

COUNTY OF MONTEREY

STANDARD LEASE AGREEMENT



LEASED PREMISES: **559 East Alisal Street, Suites 106 and 200, Salinas,
CA 93905**

DEPARTMENT: **Department of Health (Clinic Services Bureau)**

**559 E. Alisal Street, LLC
559 East Alisal, Suite 108
Salinas, CA 93905**

COUNTY OF MONTEREY STANDARD LEASE AGREEMENT

PREAMBLE

THIS LEASE ("Lease") is made by and between **559 E. Alisal Street, LLC**, ("LESSOR") and the **COUNTY OF MONTEREY**, ("LESSEE"), C/O Real Property Specialist, 855 East Laurel Drive, Building C, Salinas, CA, 93905. LESSOR and LESSEE hereby agree as follows:

ARTICLE 1 - PREMISES

1.1 **Description:** LESSOR hereby leases to LESSEE and LESSEE hereby leases from LESSOR, upon the terms and conditions herein set forth, that certain real property and its appurtenances, situated at **559 East Alisal Street, Suites 106 and 200, Salinas, CA 93905** and described as follows: **Clinic and medical offices** consisting of approximately **11,761 square feet of space** (797 rentable square feet in Suite 106 and 10,964 rentable square feet of space in Suite 200), (the "Premises"), as designated in **Exhibit A**, which is attached and incorporated herein. The term "rentable square feet" shall be used as defined by the Building Owners and Managers Association ("BOMA"). If the Premises constitutes only a portion of the building or complex, the Premises represents one hundred percent (100%) of the total rentable space.

1.2 **Non-Exclusive and Exclusive Use Areas:** LESSEE shall also have the non-exclusive right to use, in common with other tenants in the building, any and all of the following areas which may be appurtenant to the Premises: Common entrances, lobbies, elevators, stairways and access ways, loading and unloading areas, visitor parking areas, ramps, drives, platforms, first floor restrooms, and common walkways and sidewalks necessary for access to the Premises.

1.3 **Parking Areas:** Parking facilities include both a parking garage and exterior parking. LESSEE shall have the exclusive right to use of the parking garage except for three (3) parking spaces for LESSOR'S use on a "first come-first serve" basis. LESSEE shall also have the non-exclusive right to use all other available parking on-site. Exclusive and non-exclusive parking areas to be further defined in **Exhibit A1**, which is attached and incorporated herein. LESSOR shall be responsible for security and proper ingress and egress of the parking garage. At its' sole cost and expense, LESSOR shall install and maintain such security systems and take all reasonable measures as are necessary to assure controlled access. Such systems or measures shall include, but not be limited to the installation and maintenance of gates and/or other access control devices. The security system and controlled access to parking garage shall be subject to written approval of LESSEE. Such approval of security plans and controlled access to parking garage by LESSEE shall not be unreasonably withheld.

1.4 **Compliance with the "Americans with Disabilities Act of 1990" (ADA):** LESSOR shall ensure that the Premises are in compliance with the Americans with Disabilities Act of 1990 ("ADA"), as amended, and, if necessary, prior to the Commencement Date, shall modify the Premises to comply with the Act and the regulations promulgated to implement the ADA.

1.5 **Statement of Seismic Adequacy:** LESSOR shall provide the statement described in **Exhibit B** with respect to seismic adequacy clearance.

1.6 **Compliance with "No Smoking Law" (2003 Assembly Bill 846):** LESSOR shall ensure that the Premises and the non-exclusive areas of the building as described in Article 1.2 are in compliance with Government Code Title 1, Division 7, Chapter 32 (commencing with section 7596), as amended, and, if necessary, prior to the Commencement Date, shall modify the same to comply with the law and the regulations promulgated to implement 2003 Assembly Bill 846.

ARTICLE 2 - TERM

The term of this Lease (the "Lease Term") shall be **five (5) years**, commencing on **June 10, 2015** ("Lease Commencement Date") and ending **June 9, 2020**, with such rights of termination and extension of the Lease Term as are hereinafter set forth.

ARTICLE 3 – RENT

In consideration of the continuing right of use, quiet enjoyment and possession of the Premises, LESSEE shall pay to LESSOR as monthly rent for the Premises the initial sum of **Nineteen Thousand Eight Hundred Seventy Six Dollars and 9/100 (19,876.09)**, payable on or before the first day of each month. LESSEE shall commence rental payments on the Lease Commencement Date. If the Lease Commencement Date is other than the first day of a calendar month, then the rent for that month shall be prorated on a daily basis, based on a thirty (30) day month. Rent shall be payable to LESSOR at the address specified in **Article 6** or at such other address as LESSOR may from time to time designate in writing. In addition, LESSEE shall contract and pay directly to its vendors for its responsibilities as outlined in **Exhibit D and Exhibit E**. Monthly rent shall include LESSEE'S proportional share of real estate taxes, assessments, insurance (liability and fire) and Monterey Regional Water Pollution Control (MRWPCA) fee (excluding any physician levies) for the Premises. *[Initial monthly rent is computed as follows: \$1.69 per rentable square foot for the initial term of the Lease].*

ARTICLE 4 – ANNUAL RENT ADJUSTMENT

At the end of each one year period of the Lease Term or any one year period of any Extended Term, the monthly rent shall be increased by the fixed amount of **two and one-half percent (2.5%)** to reflect Cost of Living.

Effective June 10, 2016 monthly rent shall be increased to **\$20,372.99**.

Effective June 10, 2017, monthly rent shall be increased to **\$20,882.32**.

Effective June 10, 2018, monthly rent shall be increased to **\$21,404.38**.

Effective June 10, 2019, monthly rent shall be increased to **\$21,939.48**.

ARTICLE 5 - TERMINATION BY COUNTY

5.1 ***Termination for Non-Appropriations:*** Notwithstanding any other provisions of this Lease, LESSEE, at its sole option, may terminate this Lease upon one hundred eighty (180) days written notice, solely on the condition that funds have not been budgeted for leasing of the property described herein. Such termination shall be without penalty to LESSEE. Such right of termination shall not be construed so as to permit LESSEE to terminate this Lease in order to lease other premises for a similar purpose within the same general area. LESSEE represents that its intent is not to exercise its rights under this Article unless financial conditions prevent the Monterey County Board of Supervisors from budgeting funds for this Lease.

5.2 ***Termination without Cause:*** Notwithstanding any other provision in this Lease, LESSEE, at its sole option, for cause or without cause in its sole discretion, may terminate this Lease effective any date after completion of the third year of this Lease upon one hundred eighty (180) days written notice given prior to the effective date of termination. Such termination will be without cost or penalty to LESSEE.

ARTICLE 6 - NOTICES

All notices or correspondence provided for herein shall be effective only when made in writing, personally delivered or deposited in the United States mail, certified, postage prepaid, and addressed as follows:

To LESSOR: 559 E. Alisal Street, LLC
Attn: Ramiro Alcala
559 East Alisal St., Suite 108
Salinas, Ca 93905
831-970-7570
ramiro@garlic.com

To LESSEE: County of Monterey
Department of Public Works
C/O Real Property Specialist
855 East Laurel Drive, Building C
Salinas, CA 93905
831-755-4855
salcidog@co.monterey.ca.us

Copy to: County of Monterey
Department of Health
C/O Facilities Manager
1270 Natividad Rd.
Salinas, CA 93906

Rent payments shall be made to (need not be sent certified): **559 E. Alisal Street, LLC**, at the address listed above.

Any notice or correspondence shall be deemed delivered upon personal delivery or five (5) days after notice is mailed. Correspondence other than notices may be given by phone, regular mail, email or facsimile. Any correspondence sent by facsimile shall also be sent by United States mail if requested by either party. By written notice to the other, either party may change its own mailing address or correspondence information.

LESSOR or LESSOR'S designated property management shall be available to LESSEE by phone during regular business hours, and for emergencies after hours and weekends. LESSOR or LESSOR'S designated property management shall subscribe to a 24-hour, 7 days a week emergency answering service that maintains contact phone numbers of key personnel or maintenance/service companies in event of an emergency. **Emergency answering service phone number for LESSOR is 831-970-7570.** LESSEE reserves the right to contact LESSOR'S elevator maintenance company directly due to a malfunction of the elevator servicing the Premises. By reserving and exercising this right to contact the elevator maintenance company directly, the LESSEE does not assume LESSOR'S duty and obligation for providing and maintaining elevator service at LESSOR'S expense.

LESSEE shall be available to LESSOR, by phone during regular business hours, and for emergencies after hours and on weekends. LESSEE shall subscribe to a 24-hour, 7 days a week emergency answering service that maintains contact phone numbers of key personnel or maintenance/service companies in event of an emergency. **Emergency answering service phone number for LESSEE is 831-212-0378.**

If applicable, LESSOR'S designated property management shall be vested with such power and authority as is reasonably necessary or incidental to the performance of this Lease and the accomplishment of its purpose.

ARTICLE 7 - PREMISE IMPROVEMENTS

7.1 **Premise Improvements:** If requested by LESSEE, LESSOR shall construct Premise Improvements and make installations in the Premises (collectively "Premise Improvements") in accordance with those provisions of the attached Exhibit C ("Premise Improvement Specifications"), which describe construction.

7.2 **Cost of Premise Improvements:** LESSEE shall bear all cost of Premise Improvements constructed by LESSOR, or under LESSOR'S direction. LESSOR and LESSEE shall be in agreement of all Premise Improvement costs (presented in itemized format), and construction schedule (presented in Gant Chart format) prior to commencement of construction. Premise Improvement costs shall include costs associated with architectural, engineering, building permits and fees, inspections and signage. LESSEE shall be provided three (3) weeks for final approval of plans, specifications and the

final "not to exceed" construction estimate prior to construction commencement. LESSEE shall reimburse LESSOR the cost of all Premise Improvements requested by LESSEE within **thirty (30) days** of receipt of invoice from LESSOR.

7.3 Premise Improvement Warranties: LESSOR warrants to LESSEE that all materials and equipment furnished by LESSOR in its improvement of the Premises shall be new unless otherwise specified in the Premise Improvement Agreement, and that all of LESSOR'S work to be performed under the Premise Improvement Agreement shall be of good and workmanlike quality, free from faults and defects, and in accordance with the final requirements of the Premise Improvement Agreement. Any of LESSOR'S work not conforming to the above standards shall be considered defective.

For one (1) year after the date of substantial completion of Premise Improvements, LESSOR shall, following written notice from LESSEE, unconditionally make any repair, replacement, correction or other alteration of any nature necessary by virtue of any defective construction of the Premises or defective materials used therein. Thereafter, LESSOR shall promptly make or cause to be made all repairs, replacements, corrections or alterations, at no expense to LESSEE, to correct latent defects in the Premises.

ARTICLE 8 - NOTICE OF COMPLETION

If applicable, LESSOR will be responsible to insure that a properly prepared Notice of Completion is filed with the County Clerk-Recorder's Office on all construction and remodeling work performed as a result of this Lease Agreement. The Notice of Completion form will be filed within ten (10) working days after the LESSOR and the LESSEE have concurred that the construction is complete

ARTICLE 9 - PUBLIC WORKS LAWS

Under Section 1720.2 of the California Labor Code, any construction contract to improve the space to be leased by the County of Monterey for government services may be considered a 'public work' if certain conditions are met. If applicable, LESSOR shall comply with provisions of law governing public works including, without limitation, Labor Code sections 1773, 1773.2, 1773.3, 1773.8, 1775 (payment of prevailing wages), 1776 (payroll records), and 1777.5 (employment of apprentices), all as periodically amended.

ARTICLE 10 - TIME LIMIT AND PRIOR TENANCY

It shall be LESSOR'S responsibility to remove any prior LESSEE in the Premises.

ARTICLE 11 - USE

11.1 Use: LESSEE shall use the Premises for **clinic and medical office** purposes and for no other purpose without first having obtained LESSOR'S advanced written consent.

11.2 Compliance with Laws: LESSOR represents and warrants to LESSEE, that, to the best of LESSOR'S knowledge, the construction (including all LESSOR-constructed Premise Improvements), the current and proposed uses, and the operation of the Premises are in full compliance with applicable building and seismic codes, environmental, zoning and land use laws, and other applicable local, state and federal laws, regulations and ordinances. LESSOR absolves LESSEE of legal or other responsibility for any code violations or other deviations from applicable local, state and federal laws, regulations and ordinances as may be listed above.

11.3 Hazardous Substances: LESSEE shall have no liability or responsibility for toxic or hazardous materials or substances in existence on the demised premises prior to LESSEE'S occupancy of the demised premises or which result from LESSOR'S acts or omissions or which occur on any portion of LESSOR'S property not occupied by LESSEE, unless caused by LESSEE, its agents, employees, invitees or guests. LESSOR warrants, to the best of LESSOR'S actual knowledge, that at the time of execution of this Lease there are no known areas on LESSOR'S property where hazardous or toxic materials or substances (including asbestos or PCBs) have been used, stored, or deposited. LESSOR will comply with all applicable laws concerning the handling and removal of any hazardous materials, including asbestos or PCB containing materials.

11.4 **Environmental Hazards:** LESSOR hereby warrants and guarantees that the Premises and the non-exclusive areas of the building as described in **Article 1.2** will be maintained free of all Environmental Hazards (including asbestos, leads, toxic mold spores or PCBs) and agrees to survey, test, and abate as applicable and in accordance with Environmental Protection Agency, "EPA" guidelines. A qualified industrial hygienist approved by LESSOR and LESSEE shall perform all testing. LESSOR further agrees to contract with a qualified remedial contractor to provide remedial services as specified in **Exhibit F** on an as needed basis. LESSOR specifically agrees that any costs related to abatement of Environmental Hazards shall be the LESSOR'S responsibility unless caused by LESSEE, its agents, employees, invitees or guests.

LESSEE may request that LESSOR hire a qualified industrial hygienist, approved by LESSOR and LESSEE, to perform indoor air quality testing/surveying for the Premises and the non-exclusive areas of the building as described in **Article 1.2** with the understanding that if test results reveal that unacceptable levels (as determined by EPA guidelines) of Environmental Hazards are not present, LESSEE will reimburse LESSOR the cost of the testing within thirty (30) day of receipt of invoice from LESSOR. By providing for and requesting air quality testing, LESSOR'S duties and obligations are not diminished and LESSEE does not assume or agree to share in LESSOR'S duties and obligations in respect of maintenance of the Premises.

11.5 **Acceptance of Premises:** By entry hereunder, LESSEE accepts the Premises as being in good and sanitary order, condition and repair, except as specified in **Article 1.8** of this Lease.

ARTICLE 12 - SIGNS AND FIXTURES

LESSEE may place such signs and advertisements upon the Premises as LESSEE may desire, subject to approval by the LESSOR which consent shall not be unreasonably withheld provided, however, that at the expiration of the term hereof or any renewal or extension of this Lease, LESSEE will remove said signs and will restore the Premises to their original conditions. Any trade fixtures, equipment, furniture, demountable walls, and other property installed in the Premises by and at the expense of the LESSEE shall remain the property of the LESSEE, and the LESSOR agrees that the LESSEE shall have the right at any time, and from time to time, to remove any and all of its trade fixtures, equipment and other property which it may have stored or installed in the Premises, provided the Premises are restored to acceptable condition. The LESSOR agrees not to mortgage or pledge the LESSEE'S trade fixtures, equipment and other property.

ARTICLE 13 - SERVICES AND UTILITIES

Services and utilities shall be furnished and the cost borne as outlined in **Exhibit D**. In the event of failure by LESSOR to furnish, in a satisfactory manner, any of the services and utilities to the Premises for which LESSOR is responsible, LESSEE may furnish the same if LESSOR has not undertaken to correct such failure within fifteen (15) days after written notice, and, in addition to any other remedy LESSEE may have, may deduct the amount thereof, including LESSEE'S service costs, from rent or other remuneration due LESSOR hereunder. As stated in **Exhibit D**, the term "adequate" shall mean sufficient enough to ensure the health, safety and general well being of the occupants or invitees of the Premises; the term "deemed necessary" shall mean that LESSOR and LESSEE are in agreement that appropriate action needs to be taken to ensure the health, safety and general well being of the occupants and or invitees of the Premises.

ARTICLE 14 - REPAIR AND MAINTENANCE

14.1 **LESSOR and LESSEE Obligations:** The respective repair and maintenance responsibilities of LESSOR and LESSEE are set forth in **Exhibit E**, Summary of Repair and Maintenance Responsibilities, which by this reference is incorporated herein. As stated in **Exhibit E**, the term "deemed necessary" shall mean that LESSOR and LESSEE are in agreement that appropriate action needs to be taken to ensure the health, safety and general well being of the occupants and or invitees of the Premises.

14.2 **Negligent Acts or Omissions of LESSEE:** Notwithstanding the foregoing, LESSEE will pay to LESSOR the

reasonable cost of any repairs or maintenance required as a direct result of negligent acts or omissions of LESSEE, its agents, employees, or invitees.

14.3 Failure of LESSOR to Make Repairs: If LESSOR fails to maintain the Premises or to make the repairs required in this article within the time periods as specified in **Article 23.1**, LESSEE may perform such maintenance or make such repairs at its expense and deduct the reasonable cost thereof from the rent due hereunder.

LESSOR agrees to perform all emergency repairs involving the Premises and the non-exclusive areas of the building as described in **Article 1.2** with the utmost urgency. An emergency repair is a repair that is necessary in order to protect health and safety of persons or public property or to save the building's integrity.

14.4 LESSOR Obligations in Applying or Installing Noxious Substances: LESSOR, its officers, employees, and agents shall not apply or install any substance as part of any building construction, remodel, renovation, maintenance or repair which would cause an injurious, unsafe or hazardous condition to occupied spaces without prior notification of the LESSEE. Prior notification and approval shall be made at least 48 hours prior to the desired application or installation time to the LESSEE as identified under **Article 6**. Also, a Product Safety Data Sheet shall be furnished by the proposed applicator or installer to the LESSEE. Examples of such substances or materials may include, but are not limited to, the following:

- a. Termite Control Materials
- b. Pesticides
- c. Paint (excluding routine minor touch up in the common areas)
- d. Water Treatment Chemicals
- e. Carpeting, Pressed Wood Products, Insulation, Plastics and Glues
- f. Texture and Joint Compounds
- g. Roofing Material
- h. Construction Cleaning Solutions
- i. Any other substance that is or could be construed as hazardous (excluding common janitorial cleaning supplies)

In the event of any building construction, remodel, renovation, maintenance or repair to the Premises or other areas to the building which the Premises is a part of, LESSOR, to the best of LESSOR'S ability, shall exercise precautionary and protective measures to ensure the health, safety and general well being of the occupants and or invitees of the Premises. Examples of precautionary and protective measures may include, but may not be limited to:

- a. Isolating or disconnecting heating ventilation and air-conditioning (HVAC) systems.
- b. Performing work on the weekends and/or outside normal business hours.
- c. Installing appropriate plastic containment systems for egress and egress to and from the building construction, remodel, renovation, maintenance or repair area.
- d. Using a HEPA vacuum to clean up dust and debris from the Premises after work is done.

No activities shall be taken (or fail to be taken) that would violate any Federal or Cal OSHA standards.

ARTICLE 15 - SERVICE COMPANIES

Within ten (10) days after occupancy of the Premises by LESSEE, LESSOR shall give LESSEE a list (see **Exhibit G**) of the names, addresses and telephone numbers of an agencies or persons convenient to LESSEE as a local source of service with regard to LESSOR'S responsibilities under **Exhibit D** and **Exhibit E** of this Lease. If LESSOR fails to provide such list, LESSEE may choose service companies as needed and without penalty from LESSOR.

ARTICLE 16 - ALTERATIONS, MECHANICS' LIENS

16.1 Alterations: Except for the Premise Improvements, no structural alterations or improvements shall be made to the

Premises by LESSEE or at LESSEE'S request without the prior written consent of LESSOR, which consent shall not be unreasonably withheld.

16.2 **Condition at Termination:** LESSEE may remove any fixtures, machinery and equipment installed in the Premises by LESSEE upon the termination of this Lease, if LESSEE is not then in default under this Lease and if LESSEE repairs any damage to the Premises caused by such removal. Upon termination of this Lease, LESSEE shall return the Premises in the same condition as when delivered to LESSEE, reasonable wear and tear, and damage by casualty, and alterations approved by LESSOR excepted.

16.3 **Mechanic's Liens:** LESSOR and LESSEE shall keep the Premises free from any liens arising out of any work performed by, materials furnished to, or obligations incurred by the parties.

ARTICLE 17 - ASSIGNMENT AND SUBLETTING

LESSEE shall not assign or sublet all or any portion of the Premises without the prior written consent of LESSOR, which consent shall not be unreasonably withheld. Subletting shall be subject to use or uses stated in Article 11.

ARTICLE 18 - ENTRY BY LESSOR

LESSEE shall permit LESSOR and LESSOR'S agents to enter the Premises, with reasonable advance notice (except in the case of emergency), provided such entry is made in a reasonable manner and does not unreasonably interfere with the conduct of LESSEE'S business. Such entry shall also be done in accordance with **Article 30.7** of this Lease.

ARTICLE 19 - INSURANCE AND INDEMNIFICATION

LESSEE, during the term hereof, shall indemnify and hold harmless the LESSOR from and against any and all claims and demands whether for injuries to persons or loss of life, or damage to property, occurring within the demised PREMISES and arising out of the use of the demised Premises by the LESSEE, excepting however, such claims and demands whether for injuries to persons or loss of life, or damage to property, caused by acts or omissions of the LESSOR.

LESSEE shall maintain public liability and property damage coverage or program of self insurance with liability limits of not less than \$2,000,000 for injury or death to one or more persons and property damage limits of not less than \$50,000 per occurrence insuring against all liability of LESSEE and its authorized representatives arising out of and in connection with LESSEE'S use or occupancy of the Premises. LESSOR, during the terms hereof, shall indemnify, defend and save harmless the LESSEE from and against any and all claims and demands whether for injuries to persons or loss of life, or damage to property, arising out of acts or omissions of the LESSOR.

LESSOR agrees that it will keep insured against loss or damage by fire, to at least eighty percent (80%) of the full fair insurable value thereof, the building on the demised Premises or of which the demised premises are a part.

LESSOR further agrees that it will provide an endorsement on its Commercial Property Insurance Policy naming the LESSEE as Additional Insureds as it pertains to any expenses incurred by LESSEE'S due to business interruption or its loss of use of the Premises, whole or partial due to water intrusion.

ARTICLE 20 - WAIVERS OF SUBROGATION

LESSOR and LESSEE each hereby waive any right of recovery against the other due to loss of or damage to the property of either LESSOR or LESSEE when such loss of or damage to property arises out of the acts of God or any of the property perils whether or not such perils have been insured, self-insured or non-insured.

ARTICLE 21 - DESTRUCTION

If the Premises are totally destroyed by fire or other casualty, either party may terminate this Lease immediately by giving notice to the other party.

If such casualty shall render ten percent (10%) or less of the floor space of the Premises unusable for the purpose intended, LESSOR shall effect restoration of the Premises as quickly as is reasonably possible, but in any event restoration shall begin within thirty (30) days after such destruction.

If such casualty shall render more than ten percent (10%) of such floor space unusable but not constitute total destruction, LESSOR shall forthwith give notice to LESSEE of the specific number of days required to repair the same. If LESSOR under such circumstances shall not give such notice within fifteen (15) calendar days after such destruction, or if such notice shall specify that such repairs will require more than ninety (90) days to complete from the date such notice is given, LESSEE, in either such event, at its option, may terminate this Lease.

In the event of any such destruction other than total, where LESSEE has not terminated the Lease as herein provided, LESSOR shall diligently prosecute the repair of the Premises and, in any event, if said repairs are not completed within thirty (30) calendar days from the work commencement date, for destruction aggregating ten percent (10%) or less of the floor space, or within the period specified herein in connection with partial destruction aggregating more than ten percent (10%), LESSOR shall have the option to terminate this Lease.

If LESSEE remains in possession of the Premises though partially destroyed, the rent for said Premises as herein provided, during restoration, shall be reduced by the same ratio as the usable square feet LESSEE is thus precluded from occupying, bears to the total usable square feet in the Premises. "Usable square feet" shall mean actual inside dimensions and shall not include public corridors, stairwells, elevators, and rest rooms.

ARTICLE 22 - DEFAULT BY LESSEE

22.1 ***Default:*** If any of the following events occur, each such event shall constitute a material breach of this Lease, and LESSOR may, at LESSOR'S option, exercise any or all rights available to a LESSOR under the laws of the State of California:

- a. A default in the payment of rent when such default continues for a period of thirty (30) days after written notice, or
- b. LESSEE fails to faithfully perform or observe any other covenant or undertaking required under this Lease and such failure continues for a period of thirty (30) days after written notice thereof, or
- c. LESSEE is adjudicated bankrupt, or
- d. LESSEE'S lease interest is sold under execution of judgment.

22.2 ***Remedies:*** If LESSEE fails to cure a prospective default within the time frames outlined above, LESSOR shall have the option to cure the default or to terminate this Lease, in addition to any other remedies at law not inconsistent herewith. Should LESSOR elect to cure the default itself, all costs associated with such cure, including reasonable attorneys' fees (if any), shall be reimbursed by LESSEE to LESSOR, as Additional Rent, within thirty (30) days of receipt of LESSOR'S invoice for said costs.

ARTICLE 23 - DEFAULT BY LESSOR

23.1 ***Default:*** LESSOR shall not be in default unless LESSOR fails to perform its obligations under this Lease within a reasonable time, but in no event later than thirty (30) days after written notice by LESSEE to LESSOR specifying wherein LESSOR has failed to perform such obligations. If the nature of LESSOR'S obligation is such that more than thirty (30) days are required for performance, then LESSOR shall not be in default if LESSOR commences performance within such thirty (30) day period and thereafter diligently prosecutes the same to completion. LESSEE'S obligation to provide written notice to LESSOR of a default by LESSOR is limited to those instances where knowledge of LESSOR'S default is within the actual knowledge of LESSEE.

23.2 ***Remedies:*** If LESSOR fails to cure a prospective default within the time periods outlined above, LESSEE shall have the option to cure the default or to terminate this Lease, in addition to any other remedies at law not inconsistent herewith. Should LESSEE elect to cure the default itself, all costs associated with such cure, including reasonable

attorneys' fees (if any), shall be reimbursed by LESSOR to LESSEE within thirty (30) days of receipt of LESSEE'S invoice for said costs. However, upon LESSOR'S failure to so reimburse or, at LESSEE'S option, said costs shall be held from rent due hereunder. If LESSOR'S default hereunder prevents LESSEE'S use of the Premises, there shall be an abatement of rental payments for the period of such non-use.

ARTICLE 24 - CONDEMNATION

If more than ten percent (10%) of the floor space area of the Premises is taken or condemned for a public or quasi-public use, or the part taken renders the entire Premises insufficient for the conduct of LESSEE'S business and operations, then this Lease shall terminate at the option of LESSEE as of the date title shall vest in the condemner. If only part of the Premises is taken and the remainder of the Premises is sufficient for the conduct of LESSEE'S business and operations, then LESSOR shall restore the Premises to a single architectural unit and the Lease shall continue as to the part not taken, but the monthly rent shall be reduced in proportion that the usable area of the Premises taken bears to the usable area of the Premises before the taking.

ARTICLE 25 - HOLDING OVER

If LESSEE, with LESSOR'S consent, remains in possession of the Premises after the Lease Term or any Extended Term, this Lease shall automatically be extended on a two month-to-two month basis at the monthly rent applicable to the last month of the Lease Term or Extended Term, subject to termination upon ninety (90) days' written notice by either party. All other terms and conditions shall remain in full force and effect.

ARTICLE 26 - WAIVER

The waiver by LESSOR or LESSEE of any term, covenant or condition herein contained shall not be deemed to be a waiver of any other term, covenant or condition, nor shall either party's consent to any breach of any term, covenant or condition be deemed to constitute or imply its consent to any subsequent breach of the same or other term, covenant or condition herein contained.

ARTICLE 27 - QUIET POSSESSION

As long as LESSEE keeps and performs the covenants in this Lease, LESSEE shall at all times during the term of this Lease peaceably and quietly have, hold and enjoy the Premises, without suit, trouble or hindrance from LESSOR or any person claiming under LESSOR. LESSOR, to the best of LESSOR'S ability, shall also be responsible for ensuring that all other tenants in the building or complex do not interfere with the quiet enjoyment of the LESSEE.

ARTICLE 28 - SUBORDINATION

This Lease shall be subject and subordinated to the lien of any mortgages and deeds of trust which are hereafter placed against the LESSOR'S interest or estate in the property provided that the mortgage or beneficiary under such mortgage or deed of trust shall agree in writing that, in the event of a foreclosure of same or of any other such action or proceeding for the enforcement thereof, or of any sale there under, this Lease shall not be barred, terminated, cut off, or foreclosed, nor will the rights and possession of LESSEE hereunder be disturbed if LESSEE shall not then be in default under the terms of this Lease, and LESSEE shall attorn to the purchaser at such foreclosure, sale or other action or proceeding. The foregoing subordination shall be effective without the necessity of having any further instruments executed by LESSEE, but LESSEE shall nonetheless execute, upon demand, such further instruments evidencing such subordination as may be reasonably requested by LESSOR or any mortgagee or beneficiary.

ARTICLE 29 - ESTOPPEL CERTIFICATE

Within thirty (30) days of written notice by one party to the other, each will execute, acknowledge and deliver to the other an estoppel certificate in writing declaring any modifications, defaults or advance payments and whether the lease, as may be modified, is in full force and effect. Any such certificate may be conclusively relied upon for the intended transaction for which the statement was requested.

ARTICLE 30 - MISCELLANEOUS PROVISIONS

30.1 **No Amendments:** No oral amendment of this Lease shall be valid unless made in writing and signed by the parties hereto, and no prior oral understanding or agreement not incorporated herein shall be binding on either party hereto.

30.2 **Time is of the Essence:** Time is of the essence of each term and provision of this Lease.

30.3 **Binding Effect:** Subject to any provision hereof restricting assignment or subletting by LESSEE, this Lease shall bind the parties, their personal representatives, successors, and assigns.

30.4 **Invalidity:** 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.

30.5 **Warranty of Authority:** If LESSOR is a corporation, the person executing this lease on behalf of LESSOR hereby covenants and warrants that LESSOR is a duly authorized and existing corporation and that he/she is duly authorized to execute this Lease.

30.6 **Addendum:** In the event of conflict between this Lease and any Addendum or Exhibit attached hereto, the provisions of such Addendum or Exhibit shall control.

30.7 **Confidentiality of LESSEE'S Services/Clients:** LESSOR recognizes and understands that LESSEE'S services, identity of clients, and records relate to a confidential relationship between the LESSEE and its clients, and LESSOR agrees that, in its interaction with LESSEE, its clients and records, whether through itself, its employees, or its agents, it will maintain such confidences as might become available to it and not release or divulge such confidential identities, information, or records; provided that all such confidential items are maintained in a locked environment and that any confidential items are shredded prior to disposing of them in trash receptacles.

ARTICLE 31 - MAJOR APPLIANCES

Installation of major appliances such as vending machines, refrigerators, stoves, etc., must be approved by LESSOR prior to installation. The LESSOR will grant installation approval for new appliances only. Such approval shall not be unreasonably withheld. No Vending machines shall be placed around the exterior of the building.

ARTICLE 32 – PROPERTY TAX EXEMPTION

LESSOR will cooperate with LESSEE and do all acts reasonably necessary and appropriate to secure and maintain tax exemption of the Premises pursuant to Article XIII, Section 3 of the California Constitution. LESSOR will apply seventy percent (70%) the amount of any reduction of tax resulting from such exemption either in the form of a cash payment or of rental credit to LESSEE as soon as possible after LESSOR receives the benefit of tax exemption.

If such exemption is granted for a fiscal year which is, in whole or in part, after the date of expiration or earlier termination date of this Lease, then, with respect to that portion of such fiscal year which is after the expiration of the term of this Lease, LESSOR will pay LESSEE the amount of such reduction of tax in cash.

ARTICLE 33 - PUBLIC TRANSPORTATION

LESSOR will cooperate with LESSEE and do all acts reasonably necessary and appropriate to ensure that public transportation (bus service) will be provided to this site. The service level of this public transportation will be sufficient to service the employees who will work at the site as well as clients of the County offices who need access by public conveyance to and from the site.

ARTICLE 34 – ALTERNATE ENERGY

LESSOR and LESSEE agree to work together to explore options to install solar and/or other alternate energy options and enhancements to the Premises. In the event any alternate energy enhancement creates a tax deduction, PG&E rebate or any other form of monetary credit to LESSOR, LESSOR further agrees to pass to LESSEE said monetary credit to defray LESSEE'S operational cost for the Premises as identified in Exhibits D and E of the Lease Agreement.

IN WITNESS WHEREOF, LESSOR and LESSEE have executed this Lease as of the latter day and year written below.

LESSEE: (County of Monterey)

By: 

Title: Contract/Purchasing Officer

Date: 5-5-15

APPROVED AS TO FORM: (County Counsel)

By: 

Title: Deputy County Counsel

Date: 4/23/15

LESSOR: (559 E. Alisal Street, LLC)

By: 

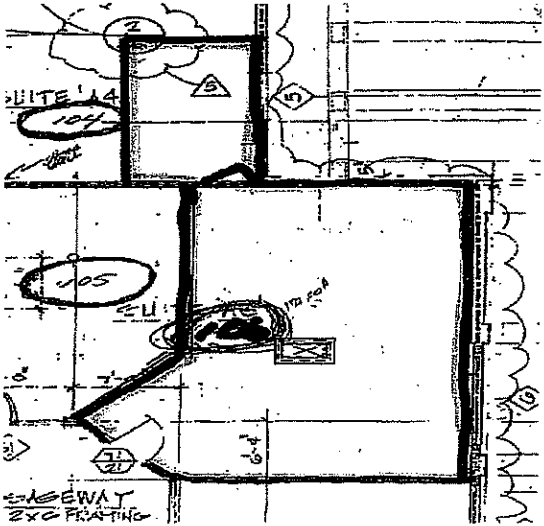
Title: General Partner

Date: 4/23/15

EXHIBIT A

DESCRIPTION OF PREMISES

Suite 106



Suite 200

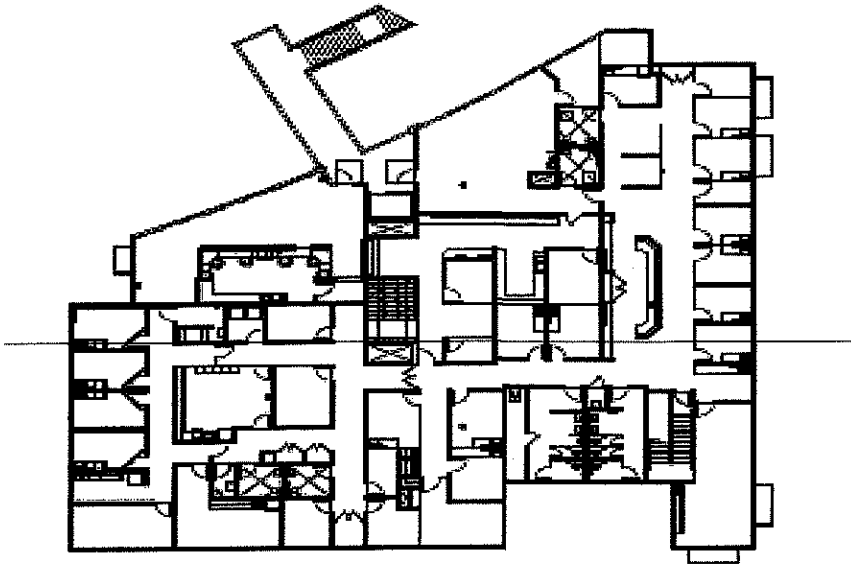
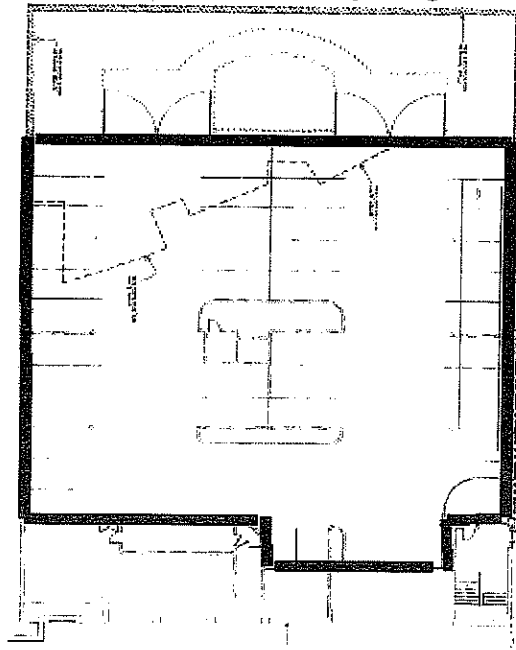


EXHIBIT A1

DESCRIPTION OF EXCLUSIVE AND NON-EXCLUSIVE PARKING AREAS

Exclusive Parking Area located on Parking Garage (outlined in red)



Non-Exclusive Parking Area located outside of building (outlined in red)

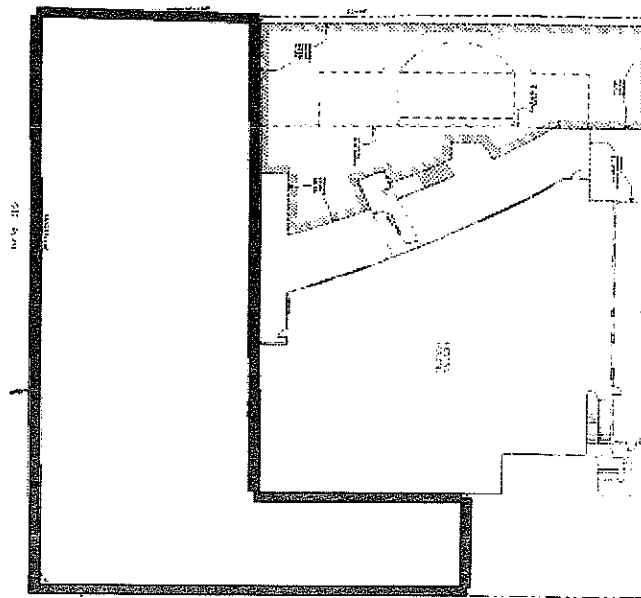


EXHIBIT B

STATEMENT OF SEISMIC ADEQUACY

If the Premises are contained in a building constructed after 1973, or one of which has undergone major structural renovation since 1973, the LESSOR shall obtain from its design engineer a warranty, which contains the following:

Construction/renovation of the Building containing the Premises occurred in 2003. Construction/renovation plans have been determined to be in compliance with all building codes applicable to seismic safety.

EXHIBIT C

PREMISE IMPROVEMENT SPECIFICATIONS

1. Premise Improvements:

- a. LESSOR shall construct all Premise Improvements in accordance with the Plans and Specifications as approved by LESSOR and LESSEE and as further defined in Article 7 of the County of Monterey Standard Lease Agreement to which this Exhibit is attached. Premise Improvements must satisfy the Federal Americans with Disabilities Act of 1990, as and if applicable.
- b. Premise Improvements are generally described as follows: Modifications to lighting and fire sprinkler system to accommodate records retention racking in the warehouse area of the Premises. Installation of a security alarm system for the entire Premises. Installation of additional commercial grade natural gas strip heaters in the warehouse area of the Premises.
- c. LESSOR shall commence construction of the Premises Improvement work at the earliest opportunity, but not more than five (5) business days following issuance of building permit. Plans and Specifications shall be approved by LESSOR and LESSEE prior to submittal to the appropriate Building and Planning Department.
- d. LESSOR shall diligently pursue construction of approved Premises Improvement work and deliver the Premises to LESSEE in a condition suitable for occupancy no later than a date certain, that will be mutually established by LESSOR and LESSEE on or before the date LESSOR'S contractor commences construction of the Premise Improvements.

2. Construction Plans and Specifications, Change Orders and Delay:

- a. LESSOR shall provide for LESSEE'S approval the complete and detailed proposed Plans and Specifications for the Premises Improvements, the design of which shall conform to LESSEE'S approved program for use of the Premises.
- b. LESSEE shall provide LESSOR with written notice of its approval or disapproval of the Plans and Specifications within five (5) business days after receipt of such Plans and Specifications.
- c. During construction, LESSOR and LESSEE'S Representative (as defined below) shall confer periodically regarding the progress of the work and the approximate cost of the work completed. LESSEE'S Representative may request changes, modifications or alterations to the Plans and Specifications by written change order delivered to LESSOR, but no such change shall be made without the written approval of LESSOR, which approval shall not be unreasonably withheld. LESSOR shall approve or deny each LESSEE change order within four (4) business days, and LESSOR shall also provide to LESSEE'S Representative, by written notice to LESSEE, an estimate of the maximum cost of each change order within five (5) business days after the delivery of the change order to LESSOR. No work based upon a change order shall be undertaken unless and until LESSEE'S Representative shall have approved (by notice to LESSOR) LESSOR'S cost estimate.

- d. If LESSOR determines that a change proposed by LESSEE will delay completion of the construction beyond the period allocated for such construction, LESSOR shall, within four (4) business days, notify LESSEE'S Representative of the estimated length of the delay caused by LESSEE'S request. LESSEE'S Representative shall advise LESSOR within two (2) business days after receipt of such notice as to whether LESSOR shall proceed with the requested change, modification or alteration. LESSOR shall not make the requested change to the Plans and Specifications without LESSEE'S approval of any proposed time extensions.
 - e. If LESSOR requires that LESSEE clarify or refine the Plans and Specifications, then LESSEE'S Representative shall meet with LESSOR for the purpose of clarifying or refining the Plans and Specifications within two (2) business days after LESSEE'S receipt of LESSOR'S request therefore. No such clarification or refinement shall be deemed to be a change order.
 - f. If LESSOR determines that the Plans and Specifications must be changed as a result of omissions or errors in the Plans and Specifications, then LESSOR shall prepare and submit to LESSEE revised Plans and Specifications correcting any such omission or error. LESSEE shall approve or disapprove such revised Plans and Specifications within two (2) business days after receipt and shall not unreasonably withhold its approval.
 - g. LESSOR shall not be responsible for any delays in the time for completion of construction resulting from LESSEE'S delay. For purposes herein, LESSEE'S delay in the completion of the construction of the Premise Improvements are delays that may arise solely as a result of: (1) LESSEE'S failure to comply with its obligations set forth in subsection b, d, e, or f, above, within the time specified; (2) any change directed by LESSEE after notification to LESSEE that the change will delay completion of the construction as provided in subsection d, above; or (3) extra time required to obtain any long lead items specified by LESSEE. For purposes herein, an item shall be considered a long lead item if LESSOR notifies LESSEE within fifteen (15) business days after receipt of LESSEE'S approval of the Plans and Specifications that such item is not readily available or readily installable after the same is requested by LESSEE.
3. Approval of Plans by Public Authorities: LESSOR shall obtain approval of the Plans and Specifications for the Premises from all appropriate government agencies, and a copy of the Plans and Specifications, as approved, shall be dated and initialed by both LESSOR and LESSEE. LESSOR shall exercise due diligence in obtaining any such approval. LESSEE shall cooperate with LESSOR in obtaining all such approvals, and in this regard, LESSEE shall make, or cause it to be made, all revisions and changes to the Plans and specifications reasonably required by any governmental agency, with due diligence and without delays.
 4. Quality of Work: All work performed hereunder shall be done in a good and workmanlike manner, free from faults and defects and in accordance with the Plans and Specifications. All materials and equipment installed in the Premise Improvements shall be new unless otherwise specified in the Plans and Specifications.
 5. LESSEE'S Access during Construction: LESSEE'S Representative, agents, consultants and contractors ("LESSEE Representatives") shall have access to the Premises during the construction of the Premise Improvements for activities and purposes related to construction of the Premises or preparation of the Premises for occupancy. LESSEE'S Representatives on the Premises during construction shall cooperate with LESSOR'S contractor and not delay or interfere in any way with the performance by LESSOR'S contractors or LESSOR'S representatives of any work (including but not limited to the construction of Premise Improvements).
 6. Acceptance of Premises:
 - a. At any time during the construction of the Premise Improvements, LESSEE may reject any work that does not conform to the Plans and Specifications or does not meet good and workmanlike standards as reasonably interpreted by and at the sole discretion of the LESSEE.

- b. Within five (5) business days after LESSOR delivers to LESSEE a list of work items remaining to be done or corrected and notifies LESSEE that the Premise Improvements are ready for inspection by LESSEE'S representative, LESSEE shall deliver to LESSOR a list of items that LESSEE shall have reasonably determined that LESSOR must complete or correct prior to LESSEE'S acceptance of possession in order for the work to conform to the Plans and Specifications. LESSOR shall immediately commence to complete or correct the items listed by LESSEE, except those it contends are not justified. If LESSEE fails to deliver such a list within the five (5) business days period, LESSEE shall be deemed to have accepted the Premises subject to completion of the corrections on LESSOR'S list of corrections and to have approved the construction.
- c. Acceptance by LESSEE shall not be unreasonably withheld.
7. Notices: All notices required or permitted hereunder shall be in writing and shall be delivered as indicated in Article 6 of the County of Monterey Standard Lease Agreement to which this Exhibit is attached.
8. Notice of Non-Responsibility: LESSOR may post such notices of non-responsibility as it reasonably deems appropriate in the Premises during the construction provided for herein.
9. Responsibility for Damage: If LESSEE installs equipment in the Premises prior to completion of the work hereunder, LESSEE shall bear the risk of loss to such equipment other than loss that is a result of negligence or willful misconduct by LESSOR, its agents, employees or contractors.
10. Approval of Agreement: Approval of this Agreement will result in a construction of a facility suitable for the Monterey County Health Department. This agreement specifically includes the installation of necessary telecommunications/data processing linkages, and alarm systems. Specification for telecommunications/data processing linkages and alarm systems will be developed and provided by the Monterey County Information Technology Department.

EXHIBIT D

SUMMARY OF SERVICES AND UTILITIES

The following is a summary of services and utilities responsibilities of LESSOR and LESSEE for the proposed use of the Premises:

	N/A	LESSOR	LESSEE
Provide adequate paper supplies, dispensers, and waste and recycling containers for the Premises			X
Provide adequate custodial service for interior of the Premises (dust, waste removal, recycling removal, vacuum, mop and general cleaning)			X
Provide adequate custodial service for interior of elevator (including minor vacuuming of door tracks)			X
Provide adequate custodial service for exterior of the Premises and common areas (including steam cleaning or pressure washing sidewalks and stairs)		X	
Provide custodial services for emptying three trash receptacles: two outside of elevator doors and one in garage			X
Professionally clean carpets, rugs, tile and linoleum flooring as deemed necessary			X
Professionally clean existing drapes, blinds, and window shades as deemed necessary			X
Professionally clean interior windows as deemed necessary			X
Professionally clean exterior windows as deemed necessary		X	
Provide adequate pest control for the interior of the Premises (including issues concerning termites, and swarming pest such as wasp and bees)		X	
Provide adequate pest control for exterior of Premises ((including issues concerning termites, and swarming pest such as wasp and bees)		X	
Provide adequate landscape maintenance and gardening (including landscape irrigation system and associated water supply and service)		X	
Provide adequate parking lot and parking garage area sweeping and restriping as necessary		X	
Provide adequate refuse, rubbish, garbage, and recyclable (paper, plastic, and aluminum, if available) disposal and pick up service		X	
Provide adequate fire sprinkler systems testing		X	
Provide adequate fire alarm systems monitoring		X	
Provide adequate intrusion/security alarm systems monitoring			X
Provide adequate patrolled security guard service	X		
Provide adequate heating, ventilation & air conditioning (HVAC) systems filter replacements, unit inspections, unit lubrications and record keeping pursuant to the California Code of Regulations, Title 8, Section 5142		X	
Provide adequate servicing of uninterrupted power source (UPS)	X		
Provide adequate servicing of back up generator	X		
Provide adequate gas utility service			X
Provide adequate electric utility service			X
Provide adequate water utility service		X	
Provide adequate telephone and data service (including connection charges)			X

LESSOR and LESSEE contact information is detailed in Article 6 of this Lease.

EXHIBIT E

SUMMARY OF REPAIR AND MAINTENANCE RESPONSIBILITIES

The following is a summary of maintenance and repair responsibilities of LESSOR and LESSEE for the proposed use of the Premises:

	N/A	LESSOR	LESSEE
Common Areas		X	
Foundations		X	
Floor Slabs (including "Gipcrete" subfloor repairs)		X	
Elevators (including annual certification, quarterly maintenance, and emergency repair)		X	
Exterior and Bearing Walls		X	
Exterior Doors and Hardware		X	
Exterior Windows and Window Frames		X	
Roofs		X	
Gutters, Drains and Downspouts		X	
Parking Lots and Parking Garage (including garage door and electronic access and restriping if deemed necessary)		X	
Ceilings and Replacement of Ceiling Tiles		X	
Fire Sprinkler Systems		X	
Fire Alarm Systems		X	
Intrusion/Security Alarm Systems			X
Uninterrupted Power Source (UPS)	X		
Power Back UP Generator	X		
Heating, Ventilation and Air Conditioning (HVAC) Systems (including replacement of units and duct cleaning if deemed necessary)		X	
Heating, Ventilation and Air Conditioning (HVAC) control switches, sensors and thermostats		X	
Electrical Systems (including electrical outlets, panels, circuit breakers and wiring)		X	
Plumbing Systems (including sewer and drain stoppages, and fixtures)		X	
Exterior Lighting (including starters, ballasts, transformers and light switches)		X	
Interior Lighting (including starters, ballasts, transformers and light switches)		X	
Interior Light Bulbs and Fluorescent Light Tubes (replacement)			X
Interior Walls		X	
Interior Wall Surfaces (including repainting if deemed if necessary)			X
Interior Doors and Hardware		X	
Interior Windows and Window Frames		X	
Carpet, VCT, Plank, and Linoleum Flooring			X
Base and/or Moldings			X
Appliances (excluding water heaters and drinking fountains, which are the responsibility of the LESSOR)			X
Communication Systems (data/telephone cabling, connections and equipment)			X

*Notwithstanding the forgoing, LESSEE will pay to LESSOR the reasonable cost of any repairs or maintenance required as a direct result of negligent acts or omissions of LESSEE, its agents, employees, or invitees.

LESSOR and LESSEE contact information is detailed in Article 6 of this Lease.

EXHIBIT F

REMEDIAL CONTRACTOR SPECIFICATIONS

A. Scope of Services

Remedial Contractor to provide treatment, cleanup, and damage restoration of:

- Water and/or sewage
- Mold contamination
- Fire and smoke damage
- Hazardous materials within the license and certification capabilities of the Remedial Contractor
- Human bodily fluids, including but not limited to blood, vomitus, urine, feces, and saliva
- Routine sanitation cleanup

B. Work Standards

All work must be done in accordance with the California Health and Safety Code, California Occupational Safety and Health Act (OSHA), and other applicable laws and regulations. The Remedial Contractor must take all care to ensure that work proceeds under the highest standards of safety and prudence, and in compliance with all applicable laws.

EXHIBIT G

SERVICE CONTACT LIST (Page 1 of 2)

Back Up Generator

Carpenter

Ceiling Tile

Electrical

Electronic Gates and Garage Doors

Elevator

Elevator Phone

Exterior Door and Hardware

Flooring

Fire Sprinkler System

Fire Extinguisher Servicing

Fire Alarm

Garage Door

Heating & Air Conditioner

Industrial Hygienist

Interior Door and Hardware

Janitorial

Landscape Maintenance

Light Bulbs and Fluorescent Tubes

Service Contact List (Page 2 of 2)

Locksmith

Painting

Pest Control

Parking Lot Repair

Parking Lot Sweeping

Patrolled Security

Plumbing

Remedial Contractor

Roofing System

Roof Gutters and Downspouts

Security Alarm Company

Sewer and Drain Cleaning

Utility (Gas & Electric)

Utility (Telephone)

Utility (Water)

Waste Disposal & Recycle

Window Replacement and Repair

Window Cleaning