (c) any (i) enforcement, cleanup, removal or other governmental or regulatory action has been threatened or commenced against Landlord or with respect to the Premises, the Building or the Property pursuant to any Hazardous Substances Laws; or (ii) any claim has been made or threatened by any person or entity against Landlord, Tenant, or the Premises, the Building or the Property on account of any alleged loss or injury claimed to result from the alleged presence or release on the Premises, the Building or the Property of any Hazardous Materials; or (iii) any report, notice, or complaint has been made to or filed with any governmental agency concerning the presence, use or disposal of any Hazardous Materials on the Premises, the Building or the Property. Any such notice shall be accompanied by copies of any such claim, report, complaint, notice, warning or other communications that is in the possession of or is reasonably available to such party.

17.9 Environmental Audit. Landlord shall, upon completion of any environmental sampling and testing of the Premises, the Building or the Property, the surrounding soil in any adjacent areas, any groundwater located under or adjacent to the Premises, the Building or the Property, and/or adjoining property, provide Tenant with copies of all reports of the results of such environmental audit.

17.10 Clean-Up. If Landlord is responsible for the clean-up of any contamination of the Premises, the Building or the Real Property, Landlord shall carry out and complete, at its own cost and expense, any repair, closure, detoxification, decontamination, or other cleanup of the Premises, the Building or the Real Property required by Hazardous Substance Laws. Should Landlord fail to implement and diligently pursue any such clean-up promptly upon receipt of notice thereof, then Tenant shall have the right, but not the obligation, to carry out such clean-up, and to recover all of the costs and expenses thereof from Landlord as a set-off against rental payments under the Lease if Tenant elects to cure.

ARTICLE 18

INSPECTION AND ENTRY BY OWNER

Landlord and its agents shall have the right at any reasonable time and upon at least twenty-four (24) hours' notice to Tenant, to enter upon the Premises so long as it does not interfere with the

business activities of Tenant on the Premises, for the purpose of inspection, serving or posting notices, maintaining the Premises, making any necessary repairs, alterations or additions to any portion of the Premises to the extent required or permitted to Landlord under this Lease.

ARTICLE 19

NOTICE

19.1 Notices. All notices (including requests, demands, approvals, or other communications) unless otherwise set forth in this Lease, under this Lease shall be in writing.

19.1.1 Method of Delivery. Notice shall be sufficiently given for all purposes as follows:

- (a) When personally delivered to the recipient, notice is effective on delivery.
- (b) When mailed first class to the last address of the recipient known to the party giving notice, notice is effective on delivery.
- (c) When mailed by certified mail with return receipt requested, notice is effective two (2) days following mailing.
- (d) When delivered by overnight delivery with charges prepaid or charged to the sender's account, notice is effective on delivery.
- (e) When sent by telex or fax to the last telex or fax number of the recipient known to the party giving notice, notice is effective on transmission as long as (1) a duplicate copy of the notice is promptly given by certified mail, return receipt requested, or by overnight delivery or (2) the receiving party delivers a written confirmation of receipt. Subject to the foregoing requirements, any notice given by telex or fax shall be considered to have been received on the next business day if it is transmitted after 5 p.m. (recipient's time) or on a non-business day.

19.2 Refused, Unclaimed, or Undeliverable Notices. Any correctly addressed notice that is delivered pursuant to Section 19.1.1(b) or (d) is refused, unclaimed, or undeliverable because of an act or omission of the party to be notified shall be considered to be effective as of the first date that the notice was refused, unclaimed, or considered undeliverable by the postal authorities, messenger, or overnight delivery service.

19.3 Addresses. Addresses for purposes of giving notice are set forth below:

"Tenant" COUNTY OF SONOMA
Sonoma County Public Infrastructure Department
Facilities Development & Management
Attn: Real Estate Manager
2300 County Center Drive, Suite A220
Santa Rosa, California 95403
Telephone: 707-565-2560

With a copy to:

COUNTY OF SONOMA
Department of Health Services
Attn: Facilities Manager
1450 Neotomas Avenue, Suite 200
Santa Rosa, California 95405
Telephone: 707-565-4700

"Landlord" Arrowood Holdings LLC
c/o CIRE Property Management
P.O. Box 11248
Santa Rosa, CA 95406
Telephone: 707-537-7636

ARTICLE 20

DEFAULTS; REMEDIES

20.1 Landlord's Default. Landlord shall be in default of this Lease if Landlord fails or refuses to perform any provisions of this Lease that Landlord is obligated to perform if the failure to perform is not cured within thirty (30) days after notice of default has been given by Tenant to Landlord, or such shorter period if specified in this Lease. If the default cannot reasonably be cured within thirty (30) days, Landlord shall not be in default of this Lease if Landlord commences to cure the default within the thirty (30) day period and diligently and in good faith prosecutes such cure to completion.

20.2 Tenant's Remedies on Landlord's Default. Tenant, at any time after Landlord commits a material default, may terminate this Lease or may cure the default at Landlord's cost. If Tenant at any time, by reason of Landlord's default, pays any sum or does any act that requires the payment of any sum, the sum paid by Tenant shall be due from Landlord to Tenant within thirty (30) days of written notice that the sum was paid, and if paid at a later date shall bear interest at the maximum rate the Tenant is permitted by law to charge from the date the sum is paid by Tenant until Tenant is reimbursed by Landlord. If Landlord fails to reimburse Tenant as required by this paragraph, Tenant shall have the right to withhold from future Rent due the sum Tenant has paid until Tenant is reimbursed in full for the sum and interest on it. The remedies set forth in this Section 20.2 are in addition to and do not in any manner limit other remedies set forth in particular paragraphs of this Lease. In the event Landlord disputes that it is in default, Landlord shall have the right to initiate an arbitration proceeding in accordance with Article 23 except that the arbitrator shall be appointed by the presiding judge of the Sonoma County Superior Court and once appointed each side shall have five (5) business days to submit written statements and supporting documents to the arbitrator.

20.3 Tenant's Default. The occurrence of any one or more of the following events shall constitute a default and breach of this Lease by Tenant:

- (a) Failure to pay Rent when due;
- (b) The vacating for more than thirty (30) consecutive days or abandonment of the Premises by Tenant; and
- (c) 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 the payment of Rent, where such failure shall continue for a period of thirty(30) days after written notice is given by Landlord to Tenant; provided, however, that if the nature of Tenant's default is such that more than thirty (30) days are reasonably required for its cure, then Tenant shall not be deemed to be in default if Tenant commences such cure within said thirty(30) day period and thereafter diligently prosecutes such cure to completion.

20.4 Landlord's Remedies on Tenant's Default. In the event of any default by Tenant which is not cured by Tenant, Landlord may at any time thereafter, exercise of any right or remedy at law or in equity that Landlord may have by reason of such default or breach, including, without limitation:

i. Continue Lease. Pursue the remedy described in California Civil Code Section 1951.4 whereby Landlord may continue this Lease in full force and effect after Tenant's breach and recover the rent and any other monetary charges as they become due, without termination of Tenant's right to sublet or assign this Lease, subject only to reasonable limitations as therein provided. During the period Tenant is in default, Landlord shall have the right to do all acts necessary to preserve and maintain the Premises as Landlord deems reasonable and necessary, including removal of all persons and property from the Premises, and Landlord can enter the Premises and relet them, or any part of them, to third parties for Tenant's account. Tenant shall be liable immediately to Landlord for all costs Landlord incurs in reletting the Premises, including, without limitation, brokers' commissions, expenses of remodeling the Premises required by the reletting, and like costs. Reletting can be for a period shorter or longer than the remaining Term.

ii. Perform. Pay or perform such obligation due (but shall not be obligated to do so), if Tenant fails to pay or perform any obligations when due under this Lease within the time permitted for their payment or performance. In such case, the costs incurred by Landlord in connection with the performance of any such obligation will be additional rent due under this lease and will become due and payable on demand by Landlord.

iii. Terminate. Terminate Tenant's rights to possession by any lawful means, in which case this Lease shall terminate and tenant shall immediately surrender possession of the Premises to Landlord. In such event, Landlord shall have the right to recover from Tenant only the following amounts for any and all damages which may be the direct or indirect result of such default:

- (a) The worth, at the time of the award, of the unpaid Rent that has been earned at the time of termination of this Lease;
- (b) The worth, at the time of the award, of the amount by which the unpaid Rent that would have been earned after the date of termination of this Lease until the time of

award exceeds the amount of the loss of Rent that Landlord proves could not have been reasonably avoided;

(c) The worth, at the time of the award, of the amount by which the unpaid Rent for the balance of the term after the time of award exceeds the amount of the loss of Rent that Landlord proves could not have been reasonably avoided; and

(d) Any other amount, and court costs, necessary to compensate Landlord for all detriment proximately caused by Tenant's default which Landlord proves could not have been reasonably avoided;

(e) Landlord shall have the option provided in Civil Code section 1951.4, which provides that, when a tenant has the right to sublet or assign (subject to reasonable limitations), the landlord may continue the lease in effect after the tenant's breach and/or abandonment and recover rent as it becomes due. Accordingly, if Landlord does not elect to terminate the Lease on account of any default by Tenant, Landlord may enforce all of Landlord's rights and remedies under this Lease, including the right to recover all Rent as it becomes due.

"The worth, at the time of the award," as used in "(a)" and "(b)" of this Section 20.4 , is to be computed by allowing interest at the maximum rate an individual is permitted by law to charge. "The worth, at the time of the award," as referred to in "(c)" of this Section 20.4, is to be computed by discounting the amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of the award, plus one percent (1%).

ARTICLE 21

SIGNAGE

Upon the Commencement Date of this Lease, Tenant shall have the right to install building signage identifying as the occupant of the Premises. The cost of the signage shall be Tenant's responsibility.

ARTICLE 22

BROKERAGE

Neither party has had any contact or dealings regarding the Premises or any communication in connection with the subject matter of this transaction, through any licensed real estate broker or other person who can claim a right to a commission or finder's fee as a procuring cause of the Lease contemplated herein, except for Landlord's broker, North Bay Property Advisors., a California corporation, whose commission, if any is due, shall be the responsibility of Landlord. In the event that any other broker or finder perfects a claim for a commission or finder's fee based upon any such contract, dealing or communication, the party through whom the broker or finder makes his or her claim shall be responsible for said commission or fee and all costs and expenses (including reasonable attorneys' fees) incurred by the other party in defending against the same.

ARTICLE 23

DISPUTE RESOLUTION

23.1 Arbitration of Disputes. Except for any unlawful detainer action, any dispute that is required by the express terms of this Lease to be resolved by arbitration shall be resolved by neutral binding arbitration before a panel of three (3) arbitrators unless otherwise agreed, to be held in accordance with the commercial/real estate arbitration rules of the American Arbitration Association. Judgment on the award rendered by the arbitrator(s) may be entered in any Court having jurisdiction over the dispute.

23.1.1 Qualifications of Arbitrators. The arbitrators shall be real estate appraisers, licensed in the State of California, familiar with handling commercial lease matters.

23.2 Venue. Hearings shall be held in Santa Rosa, California, or another venue determined by mutual agreement of the parties.

23.3 Demand and Limitation on Claims. Any demand for arbitration must be made in writing to the other party and to the American Arbitration Association. No demand for arbitration may be made after the date on which the institution of legal proceedings based on the claim, dispute, or other matter is barred by the applicable statute of limitations.

23.4 Provisional Remedies. The parties shall each have the right to file with a court of competent jurisdiction an application for temporary or preliminary injunctive relief, writ of attachment, writ of possession, temporary protective order, or appointment of a receiver if the arbitration award to which the applicant may be entitled may be rendered ineffectual in the absence of such relief or if there is no other adequate remedy. This application shall not waive a party's arbitration rights under this Lease.

23.5 Powers and Duties of Arbitrators. The arbitrators shall have the power to grant legal and equitable remedies, and award damages, that may be granted or awarded by a judge of the Superior Court of the State of California. The arbitrators shall prepare and provide to the parties a written decision on all matters subject to the arbitration, including factual findings and the reasons that form the basis of the arbitrators' decision. The award of the arbitrators shall be mailed to the parties no later than thirty (30) days after the close of the arbitration hearing. The arbitration proceedings shall be reported by a certified shorthand court reporter. Written transcripts of the proceedings shall be prepared and made available to the parties.

23.6 Discovery. The parties shall have the right to discovery in accordance with Code of Civil Procedure Sections 1283.05 and 1283.1 as long as the arbitrators' permission shall not be required to take a discovery deposition and neither party may take more than three depositions nor more than one set of interrogatories or requests for admissions without the approval of the other party or the arbitrators. All discovery disputes shall be resolved by the arbitrators.

23.7 Application of California Evidence Code. The provisions of the California Evidence Code shall apply to the arbitration hearing.

23.8 Costs and Fees of Arbitrators. Costs and fees of the arbitrators shall be borne by the non-prevailing party unless the arbitrators for good cause determine otherwise.

23.9 Attorney Fees. The prevailing party shall be awarded reasonable attorney fees, expert and non-expert witness expenses, and other costs and expenses incurred in connection with the arbitration, in accordance with Article 23.

ARTICLE 24

ATTORNEY FEES AND COSTS

If either party undertakes litigation or arbitration against the other party arising out of or in connection with this Lease, the prevailing party shall be entitled to recover from the other party reasonable attorney fees, arbitration costs, and court costs incurred. The prevailing party shall be determined under Civil Code Section 1717(b)(1) or any successor statute.

ARTICLE 25

MISCELLANEOUS

25.1 Word Usage. Unless the context clearly requires otherwise: (a) the plural and singular numbers shall each be considered to include the other; (b) the masculine, feminine, and neuter genders shall each be considered to include the others; (c) "shall," "will," "must," "agrees," and "covenants" are each mandatory; (d) "may" is permissive; (e) "or" is not exclusive; and (f) "includes" and "including" are not limiting.

25.2 Counting Days. Days shall be counted by excluding the first day and including the last day. If the last day is a Saturday, Sunday, or a legal holiday as described in Government Code Sections 6700-6701, it shall be excluded. Any act required by this Lease to be performed by a certain day shall be timely performed if completed before 5 p.m. local time on that date. If the day for performance of any obligation under this Lease is a Saturday, Sunday, or a legal holiday, the time for performance of that obligation shall be extended to 5 p.m. local time on the first following date that is not a Saturday, Sunday, or a legal holiday.

25.3 Waiver. The waiver by either party of any breach of any term, covenant, or condition herein contained shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant or condition herein contained.

25.4 Force Majeure-Specific Exceptions. Unless otherwise specified (including, without limitation Section 2.4), the time for performance of an obligation other than the payment of money under this Lease shall be extended for the period during which a party is prevented from performing by acts of God, government, or other force or event beyond the reasonable control of that party.

25.5 Binding on Successors. This Lease and all of the covenants, agreements, conditions and undertakings contained herein, shall be binding upon and inure to the benefit of the respective heirs, legal representatives, successors and assigns of the parties hereto.

25.6 Headings. The headings of the Articles and Sections hereof are for convenience only and shall not affect or be deemed to affect the meaning of any provisions hereof.

25.7 Entire Agreement. This Lease, including all exhibits, contains all of the terms, covenants, conditions and agreements between Landlord and Tenant relating in any manner to the rental, use and occupancy of the Premises. No prior agreement or understanding pertaining to the same shall be valid or of any force or effect, and the terms, covenants, conditions and provisions of this Lease cannot be altered, changed, modified or added to, except in writing and signed by Landlord and Tenant. All references herein, directly or indirectly, to the term of this Lease shall also be deemed to include any extensions or renewals thereof provided Tenant herein, unless expressly provided to the contrary.

25.8 Governing Law. This Lease shall be governed exclusively by its express provisions and by the laws of the State of California, and any action to enforce the terms of the Lease or breach thereof shall be brought in Santa Rosa, California.

25.9 No Joint Venture. Nothing herein contained shall be deemed in any way or have any purpose whatsoever to constitute Landlord or Tenant a partner of the other in its business or otherwise, or a joint venturer or a member of a joint enterprise with the other.

25.10 Invalidity. If any term or provision of this Lease, or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Lease or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and shall be enforced to the fullest extent permitted by law.

25.11 Construction of Lease. This Lease shall be strictly construed neither against Landlord nor Tenant, but shall be construed according to the fair meaning of its terms. No remedy or election given by any provision in this Lease shall be deemed exclusive unless so indicated, but each shall, wherever possible, be cumulative with all other remedies in law or equity as otherwise specifically provided. Whenever the context of any provision shall require it, the singular number shall be held to include the plural number, and vice versa, and the words "he", "his" or "him" if used with reference to Landlord shall be deemed to include the neuter or feminine gender of such pronoun. "Landlord" whenever used includes all grantors of the term, who shall be held bound jointly and severally hereby.

25.12 Signatures. This Lease may be executed in counterparts. All executed counterparts shall constitute one agreement, and each counterpart shall be deemed an original. The parties hereby agree and acknowledge and agree that facsimile signatures or signatures transmitted by electronic mail in so-called "pdf" format shall be legal and binding and shall have the same full force and effect as if an original of this Lease had been delivered.

ARTICLE 26

TELECOMMUNICATIONS EQUIPMENT

Installation of Telecommunications Equipment. Tenant shall have the right to install, at Tenant's cost, a satellite dish or similar antennae on the roof of the Building as set forth in this Article 26

and in compliance with Article 7. Tenant shall have the right to install, operate and maintain telecommunications equipment on or about the Premises, the Building and the roof of the Building. In installing the telecommunications equipment, Tenant shall adhere to industry standards for installation and workmanship, all work to be completed to Landlord's reasonable satisfaction. Landlord reserves the right to have its roofing inspector supervise and review installation(s) to ensure the integrity of the roof structure is maintained at Tenant's cost. The installation of Tenant's system shall not void Landlord's roof warranty. Tenant shall be required to obtain a written confirmation of the continuation of the warranty after the installation of any improvements on the roof. In addition, the installation of such equipment shall not cause damage to the Building and the use shall not result in excessive electrical use or diminish the rentable square footage of the Building. Tenant shall be responsible for procuring whatever consents, approvals, licenses or permits that may be required for the installation, use, operation and removal of Tenant's system. Tenant shall at all times and at Tenant's sole cost and expense be responsible for proper maintenance of the Telecommunications Equipment and all governmental permits and approvals required in connection therewith. Tenant shall remove all such equipment at the end of the Term and termination of the Lease at its sole cost.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have executed this Lease as of the Effective Date.

"LANDLORD": ARROWOOD HOLDINGS LLC, a Delaware limited liability company

By: _____
Print Name: _____
Title: _____

"TENANT": COUNTY OF SONOMA, a political subdivision of the State of California

By: _____
Johannes Hoevertsz, Director
Sonoma County Public Infrastructure Department

The Sonoma County Public Infrastructure Director, or his Deputy, is authorized to execute this Lease, pursuant to the Board of Supervisors' Summary Action dated _____, 20____.

APPROVED AS TO FORM FOR TENANT:

Deputy County Counsel

APPROVED AS TO CONTENT FOR TENANT:

Tina Rivera, Director
Department of Health Services

Warren Sattler, Real Estate Manager
Sonoma County Public Infrastructure

CERTIFICATE OF INSURANCE ON FILE WITH DEPARTMENT:

Reviewed by: _____ Date: _____

Exhibit A

PREMISES

Exhibit B

Site Plan

Exhibit C

LEASEHOLD IMPROVEMENT AGREEMENT

This Leasehold Improvement Agreement ("LIA") is dated for reference purposes only as _____, 2023 ("Effective Date"), and is made by and between **ARROWOOD HOLDINGS LLC**, a Delaware limited liability company ("Landlord"), and the **COUNTY OF SONOMA**, a political subdivision of the State of California ("Tenant"), as part of that certain Lease dated as of the same date as this LIA between them, affecting the real property commonly known as 440 Arrowood Drive, located in Santa Rosa, State of California. Capitalized terms used, but not otherwise defined, in this LIA shall have meanings ascribed to those terms in the Lease. The following provisions are added to the Lease and, in the event of conflict between this LIA and the Lease, this LIA shall prevail.

ARTICLE I

DEFINITIONS

1.1 Definitions. Wherever used in this LIA, the following terms are defined as follows:

Architect [N.A.]

Contractors means the General Contractor and all other general contractors, design-build contractors, subcontractors, and material suppliers who provide labor and materials for construction of the Leasehold Improvements. Each Contractor shall be duly licensed by the State of California and in good professional standing.

Construction Costs means all costs incurred to complete the Leasehold Improvements, including, without limitation, the following:

- a. Payments to Contractors for labor, material, equipment, and fixture supplied pursuant to any construction contract entered into in accordance with this LIA;
- b. Fees paid to Designers for services required by this LIA;
- c. Taxes, fees, charges, and levies by governmental and quasi-governmental agencies for Permits or for inspections of the work;
- d. Utilities incurred in the course of the construction;
- e. Premiums for builder's risk insurance and other insurance required by this LIA;

f. Costs incurred for the management and administration of the construction, including without limitation, wages, labor burden, and expediting, procurement, and administrative expenses; and

g. Any and all other costs incurred to complete the Leasehold Improvements.

Construction Documents means this LIA and the Final Plans.

Design and Construction Schedule means the schedule for preparation, approval, disapproval, modification, and completion of the Final Plans and for obtaining Permits required for the Leasehold Improvements and for the commencement, prosecution, and Substantial Completion of all Leasehold Improvements, which schedule is attached to this LIA as **Attachment A**, and incorporated into the LIA by this reference.

Design Process means the process for creation of the Final Plans as set forth in **Attachment B**.

Designers means the Architect and all other architects, structural engineers, mechanical engineers, and the other design professionals that are needed to design the Leasehold Improvements, each of whom shall be duly licensed by the State of California and in good professional standing.

Engineered Plans means the heating, ventilating and air conditioning system engineering plans, specifications and calculations prepared by an independent, licensed mechanical engineer acceptable to and approved in writing by Tenant and engaged by the Architect (and not any mechanical or other subcontractor). Such engineer is hereinafter referred to as the "HVAC Engineer". It is the specific intention of the parties that the heating, ventilating and air conditioning system will not be designed under a so-called 'design-build' arrangement.

Final Plans are those working drawings, plans, specifications, elevations, finishes and other documents, including, without limitation, the Engineered Plans, prepared by the Designers and approved by the parties in accordance with this LIA.

General Contractor means the general contractor selected by Landlord.

Landlord's Representative means _____ or such other person as Landlord shall designate in writing to Tenant as its authorized representative for the purposes of administering this LIA. Landlord's Representative shall have no right to modify any term or conditions of this LIA or the Lease.

Laws and Orders shall have the meaning set forth in Section 3.3 of the Lease.

Leasehold Improvements means the improvements, modifications, and alterations to be constructed in or about the Premises in accordance with this LIA which are referred to as Tenant Improvements, in the Lease.

Permits means the permits, approvals, and consents of governmental authorities and third parties having jurisdiction over the Leasehold Improvements that are required for commencement and completion of the Leasehold Improvements, including without limitation, conditional use permits, building permits, sign permits and other permits.

Punchlist is defined in Section 5.2 of this LIA.

Substantial Completion or Substantially Completed or Substantially Complete is defined in Section 5.1 below.

Scheduled Completion Date means the scheduled date for Substantial Completion of the Leasehold Improvements as specified in Section 2.3 of the Lease.

Tenant Delay means any actual delay in the Substantial Completion of the Leasehold Improvements as a consequence of:

a. Tenant's failure to fulfill its obligation as set forth in the Design and Construction Schedule, or this LIA which is not cured within twenty-four (24) hours following written notice to Tenant of the default;

b. Change Orders requested by Tenant, provided the delay will not exceed the amount of delay specified in the Change Order;

c. A willful or negligent act or omission of Tenant or Tenant's Representative, Tenant's agents, or employees that interferes with the progress of the work and which is not remedied within twenty-four (24) hours after delivery of notice from Landlord's Representative to Tenant's Representative of the interference.

Tenant's Design Requirements [N.A.].

Tenant's Representative means _____ or such other person as Tenant shall designate in writing to Landlord as its authorized representative for the purposes of administering this LIA.

Tenant's Work means furniture, fixtures and equipment not shown or described in Tenant's Design Requirements or the Final Plans, telephone cable from the Building's point-of-demarkation to and within the Premises, computer cable within the Premises, interior signs not shown or described in Tenant's Design Requirements, Tenant's security system if one is to be installed, and Tenant's personal and business property.

ARTICLE II

DESIGNATION OF REPRESENTATIVES

2.1 Designation of Representatives. Landlord and Tenant respectively appoint Landlord's Representative and Tenant's Representative as their sole representatives for the purposes of administering this LIA. Until replaced upon written notice, Landlord's Representative and Tenant's Representative will have the full authority and responsibility to act on behalf of Landlord and Tenant, respectively, as required in this LIA, but shall have no right to modify this LIA or the Lease or to waive any material right of his or her principal under this LIA.

ARTICLE III

CONTRACT DOCUMENTS AND PERMITS

3.1 Retention of Architect, Design Process and Delivery of Tenant's Design Requirements. N.A.

3.2 Preparation and Approval of Final Plans. N.A.

3.3 Standards for Consent. N.A.

3.4 Application for Approvals. Landlord shall submit final plans to all appropriate governmental agencies and third parties for issuance of the Permits required for the construction of the Leasehold Improvements and occupancy by Tenant of the Premises for its intended use. Landlord shall use all reasonable efforts to obtain applicable Permits for the Leasehold Improvements within the time permitted by the Design Schedule.

3.5 Changes to Construction Documents. N.A.

3.6 Leasehold Improvements. Landlord shall make the Leasehold Improvements listed at Attachment A in compliance with the schedule found at Section 2.3 of the Lease.

ARTICLE IV

PERFORMANCE OF THE WORK

4.1 Selection of Contractors. N.A.

4.2 Commencement and Completion of Leasehold Improvements. When all Permits for construction of the Leasehold Improvements have been obtained Landlord shall cause the General Contractor or Contractors to commence and to thereafter diligently prosecute the construction of the Leasehold Improvements, so that the Leasehold Improvements will be Substantially Completed on or before the Scheduled Completion Date. Landlord shall comply with the applicable provisions of California Labor Code Sections 1720.2 and 1770 et seq., regarding general prevailing wages and **Exhibit F**.

4.3 Tenant's Entry. Landlord shall notify Tenant when the Leasehold Improvements are Substantially Completed and shall permit Tenant's contractors to enter into the Premises for the purpose of conducting Tenant's Work as provided in the Lease. Tenant and Landlord shall cooperate in good faith to schedule, coordinate, and perform their respective construction activities in an orderly manner and Tenant shall comply, and shall cause its contractors to comply, with all reasonable rules and regulations promulgated in writing by Landlord and provided to Tenant for the performance of Tenant's Work in the Premises.

4.4 Standards for Performance of the Work. Landlord shall cause the Leasehold Improvements to be constructed by well-trained, adequately supervised workers, in a good and workmanlike manner, free from design, material and workmanship defects for a period of one (1) year and in accordance with all Laws and Orders. Notwithstanding anything stated to the contrary in the Lease or this LIA, Tenant's acceptance of possession of the Leasehold Improvements shall not waive this warranty and Landlord shall promptly remedy all violations of the warranty at its sole cost and expense.

ARTICLE V

COMPLETION OF THE WORK

5.1 Substantial Completion. Landlord's Work shall be deemed "Substantially Complete" when: (a) construction of the Leasehold Improvements has been substantially completed in accordance with the Permits, and Laws and Orders; (b) the Contractor has certified in writing that the Leasehold Improvements have been substantially completed ("Notice of Substantial Completion"); (c) Landlord's Representative and Tenant's Representative agree that all work has been substantially performed, such agreement not to be unreasonably withheld; (d) there is no incomplete or defective work that unreasonably interferes with Tenant's use of the Premises; (e) the Leasehold Improvements are ready for occupancy by Tenant except for the completion of Tenant's Work; and (f) all utilities are available for use by Tenant in the Premises. The Substantial Completion Date shall not occur

until the Leasehold Improvements are Substantially Completed and Tenant has had at least fifteen (15) calendar days to complete Tenant's Work.

5.2 Inspection and Punchlist. Tenant's Representative and Designers shall have the right to enter the Premises at all reasonable times for the purpose of inspecting the progress of construction of the Leasehold Improvements upon 24 hours' notice. Landlord shall notify Tenant's Representative when the Leasehold Improvements are Substantially Completed. On receipt of such notice, Tenant's Representative, Landlord's Representative, and the General Contractor shall inspect the Leasehold Improvements and prepare a written list of any items that are defective, incomplete, or do not conform to the Permits and Laws and Orders (the "Punchlist"). Tenant may augment the Punchlist at any time on or before sixty (60) days following the Substantial Completion Date. Tenant's failure to specify any item on the Punchlist, however, shall not waive Landlord's obligation to construct the Leasehold Improvements in accordance with this LIA. Landlord shall cause all Punchlist items to be remedied within sixty (60) days after the Substantial Completion Date.

5.3 Delay in Substantial Completion. If the Substantial Completion of the Leasehold Improvements is delayed, the provisions of Sections 2.3 and 2.4 of the Lease shall govern.

ARTICLE VI

PAYMENT OF CONSTRUCTION COSTS

6.1 Duty to Pay Construction Costs. The Leasehold Improvements shall be completed at the sole expense of Landlord, without reimbursement by Tenant, except as Tenant and Landlord may otherwise agree in writing after the date of this LIA. Tenant shall bear all costs of performing Tenant's Work.

6.2 Notice of Non-responsibility. Landlord shall provide Tenant with at least ten (10) days' prior written notice of the date of commencement of construction of the Leasehold Improvements, in order to permit Tenant to post, file, and record such Notices of Non-Responsibility and other instruments as may be necessary to protect Tenant and its property from claims by Contractors for Construction Costs that are to be paid by Landlord pursuant to this LIA.

ARTICLE VII

RISK OF LOSS

7.1 Builder's Risk Insurance. N.A.

7.2 Casualty. If the Premises or any portion of the Leasehold Improvements are damaged or destroyed prior to the Substantial Completion Date, Tenant may terminate the

Lease, if (in the reasonable opinion of the Contractor) the building cannot be restored and the Leasehold Improvements Substantially Completed prior to one hundred twenty (120) days after the Scheduled Completion Date.

IN WITNESS WHEREOF, Landlord and Tenant have executed this LIA, intending to be bound by it as of the Effective Date.

LANDLORD: **ARROWOOD HOLDINGS LLC**, a Delaware limited liability company

By: _____
_____, Manager

TENANT: **COUNTY OF SONOMA**, a political subdivision of the State of California

By: _____
Johannes Hoevertsz, Director
Sonoma County Public Infrastructures Department

APPROVED AS TO FORM FOR TENANT:

Deputy County Counsel

RECOMMENDED FOR APPROVAL FOR TENANT:

Tina Rivera, Director
Department of Health Services

Warren Sattler, Real Estate Manager
Sonoma County Public Infrastructure

Attachment A

LEASEHOLD IMPROVEMENTS/TENANT IMPROVEMENTS

Prior to County occupancy Landlord will make the following improvements at Landlord's cost in compliance with California's Prevailing Wage law described in further detail in **Exhibit F**:

1. Paint interior and exterior throughout the premises with building standard paint
2. Install new interior flooring throughout the premises: building standard vinyl flooring to be in common areas and bathroom facilities. Building standard carpet to be in bedroom areas
3. All restrooms to be in working order
4. Existing boiler heat-pump system to be restored to working order
5. Replace windows with new vinyl windows.
6. Repair damaged areas of parking lot and stripe/seal, including ADA path of travel from parking lot to building entrance.
7. Update landscaping along Arrowood Drive near entry

Exhibit D

INSURANCE REQUIREMENTS

Insurance Required to be Maintained by Landlord

At all times during the Lease Term, Landlord shall purchase and maintain the following insurance policies.

1. General Liability Insurance

- a. Commercial General Liability Insurance on a standard occurrence form, no less broad than Insurance Services Office (ISO) form CG 00 01.
- b. Minimum Limits: \$2,000,000 per Occurrence; \$3,000,000 General Aggregate.
- c. County of Sonoma, its Officers, Agents and Employees shall be additional insureds for liability arising out of premises owned by or rented to Landlord, (Insurance Services Office endorsement CG 20 26 or equivalent).

2. Property Insurance for Building

- a. The insurance shall cover the Building (excluding land) and all improvements and structures on the land. Tenant shall insure the Tenant Improvements.
- b. Insured perils shall be "special form" or "all risks".
- c. The minimum amount of insurance shall be the full current replacement cost of the building and all improvements and structures on the land, including the cost of debris removal. This amount shall be re-determined annually by Landlord, subject to approval by Tenant.
- d. The insurance shall apply on a replacement cost basis, without deduction for depreciation.
- e. The insurance shall cover the interests of both Landlord and Tenant. Tenant shall be endorsed as an additional insured with respect to its interest in covered property; other tenants may be added as additional insureds.
- f. All moneys collected from the insurance company shall be held by Landlord in trust to be used and applied exclusively in accordance with Article VII entitled "Destruction and Untenantability of Premises".
- g. Tenant shall not be responsible to Landlord for any coinsurance penalty assessed by the insurance company.
- h. If the policy has a deductible, Landlord shall be responsible for the full amount of the deductible without contribution from Tenant.
- i. Required Evidence of Insurance:
 - i. Additional insured endorsement; and
 - ii. Certificate of Property Insurance *or* Evidence of Commercial Property Insurance.

Insurance Required to be Maintained by Tenant

At all times during the Lease Term, Tenant shall purchase and maintain, at its own expense, insurance or self-insurance as described below.

1. General Liability Insurance

- a. Commercial General Liability Insurance on a standard occurrence form, notes, broad than Insurance Services (ISO) form CG 00 01, Minimum Limit: \$2,000,000 per occurrence, \$3,000,000 General Aggregate.

- b.** The policy shall be endorsed to include a written waiver of the insurer's right to subrogate against Landlord.
 - c.** Required Evidence of Insurance: Certificate of Insurance or Letter of Self-Insurance.
 - d.** The Landlord, its managers and owners shall be named as additional insureds.
- 2.** Tenant's Indemnity obligations shall not be limited by the foregoing insurance requirements.
- 3.** Workers Compensation and Employers Liability Insurance with statutory limits as required by the Labor Code of the State of California.
- 4. Documentation**
 - a.** All required Evidence of Insurance shall be submitted prior to the execution of this Lease. Tenant agrees to maintain current Evidence of Insurance on file with Landlord at all times during the term of this Lease.
 - b.** Required Evidence of Insurance shall be submitted for any renewal or replacement of a policy that already exists, at least ten (10) days before expiration or other termination of the existing insurance or self-insurance.

Exhibit E

ACKNOWLEDGMENT OF COMMENCEMENT DATE

Landlord and Tenant hereby acknowledge that the Commencement Date of that certain Lease dated _____ for premises located at 440 Arrowood Drive, Santa Rosa, California occurred on _____.

ACKNOWLEDGED BY LANDLORD:

ARRROWOOD HOLDINGS LLC, a Delaware limited liability company

ACKNOWLEDGED BY TENANT:

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

By: _____

Warren Sattler,
Real Estate Manager

Exhibit F

PREVAILING WAGE ADDENDUM

Arrowood Holding LLC, a Delaware limited liability company ("Landlord") and County of Sonoma ("Tenant") hereby agree as follows in regard to the improvements to the Premises required by the Lease for the Premises.

1. **Compliance With Prevailing Wage.** Landlord agrees and acknowledges it shall comply with all applicable requirements of California's Prevailing Wage Law (Labor Code, § 1720, et seq.) and be the "awarding body" as required under California Labor Code § 1722 for improvements to the Premises. Landlord shall pay to any worker on the job to which prevailing wage applies and for whom prevailing wages have been established an amount equal to or more than the general prevailing wage rate of per diem wages for (1) work of a similar character in the locality in which the work is performed and (2) legal holiday and overtime work in said locality. The per diem wages shall be an amount equal to or more than the stipulated rates contained in a schedule that has been ascertained and determined by the Director of the State Department of Industrial Relations or County of Sonoma, as applicable, to be the general prevailing rate of per diem wages for each craft or type of workman or mechanic needed to perform the Project. Landlord shall also cause a copy of this determination of the prevailing rate of per diem wages to be posted at each site work is being performed, in addition to all other job site notices prescribed by regulation. Copies of the prevailing wage rate of per diem wages are on file with the County of Sonoma and will be made available to any person upon request.

2. **Compliance Monitoring and Registration.** Landlord shall comply with all monitoring and enforcement requirements imposed by the Department of Industrial Relations. Landlord shall furnish and shall require all contractors and subcontractors to furnish the records specified in Labor Code section 1776 (e.g. electronic certified payroll records) directly to the Labor Commissioner in a format prescribed by the Labor Commissioner at least monthly (Labor Code section 1771.4(a)(3)). Landlord and all contractors and subcontractors performing work that requires payment of prevailing wages shall be registered and qualified to perform public work pursuant to Labor Code section 1725.5 as a condition to engage in the performance of any services under this Lease, including the Second Amendment.

3. **Subcontracts.** Landlord shall comply with all legal requirements to insert in every contract, subcontract or other arrangement which Landlord may make for performance of such work or labor on work, provision that the Contractor or Subcontractor shall pay persons performing labor or rendering service under contract or subcontract or other arrangement not less than the general prevailing rate of per diem wages for work of a similar character in the locality in which the work is performed, and not less than the general prevailing rate of per diem wages for holiday and overtime work fixed in the Labor Code. Pursuant to Labor Code section 1775(b)(1), Landlord shall provide to each Contractor and Subcontractor a copy of sections 1771, 1775, 1776, 1777.5, 1813, and 1815 of the Labor Code.

4. **Compliance with Law.** Landlord stipulates that it shall comply with all applicable wage and hour laws, including without limitation Labor Code sections 1725.5, 1775, 1776, 1777.5, 1813, and 1815 and California Code of Regulations, Title 8, section 16000, et seq.

5. **Statutory Compliance/Living Wage Ordinance.** Landlord agrees to comply, and to ensure compliance by its contractors and consultants, or subcontractors and subconsultants, with all applicable federal, state and local laws, regulations, statutes and policies, including but not limited to the County of Sonoma Living Wage Ordinance, as they exist now and as they are changed, amended or modified. Without limiting the generality of the foregoing, Landlord expressly acknowledges and agrees that this Lease, including the Second Amendment, is subject to the provisions of Article XXVI of Chapter 2 of the Sonoma County Code, requiring payment of a living wage to covered employees. Noncompliance during the term of the Lease will be considered a material breach and may result in termination of the Lease or pursuit of other legal or administrative remedies.

6. Notwithstanding Landlord's obligation to design, construct, and deliver the improvements to the Premises as required under the Lease, inclusive of the Second Amendment thereto, Landlord waives any and all rights and other provisions applicable to public works contractors arising under Public Contract Code section 9204 or the Local Agency Public Construction Act (Public Contract Code section 20100 et seq.).