

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

DEPT: Chief Executive Office

BOARD AGENDA # *B-4

Urgent

Routine

AGENDA DATE May 15, 2007

CEO Concurs with Recommendation YES NO

4/5 Vote Required YES NO

(Information Attached)

SUBJECT:

Approval to Sublease Approximately 1,100 Square Feet of Space at 2612 Crows Landing Road to the California Department of Food and Agriculture in Space Vacated by the Department of Child Support Services

STAFF RECOMMENDATIONS:

Authorize the Chief Executive Officer to enter into a sublease with the State of California Department of Food and Agriculture to sublet approximately 1,100 square feet at 2612 Crows Landing Road on a month-to-month basis for a term corresponding to the Master Lease between Stanislaus County and San Joaquin Valley Express/G3 Enterprises and terminating on April 30, 2010.

FISCAL IMPACT:

The Board of Supervisors authorized the Chief Executive Office to enter into a lease agreement to occupy approximately 35,621 square feet of office space at 2612 Crows Landing Road on June 25, 2002 at a base rental cost of \$19,591.55 per month (or \$235,098.60 annually.) The space was improved and occupied by the County Department of Child Support Services (DCSS.) The original lease includes a provision for a two percent (2.000%) annual rent increase. The Lease terminates on July 9, 2012. In the current fiscal year, the County's obligation is \$21,206.52 per month, or \$254,478.24 annually.

(Continued on Page 2)

BOARD ACTION AS FOLLOWS:

No. 2007-367

On motion of Supervisor Mayfield, Seconded by Supervisor Grover

and approved by the following vote,

Ayes: Supervisors: Mayfield, Grover, Monteith, DeMartini, and Chairman O'Brien

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1) X Approved as recommended

2) Denied

3) Approved as amended

4) Other:

MOTION:

Christine Ferraro

ATTEST: CHRISTINE FERRARO TALLMAN, Clerk

File No.

FISCAL IMPACT: (Continued)

A sublease of a portion of the space (approximately 1,100 square feet) no longer occupied by the Department of Child Support Services will provide \$1,155.00 per month, or \$13,860.00 annually, toward offsetting the County's master lease obligation. The sublease rate will increase to \$1,166 monthly for the year commencing July 1, 2008; and to \$1,188 monthly commencing July 1, 2009 if the State continues to occupy the premises.

The State of California is self-insured and relieves Stanislaus County of all liability and claims for damages except for those arising out of the sole negligence of the County. Furthermore, under the sublease, the State will be bound by the terms and conditions of the master lease agreement between Stanislaus County and San Joaquin Valley Express/G3 Enterprises Inc.

DISCUSSION:

The California Department of Food and Agriculture (CDFA), and the Stanislaus County Agricultural Commissioner, are urgently seeking a small facility from which several State employees can based field inspection crews in response to the migration of fire ants into our region. County staff investigated several possibilities, including the use of modular space at the Agricultural Center. Concurrently, the Stanislaus County Department of Child Support Services has experienced a reduction in staffing due to reductions in State funding and has vacated a portion of their leased space at 2612 Crows Landing Road (former "Procter & Gamble" plant, now G3 Enterprises Inc.).

The space works well for the purposes of the CDFA Fire Ant program. G3 Enterprises has agreed to allow the County to sublease the space to the CDFA. CDFA has provided a letter of self-insurance to the County's Risk Manager, and the terms of a sublease, available with the Clerk of the Board, have been negotiated between the County and the State.

The Department of Child Support Services does not anticipate a need to re-occupy the vacated space subject to this sublease. Approval of this sublease will:

- a) Provide limited revenue to offset the County's lease cost obligation at 2612 Crows Landing Road; and
- b) Provide a Stanislaus County base of operations for the Fire Ant Program and assist the State in identifying, monitoring and eradicating fire ants migrating into Stanislaus County.

Approval to Sublease Approximately 1,100 Square Feet of Space at 2612 Crows Landing Road to the California Department of Food and Agriculture in Space Vacated by the Department of Child Support Services
Page 3

POLICY ISSUES:

Approval of this sublease will reduce an existing County-cost obligation for its lease at 2612 Crows Landing Road and promote the identification, monitoring and eradication of fire ants in Stanislaus County; thereby promoting the Board's priorities of ensuring a safe community, a strong agricultural economy/heritage, and an effective partnership.

STAFFING IMPACTS:

There is no staffing impact associated with the approval of this sublease. The sublet space will be occupied by staff of the California Department of Food and Agriculture. No additional maintenance or operational impact is anticipated from CDFA occupancy of the sublet space.

SHORT FORM LEASE

<u>LEASE COVERING PREMISES LOCATED AT</u> 2612 Crows Landing Road, Modesto, California 95358
<u>STANISLAUS COUNTY'S FED. TAX I.D.NO. OR SOCIAL SECURITY NO.</u>
<u>TENANT AGENCY</u> Department of Food and Agriculture

File No.: 906

THIS lease agreement, dated for reference purposes only this 11th day of April, 2007, is a sublease of that certain lease agreement dated June 25, 2002, hereinafter called the "Master Lease", between San Joaquin Valley Express, hereinafter called the "Master Lessor" and Stanislaus County.

This sublease is between the State of California, by and through its duly appointed, qualified and Agency Secretary of the Department of Food and Agriculture, hereinafter called hereinafter called "SUBLESSEE", and Stanislaus County.

RECITALS

WHEREAS, under the Master Lease, Stanislaus County hires from Master Lessor, certain premises located at 2612 Crows Landing Road, in the city of Modesto, county of Stanislaus, State of California, as more particularly described in the Master lease; and

WHEREAS, a copy of the Master Lease is attached hereto, incorporated herein as Exhibit "A", and made a part of this Sublease by this reference; and

WHEREAS, the letter from the Master Lessor attached hereto, incorporated herein as Exhibit "B" provides that Stanislaus County shall have the right to sublet a portion of the leased premises.

WITNESSETH:

NOW THEREFORE, it is mutually agreed between the parties hereto as follows:

1. Stanislaus County does hereby sublease to the SUBLESSEE, and SUBLESSEE hereby subleases from Stanislaus County, upon the terms, agreements, and conditions hereinafter set forth, those certain premises as outlined in the attached lease agreement and Exhibits, which are incorporated herein and by this reference made a part hereof and more particularly described as follows:

Approximately 1100 net square feet of office space and common area as two rooms located directly across from the elevator near the front lobby area of the building at 2612 Crows Landing Road, in the city of Modesto, county of Stanislaus, State of California hereinafter called the "Premises".

2. The term of this lease shall commence on **May 1, 2007**, and shall end on **April 30, 2010**, with such rights of termination as may be hereinafter expressly set forth.
3. State may terminate this lease any time by giving notice to Stanislaus County at lease thirty (30) days prior to the date when such termination shall become effective.
4. Rental shall be paid by the State in arrears on the last day of each month during said term as follows:

ONE THOUSAND ONE HUNDRED FIFTY FIVE DOLLARS AND 00/CENTS (\$1,155.00) PER MONTH FROM MAY 1, 2007 THROUGH JUNE 30, 2008

ONE THOUSAND ONE HUNDRED SIXTY SIX DOLLARS AND 00/CENTS (\$1,166.00) PER MONTH
FROM JULY 1, 2008 THROUGH JUNE 30, 2009

ONE THOUSAND ONE HUNDRED EIGHTY EIGHT DOLLARS AND 00/CENTS (\$1,188.00) PER MONTH
FROM JULY 1, 2009 THROUGH APRIL 30, 2010

5. All notices herein provided to be given, or which may be given, by either party to the other, shall be deemed to have been fully given when made in writing and deposited in the United States mail certified and postage prepaid, and addressed as follows:

To Stanislaus County at

Stanislaus County
1010 10th Street, Ste. 5400
Modesto, CA 95354

Phone: (209) 541-2008
Cell: (209) 648-3039
Fax: (209) 556-4411
apatton@stancodcss.org

And to State at

Department of Food and Agriculture
Facilities Management
1220 N Street, Room 120
Sacramento, CA 95814

Phone: (916) 653-8489
Fax: (916) 654-0542
gqarris@cdfa.ca.gov

Nothing herein contained shall preclude the giving of any such written notice by personal service.

6. During the lease term, Stanislaus County shall maintain the leased premises together with appurtenances, rights, privileges, and easements belonging or appertaining thereto, in good repair and tenantable condition, except in case of damage arising from the negligence of State's agents, invitees or employees.
7. Stanislaus County reserves the right to enter and inspect the leased premises, at reasonable times, and to make any necessary repairs to the premises. Except in emergency situations, the Stanislaus County shall give not less than forty-eight (48) hour prior notice to State tenants, when any pest control, remodeling, renovation, or repair work affecting the State occupied space which may result in employee health concerns in the work environment.
8. Stanislaus County agrees that State, keeping and performing the covenants and agreements herein contained on the part of State to be kept and performed, shall at all times during the existence of this lease peaceably and quietly, have hold and enjoy the leased premises, without suit, trouble or hindrance from Stanislaus County, or any person claiming under Stanislaus County.
9. In the event the leased premises or any essential part thereof shall be destroyed by fire or other casualty, this lease, shall, in the case of total destruction of the leased premises, immediately terminate. In case of partial destruction or damage State may elect to terminate by giving written notice setting forth the date of termination to Stanislaus County within fifteen (15) days after such fire or casualty, and no rent shall accrue or be payable to Stanislaus County after such termination. In the event of any such destruction where the State remains in possession of said premises, whether for the remainder of the term or temporarily pending termination, the rental as herein provided shall be reduced by the ratio of the floor space State is precluded from occupying to the total floor space of the leased premises.
10. Rental payable hereunder for any period of time less than that for which periodic rental is payable shall be determined by prorating the rental due for the applicable period of occupancy.

11. To the extent authorized by any fire and extended coverage insurance issued to Stanislaus County on the herein demised premises, Stanislaus County releases State from liability for loss or damage covered by said insurance and waives subrogation rights of the insurer.
12. Stanislaus County is to be free from all liability and claims for damages by reason of any person or persons, including sublessee, or property of any kind whatsoever and to whomsoever belonging, including sublessee, from any cause or causes whatsoever while in, upon on in any way connected with the premises during the term of the sublease or any occupancy hereunder except those arising out of the sole negligence of the Count of Stanislaus. Sublessee agrees to defend, indemnify and hold harmless Stanislaus County from all liability, loss, cost or obligation on account of or arising out of any such injury or loss, however occurring.
13. During the performance of this lease, Stanislaus County shall not deny benefits to any person on the basis of religion, color, ethnic group identification, sex, age, physical or mental disability, nor shall they discriminate unlawfully against any employee or applicant for employment because of race, religion, color, national origin, ancestry, physical handicap, mental disability, medical condition, marital status, age, or sex. Stanislaus County shall insure that the evaluation and treatment of employees and applicants for employment are free of such discrimination.

Stanislaus County shall comply with the provisions of the Fair Employment and Housing Act (Government Code, Section 12900 et. Seq.), the regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285.0 et. seq.), the provisions of Article 9.5, Chapter 1, Part 1, Division 3, Title 2 of the Government Code (Government Code, Sections 11135-11139.5), and the regulations or standards adopted by the awarding State agency to implement such article.

14. In the event the State remains in possession of the premises after the expiration of the lease term, or any extension thereof, this lease shall be automatically extended on a month-to-month basis, subject to thirty (30) days termination by either party, and otherwise on the terms and conditions herein specified, so far as applicable.
15. Stanislaus County hereby warrants and guarantees that the space leased to the State will be operated and maintained free of hazard from Asbestos Containing Construction Materials.

IN WITNESS WHEREOF, this lease has been executed by the parties hereto as of the date first written below:

STATE OF CALIFORNIA
 SUBLEASEE

Approval Recommended

Department of Food and Agriculture
A.G. Kawamura, Agency Secretary

Stanislaus County

By 

By 

Title: Paula Lewis, ~~Acting~~ Chief
 Departmental Services

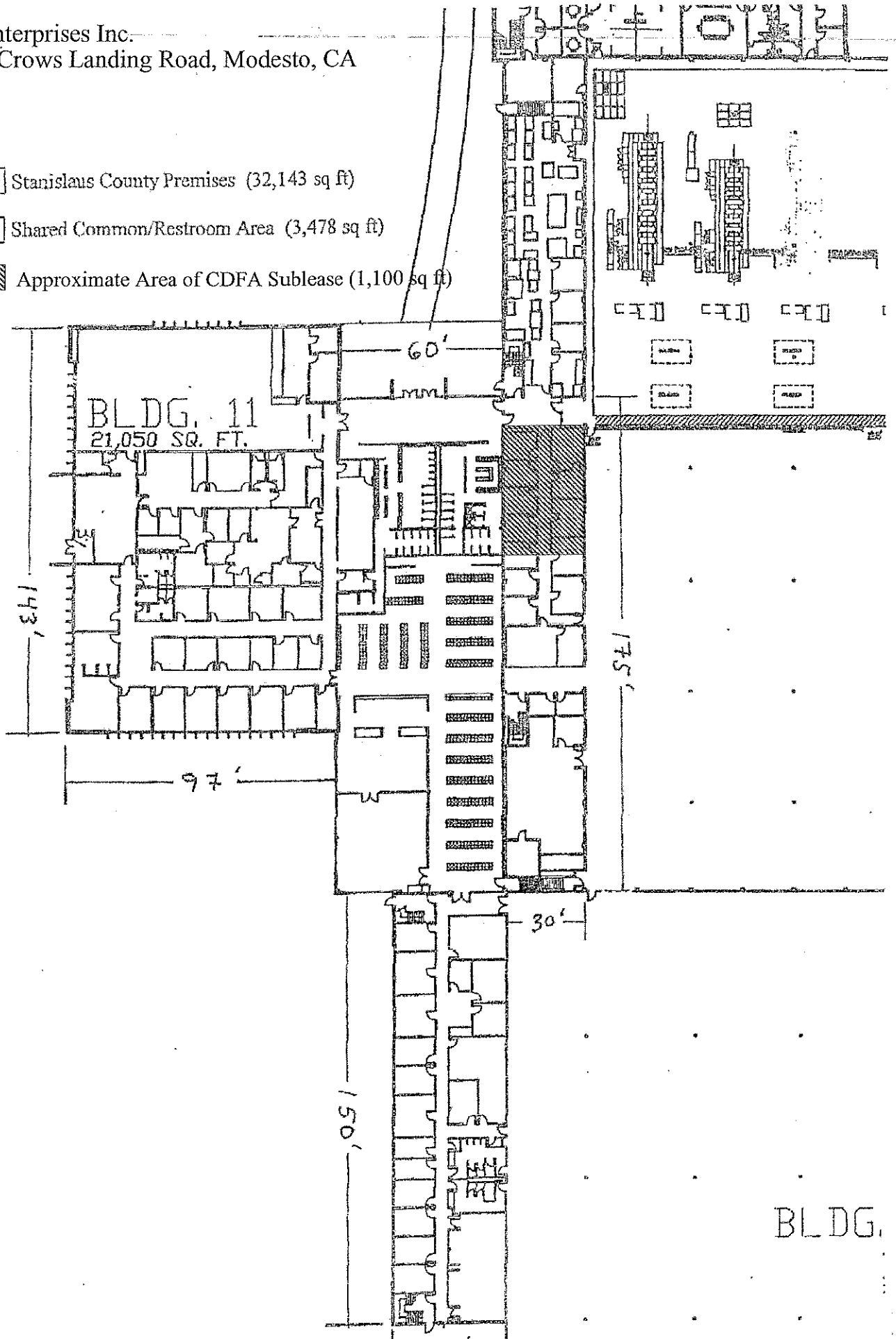
Title: Richard W. Robinson
 Chief Executive Officer

Date: 06/01/07
 {Date Executed}

Date: 5/25/07
 {Date Executed}

G3 Enterprises Inc.
2612 Crows Landing Road, Modesto, CA

- Stanislaus County Premises (32,143 sq ft)
- Shared Common/Restroom Area (3,478 sq ft)
- Approximate Area of CDFA Sublease (1,100 sq ft)





State of California • Arnold Schwarzenegger, Governor
State and Consumer Services Agency

DEPARTMENT OF GENERAL SERVICES

Management Services Division

Office of Risk & Insurance Management

April 27, 2007

Dave Dolanar
CEO Risk Management Division
1010 10th Street, Suite 5900
Modesto, CA 95354

**STATE OF CALIFORNIA
PUBLIC LIABILITY AND WORKERS' COMPENSATION INSURANCE
DEPARTMENT OF FOOD & AGRICULTURE
RE: LEASED OFFICE SPACE
2612 CROWS LANDING ROAD, MODESTO, CA
FISCAL YEAR 2007/2008**

To whom it may concern:

The State of California has elected to be insured for its motor vehicle, aircraft liability, watercraft liability and general liability exposures through a self-insurance program. The State Attorney General administers the general liability program through an annual appropriation from the General Fund. The Office of Risk and Insurance Management administers the motor vehicle liability program.

Under this form of insurance, the State and its employees (as defined in Section 810.2 of the Government Code) are insured for any tort liability that may develop through carrying out official activities, including state official operations on non-state owned property. Should any claims arise by reason of such operations or under an official contract or license agreement, they should be referred to the Attorney General, State of California, Tort Liability Section, 1300 I Street, Suite 1101, PO Box 944255, Sacramento, CA 94244-2550.

The State of California has entered into a Master Agreement with the State Compensation Insurance Fund to administer workers' compensation benefits for all state employees, as required by the Labor Code.

Sincerely,

MARIBETH ENNIS-LEU
Associate Risk Analyst

MEL

The Ziggurat • 707 Third Street, First Floor • West Sacramento, California 95798-9052 • (916) 376-5300

BASIC LEASE INFORMATION

Landlord: San Joaquin Valley Express, LLC,
a California Limited Liability Company

Landlord's Address for
Notice, and Payment
of Rent: San Joaquin Valley Express
Attn: Robert Lubeck
573 Santa Rita Avenue
Modesto, CA 95354
Telephone: 209-341-3810
Fax: 209-341-8888

Tenant: Stanislaus County

Tenant's Addresses
For Notice: Stanislaus County Chief Executive Officer
1010th Street, Suite 6800
Modesto, CA 95354
Telephone: 525-6333
Fax: 544-6226

Stanislaus County Purchasing Division
1010 10th Street, Suite 5400
Modesto, CA 95354
Telephone: 525-6319
Fax: 525-7787

Director, Stanislaus County Department of
Child Support Services
P.O. Box 4189
Modesto, CA 95352-4189
Telephone: 558-3050
Fax: 558-3135

Premises: Approximately 35,621 square feet of office space, plus 174 parking spaces

Building Address:
Street: 2612 Crows Landing Road
City and State: Modesto, CA 95358

Term: 10 Years

Commencement Date: July 10, 2002

Base Rent:	<u>Months</u>	<u>Monthly Base Rent</u>
	7/10/02 - 7/09/03	\$19,591.55
	7/10/03 - 7/09/04	\$19,983.38
	7/10/04 - 7/09/05	\$20,383.05
	7/10/05 - 7/09/06	\$20,790.71
	7/10/06 - 7/09/07	\$21,206.52
	7/10/07 - 7/09/08	\$21,630.65
	7/10/08 - 7/09/09	\$22,063.27
	7/10/09 - 7/09/10	\$22,504.53
	7/10/10 - 7/09/11	\$22,954.62
	7/10/11 - 7/09/12	\$23,413.71

Prepaid Rent: Tenant to prepay the first year's rent on the Commencement Date in the amount of \$231,374.41, which reflects the monthly base rent for the first year discounted to the present at a 3.5% discount rate.

Permitted Uses: Office use by Tenant's Employees

Options: One (1) Option to extend lease for another 5 years, to July 9, 2017 at fair market rent, which will be mutually agreed upon by the parties.

LEASE AGREEMENT

This Lease ("Lease") dated June 25, 2002, ("Effective Date") is made by and between San Joaquin Valley Express, LLC, a Limited Liability Company ("Landlord"), and Stanislaus County ("Tenant").

Section 1. Definitions

In additions to any other terms defined in this Lease, the following terms shall have the following meanings:

1.1 Premises. Premises shall mean that portion of the real property situated in the County of Stanislaus, State of California, comprising approximately 35,621 sq. ft. of office space within an approximately 700,000 square foot building ("Building") and 174 parking spaces located at 2612 Crows Landing Rd. Modesto, California, all as shown on Exhibit A attached. The entire real property owned by Landlord (approximately 120 acres) upon which the Premises and Building are located shall be referred to in this Lease as the "Land".

1.2 Commencement Date. Commencement Date shall mean the date the term of this Lease is to commence as stated in Section 4.1.

Section 2. Premises.

2.1 Lease of Premises.

Landlord leases to Tenant and Tenant leases from Landlord the Premises for the term, at the rental, and upon all of the conditions set forth herein.

Section 3. Multiple Tenant Building.

In the event that the Premises are part of a larger building or group of buildings then Tenant shall abide by, keep and observe all reasonable rules and regulations which Landlord may make from time to time for the management, safety, care, and cleanliness of the building and grounds, the parking of vehicles and the preservation of good order therein as well as for the convenience of other occupants and tenants of the Building.

Section 4. Term.

4.1 Term. The initial term of this Lease shall be for ten (10) years commencing July 10, 2002 and ending on July 9, 2012, unless sooner terminated pursuant to any provision of this Lease or the law.

4.2 Early Termination. Tenant may, upon six months' prior written notice to the Landlord, terminate this Lease provided State and Federal funding for Tenant's Department of Child Support Services budget have been reduced by at least 3% from the immediately preceding base year budget.

Section 5. Rent.

5.1 Monthly Rent. Except as set forth below, Tenant shall pay to Landlord rent for the Premises in monthly payments in advance on the first day of each month during the periods as shown herein. Rent shall be paid by automatic payment from the Tenant's bank account to the Landlord's bank account (to be designated by Landlord), without deduction or offset. Rent payable under this Section 5 shall be in addition to any other sums payable by Tenant to Landlord under this Lease, which additional sums shall be paid to Landlord at the address of Landlord as stated in the Basic Lease Information or at such other address as may be designated by Landlord from time to time. Rent for any period during the term which is for less than one month shall be a pro rata portion of the monthly installment.

5.2 Rent Through July 9, 2003, Payable on Execution. Tenant shall pay to Landlord upon the Commencement Date of this Lease the sum of \$231,374.41 as the rent from July 10, 2002 through July 9, 2003. The prepayment of rent is in lieu of any requirement for a security deposit and is based on the monthly rent set forth in the Basic Lease Information discounted to the present value at a 3.5% discount rate.

5.3 Rental Amount. The monthly rent shall be the amounts set forth in the Basic Lease Information.

Section 6. Security Deposit. [Not Applicable].

Section 7. Use.

7.1 Use by Tenant. The Premises shall be used and occupied only for office use by employees of any of Tenant's departments and for no other purpose. The Premises may not be used by the general public or by customers or clients of the Tenant, unless otherwise agreed in writing by an authorized agent of Tenant and the Vice President/General Manager of Landlord.

7.2 Compliance with Law.

a) Landlord, at its expense, shall comply with any law, statute, building code, regulation or ordinance (collectively "Regulations") mandated at any time with respect to those portions of the Premises which Landlord is required to maintain as provided in Section 8.1, and Tenant shall comply with any Regulations mandated at any time pertaining to those items which Tenant is obligated to maintain and any property related to Tenant's business or specific use of the Premises.

(b) Tenant, at Tenant's expense, shall comply promptly with all applicable statutes, ordinances, rules, regulations, orders, covenants and restrictions of record, and requirements (including but not limited to any requirements of the Americans with Disabilities Act) mandated during the term or any part of the term hereof, regulating the use by Tenant of the Premises. Tenant shall not use nor permit the use of the Premises in any manner that will tend to create waste or a nuisance, raise the cost of property insurance on the Premises or, if there shall be more than one Tenant in the Building, will tend to disturb such other Tenants. Landlord agrees to include in every lease of portions of the Building a provision substantially similar to the previous sentence.

7.3 Condition of Premises.

Tenant hereby accepts the Premises "as is" and in the condition existing as of the Commencement Date or the date that Tenant takes possession of the Premises, whichever is earlier, and subject to all applicable zoning, municipal, county and state laws, ordinances and regulations governing and regulating the use of the Premises, and any covenants or restrictions of record. Tenant has determined that the Premises are acceptable for Tenant's use and Tenant acknowledges that neither Landlord nor any agent of Landlord has made any representation or warranty with respect to the Premises or the Building or with respect to their suitability or fitness for the conduct of Tenant's business or for any other purpose.

Section 8. Maintenance, Repairs and Alterations.

8.1 Landlord's Obligations. Subject to the provisions of Section 7, 8.2 and 10 and except for damage caused by any negligent or intentional act or omission of Tenant, Tenant's agents, employees, contractors or invitees in which event Tenant shall repair the damage, Landlord, at Landlord's expense, shall keep in good order, condition and repair the structure, foundations, exterior walls, the exterior roof including the roof structure, the plumbing, fire suppression system and electrical systems serving the entire Building. Landlord shall not, however, be obligated to maintain the interior surface of the exterior walls, the exterior and interior portions of all doors, door frames, door checks, entrances, windows, window frames, plate glass, signs, the HVAC system, all plumbing and sewage fixtures and equipment within the Premises that do not serve the entire Building, fixtures, walls, floors, ceilings, carpets, drapes, painted surfaces, wall coverings, cabinets, shelves, and all other improvements or installations made by or on behalf of Tenant, whether such work or repair, replacement, renewal, or restoration is interior or exterior to the Premises, is foreseen or unforeseen, or is ordinary or extraordinary. Landlord shall make repairs under this Section 8.1 within a reasonable time after receipt of written notice of the need for such repairs, and after such notice shall use commercially reasonable efforts to promptly make repairs that affect the occupancy and use of the Premises or the health or safety of Tenant's employees.

8.2 Tenant's Obligations.

(a) Subject to the provisions of Sections 7, 8.1, and 10, Tenant, at Tenant's expense, shall keep in good order, condition and repair the Premises and every part thereof components of all plumbing systems, heating, air conditioning, ventilating systems, electrical systems, the fire suppression system, and lighting facilities and equipment within the Premises and that are not part of the Building's major building systems and do not serve the entire Building, fixtures, interior walls and interior surfaces of exterior walls, floors, ceilings, windows, doors, and plate glass located within the Premises.

(b) If Tenant fails to perform Tenant's obligations under this Section 8.2 or under any other section of this Lease, Landlord may at Landlord's option enter upon the Premises after 20 days' prior written notice to Tenant (except in the case of emergency, in which case no notice shall be required) perform such obligations on Tenant's behalf and put the Premises in good order, condition and repair. The cost thereof shall be due and payable as additional rent to Landlord with Tenant's next rental installment.

(c) On the last day of the term hereof, or on any sooner termination, Tenant shall surrender the Premises to Landlord in the same condition as received, ordinary wear and tear

excepted, clean and free of debris, unless otherwise agreed to in writing by Tenant's Vice President/General Manager. Tenant shall repair any damage to the Premises occasioned by the installation or removal of its trade fixtures, alterations, improvements, appurtenances, furnishings or equipment. Notwithstanding anything to the contrary otherwise stated in this Lease, Tenant shall leave the air lines, power panels, electrical distribution systems, lighting fixtures, air conditioning, and plumbing on the Premises in good operating condition. At Landlord's request, Tenant shall deliver to Landlord a quitclaim deed releasing any interest or rights of Tenant in the Premises.

8.3 Alterations and Additions.

(a) Tenant shall not make any alterations, improvements, additions, or Tenant Installations (collectively "Alterations") in, on or about the Premises without obtaining the prior written consent of Landlord, which consent shall be conditioned upon Tenant's compliance with the provisions of Exhibit B, which consent shall not be unreasonably withheld. As used in this Section 8.3 the term "Tenant Installations" shall include, without limitation, installation of machinery and equipment, window coverings, lighting fixtures, air conditioning, and plumbing. All Alterations shall be designed, constructed and installed by or on behalf of Tenant at Tenant's sole cost and expense, subject to the terms and conditions of this section 8.3, except as follows: Tenant and Landlord shall share equally in the costs of constructing a wall to separate Tenant's north facing entry area to Tenant's northeast office area from other tenants who use such north facing entry for access to other space within the Building. Tenant acknowledges that such other tenants will require emergency fire access through the northeast office area depicted in Exhibit A. As to any Alterations made without the prior approval of Landlord, Landlord may require that Tenant immediately remove any or all of such Alterations and restore that portion of the Premises to its prior condition at the conclusion of the Lease Term.

(b) Any Alterations in or about the Premises that Tenant shall desire to make and which require the consent of the Landlord shall be presented to Landlord in written form, with plans of the proposed project in such detail as is reasonable under the circumstances. If Landlord shall give its consent, the consent shall be deemed conditioned upon Tenant acquiring a permit to do so, if required, from appropriate governmental agencies, the furnishing of a copy thereof to Landlord prior to the commencement of the work, the compliance by Tenant of all conditions of said permit in a prompt and expeditious manner and the alterations being done in a workman like manner.

(c) Tenant shall pay, when due, all claims for labor or materials furnished to or for Tenant at or for use in the Premises. In the event any lien arising from such claims for labor or materials is filed against the Land or any portion thereof, Tenant shall obtain the release and discharge of said lien pursuant to Exhibit B of the Lease.

(d) Whenever Landlord shall re-enter the Premises as provided in this Lease, any property of Tenant not removed by Tenant upon the expiration of the term of this Lease (or within seven (7) days of notice from Landlord after a termination by reason of Tenant's default), as provided in this Lease, shall be considered abandoned, and Landlord may remove any or all such items, use the same for Landlord's benefit or dispose of the same in any reasonable manner at the expense and risk of Tenant. If Tenant shall fail to pay the cost of storing any such property after it has been stored for a period of thirty (30) days or more, Landlord may sell any or all of such property at public or private sale, in such manner and at such times and places as Landlord, in its sole discretion, may deem proper, provided Landlord has given written notice to Tenant at the commencement of the storage period. Landlord shall apply the proceeds to such sale as follows:

(1) First, to the costs and expenses of such sale, including Landlord's attorneys' fees;

(2) Second, to the payment of the expense of or charges for removal and storing any such property;

(3) Third, to the payment of any other sum of money which may then or thereafter be due to Landlord from Tenant under any of the terms of this Lease; and

(4) Fourth, the balance, if any, to Tenant.

(e) All fixtures, alterations, additions, improvements and appurtenances attached to or built into the Premises before or during the term of this Lease by Landlord at its expense shall be and remain part of the Premises and shall not be removed by Tenant at the end of the term of this Lease. All fixtures, alterations, improvements and appurtenances built into the premises by Tenant shall remain part of the Premises and shall not be removed by Tenant at the end of the term of this Lease unless it can be removed without material damage to the Premises, or unless otherwise expressly provided for in the plans approving modifications to the Premises or except as expressly approved in writing by Landlord. It is expressly agreed that Tenant shall not remove floor coverings, paneling, molding, doors, fire suppression systems (except for Tenant purchased portable fire extinguishers), HVAC system, plumbing systems, cabinetry permanently attached to the property, electrical systems, lighting systems, data and telecommunications cables and outlets, ceiling installations, whether installed by Landlord or Tenant.

(f) Tenant's machinery, personal property and equipment, other than that which is affixed to the Premises so that it cannot be removed without material damage to the Premises, shall remain the property of Tenant and shall be removed by Tenant subject to the provisions of Section 8.2(c).

Section 9. Insurance; Indemnity.

9.1 Liability Insurance – Tenant. Tenant, at Tenant's expense, shall obtain and keep in force during the term of this Lease a policy of General Liability Insurance naming Landlord as an additional insured and insuring Tenant and Landlord against any liability arising out of the use, occupancy or maintenance of the Premises and all other areas appurtenant thereto. Such insurance shall be in an amount not less than \$2,000,000 per occurrence naming Landlord as additional insured on such policy. Such insurance shall insure Tenant against liability for claims arising out of ownership, maintenance, or use of any owned, hired or non-owned automobiles. Upon written notice from Landlord to Tenant, said policy amount shall be increased as reasonable during the term or any extensions to reflect coverage requirements of Landlord's insurance carrier. The policy shall contain a cross-liability endorsement and insure performance by Tenant of the indemnity provisions of this Lease. The limits of the insurance, however, shall not limit the liability of Tenant hereunder.

9.2 Liability Insurance – Landlord. Landlord, at Landlord's expense, shall obtain and keep in force during the term of this Lease a policy of General Liability Insurance naming Tenant as an additional insured and insuring Landlord and Landlord against any liability arising out of the use, occupancy or maintenance of the Building and all other areas appurtenant thereto. Such insurance

shall be in an amount not less than \$2,000,000 per occurrence naming Tenant as additional insured on such policy. The policy shall contain a cross-liability endorsement and insure performance by Landlord of the indemnity provisions of this Lease. The limits of the insurance, however, shall not limit the liability of Landlord hereunder.

9.3 Workers' Compensation and Employer's Liability Insurance. Tenant shall, at Tenant's expense, obtain and keep in force at all times workers' compensation insurance having limits not less than those required by state law, if applicable, and covering all persons employed by Tenant in the conduct of its operations on the Premises (including the all states endorsement and, if applicable, the volunteers endorsement), together with employer's liability insurance coverage in the amount of at least One Million Dollars (\$1,000,000). Landlord acknowledges that Tenant is self insured with respect to Workers Compensation Insurance.

9.4 Property Insurance. Landlord shall obtain and keep in force during the term of this Lease a policy or policies of insurance covering loss or damage to the Premises, but not Tenant's fixtures, goods or inventory, or equipment, in an amount not to exceed the full replacement value thereof, as the same may exist from time to time, providing protection against all perils included fire, extended coverage, vandalism, malicious mischief, flood (in the event same is required by a lender having a lien on the Premises) special extended perils ("all risk", as such term is used in the insurance industry) but not earthquake or plate glass insurance.

9.5 Payment of Premium Increase.

(a) Tenant shall pay to Landlord, during the term hereof, in addition to the rent, the amount of any increase in premiums for the insurance required under Section 9.4 if the increase is specified by Landlord's insurance carrier as being caused by the nature of Tenant's occupancy or any act or omission of Tenant.

(b) Tenant shall pay any such premium increases to Landlord within thirty (30) days after receipt by Tenant of a copy of the premium statement or other satisfactory evidence of the amount due. If the insurance policies maintained hereunder cover other improvements in addition to the Premises, Landlord shall also deliver to Tenant a statement of the amount of such increase attributable to the Premises and showing in reasonable detail, the manner in which such amount was computed. If the term of this Lease shall not expire concurrently with the expiration of the period covered by such insurance, Tenant's liability for premium increases shall be prorated on an annual basis.

(c) If the Premises are part of a Building, then Tenant shall not be responsible for paying any increase in the property insurance premium caused by the acts or omissions of any other tenant of the Building.

9.6 Insurance Policies Landlord acknowledges that Tenant is self insured up to \$250,000 for general liability. For general liability insurance coverage in excess of the self insured retention, Tenant shall deliver to Landlord certificates evidencing the existence and amounts of such insurance and naming Landlord as an additional insured, and if requested by Landlord, copies of the policies of insurance. No such policy shall be subject to cancellation or reduction of coverage or other modification except after at least thirty (30) days' prior written notice to Landlord. At least thirty (30) days prior to the expiration of such policies, Tenant shall furnish Landlord with renewals

or "binders" thereof, or Landlord may order such insurance and charge the cost thereof to Tenant, which amount shall be payable by Tenant upon demand.

9.7 Waiver of Subrogation. Landlord and Tenant shall each obtain from their respective insurers under all policies of property insurance, fire, theft, public liability, workers compensation and other insurance maintained during the term of this Lease covering the Building or any portion of it, a waiver of all rights of subrogation that the insurer of one party may have against the other party. Each party, notwithstanding any provisions of this lease to the contrary, waives any right of recovery against the other for injury or loss due to hazards covered by insurance to the extent of the insurance coverage so provided.

9.8 Landlord's Indemnification of Tenant. Landlord shall be liable for, and shall indemnify, defend, protect and hold Tenant and Tenant's members, officers, directors, employees, agents, successors and assigns (collectively, "Tenant's Indemnified Parties") harmless from and against, any and all claims, damages, judgments, suits, causes of action, losses, liabilities and expenses, including attorneys' fees and court costs (collectively, "Indemnified Claims"), to the extent arising or resulting from (i) any act or omission of Landlord or any of Landlord's agents, employees, contractors, or invitees (collectively, "Landlord Parties"); (ii) the use of the Premises and Common Areas and conduct of Landlord's business by Landlord or any Landlord Parties, or any other activity, work or thing done, permitted or suffered by Landlord or any Landlord Parties, in or about the Premises, or the Building or Land; and (iii) any default by Landlord of any obligations on Landlord's part to be performed under the terms of this Lease. In case any action or proceeding is brought against Tenant or any Tenant Indemnified Parties by reason of any such Indemnified Claims, Landlord, upon notice from Tenant, shall defend the same at Landlord's expense by counsel approved in writing by Tenant, which approval shall not be unreasonably withheld.

9.9 Tenant's Indemnification of Landlord. Tenant shall be liable for, and shall indemnify, defend, protect and hold Landlord and Landlord's members, officers, directors, employees, agents, successors and assigns (collectively, "Landlord Indemnified Parties") harmless from and against, any and all claims, damages, judgments, suits, causes of action, losses, liabilities and expenses, including attorneys' fees and court costs (collectively, "Indemnified Claims"), to the extent arising or resulting from (i) any act or omission of Tenant or any of Tenant's agents, employees, contractors, or invitees (collectively, "Tenant Parties"); (ii) the use of the Premises and Common Areas and conduct of Tenant's business by Tenant or any Tenant Parties, or any other activity, work or thing done, permitted or suffered by Tenant or any Tenant Parties, in or about the Premises, or the Building or Land; and (iii) any default by Tenant of any obligations on Tenant's part to be performed under the terms of this Lease. In case any action or proceeding is brought against Landlord or any Landlord Indemnified Parties by reason of any such Indemnified Claims, Tenant, upon notice from Landlord, shall defend the same at Tenant's expense by counsel approved in writing by Landlord, which approval shall not be unreasonably withheld.

9.10 Survival; No Release of Insurers. The covenants, agreements and indemnification in Sections 9.8 and 9.9 shall survive the expiration or earlier termination of this Lease and are not intended to and shall not relieve any insurance carrier of its obligations under policies required to be carried by Tenant pursuant to the provisions of this Lease.

Section 10. Damage or Destruction.

10.1 Definitions.

(a) "Premises Partial Damage" shall mean damage or destruction to the Premises which does not exceed 20% of the full insurable value thereof and the damage is such that the Building or Premises may be repaired, reconstructed or restored within a period of ninety (90) days from the date of such casualty. "Building Partial Damage" shall herein mean damage or destruction to the Building to the extent that the cost of repair is less than 20% of the insured value of the Building as a whole immediately prior to such damage or destruction and the damage is such that the Building may be repaired, reconstructed or restored within a period of ninety (90) days from the date of such casualty.

(b) "Premises Total Destruction" shall mean damage or destruction to the Premises to the extent that the cost of repair is in excess of 20% of the full insurable value thereof or the damage is such that the Premises may not be repaired, reconstructed or restored within a period of ninety (90) days from the date of such casualty. "Building Total Destruction" shall herein mean damage or destruction to the Building to the extent that the cost of repair is 20 % or more of the full insured of the Building as a whole immediately prior to such damage or destruction and the Building may not be repaired reconstructed or restored within a period of ninety (90) days from the date of such casualty .

(c) "Insured Loss" shall mean damage or destruction which was caused by an event covered by the insurance described in Section 9.

(d) "Insured Value" shall mean value of Premises as shown on the Extended Coverage Policy maintained by Landlord.

10.2 Partial Damage--Insured Loss. Subject to the provisions of Sections 10.4, 10.5 and 10.6, if at any time during the term of this Lease there is damage which is an Insured Loss and which falls into the classification of Premises Partial Damage or Building Partial Damage, then Landlord, at Landlord's expense, shall repair such damage, but not Tenant's fixtures, goods or inventory, equipment or Tenant Installations, as soon as reasonably possible and this Lease shall continue in full force and effect.

10.3 Partial Damage--Uninsured Loss. Subject to the provisions of Sections 10.4, 10.5 and 10.6, if at any time during the term of this Lease there is damage which is not an Insured Loss and which falls within the classification of Premises Partial Damage or Building Partial Damage, unless caused by a negligent or willful act of Tenant or Tenant's invitees, agents or contractors (in which event Tenant shall make the repairs at Tenant's expense except if Landlord was responsible for causing the loss to not be insured), 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 of the occurrence of such damage of Landlord's intention to 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 terminate this Lease, Tenant shall have the right within twenty (20) 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 twenty (20)-day period this Lease shall terminate as of the date of the occurrence of such damage.

10.4 Total Destruction. If at any time during the term of this Lease 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 or Building Total Destruction, this Lease shall automatically terminate as of the date of such total destruction.

10.5 Damage Near End of Term. If at any time during the last six months of the term of this Lease there is damage, whether or not an Insured Loss, which falls within 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 of occurrence of such damage.

10.6 Abatement of Rent; Tenant's Remedies.

(a) Unless the damage or destruction described in this section 10 was caused by a negligent or willful act of one or more of the Tenant Parties, the Rent payable under this Lease (including but not limited to Tenant's share of Common Area Charges) for the period during which such damage, repair or restoration continues shall be abated in proportion to the degree to which Tenant's use of the Premises is materially impaired.

(b) If Landlord is obligated to repair or restore the Premises under the provisions of this Section 10 and does not commence such repair or restoration within ninety (90) days after such obligation shall accrue, unless Landlord is delayed due to reasons beyond Landlord's control, 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 before commencement of such repair or restoration. In such event this Lease shall terminate as of the date of such notice. Landlord will be considered to be delayed in repairing or restoring the Premises for reasons beyond its control if such delay is caused by the inability of Landlord to obtain necessary permits and approvals from governmental authorities or commencement of work is delayed by inclement weather, war, civil unrest, labor disturbances or other reasons beyond Landlord's control. In such case, Landlord shall have an additional period of time to commence repair or restoration equal to the time of such delay.

10.7 Termination--Advance Payments. Upon termination of this Lease pursuant to this Section 10, an adjustment shall be made concerning advance rent and any other advance payments of charges made by Tenant to Landlord so that Tenant shall be responsible only for the rent and other charges for the period preceding the date of damage or destruction.

Section 11. Real Property Taxes.

11.1 Real Property Taxes. Landlord shall pay the real property tax, as defined in Section 11.3, applicable to the Premises.

11.2 Additional Improvements. Notwithstanding Section 11.1 hereof, Tenant shall pay to Landlord upon demand the entirety of any increase in real property tax assessed by reason of additional improvements placed upon the Premises by Tenant or at Tenant's request. Tenant's obligation to pay Real Property Taxes under this Section shall survive the expiration or termination of this Lease.

11.3 Definition of "Real Property Tax". As used herein, the term "real property tax" shall include any form of real estate tax or assessment, general, special, supplementary, ordinary or extraordinary, and any license fee, commercial rental tax, improvement bond or bonds, levy or tax (other than inheritance, personal income or estate taxes) imposed on the Premises by any authority having the direct or indirect power to tax, including any city; state or federal government, or any school, agricultural, sanitary, fire, street, drainage or other improvement district thereof, as against any legal or equitable interest of Landlord in the Premises or in the real property of which the Premises are a part, as against Landlord's right to rent or other income therefrom, and as against Landlord's business of leasing the Premises. The term "real property tax" shall also include any tax, fee, levy assessment or charge (i) in substitution of, partially or totally, any tax, fee, levy assessment or charge hereinabove included within the definition of "real property tax," or (ii) the nature of which was previously included within the definition of "real property tax."

11.4 Joint Assessment. If the Premises are not separately assessed, Tenant's liability shall be an equitable proportion of the real property taxes for all of the land and improvements included within the tax parcel assessed, such proportion to be determined by Landlord from the respective valuations assigned in the assessor's work sheets or such other information as may be reasonably available.

11.5 Personal Property Taxes.

(a) Tenant shall pay prior to delinquency all taxes, if any, assessed against and levied upon trade fixtures, furnishings, equipment and all other personal property of Tenant contained in the Premises or elsewhere. If such taxes are imposed, Tenant, when possible, shall cause trade fixtures, furnishings, equipment, Tenant Installations and all other personal property of Tenant to be assessed and billed separately from the real property of Landlord.

(b) If any of Tenant's personal property shall be assessed with Landlord's real property, Tenant shall pay Landlord the taxes attributable to Tenant's personal property within ten (10) days after receipt of a written statement setting forth the taxes applicable to Tenant's property.

Section 12. Utilities & Janitorial Services.

Tenant shall make arrangements and pay for all charges for water, gas, heat, light, power, telephone, cable, communication and other utilities and services supplied to the Premises, together with any taxes thereon, deposits and hook up charges. Landlord shall not be liable to Tenant for interruption in or curtailment of any utility service, nor shall any such interruption or curtailment constitute constructive eviction or grounds for rental abatement. Tenant shall install at its expense a separate meter to measure its use of electricity. If any such services are not separately metered to Tenant, Tenant shall pay a reasonable proportion to be determined by Landlord of all charges jointly metered with other premises. Tenant, at its expense, shall provide the necessary janitorial services to maintain the Premises in a good orderly manner at all times during the Lease term, or any extension thereof. Tenant shall pay the cost of any required governmental inspections of improvements to the Premises, including but not limited to, the fire suppression system and backflow devices within the Premises, but Landlord shall pay the cost of any such inspections of the portion of the fire suppression system and backflow devices that serve the entire Building.

Section 13. Assignment and Subletting.

13.1 Prohibition. Tenant shall not voluntarily or by operation of law assign, transfer, mortgage, sublet, or otherwise transfer or encumber all or any part of Tenant's interest in this Lease or in the Premises.

Section 14. Environmental Provisions.

14.1 Defined Terms.

(a) Hazardous Materials. For purposes of this Lease, "Hazardous Materials" shall mean any substance which is or becomes at any time during the term: (i) defined under any Environmental Law (defined below) as a hazardous substance, hazardous waste, hazardous material, pollutant or contaminant; (ii) a petroleum hydrocarbon, including crude oil or any fraction thereof; (iii) a hazardous, toxic, corrosive, flammable, explosive, infectious, radioactive, carcinogenic or a reproductive toxicant; or (iv) otherwise regulated under any Environmental Laws.

(b) Environmental Laws. For purposes of this Lease, "Environmental Laws" shall mean all present and future federal, state and local laws, statutes, ordinances, regulations, rules, judicial and administrative orders and decrees, permits, licenses, approvals, authorizations and similar requirements of all federal, state and local governmental agencies or other governmental entities with legal authority pertaining to the protection of human health and safety or the environment.

(c) Release. For purposes of this Lease, "Release" shall mean any accidental or intentional spilling, leaking, pumping, pouring, emitting, emptying, discharging, injection, escaping, leaching, migrating, dumping or disposing into the air, land, surface water, ground water or the environment (including without limitation the abandonment or discarding of receptacles containing any Hazardous Materials).

14.2 Compliance With Environmental Laws. Tenant shall at all times comply with all applicable Environmental Laws. Without limiting the generality of the foregoing, Tenant shall procure and maintain in effect at all times during the term, extended term(s) and any holdover period any permits and licenses required by any Environmental Laws for Tenant's operations on or about the Premises. Landlord shall at all times comply with all applicable Environmental Laws. Without limiting the generality of the foregoing, Landlord shall procure and maintain in effect at all times during the term, extended term(s) and any holdover period any permits and licenses required by any Environmental Laws for Landlord's operations on or about the Premises. Landlord shall include in all other leases of portions of the Building a provision substantially similar to the first two sentences of this section.

14.3 Tenant Releases. Tenant shall not cause or permit to occur during the term, extended term(s) or any holdover period any Release of a Hazardous Material or any condition of pollution or nuisance on or about the Premises, whether affecting the surface water or ground water, air, the soil, the surface of the Property, or the subsurface environment. Prior to or upon the date Tenant ceases to occupy the Premises, Tenant shall have removed from the Premises all Hazardous Materials introduced onto or permitted on the Premises by Tenant. In the event any Release of a Hazardous Material to the environment, or any condition of pollution or nuisance, occurs on or about or beneath the Premises during the term, extended term(s) or any holdover period as a result of any

act or omission of Tenant or Tenant's employees, agents, contractors, invitees or guests, Tenant shall promptly undertake remedial measures as required to clean up, abate or otherwise respond to the Release, pollution or nuisance in accordance with applicable Environmental Laws at Tenant's sole cost.

14.4 Landlord Releases. Landlord shall not cause or permit to occur during the term, extended term(s) or any holdover period any Release of a Hazardous Material or any condition of pollution or nuisance on or about the Premises, whether affecting the surface water or ground water, air, the soil, the surface of the Property, or the subsurface environment. In the event any Release of a Hazardous Material to the environment, or any condition of pollution or nuisance, occurs on or about or beneath the Premises during the term, extended term(s) or any holdover period as a result of any act or omission of Landlord or Landlord's employees, agents, contractors, invitees, or guests, Landlord shall promptly undertake remedial measures as required to clean up, abate or otherwise respond to the Release, pollution or nuisance in accordance with applicable Environmental Laws at Landlord's sole cost.

14.5. Environmental Indemnity. Tenant shall indemnify, defend, and hold all Indemnitees (as defined below) harmless from and against any and all claims, suits, causes of action, demands, losses, damages (including, without limitation, foreseeable and unforeseeable consequential damages and punitive damages), diminution of property value, liabilities, fines, penalties, costs, taxes, charges, administrative and judicial proceedings, orders, judgments, settlements, remedial actions and compliance requirements (including, without limitation, enforcement and clean-up actions), third-party claims (including, without limitation, tort, economic and property claims), natural resource damages, additional costs of ownership, maintenance and development of the Premises (over and above those incurred for the ownership, maintenance and development of the Premises as tendered to Tenant), expenses (including without limitation reasonable attorneys' fees and expenses, costs of defense and costs and expenses of all experts and consultants) arising, directly or indirectly, in whole or in part, out of: (a) any non-compliance by Tenant, or any of Tenant's employees, agents, contractors, invitees or guests, with any Environmental Laws; (b) any use, storage, generation, production, Release, disposal or transportation by Tenant, or any of Tenant's employees, agents, contractors, invitees or guests, of any Hazardous Materials at, on, in, about or under the Premises at any time during Tenant's occupancy or possession of the Premises; or (c) the migration from the Premises, at any time, of any Hazardous Materials Released by Tenant, or any of Tenant's employees, agents, contractors, invitees or guests, at, on, in, about, or under the Premises at any time during Tenant's occupancy and/or possession of the Premises. Tenant shall promptly assume its defense and indemnification obligations (with counsel reasonably acceptable to Landlord) upon written notice from any Indemnitee. Indemnitees may participate in, but not control, the defense of the claim at their own expense. At Tenant's request, Indemnitees shall reasonably cooperate in the defense of a claim at their own expense. Tenant shall not settle any claim without Indemnitees' agreement, which agreement shall not be unreasonably withheld. "Indemnitees" shall mean and include Landlord, any successor in interest to Landlord, and the respective officers, directors, trustees, employees, agents, successors, assigns, and insurers of Landlord or any successor of Landlord.

14.6. Environmental Indemnity. Landlord shall indemnify, defend, and hold all Indemnitees (as defined below) harmless from and against any and all claims, suits, causes of action, demands, losses, damages (including, without limitation, foreseeable and unforeseeable consequential damages and punitive damages), diminution of property value, liabilities, fines, penalties, costs, taxes, charges, administrative and judicial proceedings, orders, judgments,

settlements, remedial actions and compliance requirements (including, without limitation, enforcement and clean-up actions), third-party claims (including, without limitation, tort, economic and property claims), natural resource damages, additional costs of ownership, maintenance and development of the Premises (over and above those incurred for the ownership, maintenance and development of the Premises as tendered to Landlord), expenses (including without limitation reasonable attorneys' fees and expenses, costs of defense and costs and expenses of all experts and consultants) arising, directly or indirectly, in whole or in part, out of: (a) any non-compliance by Landlord, or any of Landlord's employees, agents, contractors, invitees or guests, with any Environmental Laws; (b) any use, storage, generation, production, Release, disposal or transportation by Landlord, or any of Landlord's employees, agents, contractors, invitees or guests, of any Hazardous Materials at, on, in, about or under the Premises at any time during Landlord's occupancy or possession of the Premises; or (c) the migration from the Premises, at any time, of any Hazardous Materials Released by Landlord, or any of Landlord's employees, agents, contractors, invitees or guests, at, on, in, about, or under the Premises at any time during Landlord's occupancy and/or possession of the Premises. Landlord shall promptly assume its defense and indemnification obligations (with counsel reasonably acceptable to Tenant) upon written notice from any Indemnitee. Indemnitees may participate in, but not control, the defense of the claim at their own expense. At Landlord's request, Indemnitees shall reasonably cooperate in the defense of a claim at their own expense. Landlord shall not settle any claim without Indemnitees' agreement, which agreement shall not be unreasonably withheld. "Indemnitees" shall mean and include Tenant, any successor in interest to Tenant, and the respective officers, directors, trustees, employees, agents, successors, assigns, and insurers of Tenant or any successor of Tenant.

14.7. Office Supplies And Materials. Notwithstanding any provision in this Lease to the contrary, Landlord and Tenant may use standard office supplies and materials and standard office cleaning products as are customarily used in offices and in compliance with Environmental Laws.

Section 15. Defaults, Remedies.

15.1 Defaults. The occurrence of any one or more of the following events shall constitute a material default and breach of this Lease by Tenant.

(a) The vacating or abandonment of the Premises by Tenant.

(b) The failure by Tenant to make any payment of rent or any other payment required to be made by Tenant hereunder, as and when due, where such failure shall continue for a period of fifteen (15) days after written notice thereof from Landlord to Tenant.

(c) The substantial and material 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 described in Subsection (b) above, where such failure shall continue for a period of thirty (30) days after written notice thereof from 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 commenced such cure within said thirty (30) day period and thereafter diligently prosecutes such cure to completion.

(d) (i) The making by Tenant of any general arrangement or assignment for the benefit of creditors; (ii) Tenant becomes a "debtor" as defined in 11 U.S.C. Section 101 or any

successor statute thereto (unless, in the case of a petition filed against Tenant, the same is dismissed within sixty (60) days); (iii) the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where possession is not restored to Tenant within thirty (30) days; or (iv) the attachment, execution or other judicial seizure of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where such seizure is not discharged within thirty (30) days. If any provision of this Subsection 15 (d) is contrary to any applicable law, such provision shall be of no force or effect.

(e) The occurrence of any material Release or condition in violation of Environmental Laws and Hazardous Materials provisions in Section 14.

15.2 Remedies. In the event of any such default or breach by Tenant, Landlord may at any time thereafter, with or without notice of demand and without limiting Landlord in the exercise of any right or remedy which Landlord may have by reason of such default or breach:

(a) Terminate Tenant's right to possession of the Premises 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 be entitled to recover from Tenant all damages incurred by Landlord by reason of Tenant's default including, but not limited to, (i) the cost of recovering possession of the Premises; (ii) expenses of reletting, including necessary renovation and alteration of the Premises, (iii) reasonable attorney's fees, (iv) any real estate commission actually paid; and (v) the worth at the time of award by the court having jurisdiction thereof of the amount by which the unpaid rent for the balance of the term after the time of such award exceeds the amount of such rental loss for the same period that Tenant proves could be reasonably avoided.

(b) Maintain Tenant's right to possession in which case this Lease shall continue in effect whether or not Tenant shall have abandoned the Premises. In such event Landlord shall be entitled to enforce all of Landlord's rights and remedies under this Lease, including the right to recover the rent as it becomes due hereunder.

(c) Pursue any other remedy now or hereafter available to Landlord under the law. Unpaid installments of rent and other unpaid monetary obligations of Tenant under the terms of this Lease shall bear interest as provided in Section 20.

15.3 Default by Landlord. Landlord shall not be in default unless Landlord fails to perform obligations required of Landlord within a reasonable time, but in no event later than thirty (30) days after written notice by Tenant to Landlord, specifying wherein Landlord has failed to perform such obligation; provided, however, that if the nature of Landlord's obligation is such that more than thirty (30) days are required for performance then Landlord shall not be in default if Landlord commences performance within such thirty (30) day period and thereafter diligently prosecutes the same to completion. Landlord shall promptly after receiving such notice from Tenant and in a commercially reasonable manner remedy any default that affects the occupancy, use, health or safety of Tenant's employees.

Section 16. Condemnation.

16.1 Total Taking. If the whole of the Premises or so much thereof as to render the balance unusable by Tenant shall be taken under power of eminent domain, this Lease shall automatically terminate as of the date of such condemnation, or as of the date possession is taken by

the condemning authority, whichever is earlier. If a partial taking so renders the balance of the Premises unusable by Tenant, Tenant shall give written notice thereof to Landlord within thirty (30) days of the taking. No award of any partial or entire taking shall be apportioned and Tenant hereby assigns to Landlord any award which may be made in such taking or condemnation, together with any and all rights of Tenant now or hereafter arising in or to the same or any part thereof; provided, however, Tenant shall be entitled to any award made to Tenant for the taking of personal property and fixtures belonging to Tenant or for Tenant's relocation costs or business interruption compensation.

16.2 Partial Taking. In the event of a partial taking of the Premises which does not result in a termination of this Lease pursuant to Section 16.1, rent shall be abated, effective as of the date possession of the Premises is required to be surrendered, in proportion to the part of the Premises so made unusable by Tenant. Landlord shall restore the portion of the Premises remaining usable to as near its former condition as reasonably possible using that portion of the condemnation award attributable to such restoration costs.

16.3 Temporary Taking. No temporary taking of the Premises or of Tenant's rights therein or under this Lease shall terminate this Lease or give Tenant any right to any abatement of rent hereunder. Any award made to Tenant by reason of any such temporary taking shall belong entirely to Tenant and Landlord shall not be entitled to share therein.

16.4 Sale. A sale by Landlord to any authority having the power of eminent domain, either under threat of condemnation or while condemnation proceedings are pending, shall be deemed a taking under the power of eminent domain for all purposes under this Section 16.

Section 17. Estoppel Certificate.

17.1 Tenant shall at any time upon not less than ten (10) days' prior written notice from Landlord execute, acknowledge and deliver to Landlord a statement in writing (i) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect) and the date to which the rent and other charges are paid in advance, if any, and (ii) acknowledging that there are not, to Tenant's knowledge, any uncured defaults on the part of Landlord hereunder, or specifying such defaults if any are claimed. Any such statement may be conclusively relied upon by any prospective purchaser or encumbrancer of the Premises.

17.2 At Landlord's option, Tenant's failure to deliver such statement within such time shall be a breach of this Lease or shall be conclusive upon Tenant (i) that this Lease is in full force and effect, without modification except as may be represented by Landlord, and (ii) that there are no uncured defaults in Landlord's performance,

17.3 If Landlord desires to finance, refinance, or sell the Premises, or any part thereof, Tenant shall deliver to any lender or purchaser designated by Landlord, such financial information of Tenant as may be reasonably required by such lender or purchaser.

Section 18. Severability.

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

Section 19. Interest on Past-due Obligations.

Except as expressly herein provided, any amount due to Landlord not paid when due shall bear interest at the rate equal to two percent (2%) in excess of the announced prime rate established by Bank of America, in San Francisco, California, as of the date such sums are due but in no event in excess of the maximum rate allowable under law. Payment of such interest shall not excuse or cure any default by Tenant under this Lease.

Section 20. Time of Essence.

Unless designated time periods are stated, time is of the essence in performance under each parties' obligations under this Lease.

Section 21. Incorporation of Prior Agreements; Amendments.

This Lease contains all agreements of the parties with respect to any matter mentioned herein. This Lease may be modified in writing only, signed by the parties in interest at the time of the modification. Except as otherwise stated in this Lease, Tenant hereby acknowledges that the Landlord or any employees or agents have not made any oral or written warranties or representations to Tenant relative to the condition or use by Tenant of said Premises and Tenant acknowledges that Tenant assumes all responsibility regarding the Occupational Safety Health Act, the legal use and adaptability of the Premises and the compliance thereof with all applicable laws and regulations in effect during the term of this Lease, unless otherwise specifically stated in this Lease.

Section 22. Notices.

Any notice required or permitted to be given hereunder shall be in writing and may be given by personal delivery, or by established overnight courier (e.g. Federal Express) or by certified mail, return receipt requested, and if given personally or by courier or mail, shall be deemed sufficiently given if addressed to Tenant or to Landlord at the addresses noted in the basic lease provisions. Either party may by notice to the other specify a different address for notice purposes. A copy of all notices required or permitted to be given to Landlord or Tenant hereunder shall be concurrently transmitted to such party or parties at such addresses as Landlord or Tenant may from time to time hereafter designate by notice.

Section 23. Waivers.

No waiver by Landlord of any provision hereof shall be deemed a waiver of any other provision hereof or of any subsequent breach by Tenant of the same or any other provision. Landlord's consent to, or approval of any act, shall not be deemed to render unnecessary the obtaining of Landlord's consent to or approval of any subsequent act by Tenant. The acceptance of rent by Landlord shall not be a waiver of any preceding breach by Tenant of any provision hereof, other than the failure of Tenant to pay the particular rent so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such rent.

Section 24. Cumulative Remedies.

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

Section 25. Covenants and Conditions.

Each provision of this Lease performable by Tenant shall be deemed both a covenant and a condition.

Section 26. Binding Effect; Choice of Law.

Subject to any provisions hereof restricting assignment or subletting by Tenant, this Lease shall bind the parties, their personal representatives, successors and assigns. This Lease shall be governed by the laws of the State of California.

Section 27. Subordination.

27.1 This Lease, at Landlord's option, shall be subordinate to any ground lease, mortgage, deed of trust, or any other hypothecation or security now or hereafter placed upon the real property of which the Premises are a part and to any and all advances made on the security thereof and to all renewals, modifications, consolidations, replacements and extensions thereof, provided that the holder of such security agrees in writing that Tenant's right to quiet possession of the Premises shall not be disturbed if Tenant is not in default and so long as Tenant shall pay the rent and observe and perform all of the provisions of this Lease to be performed by Tenant, unless this Lease is otherwise terminated pursuant to its terms. If any mortgagee, trustee or ground Landlord shall elect to have this Lease prior to the lien of its mortgage, deed of trust or ground lease, and shall give written notice thereof to Tenant, this Lease shall be deemed prior to such mortgage, deed of trust, or ground lease, whether this Lease is dated prior or subsequent to the date of said mortgage, deed of trust or ground lease or the date of recording thereof.

27.2 Tenant shall execute any documents required to effectuate an attornment, a subordination or to make this Lease prior to the lien of any mortgage, deed of trust or ground lease, as the case may be. Tenant's failure to execute such documents within fifteen (15) days after written demand shall constitute a default by Tenant hereunder,

Section 28. Landlord's Access.

Landlord and Landlord's agents shall have the right to enter the Premises at reasonable times for the purpose of inspecting the same, showing the same to prospective purchasers, lenders, or tenants, and making such alterations, repairs, improvements or additions to the Premises or to the building of which they are a part as Landlord may deem necessary or desirable. Landlord may at any time place on or about the Premises any ordinary "For Sale" signs and Landlord may at any time during the last 120 days of the term hereof place on or about the Premises any ordinary "For Lease" signs, all without rebate of rent or liability to Tenant.

Section 29. Auctions.

Tenant shall not conduct, nor permit to be conducted, either voluntarily or involuntarily, any auction upon the Premises without first having obtained Landlord's prior written consent. Notwithstanding anything to the contrary in this Lease, Landlord shall not be obligated to exercise any standard of reasonableness in determining whether to grant such consent.

Section 30. Signs.

Tenant shall not place any sign upon the Premises without Landlord's prior written consent except that Tenant shall have the right, without the prior permission of Landlord to place ordinary and usual for rent or sublet signs thereon.

Section 31. Quiet Possession.

Upon Tenant paying the rent for the Premises and observing and performing all of the covenants, and provisions on Tenant's part to be observed and performed hereunder, Tenant shall have quiet possession of the Premises for the term subject to all of the provisions of this Lease.

Section 32. Options.

Tenant shall have the option to extend the term of this Lease for an additional five (5) year period, commencing on July 10, 2012, and terminating on July 9, 2017 ("Extended Term"), which may be exercised only as follows: After January 1, 2012, and before March 1, 2012, Tenant must notify Landlord in writing of its intent to exercise the option to extend the term for the Extended Term. If Tenant does not provide Landlord with such notice within such time period, then this option shall be deemed null and void and Tenant shall be deemed to have waived such option to extend the term. If Tenant provides such timely notice, the parties then will negotiate regarding the fair market rent applicable during the Extended Term. If the parties do not agree in a writing executed by authorized representatives of each party on or before April 1, 2012 on the fair market rent applicable during the entire Extended Term, then this option shall be deemed null and void and Tenant shall be deemed to have waived such option to extend the term.

Section 33. Security Measures.

Tenant hereby acknowledges that the rental payable to Landlord hereunder does not include the cost of guard service or other security measures, and that Landlord shall have no obligation whatsoever to provide same. Tenant assumes all responsibility for the protection of Tenant, its agents and invitees from acts of third parties.

Section 34. Reservation of Rights.

Landlord reserves to itself the right, from time to time, to grant such easements, rights and dedications that Landlord deems necessary or desirable, and to cause the recordation of subdivision maps and restrictions, so long as such easements, rights, dedications, maps and restrictions do not unreasonably interfere with the use or quiet enjoyment of the Premises by Tenant. Landlord reserves the right to enter the Premises for any reason upon reasonable notice to Tenant (or without notice in case of an emergency) and/or to undertake the following all without abatement of rent or liability to Tenant: inspect the Premises and/or the performance by Tenant of the terms and conditions hereof;

install, use, maintain, repair, alter, relocate or replace any pipes, ducts, conduits, wires, equipment and other facilities (including, without limitation, cabling and conduit for telecommunications facilities of any kind) in the Project or the Building (including, without limitation, the installation of third-party telecommunications equipment on the roof of the Building); install, maintain and operate conduit cabling within the utility and/or conduit ducts and risers within the Building, as well as grant lease, license or use rights to third parties, to utilize the foregoing easements or licenses on the Land and/or the Project; record covenants, conditions and restrictions ("CC&Rs") affecting the Project which do not unreasonably interfere with Tenant's use of the Premises or impose additional material monetary obligations on Tenant. Landlord and its other tenants and users of the Building also have the right to use the Common Areas depicted on Exhibit A for access to other space within the Building.

Section 35. Performance Under Protest.

If at any time a dispute shall arise as to any amount or sum of money to be paid by one party to the other under the provisions hereof, the party against whom the obligation to pay the money is asserted shall have the right to make payment "under protest" and such payment shall not be regarded as voluntary payment, and there shall survive the right on the part of said party to institute suit for recovery of such sum. If it shall be adjudged that there was no legal obligation on the part of said party to pay such sum or any part thereof, said party shall be entitled to recover such sum or so much thereof as it was not legally required to pay under the provisions of this Lease.

Section 36. Terms and Headings.

The words "Landlord" and "Tenant" as used in this Lease shall include the plural as well as the singular. Words used in any gender include other genders. The Section headings of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part of it. Any deletion of language from this Lease prior to its execution by Landlord and Tenant shall not be construed to raise any presumption, canon of construction or implication, including, without limitation, any implication that the parties intended thereby to state the converse of the deleted language.

Section 37. Exhibits and Riders.

All Exhibits and Riders attached to this Lease are hereby incorporated in this Lease for all purposes as though set forth at length herein.

Section 38. Successors and Assigns.

All of the covenants, conditions and provisions of this Lease shall be binding upon, and shall inure to the benefit of, the parties and the successors and assigns of Landlord.

Section 39. Holding Over.

If Tenant holds over after the expiration or earlier termination of the Term, Tenant shall become a tenant at sufferance only, upon the terms and conditions set forth in this Lease so far as applicable (including Tenant's obligation to pay all other additional charges under this Lease). If at anytime Landlord notifies Tenant that Landlord objects to the holding over by Tenant, than effective as of the date of such notice the Monthly Basic Rent shall be equal to one hundred and twenty-five

percent (125%) of the Monthly Basic Rent applicable to the Premises immediately prior to the date of such expiration or earlier termination. Acceptance by Landlord of rent after such expiration or earlier termination shall not constitute a consent to a hold over or result in an extension of this Lease. Tenant shall pay an entire month's Monthly Basic Rent calculated in accordance with this Section for any portion of a month it holds over and remains in possession of the Premises.

"LANDLORD"

NAME: San Joaquin Valley Express, LLC

Robert Lubeck
(Signature)

BY: Robert Lubeck

ITS: Vice President/General Manager

"TENANT"

NAME: Stanislaus County

Patricia Hill Thomas
(Signature)

BY: Patricia Hill Thomas
(Type or Print Name)

ITS: Assistant Executive Officer
(Type or Print Title)

Approved as to form:

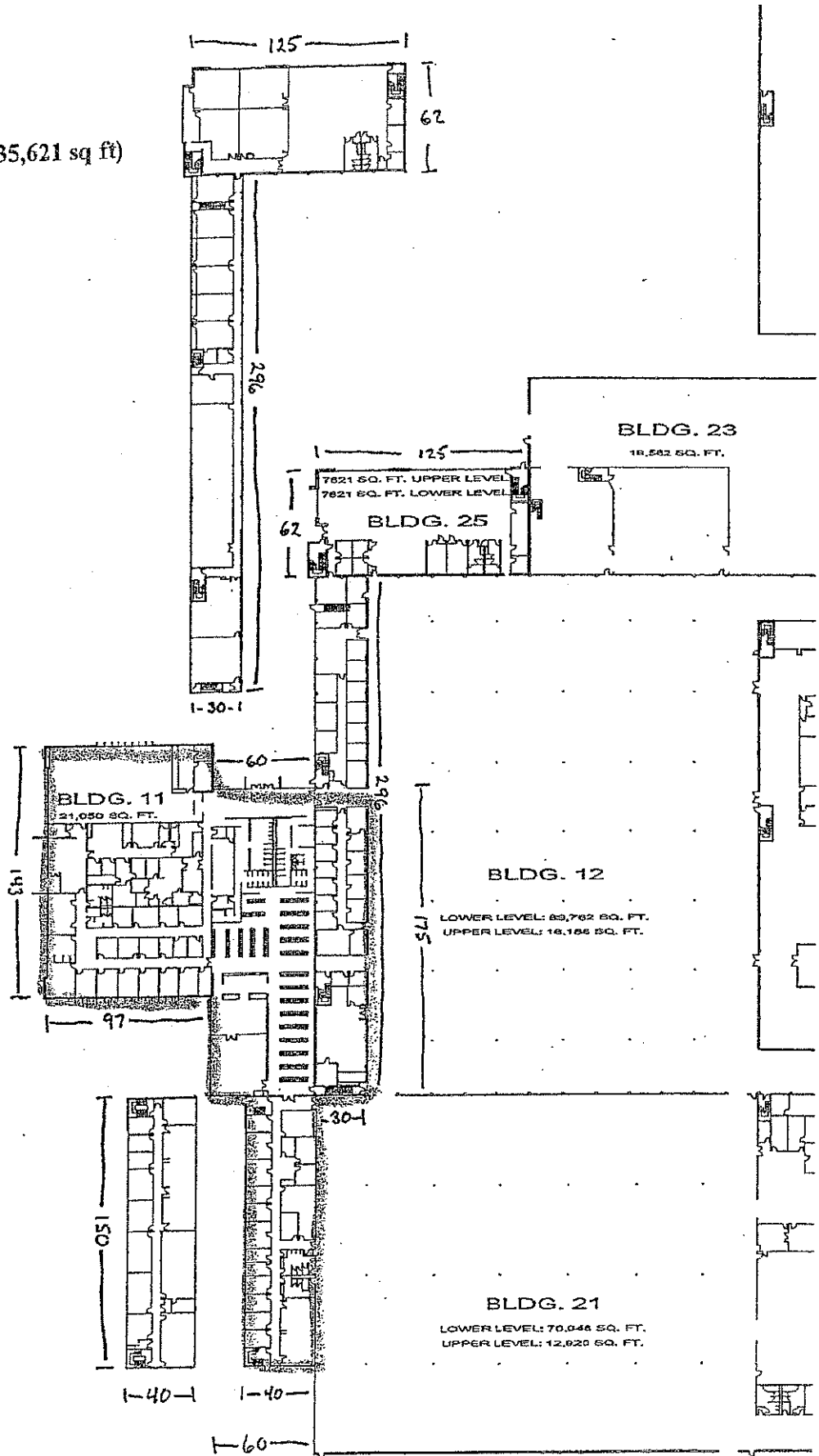
M. H. Krausnick
(Signature)

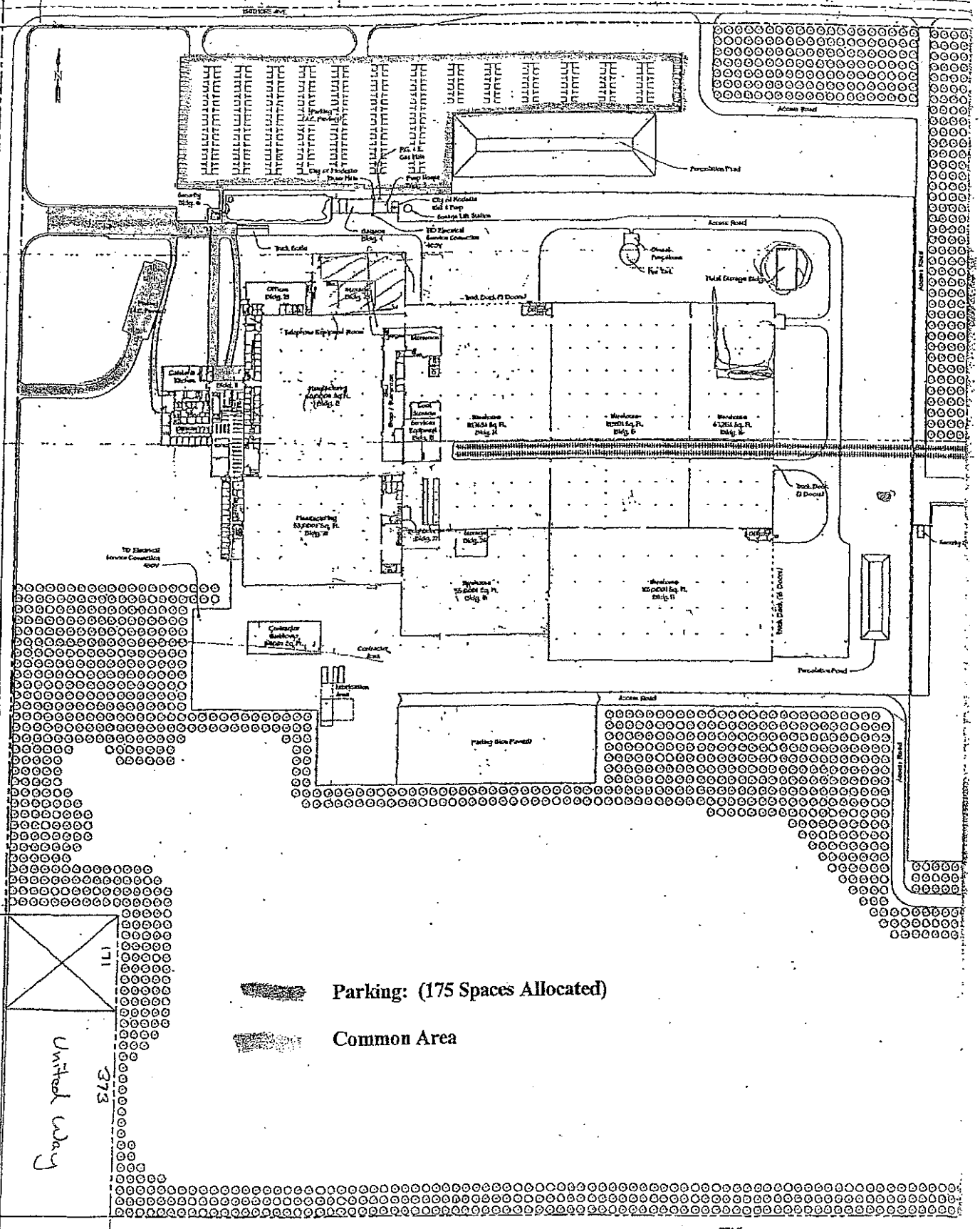
BY: Michael H. Krausnick
(Type or Print Name)

ITS: County Counsel
(Type or Print Title)

Exhibit A

Stanislaus County Premises (35,621 sq ft)





Parking: (175 Spaces Allocated)

Common Area

171
373
United Way

Exhibit B

REQUIREMENTS FOR IMPROVEMENTS OR ALTERATIONS BY TENANT

Tenant shall comply with the requirements set forth herein for any tenant improvements, alterations or work in the Premises performed by Tenant or Tenant's contractors (collectively, "Tenant's Work"). Tenant must receive prior written approval and consent for all Tenant's Work.

1. SUBMITTAL OF PLANS. Prior to commencing any work in the Premises, Tenant shall submit to Landlord for approval its proposed plans for the work. Without limiting the foregoing, Tenant shall provide:

- (a) A separate scale drawing denoting all proposed construction and/or demolition, if necessary.
- (b) A separate drawing for each trade proposing structural, electrical, mechanical, civil or landscaping modifications.
- (c) Specify all dimensions and complete references to all work to be performed in the affected areas as appropriate.
- (d) If adding extra electrical or mechanical equipment, provide complete operating and maintenance specifications for each item.

2. CHECKLIST. With respect to each project, Landlord will provide Tenant with a checklist listing the items required to be furnished to Landlord in connection with the proposed work. Tenant shall furnish to Landlord prior to, during, or upon completion of Tenant's Work, as applicable, each of the items specified in the checklist attached hereto as Attachment 1.

3. CONTRACTORS PROVIDING TENANT IMPROVEMENT SERVICES.

(a) The contractor employed by Tenant and any subcontractors shall be duly licensed in the state in which the Premises are located.

(b) Each contractor shall provide proof of licensing as a general or specialty contractor in accordance with state law.

(c) Tenant and Tenant's contractors shall comply with all applicable statutes, regulations, rules, ordinances, building codes, or requirements (including but not limited to the requirements of the American with Disabilities Act) pertaining to the performance of Tenant's Work and the completed improvements and all applicable safety regulations established by Landlord or the general contractor.

(d) Prior to commencement of any work in the Premises, Tenant and Tenant's contractors (and any subcontractors) shall obtain and provide Landlord with certificates evidencing Workers' Compensation, public liability and property damage insurance in amounts and forms and with companies satisfactory to Landlord. Each general contractor (and any subcontractor) employed on the Premises shall provide Landlord with a current certificate of insurance in effect for that contractor with a thirty day notice of cancellation or revocation clause. Insurance requirements are as follows:

(i) Comprehensive General Liability with a \$1,000,000 Combined Single Limit covering the liability of Landlord and contractor for bodily injury and property damage arising as a result of the construction of the improvements and the services performed thereunder. Landlord shall be named as an additional insured.

(ii) Comprehensive Automobile Liability with a \$1,000,000 Combined Single Limit covering Landlord and vehicles used by contractor (and any subcontractor) in connection with the construction of the improvements.

(iii) Workers' Compensation and Employer's Liability as required by law, for employees of the contractor (and any subcontractors) performing work on the Premises.

(e) The following requirements shall be incorporated as "Special Conditions" into the contract between Tenant and its contractors and a copy of the contract shall be furnished to Landlord prior to the commencement of Tenant's Work:

(i) Prior to start of Tenant's Work, Tenant's contractor shall provide Landlord with a construction schedule indicating the completion dates of all phases of Tenant's Work.

(ii) Tenant's contractor shall be responsible for the repair, replacement or clean-up of any damage done by it to other contractors' work which specifically includes accessways to the Premises which may be concurrently used by others.

(iii) Tenant's contractor shall accept the Premises prior to starting any trenching operations. Any rework of sub-base or compaction required after the contractor's initial acceptance of the Premises shall be done by Tenant's contractor, which shall include the removal from the Project of any excess dirt or debris.

(iv) Tenant's contractor shall contain its storage of materials and its operations within the Premises and such other space as it may be assigned by Landlord or Landlord's contractor. Should Tenant's contractor be assigned space outside the Premises, it shall move to such other space as Landlord or Landlord's contractor shall direct from time to time to avoid interference or delays with other work or tenants.

(v) Tenant's contractor shall clean up the construction area and surrounding exterior areas daily. All trash, demolition materials and surplus construction materials shall be stored within the Premises and promptly removed from the Premises and the Project and disposed of in an approved sanitation site.

(vi) Tenant's contractor shall provide temporary utilities, toilet facilities, and potable drinking water as required for its work within the Premises and shall pay to Landlord's contractor the cost of any temporary utilities and facilities provided by Landlord's contractor at Tenant's contractor's request.

(vii) Tenant's contractor shall notify Landlord or Landlord's project manager of any planned work to be done on weekends or other than normal job hours.

(viii) Tenant's contractor or subcontractors shall not post signs on any part of the Project or on the Premises.

4. COSTS.

Tenant shall promptly pay any and all costs and expenses in connection with or arising out of the performance of Tenant's Work (including the costs of permits therefor) and shall furnish to Landlord evidence of such payment upon request.

5. CONTRACTOR'S BONDS. Prior to the commencement of construction and if requested by Landlord, Tenant shall obtain or cause its contractor to obtain and deliver evidence thereof to Landlord payment and performance bonds covering the faithful performance of the contract for the construction of the Tenant's Work and the payment of all obligations arising thereunder for contracts over \$25,000. Tenant agrees to hold Landlord harmless from any and all claims for workmanship and installation of improvements, and for merchantability and quality of goods used for the installation of Tenant's

improvements, as are requested by Tenant. Any bonds obtained pursuant hereto shall be for the mutual benefit of both Landlord and Tenant as obligees and beneficiaries.

6. MECHANIC'S LIENS.

In the event any lien is filed against the Project or any portion thereof or against Tenant's leasehold interest therein, Tenant shall obtain the release and/or discharge of said lien, within ten (10) days after the filing thereof. In the event Tenant fails to do so, Landlord may obtain the release and/or discharge of said lien and Tenant shall indemnify Landlord for the costs thereof, including reasonable attorney's fees, together with interest at the Applicable Interest Rate from the date of demand. Nothing herein shall prohibit Tenant from contesting the validity of any such asserted claim, provided Tenant has furnished to Landlord a lien release bond freeing the Premises from the effect of the lien claim.

7. INDEMNITY. Tenant shall indemnify, defend (with counsel satisfactory to Landlord) and hold Landlord harmless from and against any and all suits, claims, actions, loss, cost or expense (including attorney's fees and costs) based on personal injury or property damage, or otherwise (including, without limitation, contract and breach of warranty claims) arising from the performance of Tenant's Work. Tenant shall repair or replace (or, at Landlord's election, reimburse Landlord for the cost of repairing or replacing) any portion of the Building or item of Landlord's equipment or any of Landlord's real or personal property damaged, lost or destroyed in the performance of Tenant's Work.

8. BUILDING STANDARDS. All work shall conform to Landlord's established building standards and specifications. Tenant is required to make these standards part of the construction documents.

9. ROOF PENETRATIONS. If improvements penetrate the roof membrane, the penetrations will be sealed per Landlord roofing specifications and inspected by Landlord to maintain roof warranty. The cost of inspection and all corrective work shall be borne by Tenant. Tenant shall use Landlord's original roofing contractor.

10. BUILDING MODIFICATIONS. Work will only be approved within the confines of a given space.

11. SCHEDULE OF WORK. Tenant may be required to provide a schedule of all work to be performed, subject to Landlord approval. All costs to produce such schedule shall be borne solely by Tenant.

12. CLEAN UP AND DISPOSAL OF CONSTRUCTION DEBRIS. Building trash containers are provided for office generated trash only and are not to be used for disposal of construction-related materials and debris. Unapproved usage will result in a penalty assessment to the Tenant equal to the cost of an extra pick-up service as provided under the current rate schedule of regular trash removal service.

13. INSPECTION BY LANDLORD. Landlord reserves the following rights: (i) the right of inspection prior to, during and at completion of all construction and/or demolition, (ii) the right to post and record a notice of non-responsibility in conformity with California law, and (iii) the right to order a total stop to all improvements underway for substantial and material non-compliance with any of the requirements hereof after providing a reasonable opportunity to cure such non-compliance.

14. GENERAL PROVISIONS.

(a) All materials, work, installations and decorations of any nature whatsoever brought on or installed in the Premises before the commencement of the Term or throughout the Term shall be at Tenant's risk, and neither Landlord nor any party acting on Landlord's behalf shall be responsible for any damage thereto or loss or destruction thereof due to any reason or cause whatsoever.

(b) Nothing contained herein shall make or constitute Tenant as the agent of Landlord.

ATTACHMENT I

ITEMS TO BE FURNISHED TO LANDLORD FOR EACH WORK OF IMPROVEMENT:

1. Plan of Alterations for Landlord Approval.
2. Contractor(s), Address, Telephone Number, Contact Person.
3. Copy of Contractor's State Business License.
4. Copy of Building Permit (if applicable).
5. Copy of Final Inspection and Signed Building Permit Cards.
6. Copy of Certificate of Insurance naming Landlord as Additional Insured. Insurance to include Comprehensive General Liability, Comprehensive Auto, Workers' Compensation and Employer's Liability.
7. Signed Unconditional Lien Waiver in favor of Landlord.
8. Schedule of Work.
9. Copy of Completion and Payment Bond for projects over \$20,000.
10. Architect's License and Expiration (if applicable).
11. Tenant and Architect Agreement (if applicable).
12. Tenant and Contractor Agreement.
13. Copy of Plans.
14. Copy of final plans as modified in accordance with work.
15. Copy of Recorded Notice of Completion.
16. Certificate of Occupancy (if applicable).
17. Evidence of Insurance for All-Risk/Builder's Risk Insurance to the Amount of Improvements.

REAL PROPERTY CALENDAR
of
SIGNIFICANT DATES

PROPERTY FILE NAME	EVENT	CLIENT CONTACT	TICKLER DATE	Due Date
CA; Stanislaus Cty; P&G Property; Stanislaus County Lease	Monthly Rent Increase	Bob Lubeck		07/10/2003
CA; Stanislaus Cty; P&G Property; Stanislaus County	Monthly Rent Increase	Bob Lubeck		07/10/2004
CA; Stanislaus Cty; P&G Property; Stanislaus County	Monthly Rent Increase	Bob Lubeck		07/10/2005
CA; Stanislaus Cty; P&G Property; Stanislaus County	Monthly Rent Increase	Bob Lubeck		07/10/2006
CA; Stanislaus Cty; P&G Property; Stanislaus County	Monthly Rent Increase	Bob Lubeck		07/10/2007
CA; Stanislaus Cty; P&G Property; Stanislaus County	Monthly Rent Increase	Bob Lubeck		07/10/2008
CA; Stanislaus Cty; P&G Property; Stanislaus County	Monthly Rent Increase	Bob Lubeck		07/10/2009
CA; Stanislaus Cty; P&G Property; Stanislaus County	Monthly Rent Increase	Bob Lubeck		07/10/2010
CA; Stanislaus Cty; P&G Property; Stanislaus County	Monthly Rent Increase	Bob Lubeck		07/10/2011
CA; Stanislaus Cty; P&G Property; Stanislaus County Lease	Option to extend for 5 years - Notice due from Tenant	Bob Lubeck	01/01/2012	03/01/2012
CA; Stanislaus Cty; P&G Property; Stanislaus County	Option to extend - Agree on Rate	Bob Lubeck	03/01/2012	04/01/2012



FIRST AMENDMENT TO LEASE

THIS FIRST AMENDMENT TO LEASE ("AMENDMENT") is made this 8th day of November 2002, by and between San Joaquin Valley Express, a California partnership ("Lessor"), and Stanislaus County, (herein called "Lessee"), in the following factual context:

RECITALS

THE PARTIES hereto have entered into a Lease dated June 25, 2002, for reference purposes, under which Lessor leases to Lessee and Lessee leases from Lessor certain real property situated in the County of Stanislaus, State of California, located at 2612 Crows Landing Road, Modesto, California, 95358, and comprising approximately 35,621 square feet of office space within an approximately 700,000 square foot building ("Building") and 174 parking spaces, more or less, and adjoining outside areas (the "Premises"). The entire real property owned by the Lessor (approximately 120 acres) upon which the Premises and Building are located shall be referred to in this Lease as the "Land".

WHEREAS Lessor desires to modify certain elements of the Basic Lease Information and the Lease Agreement to reduce the Premises from 35,621 sq. ft. to 32,143 sq. ft. and to add 3,478 square feet of Common Area.

WHEREAS Lessee agrees to lease modification as set forth in this amendment.

NOW, THEREFORE, the parties hereto do hereby agree as follows:

1. The Parties agree to modify the following sections of the Basic Lease Information as follows:

Premises: Approximately 32,143 square feet of office space.
 174 parking spaces

Base Rent:	<u>Months</u>	<u>Monthly Base Rent</u>
	7/10/02 - 7/09/03	\$18,635.10
	7/10/03 - 7/09/04	\$19,007.80
	7/10/04 - 7/09/05	\$19,387.96
	7/10/05 - 7/09/06	\$19,775.72
	7/10/06 - 7/09/07	\$20,171.23
	7/10/07 - 7/09/08	\$20,574.66
	7/10/08 - 7/09/09	\$20,986.15
	7/10/09 - 7/09/10	\$21,405.87
	7/10/10 - 7/09/11	\$21,833.99
	7/10/11 - 7/09/12	\$22,270.67

Prepaid Rent: Tenant has prepaid the first year's rent on the Commencement Date in the amount of \$231,374.41, which reflects the monthly base rent under the Lease Agreement for the first year discounted to the present at a 3.5% discount rate. As a result of this Amendment which reduces the size of the Premises, Tenant is entitled to a credit in the amount of \$11,295.59 as set forth on Exhibit "1" attached to this Amendment. Tenant is also entitled to a credit in the amount of \$3,941.14 due to an overpayment of the first year's lease payment. The total amount of such credit is \$15,236.73. Such credit shall be applied to the 7/10/03 to 8/9/03 base rent payment. With the credit applied, the 7/10/03 to 8/9/03 base rent payment shall be \$3,398.37.

2. The Parties agree to modify the Lease Agreement as follows:

a. Replace Section 1.1 with the following:

1.1. **Premises.** Premises shall mean that portion of the real property situated in the County of Stanislaus, State of California, comprising approximately 32,143 sq. ft. of office space, and 174 parking spaces located at 2612 Crows Landing Rd. Modesto, California, all as shown on Exhibit "2" attached. The entire real property owned by Landlord (approximately 120 acres) upon which the Premises and Building are located shall be referred to in this Lease as the "Land".

b. Add section 2.2 to the Lease Agreement.

2.2. Common Area.

a) The Common Area is approximately 3478 sq.ft. of the Building described on Exhibit "2" to this Amendment ("the Common Area"). The Common Area shall be available for the general non-exclusive use of Landlord and Tenant.

b) Tenant, for itself and those subject to its control, shall abide by and conform to reasonable rules and regulations adopted by the Landlord relating to the use of the Common Area, provided such rules shall not materially and adversely affect Tenant's continued ability to use or occupy the Premises in accordance with the rights under the Lease.

c) Prior to February 15, 2003, Landlord, at its sole cost and expense, shall make modifications to the Building to restrict access from the Common Area to the Tenant's Premises.

d) Beginning on February 15, 2003, and continuing throughout the term of this Lease, Tenant shall pay one-half (½) of the total cost of maintaining the Common Areas. For purposes of this section, maintenance costs (collectively "Common Area Charges") shall be limited to necessary and appropriate general interior maintenance, upkeep, utilities, cleaning, and required repairs to and replacements of interior improvements in the Common Areas. The County shall not be required to pay Common Area Charges arising from the operation, maintenance, and repair of the structure, foundations, exterior walls, the exterior roof including the roof

structure, the plumbing, fire suppression system and electrical systems serving the entire Building. The method of operation, maintenance, upkeep, and repair of the Common Areas shall be as mutually agreed to by and between Landlord and Tenant. Common Area Charges shall be reimbursed to Landlord quarterly or as otherwise as mutually agreed by Landlord and Tenant. Landlord shall provide Tenant with copies invoices and receipts fully documenting all Common Area Charges.

b. Replace Section 5.2 with the following:

5.2. Rent through July 9, 2003; Credit. Tenant has paid to Landlord on the Commencement Date of the Lease the sum of \$231,374.41 as the rent from July 10, 2002 through July 9, 2003. The prepayment of rent is in lieu of any requirement for a security deposit and is based on the monthly rent set forth in the Basic Lease Information discounted to the present at a 3.5% discount rate. As a result of this Amendment which reduces the size of the Premises, Tenant is entitled to a credit in the amount of \$11,295.59 as set forth on Exhibit "1" attached to this Amendment. Tenant is also entitled to a credit in the amount of \$3,941.14 due to an overpayment of the first year's lease payment. The total amount of such credit is \$15,236.73. Such credit shall be applied to the 7/10/03 to 8/9/03 base rent payment. With the credit applied, the 7/10/03 to 8/9/03 base rent payment shall be \$3,398.37.

c. Replace Section 8.3 with the following:

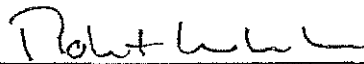
8.3 Alterations and Additions.

(a) Tenant shall not make any alterations, improvements, additions, or Tenant Installations (collectively "Alterations") in, on or about the Premises without obtaining the prior written consent of Landlord, which consent shall be conditioned upon Tenant's compliance with the provisions of Exhibit B, which consent shall not be unreasonably withheld. As used in this Section 8.3 the term "Tenant Installations" shall include, without limitation, installation of machinery and equipment, window coverings, lighting fixtures, air conditioning, and plumbing. All Alterations shall be designed, constructed and installed by or on behalf of Tenant at Tenant's sole cost and expense, subject to the terms and conditions of this Section 8.3. As to any Alterations made without the prior approval of Landlord, Landlord may require that Tenant immediately remove any or all of such Alterations and restore that portion of the Premises to its prior condition at the conclusion of the Lease Term.

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

LESSOR:

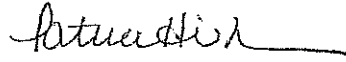
SAN JOAQUIN VALLEY EXPRESS



BY: Robert Lubeck
ITS: CEO

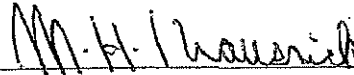
LESSEE:

STANISLAUS COUNTY



BY: Patricia Hill Thomas
ITS: Assistant Executive Officer

Approved as to form:



By: Michael H. Krausnick
County Counsel

Note: Attachments:

Exhibit 1: Calculations relating to base rent

Exhibit 2: Diagram of Premises and Common Area

Exhibit 1

Analysis for 1st Year Payment at Discounted Amount

Area	35,621	sq ft
Paid	\$231,374.41	1st Year Payment already received
Per Mo Cost	\$19,281.20	
Rate per sq	\$0.54129	dollars per sq ft
Shared rate per sq	\$0.27064	dollars per sq ft
Shared Area	3,478	sq ft
Shared per Mo	\$941.30	
Overpaid	\$11,295.59	Balance due back to CPS

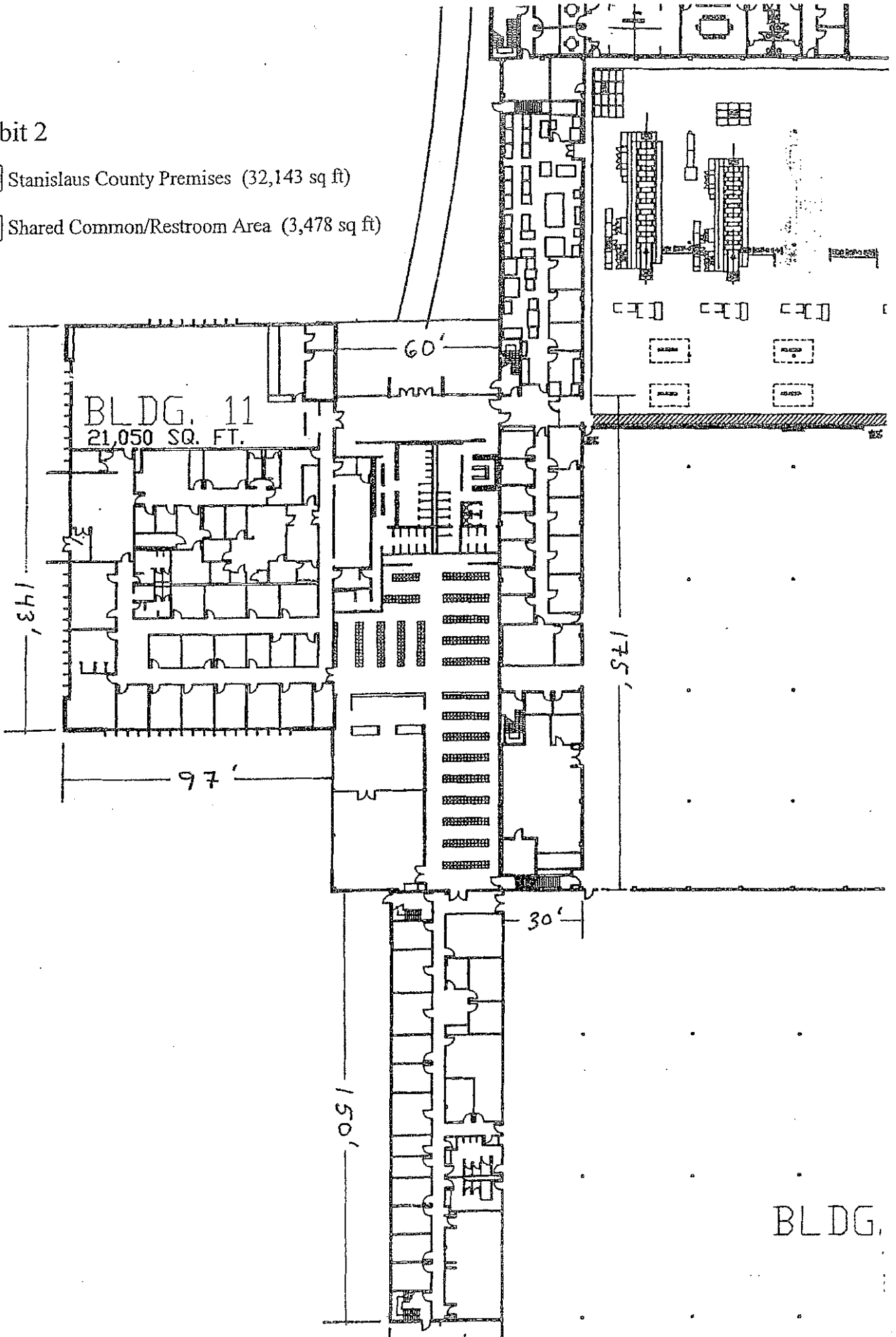
Analysis for Monthly Lease Rates in Contract

Private Area	32,143	calc = 35,621-3478
Private Area Rate	\$0.55	per sq ft
Private Area Cost	\$17,678.65	per mo
Shared Area	3,478	sq ft
Shared Area Rate	\$0.275	per sq ft
Shared Area Cost	\$956.45	per mo
Total Cost	\$18,635.10	per mo

Year 1	\$18,635.10
Year 2	\$19,007.80
Year 3	\$19,387.96
Year 4	\$19,775.72
Year 5	\$20,171.23
Year 6	\$20,574.66
Year 7	\$20,986.15
Year 8	\$21,405.87
Year 9	\$21,833.99
Year 10	\$22,270.67

Exhibit 2

- Stanislaus County Premises (32,143 sq ft)
- Shared Common/Restroom Area (3,478 sq ft)





April 9, 2007

Annette Patton
Stanislaus County
Dept of Child Support Services
2612 Crows Landing Road
Modesto, CA 95358

Dear Annette,

This letter serves as written permission from G3 Enterprises ("Landlord") granting your request that Stanislaus County ("Tenant") be allowed to sublet two rooms (appx 1140sq ft total) located within the Premises currently leased to Tenant at 2612 Crows Landing Road, Modesto, CA 95358. Tenant has requested to sublet to the State of California Department of Agriculture for the purposes of a special Fire Ant program that the State of California is conducting. The two rooms are located directly across from the elevator near the front lobby area of the building.

This consent by Landlord to this subletting shall not be deemed to be a consent to any subsequent assignment or subletting. This consent by Landlord shall not release the original Tenant or any of Tenant's permitted successors or assigns from liability hereunder, and the original Tenant and all successors and assigns shall be primarily liable, jointly and severally, for all obligations of Tenant under this Lease.

This permission to sublet is only valid for the particular purpose stated above, and Landlord retains the right to revoke this permission at any time for any reason.

If you have any questions or require further information, please contact me.

Very truly yours,

Amy R Wolfe
General Manager, Real Estate Division
G3 Enterprises, Inc