
COUNTY OF MONTEREY

STANDARD LEASE AGREEMENT



LEASED PREMISES:	1150-1154 Fremont Boulevard Seaside, CA 93955
DEPARTMENT:	Health Department-Clinic Services Bureau
LESSOR:	Community Hospital Properties P.O. Box HH, Monterey, CA 93942

COUNTY OF MONTEREY STANDARD LEASE AGREEMENT

PREAMBLE

THIS LEASE ("Lease") is made by and between Community Hospital Properties, a California non-profit corporation ("LESSOR") and the COUNTY OF MONTEREY, ("LESSEE"), c/o Department of Public Works Real Property. 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 1150-1154 Fremont Boulevard, Seaside, CA 93955 and described as follows: General offices consisting of approximately 25,000 rentable square feet of space, (the "Premises"), as designated in Exhibit A1, 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. The Premises is one hundred percent (100%) of the total building or complex.

1.2 **Non-Exclusive Use Areas:** If applicable, 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, public rest rooms, and common walkways and sidewalks necessary for access to the Premises.

1.3 **Parking Areas:** LESSEE shall be provided one hundred fifty-five (150) exclusive parking spaces in the parking area adjacent to the building, in which the Premises are a part of, at no cost to LESSEE throughout the Lease Term (defined below). Exclusive parking areas to be further defined in Exhibit A2, which is attached and incorporated herein. LESSOR, at LESSOR'S expense may need to post parking signage if deemed necessary for LESSEE'S use of the Premises.

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 requirement.

1.5 **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.

1.6 **Statement of Seismic Adequacy:** Prior to the Lease Commencement Date, LESSOR shall provide a statement of seismic adequacy for the Premises by a reputable structural engineer and it shall be attached to this Lease as Exhibit B.

1.7 **Area of the Premises:** Within sixty (60) days after the Lease Commencement Date, and upon LESSEE'S written request, LESSOR shall have the rentable square feet of the Premises measured as described in Article 1.1 by a reputable architect. Provided the amount differs from that set forth in Article 1.1, LESSOR and LESSEE will execute a letter of agreement setting forth the correct rentable square feet of the Premises. It is agreed that when the correct rentable square feet of the Premises is determined, changes and modifications to the Lease may be required including, but not limited to, Article 3. Cost for architectural services shall be paid by LESSOR.

1.8 **Lease Contingency**; LESSOR and LESSEE acknowledge and agree that this Lease is contingent upon LESSOR'S successful acquisition of the properties to which the Premises is a part of including all necessary permits, entitlements, environmental reviews and approvals for construction project, relocation of existing residential tenants, adequate water rights, and successful lease or purchase of neighboring property for additional parking. If LESSOR does not acquire said properties within one hundred twenty (120) days of this Lease being approved by the Monterey County Board of Supervisors, then either party may terminate this Lease by providing thirty (30) days written notice to the other party.

ARTICLE 2 - TERM

2.1 **Lease Term**: The term of this Lease (the "Lease Term") shall be twenty (20) years, commencing on LESSOR'S successful acquisition of the properties to which the Premises is a part of as detailed in Article 1.8 above ("Lease Commencement Date") and ending twenty (20) years after with such rights of termination and extension of the Lease Term as are hereinafter set forth.

2.2 **Extended Term**: Upon completion of the initial Lease Term, the LESSOR and LESSEE may renew the Lease for one additional five (5) year term ("First Extended Term"), and upon the expiration of the First Extended Term, the LESSOR and LESSEE may renew the Lease for a second additional five (5) year term ("Second Extended Term"). LESSEE shall give LESSOR advance written notice of its intent to renew one hundred and eighty (180) days prior to expiration of the initial Lease Term or First Extended Term. Said advance written notice may be modified by mutual written agreement.

2.3 **Extended Term Incentives**: LESSOR and LESSEE agree that the monthly rent in any extended term shall be no more than one hundred (100%) of the then current market "Gross Lease" rents for medical office space in the Salinas, California 93906 zip code area. As it pertains to this Lease, "Gross Lease" shall mean that the LESSOR will be responsible to pay for the general maintenance and repair, elevator maintenance and repair, property taxes and assessments, insurances (Real Property and lessor's risk liability), water and common area expenses out of the monthly rent paid by the LESSEE for the Premises.

In addition to the Premise Improvement Allowances defined in Article 7.2 and Article 7.4, LESSOR shall provide LESSEE with an allowance of Two Hundred and Fifty Thousand Dollars (\$250,000.00) ("Extended Term Premise Improvement Allowance") to improve the Premises and enhance operational efficiencies and or perform aesthetic improvements such as replacement of carpeting/flooring and or repainting. Said improvements shall be done by the LESSOR within the first six (6) months of the 1st year of the First extended Term. LESSOR shall perform Future Premise Improvements in accordance with plans and specifications to be approved by LESSEE and LESSOR and in accordance with those provisions of the attached Exhibit C.

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 sixty eight thousand and seven hundred fifty dollars (\$68,750.00), payable on or before the first day of each month. LESSEE shall commence rental payments upon occupancy ("Rent Commencement Date"). If the Rent 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 Exhibits D and E. Monthly rent shall include LESSEE'S share of real estate taxes (if any), assessments, insurances (Real Property and lessor's risk liability), and Monterey Regional Water Pollution Control Agency (MRWPCA) fee for the Premises. Monthly rent shall also include compensation to LESSOR for the Premise Improvement Allowance as stated in Article 7.2. *[Initial rent is computed as follows: Base rent of \$1.28 per square foot per month, plus a cost to not exceed \$1.47 per square foot for Premise Improvement Allowance payment, totaling a monthly rent amount not to exceed \$2.85 per square foot per month for the initial ten (10) years of the Lease.]*

LESSOR agrees to waive the monthly base rent for the first two (2) months after the Premise Improvements as described in Article 7 are completed to offset moving, data cabling, storage, and other relocation expenses paid by LESSEE.

It is hereby agreed that the monthly rent noted herein is subject to change, and that cost of any Premise Improvements requested by LESSEE, pursuant to Article 7.2, will be paid in accordance with Exhibit J ("Amortized Premise Improvement Cost") that will be attached to this Lease upon completion of LESSEE requested Premise Improvements.

It is also hereby agreed the monthly base rent shall be appropriately abated based on percentage of usable occupancy for clinic operations during the Premise Improvements as defined in Article 7. LESSOR and LESSEE shall be in agreement of said abatement schedule prior to the Lease Commencement Date. Said abatement schedule shall be in a similar format and rational as illustrated in Exhibit M.

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 base rent (excluding any Premise Improvement Allowance payment) shall be increased by the fixed amount of one percent (1%).

ARTICLE 5 - TERMINATION BY COUNTY

Notwithstanding any other provisions of this Lease, LESSEE, at its sole option may terminate this Lease upon sixty (60) days written notice, solely on the condition that funds have not been budgeted for leasing of the property described herein. 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.

Should LESSEE so terminate, LESSEE shall pay One Hundred percent (100%) of the unamortized Premise Improvement costs (excluding costs for HVAC units, fire sprinkler systems and elevator) incurred by LESSOR in connection with the Premise Improvements, as referenced in Article 7.2. Said payment shall not exceed Three Million Two Hundred Thousand Dollars (\$ 3,200,000.00.)

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, sent certified, postage prepaid, and addressed as follows:

To LESSOR: Kim Challis
Properties Coordinator
C.H.O.M.P.
P.O. Box HH
Monterey, CA 93942

To LESSEE: County of Monterey
Department of Public Works, Real Property
c/o Real Property Specialist
855 East Laurel Drive, Building C
Salinas, CA 93905
Phone: 831-755-4855 Fax 831-755-4688
Email: salcidog@co.monterey.ca.us

Copy to: Tim Nysten
Vice President
Administration
C.H.O.M.P.
P.O. Box HH
Monterey, CA 93942

Copy to: County of Monterey
Department of Public Works, Arch.
Services.
168 West Alisal Street, 2nd Floor
Salinas, CA 93901

And: County of Monterey
Health Department
c/o Facility Manager
1270 Natividad Rd., Room 3003A
Salinas, CA 93906
Phone: 831-755-4513 Fax: 755-4797
Email: leventon@co.monterey.ca.us

Rent payments to LESSOR shall be made to (need not be sent certified) Community Hospital Properties, 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) 624-5311.

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: LESSOR shall construct Premise Improvements and make installations in the Premises (collectively "Premise Improvements") in accordance with plans and specifications to be approved by LESSEE and LESSOR ("Plans and Specifications"), and in accordance with those provisions of the attached Exhibit C ("Premise Improvements"), which describe construction.

7.2 Cost of Premise Improvements: LESSOR shall provide, as an allowance to LESSEE for Premise Improvements to be constructed by LESSOR, the sum of which shall not exceed Three Million Six Hundred Eighteen Thousand Dollars (\$3,618,000.00) ("Premise Improvement Allowance"). LESSOR shall amortize said allowance at a rate of four (4.0%) over a ten (10) year term. Said amortized amount shall be included in the monthly rent hereunder as compensation to LESSOR for the allowance referenced herein and be paid in accordance with an amortized Premise Improvement cost schedule to be attached to this Lease as Exhibit J ("Amortized Premise Improvement Cost"). Once Premise Improvement costs have been completely amortized over the ten (10) year term referenced in this Section 7.2 and as indicated in Exhibit J, LESSEE's obligation to pay additional rent for the tenant improvements shall terminate. However, at such time, the Monthly Base Rent shall be adjusted as provided in Article 4.

No furniture or equipment items/cost shall be included in the Allowance. LESSOR and LESSEE shall be in agreement of all Premise Improvement costs (presented in itemized format), and construction schedule (presented in an itemized and sequential format) prior to commencement of construction. Premise Improvement costs shall include costs associated with architectural, engineering, building permits and fees, inspections and signage.

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 Plans and Specifications, and that all of LESSOR'S work to be performed under the Plans and Specifications shall be of good and workmanlike quality, free from faults and defects, and in accordance with the final requirements of the attached Exhibit C which describes construction. 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.

~~7.4 **Future Premise Improvements:**—~~In addition to the Premise Improvement Allowance and defined in Article 7.2, LESSOR shall provide LESSEE with an allowance of Two Hundred Fifty Thousand Dollars (\$250,000.00) ("Future Premise Improvement Allowance) to improve the Premises to enhance operational efficiencies or perform aesthetic improvements such as replacement of carpeting/flooring and or repainting. Said improvements shall be done by the LESSOR within the first six (6) months of the 11th year of the Lease Term. LESSOR shall perform Future Premise Improvements in accordance with plans and specifications to be approved by LESSEE and LESSOR and in accordance with those provisions of the attached Exhibit C.

ARTICLE 8 - NOTICE OF COMPLETION

If applicable, LESSOR will be responsible to ensure 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. The Notice of Completion form is to be filed within ten (10) working days after the LESSOR and the LESSEE have concurred that the construction is complete. LESSOR shall forward a copy of the recorded Notice of Completion to LESSEE within five (5) days of recordation.

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 at LESSOR'S sole cost and expense.

ARTICLE 11 - USE

11.1 **Use:** LESSEE shall use the Premises to provide health care and other social welfare services. LESSEE may alter said use to any lawful purpose, upon the written consent of LESSOR, which consent shall not be unreasonably withheld.

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 and the non-exclusive areas of the building as described in Article 1.2 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. Said absolution excludes LESSEE installed improvements to the Premises such as phone/data cabling, support equipment, trade fixtures, and any other equipment used to meet LESSEE'S operational needs.

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 will comply with all applicable laws concerning the handling and removal of any hazardous materials, including asbestos or polychlorinated biphenyl (PCB) containing materials. 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. Nothing in this Lease shall be taken as LESSEE'S assumption of any duty or liability not otherwise imposed by law. LESSEE warrants that during LESSEE'S occupancy of the Premises, LESSEE will comply with all applicable laws concerning the handling and removal of any hazardous

materials introduced by LESSEE.

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 hazards related to 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 and development of an abatement work plan as deemed necessary, with the test results/reports/plans forwarded to LESSOR and LESSEE upon completion. LESSOR further agrees to contract with a qualified remediation contractor to provide remediation services as specified in Exhibit H 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 shall immediately notify LESSOR of any suspected appearance of toxic mold spores and of any conditions (such as excessive moisture) that may lead to the appearance of toxic mold spores, and LESSOR agrees to investigate same.

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.

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 and City of Seaside, 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 for the Premises 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 and the non-exclusive areas of the building as described in Article 1.2 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, or which is otherwise the fault, 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. In such event, LESSOR shall reimburse LESSEE for reasonable and necessary expenses relating to such maintenance or repair and LESSEE shall provide LESSOR with detailed invoices relating to such repair or maintenance. LESSOR'S shall reimburse LESSEE within thirty (30) days of written request from LESSEE.

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. LESSEE agrees to make a diligent effort to contact LESSOR before it uses responsible judgment to contact the appropriate vendor identified in Exhibit I to perform emergency repair to protect health and safety of persons or public property or to save the building's integrity.

14.4 LESSOR/LESSEE Obligations in Applying or Installing Noxious Substances: Neither LESSOR nor LESSEE, nor their respective 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 other party LESSEE. Prior notification and approval shall be made at least 48 hours prior to the desired application or installation. Also, a Product Safety Data Sheet shall be furnished by the proposed applicator or installer to the other party. 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 and LESSEE, to the best of their abilities, 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 I) 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 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 sublease approximately eight hundred and ten (810) square feet to LESSOR for the use of a laboratory. The monthly rent on the space shall be at the same per square foot rate LESSEE pays, plus any LESSEE costs associated with Exhibits D and E. The location of the space to be mutually agreed upon. The initial term of the sublease shall be for five (5) years, with five (5), five (5) year renewal options. Sublease to be attached to this Lease as Exhibit _____.

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.

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 that threatens the integrity of the building), 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 with a carrier rated A++ (Superior) by A.M. Best or program of self insurance with liability limits of not less than \$1,000,000 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.

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 other 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%), LESSEE shall have the option to terminate this Lease. LESSEE shall assist LESSOR with obtaining all applicable building permits if necessary.

LESSOR and LESSEE understand that, in normal circumstances, work cannot commence before a building permit is obtained. Time deadlines set forth herein shall not commence before required permits are issued. LESSOR warrants to diligently pursue issuance of said permits.

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 rentable square feet LESSEE is thus precluded from occupying, bears to the total rentable square feet in the Premises. "Rentable square feet" shall mean actual inside dimensions and shall not include public areas.

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 or other obligation 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. Should LESSOR so terminate, LESSEE shall pay One Hundred percent (100%) of the unamortized Premise Improvement costs (excluding costs for HVAC units, fire sprinkler systems and elevator) incurred by LESSOR in connection with the Premise Improvements, as referenced in Article 7.2. Said payment shall not exceed Three Million Two Hundred Thousand Dollars (\$ 3,200,000.00.). In addition to such payment, LESSOR shall be entitled 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 reasonable 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, 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 rentable area of the Premises taken bears to the rentable area of the Premises before the taking.

ARTICLE 25 - HOLDING OVER

If LESSEE 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 sixty (60) 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 consent to any breach of any term, covenant or condition, nor shall either party 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 mortgagor 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 in the format substantially similar to Exhibit K declaring evidencing such subordination as may be reasonably requested by LESSOR or any mortgagee or beneficiary.

ARTICLE 29 - ESTOPPEL CERTIFICATE

Within ten (10) days of written notice by one party to the other, each will execute, acknowledge and deliver to the other an estoppel certificate in the format substantially similar to Exhibit L declaring any modifications, defaults or advance payments and whether the Lease, as may be modified, is in full force and effect. Said 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 an 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. LESSOR and LESSEE shall consider the entire Premises a locked environment.

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.

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 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 and LESSEE agree to work together to ensure, to the best of their ability, that public transportation (bus service) will be provided to the site in which the Premises are a part of. The service level of this public transportation will be sufficient to service the employees who will work at the site as well as LESSEE'S clients and customers 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 Exhibit E of this Lease.

LESSEE: (County of Monterey)

By: 
Michael R. De...

Title: Contracts/Purchasing Officer

Date: 24 Jun 2013

APPROVED AS TO FORM: (County Counsel)

By: 
Jesse J. Avila

Title: Deputy County Counsel

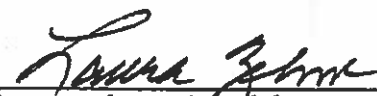
Date: 5/3/13

LESSOR: (Community Hospital Properties, a California non-profit corporation)

By: 
Name to be printed here: Tim Nylan

Title: Vice President

Date: 4.24.13

By: 
Name to be printed here, LAURA ZEHM

Title: CFO

Date: 4-30-13

EXHIBIT A1

DESCRIPTION OF PREMISES

Current Basic Floor Plan of First Floor only

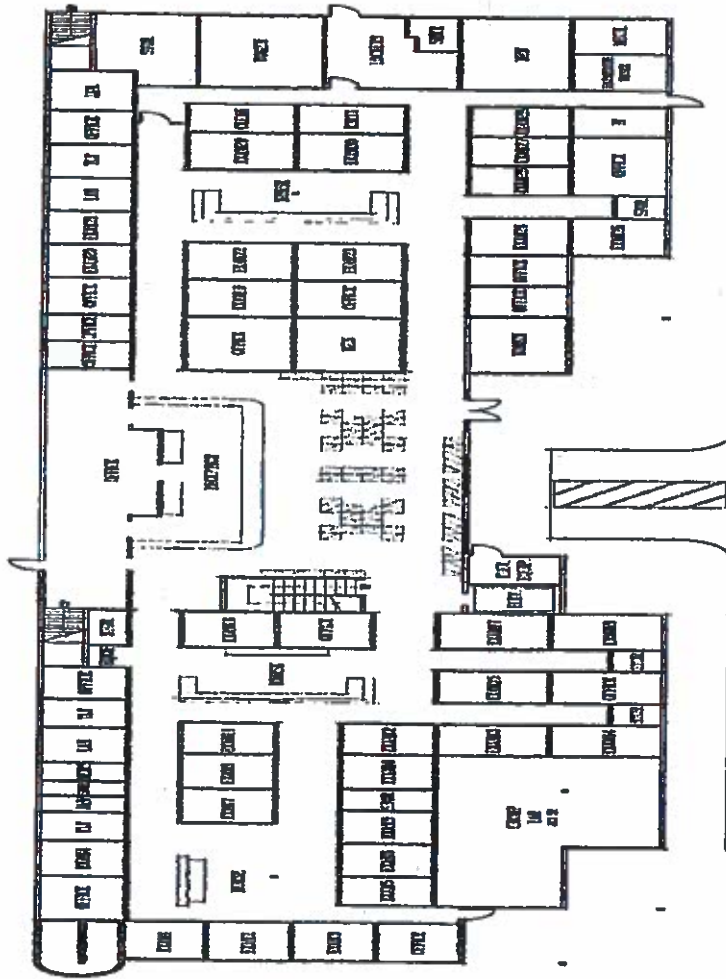


EXHIBIT A2

PARKING PLAN

[TO BE ATTACHED TO THE LEASE WHEN COMPLETED]

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 _____.
Construction/renovation plans have been determined to be in compliance with all building codes applicable to seismic safety.

EXHIBIT C

PREMISE IMPROVEMENTS

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 Lease to which this Exhibit is attached. Premise Improvements must satisfy the Federal Americans with Disabilities Act, as and if applicable.
- b. Premise Improvements are generally described as follows: the remodel of existing interior and/or exterior features as to conform to LESSEE'S approved program for the use of the Premises.
- c. LESSOR shall commence construction of the Premises Improvement work at the earliest opportunity. Cost and schedule of Premise Improvement work shall be approved by LESSOR and LESSEE prior to commencement.
- 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 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 in any way 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 day 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 Lease to which this Exhibit is attached.~~

8. Notice of Non-Responsibility: LESSOR may post such notices of non-responsibility for payment to LESSEE contracted vendors as it reasonably deems appropriate in or around 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 or contractors.

10. Telecommunications/Data: Premise Improvements may include 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 as specified in Exhibit G of the Lease to which this Exhibit is attached.

PREMISE IMPROVEMENTS PLANS AND SPECIFICATIONS

[TO BE ATTACHED TO THE LEASE WHEN COMPLETED]

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 and restrooms within Premises (not in common area)			X
Provide adequate custodial service for the interior of the Premises per schedule attached as Exhibit F, "Custodial Service Specifications"			X
Provide adequate custodial service for exterior of the Premises and the non-exclusive areas of the building as described in Article 1.2 (including steam cleaning or pressure washing sidewalks)		X	
Professionally clean carpets, rugs, tile and linoleum flooring as indicated in Exhibit F			X
Professionally clean existing drapes, blinds, and window shades as indicated in Exhibit F			X
Professionally clean interior windows as indicated in Exhibit F			X
Professionally clean exterior windows as indicated in Exhibit F			X
Provide adequate pest control for the interior of the Premises		X	
Provide adequate pest control for the exterior of the Premises		X	
Provide adequate landscape maintenance (including tree pruning and removal, landscape irrigation system and associated water supply and service)		X	
Provide adequate parking lot area sweeping, striping, repair, maintenance and signage		X	
Provide adequate refuse, rubbish, garbage, and recyclable (paper, plastic, and aluminum, if available) disposal and pick up service (excluding any and all medical waste)		X	
Provide adequate fire sprinkler systems testing per National Fire Protection Association (NFPA) standards		X	
Provide adequate fire alarm systems monitoring per NFPA standards		X	
Provide adequate fire extinguishers and respective certification			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 backup generator for immunization vaccine storage and emergency exit signs of building		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, Floor Slabs and Sub-Floors		X	
Elevators and/or Dumb Waiters (including annual State certification)		X	
Exterior and Bearing Walls (including wood destroying pest infestation)		X	
Exterior Doors and Hardware		X	
Exterior Windows and Window Frames		X	
Roofs (including replacement if deemed necessary)		X	
Gutters, Drains and Downspouts		X	
Parking Lots (including adequate lighting)		X	
Ceilings (including damage due to roof leaks)		X	
Fire Sprinkler Systems		X	
Fire Alarm Systems		X	
Intrusion/Security Alarm Systems (excluding common areas)			X
Heating, Ventilation and Air Conditioning (HVAC) Systems (including replacement 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		X	
Interior Doors and Hardware		X	
Interior Windows and Window Frames		X	
Carpet, VCT, and Linoleum Flooring		X	
Base and/or Moldings		X	
Appliances (excluding common area)			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, or which is otherwise the fault, of LESSEE, its agents, employees, or invitees. LESSEE will also pay to LESSOR the reasonable cost of any repair or maintenance required for LESSEE installed improvements to the Premises, such as phone/data cabling, support equipment, trade fixtures, special door locks, and any other equipment used to meet LESSEE'S operational needs that are considered above normal general office space improvements.

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

EXHIBIT F

CUSTODIAL SERVICE SPECIFICATIONS (Page 1 of 3)

DAILY SERVICE
A. General Cleaning
1. Empty wastebaskets; replace liners, place trash in dumpster
2. Sweep outside of the Premises entrances
3. Remove graffiti from any interior walls
B. Floor and Carpet Care (including stairways)
1. Sweep and dust mop hard surface floors with treated mop
2. Vacuum carpeted floors and entry mats
3. Damp mop all spills on hard surfaces
4. Remove gum/candy from carpet/floors
C. Window Cleaning
1. Clean entry door and lobby glass, inside and outside
2. Clean interior partitions and counter glass
3. Clean interior/exterior door glass
D. Restroom Cleaning (including non-exclusive areas of the building)
1. Empty waste containers
2. Sweep and wet mop floors
3. Restock dispensers with the proper product (common area to have extra service performed in mid-morning and mid-afternoon, M-F)
4. Clean and disinfect all restroom fixtures (common area to have extra service performed in mid-morning and mid-afternoon, M-F)
5. Unstop urinals, toilets and sinks (Notify LESSOR of necessary repairs.) (common area only)
6. Clean restroom mirrors and glass
7. Replenish air fresheners in all restrooms (common area only and as needed)
8. Remove graffiti from interior walls
9. Damp wipe all walls and partitions (as needed)
10. Clean around all door knobs and push plates
E. Dusting
1. Tops of all filing cabinets (only if cleared off and with notice posted by office worker)
2. Tops of desks where cleared (only if cleared off and with posted notice by office worker)
3. Table tops and counters where cleared

CUSTODIAL SERVICE SPECIFICATIONS (Page 2 of 3)

WEEKLY SERVICE (Fridays)
A. General Cleaning
1. Remove fingerprints from doors, walls, and light switches
2. Remove marks/clean door kick plates
3. Wash wastebaskets/trash receptacles inside and out
4. Wash all handrails
5. Clean around door knobs/push plates
B. Floor and Carpet Care (including stairways)
1. Damp mop all hard surface floors
2. Buff all hard surface floors using a high speed buffing machine
3. Spot clean all carpeted floors
C. Restroom Cleaning
1. Scrub all sinks with abrasive cleaner
2. Scrub inside toilets and urinals with acid-type bowl cleaner
D. Dusting
1. All windows and door sills
2. Ledges, baseboards, and partitions
3. All chairs
4. Remove cobwebs from ceilings, corners and crevices, etc.
BI-WEEKLY SERVICES (Fridays)
Dry shampoo all carpeted areas.
MONTHLY SERVICE (Last Weekend of the Month)
A. Floor and Carpet Care
1. Scrub and refinish all hard surface floors using an acrylic finish
2. Edge out all carpet areas (areas that are out of reach during normal vacuuming)
B. Restroom Cleaning (including non-exclusive areas of the building)
1. Wash all walls and partitions
C. Dusting
1. Vacuum all upholstered furniture
2. Clean all blinds, drapes and window shades
D. Additional requirements specific to Premises
1. Shampoo all upholstered furniture

CUSTODIAL SERVICE SPECIFICATIONS (Page 3 of 3)

QUARTERLY SERVICES (January, April, July, October)
A. General Cleaning
1. Wash exterior of all desks, filing cabinets, and tables
B. Floor and Carpet Care
1. Shampoo all carpeted areas using bonnet method
2. Strip and refinish all hard surface floors using an acrylic finish
C. Window Cleaning
1. Wash inside and outside windows
D. Dusting
1. High dust all light fixtures, HVAC vents and surface/ledges above six (6) feet.
BI-ANNUAL SERVICES (April and October)
A. Restroom Cleaning (including non-exclusive areas of the building)
1. Machine scrub restroom floors (porcelain tile floors)
ANNUAL SERVICES
A. Floor and Carpet Care
1. Steam/Extraction clean all carpeted areas

* LESSOR and LESSEE agree that it may be necessary to modify the foregoing Custodial Service Specifications to better meet facility needs. Such modification shall be at the sole discretion of the LESSEE.

EXHIBIT G

COUNTY OF MONTEREY INFORMATION TECHNOLOGY CABLING STANDARDS (Page 1 of 3)

This document is to be used as a guide for voice and data cabling in all Monterey County facilities with the exception of Natividad Medical Center. Some of the requirements are dependent on specifications that are specific to a particular job and this information will be made available as necessary.

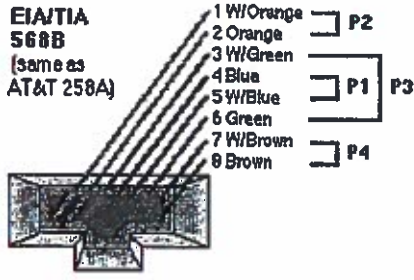
1. The cable plant shall be star configured, unshielded twisted pair (UTP) system capable of supporting data rates of 350 MBPS.
2. All riser and closet-to-closet voice wiring shall be unshielded twisted pair PVC rated, Outside Plant (OSP) rated for underground use, Riser rated, or Plenum rated as required by local Fire Marshall, and shall be EIA/TIA 568, 569 and TSB-36 Category 3 certified cable. This cable shall be tested for opens, shorts and reversals.
3. All riser and closet-to-closet data wiring shall be color coded tight tube 62.5/125 multimode fiber optic cable PVC, Outside Plant, Riser or Plenum rated as required by specific project specifications or the local Fire Marshall.
4. Only existing communications closets may be used for the termination of voice and data cable. Additional cable consolidation points and intermediate distribution frames will be added only with prior approval from the Monterey County Telecommunications Department.
5. All fiber optic cable shall be terminated on ST or SC connections as required by specific project specifications.
6. All fiber optic cable shall be installed in appropriate fiber optic interduct PVC, Outside Plant, Riser or Plenum rated as required by specific project specifications or the local Fire Marshall.
7. All Fiber optic cable shall be terminated in the equipment rooms in approved fiber optic LIU cabinets Leviton Part # 5R330-OAB or the equivalent with sufficient density to accommodate all fiber optic cable as specified in the project specifications.
8. The cable plant shall meet EIA/TIA-568 "Commercial Building Telecommunications Wiring Standard" and the maximum length of any UTP data drop SHALL NOT exceed 100 meters (322 feet) including patch cables and future jumper cables.
9. All data drop cabling shall be EIA/TIA 568, 569 and TSB-36 Category 5 enhanced certified (5E) cable.
10. All data drop cabling shall be 4 pair unshielded twisted pair, PVC rated, (Outside Plant (OSP) rated for underground use) (Plenum rated as required by local Fire Marshall), and Category 5 enhanced certified cable.
11. Approved cable supplier: Belden enhanced Data Twist CAT-5 #1700A (Blue color for data-1 Black color for data-2 unless otherwise requested) or its equivalent or data and Belden CAT-5 #1583A (Grey color for voice-1 White color for voice-2 unless otherwise requested) or its equivalent for voice.
12. All wiring closet data connecting hardware shall be EIA/TIA TSB-40 Category 5 enhanced certified cable.

COUNTY OF MONTEREY INFORMATION TECHNOLOGY
CABLING STANDARDS (Page 2 of 3)

13. All wiring closet data connecting hardware shall be modular jack panels with RJ45 jacks on the front and 110 style insulation displacement connectors (IDC) for termination of the drop cable on the back.
14. The modular information outlets shall be housed in a four or six position wall plate.
15. The modular information outlet shall have an identification display and each outlet shall have the assigned specific identification number in the sequence assigned by an appropriate representative of Monterey County ITD displayed on it.
16. All modular jacks shall be eight position jacks with the pin/pair assignments utilizing EIA/TIA T568B.
17. Approved information outlet supplier: Leviton 5G108-R*5 (Orange color for data-1 Black color for data-2 unless otherwise requested) for data and Leviton 41108-R*5 (Ivory color for voice-1 White color for voice-2 unless otherwise requested) for voice.
18. Approved wall plate supplier: Leviton 41080-4IP (single-gang 4 port), 41080-6IP (single-gang 6 port), 42080-4IP (dual-gang 4 port), and 42080-6IP (dual-gang 6 port).
19. Approved surface plate supplier: Leviton 41089-4IP 4 port surface plates permanently attached to the appropriate surface.
20. The patch panel shall be Category 5 enhanced, 8-position modular jack panel with circuit board construction in all IC/MC locations. The 8-position modular jack patch panel shall be with wall mounted or rack mounted with cable management panels.
21. The patch panel shall meet EIA/TIA TSB-40 standards.
22. The patch panel shall be configured for 48 ports maximum or as requested.
23. Approved supplier for patch panels: Leviton #5G484-B48.
24. Approved supplier for vertical wire manager: Panduit #WMP-1 and horizontal wire managers: Panduit #MVPVC45 and #MVPVS45 or approved equivalent.
25. All wiring closet voice connecting hardware shall be EIA/TIA TSB-40 Category 5 compliant.
26. All wiring closet voice connecting hardware shall be wall mounting 66 M150 connecting hardware for termination of drop cable. These blocks should be attached to the wall using Homaco 50M series wall racks and 89B brackets.
27. All data station drop cables shall be tested from the outlet device to the patch panel. Each wire/pair shall be tested at both ends.
28. Testing shall be made utilizing a hand cable tester meeting EIA/TIA 568 standards; all testing equipment shall be calibrated annually and shall have a dated certificate.
29. Printed test results shall be assembled and delivered to county's representative.
30. Test results for each 4 pair; UTP cable must be submitted with identification to match labels on all patch panels and 8 position modular jacks.

COUNTY OF MONTEREY INFORMATION TECHNOLOGY
CABLING STANDARDS (Page 2 of 3)

31. All voice cables shall be tested for continuity, grounds, split pairs, polarity, shorts between wires, and shorts between pairs.



RJ-45 Jack Front View

EXHIBIT H

REMEDATION CONTRACTOR SPECIFICATIONS

A. Scope of Services

Remediation Contractor to provide treatment, cleanup, damage restoration and any other necessary remediation of:

- Water and/or sewage damage
- Mold, asbestos, lead, and polychlorinated biphenyl (PCB) contamination
- Fire and smoke damage
- Hazardous materials within the license and certification capabilities of the Remediation Contractor
- Human bodily fluids, including but not limited to blood, vomit, 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 Remediation 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 I

SERVICE CONTACT LIST (Page 1 of 2)

Item	Contact	Number
Back Up Generator		
Cabinets/Millwork		
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		
Heating & Air Conditioner		
Industrial Hygienist		
Interior Door and Hardware		
Janitorial for common areas		
Janitorial for the Premises		
Landscape Maintenance		
Light Bulbs & Fluorescent Tubes		
Locksmith		
Painting		
Pest Control		
Parking Lot Repair		

SERVICE CONTACT LIST (Page 2 of 2)

Item	Contact	Number
Parking Lot Sweeping		
Patrolled Security		
Plumbing		
Remediation of Env. Hazards		
Roofing System		
Roof Gutters & Downspouts		
Security Alarm Company		
Sewer & Drain Cleaning		
Tree Trimming & Removal		
Utility (Gas & Electric)		
Utility (Telephone)		
Utility (Water)		
Waste Disposal & Recycle		
Water Softening/Treatment		
Window Replacement & Repair		
Window Cleaning		

EXHIBIT J

AMORTIZED PREMISE IMPROVEMENT COSTS

[TO BE ATTACHED TO THE LEASE WHEN COMPLETED]

EXHIBIT K

**COUNTY OF MONTEREY
AGREEMENT OF SUBORDINATION,
NON-DISTURBANCE AND ATTORNMENT**

PREAMBLE

THIS AGREEMENT OF SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT is made this ____ day of _____, 200____, by and between _____, ("LESSOR"), the County of Monterey, ("LESSEE"), C/O Real Property Specialist, 855 East Laurel Drive, Building C, Salinas, CA, 93905, and _____ ("LENDER") C/O, _____.

WITNESSETH

WHEREAS, LESSOR is the owner of a certain tract of land with improvements thereon ("Property"), and said tract is more fully described in Exhibit "A," which is attached hereto and incorporated herein by reference as if fully set forth at this point; and

WHEREAS, under a certain Lease Agreement ("Lease"), between LESSOR and LESSEE, approved by the Monterey County Board of Supervisors and dated _____, LESSOR did lease, let and demise a portion of the Property ("Premises") as described in the Lease to LESSEE for the period of time and upon the covenants, terms and conditions therein stated; and

WHEREAS, by making a loan, LENDER has or is about to become the owner of an indebtedness and holder of a certain Note, secured by a Deed of Trust and Security Agreement ("Deed of Trust"), to be recorded in the records of Monterey County, California, constituting a first lien upon the Property, and secured by an assignment of LESSOR'S interest in the Lease as more particularly set forth in a certain Assignment of Leases and Rents; and

WHEREAS, LENDER desires that the Lease be subordinated to the Deed of Trust, and that LESSEE agree to attorn to the purchaser at foreclosure of the Deed of Trust in the event of such foreclosure or to LENDER in the event of collection of the rent by LENDER; and

WHEREAS, LESSEE is willing to agree to attorn if LENDER will recognize LESSEE'S rights under the Lease.

NOW, THEREFORE, in consideration of the covenants, terms, conditions and agreements herein contained, and in consideration of other good and valuable consideration, each to the other, the sufficiency and receipt of which are hereby acknowledged, the parties hereto agree, covenant and warrant as follows:

1. That the terms, covenants, provisions and conditions of the Lease and the rights of the LESSEE there under are and will continue to be subordinate to the Deed of Trust, and the lien thereof, and to any renewal, substitution, extension or replacement thereof.

2. So long as: (i) LESSEE is not in default (beyond any period given LESSEE to cure such default) in the payment of rent or additional rent or in the performance or observance of any of the other terms, covenants, provisions or conditions of the Lease on LESSEE'S part to be performed or observed; (ii) LESSEE is not in default under this Agreement and, (iii) the Lease is in full force and effect:

- a. LESSEE'S possession of the Premises and LESSEE'S rights and privileges under the Lease, or any extensions or renewals thereof which may be affected in accordance with any option therefore which is contained in the Lease, shall not be diminished or interfered with by LENDER, and LESSEE'S occupancy of the Premises shall not be disturbed by LENDER for any reason whatsoever during the term of the Lease or any such extensions or renewals thereof, and
 - b. LENDER will not join LESSEE as a party defendant in any action or proceeding to foreclose the Deed of Trust or to enforce any rights or remedies of LENDER under the Deed of Trust which would cut-off, destroy, terminate or extinguish the Lease or LESSEE'S interest and estate under the Lease (except to the extent that LESSEE'S right to receive or set-off any monies or obligations owed or to be performed by any of LENDER'S predecessors-in-interest shall not be enforceable thereafter against LENDER or any of LENDER'S successors-in-interest).
3. After notice is given by LENDER that the Deed of Trust is in default and that the rentals under the Lease should be paid to LENDER, LESSEE will attorn to LENDER and pay to LENDER, or pay in accordance with the directions of LENDER, all rentals and other monies due and to become due to LESSOR under the Lease or otherwise in respect of the Premises; and such payments shall be made regardless of any right of set-off, counterclaim or other defense which LESSEE may have against LESSOR, whether as the tenant under the Lease or otherwise.

In addition, if LENDER (or its nominee or designee) shall succeed to the rights of LESSOR under the Lease through possession or foreclosure action, delivery of a deed or otherwise, or another person purchases the Premises upon or following foreclosure of the Deed of Trust, then at the request of LENDER (or its nominee or designee) or such purchaser (LENDER, its nominees and designees, and such purchaser, each being a "SUCCESSOR-LESSOR"), LESSEE shall attorn to and recognize Successor-Lessor as LESSEE'S landlord under the Lease and shall promptly execute and deliver any instrument that Successor-Lessor may reasonably request to evidence such attornment. Upon such attornment, the Lease shall continue in full force and effect as, or as if it were, a direct lease between Successor-Lessor and LESSEE upon all terms, conditions and covenants as are set forth in the Lease, except that Successor-Lessor shall not:

- a. Be liable for any previous act or omission of LESSOR under the Lease;
- b. Be subject to any setoff, defense or counterclaim which shall have theretofore accrued to LESSEE against LESSOR;
- c. Be bound by any modification of the Lease or by any previous prepayment of rent or additional rent for more than one (1) month which LESSEE might have paid to LESSOR, unless such modification or prepayment shall have been expressly approved in writing by LENDER, and
- d. Be liable for any security deposited under the Lease unless such security has been physically delivered to LENDER.

4. LESSEE shall promptly notify LENDER of any default by LESSOR under the Lease of any act or omission of LESSOR which would give LESSEE the right to cancel or terminate the Lease or to claim a partial or total eviction. In the event of a default by LESSOR under the Lease which would give LESSEE the right, immediately or after the lapse of a period of time, to cancel or terminate the Lease or to claim a partial or total eviction, or in the event any other act or omission of LESSOR which would give LESSEE the right to cancel or terminate the Lease, LESSEE shall not exercise such right (i) until LESSEE has given written notice of such default, act or omission to LENDER and (ii) unless LENDER has failed, within sixty (60) days after LENDER receives such notice, to cure or remedy the default, act or omission or, if such default, act or omission shall be one which is not reasonably capable of being remedied by LENDER within such sixty (60) day period, until a reasonable period for remedying such default, act or omission shall have elapsed following the giving of such notice and following the time when LENDER shall have become entitled under the Deed of Trust to remedy the same (which reasonable period shall in no event be less than the period to which LESSOR would be entitled under the Lease or otherwise, after similar notice, to effect such remedy), provided that LENDER shall with due diligence give LESSEE written notice of its intention to and shall commence and continue to, remedy such default, act or omission. If LENDER cannot reasonably remedy a default, act or omission of LESSOR until after LENDER obtains possession of the Premises, LESSEE may not terminate or cancel the Lease or claim partial or total eviction by reason of such default, act or omission until the expiration of a reasonable period necessary for the remedy after LENDER secures possession of the Premises.
5. Except as specifically provided in this Agreement, LENDER shall not, by virtue of this Agreement, the Deed of Trust or any other instrument to which Lender may be a party, be or become subject to any liability or obligation to LESSEE under the Lease or otherwise.
6. All notices, demands, requests and other communications made hereunder shall be in writing and shall be properly given and deemed delivered on the date of delivery if sent by personal delivery or nationally recognized overnight courier and on the third business day following mailing if sent by certified or registered mail, postage prepaid, return receipt requested, as follows:

If LENDER:

C/O _____

If to LESSOR:

C/O _____

If to LESSEE:

County of Monterey
 Public Works Department, Facilities Division
 C/O Real Property Specialist
 855 E. Laurel Drive, Building C
 Salinas, CA 93905

7. The agreements herein contained shall bind and inure to the benefit of the successors and assigns in interest of the parties hereto and, without limiting such, the agreement of the LENDER shall specifically be binding upon any purchaser of the Property at the sale foreclosing the Deed of Trust.
8. This Agreement may be executed in any number of counterparts, each of which shall be effective only upon delivery and thereafter shall be deemed an original, and all of which shall be taken to be one and the same instrument, for the same effect as if all parties hereto had signed the same signature page. Any signature page of this Agreement may be detached from any counterpart of this Agreement without impairing the legal effect of any signatures thereon and may be attached to another counterpart of this Agreement identical in form hereto but having attached to it one or more additional signature pages.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed and delivered in their respective names and on their behalf, and if a corporation, by its officers duly authorized, on the day and year first above written.

LESSEE: (County of Monterey)

By: _____

Title: Contracts Purchasing Officer

Date: _____

LESSOR: (_____)

By: _____

Title: _____

Date: _____

LENDER: (_____)

By: _____

Title: _____

Date: _____

EXHIBIT L

**COUNTY OF MONTEREY
ESTOPPEL CERTIFICATE**

LENDER: _____

RE: Lease dated: _____

LESSOR: _____

LESSEE: County of Monterey

Property Address: _____

Square Footage Leased: Approximately _____ square feet

Rent: \$ _____ per month

Lease Term: _____ Years with _____ options to extend

Start Date: _____

End Date: _____

Gentlemen and Ladies:

The undersigned, LESSEE under the above-described lease (the "Lease"), hereby confirms and certifies to LENDER, as of the date hereof, the following:

- I. It has accepted possession and is in full and complete occupancy of the demised premises, such possession having been delivered by the LESSOR pursuant to the terms of the Lease.

2. The improvements and space required to be furnished by the terms of the Lease have been completed in all respects to the satisfaction of the undersigned and are open for the use of the undersigned, its customers, employees and invitees. If applicable, certificates of occupancy have been issued.

~~3. All duties of an inducement nature required of the LESSOR in the Lease have been fulfilled.~~

Initial
Here

4. The Lease is in full force and effect, there is no existing default on the part of the LESSOR or LESSEE in the terms thereof, and the Lease has not been amended, modified, supplemented, assigned, sublet, cancelled or superseded, except as follows:

Initial
Here

5. No rents have been prepaid except as provided by the Lease in the amount of \$_____. The undersigned does not have or hold any claim against LESSOR that might be set off or credited against future accruing rents.

Initial
Here

6. Rents provided in the Lease commenced to accrue and have been paid to the first day of the current month. All additional rent has been paid and collected in a current manner. The amount of the security deposit is \$_____. There are no free rent or reduced rent concessions in the Lease, except as follows:

7. The undersigned individual is duly authorized to execute this certificate.

8. There are no other agreements written or oral between the undersigned and the LESSOR with respect to the Lease and/or the leased premises and building.

This confirmation and certification is given to LENDER with the understanding that LENDER will be relying upon the accuracy of this confirmation in connection with the loan to be made by LENDER to LESSOR or LESSOR'S designee. This confirmation and certification shall inure to the benefit of the successors and assigns of LENDER in ownership of the loan.

DATED this ____ day of _____, 200_____

LESSEE: (County of Monterey)

By: _____

Title: Contracts Purchasing Officer

Original



Monterey County

168 West Alisal Street,
1st Floor
Salinas, CA 93901
831.755.5066

Board Order

Agreement No. A-12467

Upon motion of Supervisor Salinas, seconded by Supervisor Parker and carried by those members present, the Board of Supervisors hereby:

- a. Approved and authorized the Contracts/Purchasing Officer to execute a twenty year Lease Agreement with Community Hospital Properties for approximately 25,000 rentable square feet of space located at 1150-1154 Fremont Boulevard, Seaside, California for use by the Health Department's Clinic Services Bureau, to commence within one hundred twenty days of Board of Supervisors approval;
- b. Authorized the Auditor-Controller to make lease payments in an amount not to exceed \$68,750 per month and in accordance with the terms of the Lease Agreement; and
- c. Authorized the extension of the Lease Agreement for two additional five year terms under the same terms and conditions, if deemed by the Contracts/Purchasing Officer to be in the best interest of the County.
- d. Authorized the establishment of a committed fund of up to \$3.2 million from the Natividad Medical Center Enterprise Fund in accordance with the Article 5 of the Lease Agreement, solely for that purpose.

PASSED AND ADOPTED on this 11th day of June 2013, by the following vote, to wit:

AYES: Supervisors Armenta, Calcagno, Salinas and Parker
 NOES: None
 ABSENT: Supervisor Potter

I, Gail T. Borkowski, Clerk of the Board of Supervisors of the County of Monterey, State of California, hereby certify that the foregoing is a true copy of an original order of said Board of Supervisors duly made and entered in the minutes thereof of Minute Book 76 for the meeting on June 11, 2013.

Dated: June 14, 2013
File Number: A 13-059

Gail T. Borkowski, Clerk of the Board of Supervisors
County of Monterey, State of California

By 
Deputy



Monterey County

168 West Alisal Street,
1st Floor
Salinas, CA 93901
831.755.5068

Board Report

Legistar File Number: A 13-059

May 21, 2013

Introduced: 4/22/2013

Current Status: Consent Agenda

Version: 1

Matter Type: BoS Agreement

- a. Approve and authorize the Contracts/Purchasing Officer to execute a twenty year Lease Agreement with Community Hospital Properties, a California non-profit corporation and a division of Community Hospital of the Monterey Peninsula (CHOMP) for approximately 25,000 rentable square feet of space located at 1150-1154 Fremont Boulevard, Seaside, California for use by the Health Department's Clinic Services Bureau, to commence within one hundred twenty days of Board of Supervisors approval;
- b. Authorize the Auditor-Controller to make lease payments in an amount not to exceed \$68,750 per month and in accordance with the terms of the Lease Agreement; and
- c. Authorize the extension of the Lease Agreement for two additional five-year terms under the same terms and conditions, and make minor revisions to the Lease Agreement if deemed by the Contracts/Purchasing Officer to be in the best interests of the County.

RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Approve and authorize the Contracts/Purchasing Officer to execute a twenty year Lease Agreement with Community Hospital Properties, a California non-profit corporation and a division of Community Hospital of the Monterey Peninsula (CHOMP) for approximately 25,000 rentable square feet of space located at 1150-1154 Fremont Boulevard, Seaside, California for use by the Health Department's Clinic Services Bureau, to commence within one hundred twenty days of Board of Supervisors approval;
- b. Authorize the Auditor-Controller to make lease payments in an amount not to exceed \$68,750 per month and in accordance with the terms of the Lease Agreement; and
- c. Authorize the extension of the Lease Agreement for two additional five-year terms under the same terms and conditions, and make minor revisions to the Lease Agreement if deemed by the Contracts/Purchasing Officer to be in the best interests of the County.

SUMMARY/DISCUSSION:

Approval of the Lease Agreement will provide for occupancy of approximately 25,000 rentable square feet of medical space to be used by the Health Department's Clinic Services Bureau (Bureau). The lease term will commence within one hundred twenty (120) days of Board of Supervisors approval, and expire after a twenty year term. Commencement rent shall not exceed \$68,750 per month, including Premise Improvement costs. Monthly base rent shall be appropriately abated based on percentage of usable occupancy for clinic operations during Premise Improvement as defined in Lease Agreement Article 7.

The Lease Agreement provides for two, five-year extension options under the same terms and conditions including annual rent adjustments; \$500,000 for future premise improvements for paint and flooring refresh to be paid by the Lessor; and 150 parking spaces which will more

than adequately meet needs for staff and patients. The Lessor shall perform Premise Improvements and make installations in the Premises in accordance with plans and specifications at a cost not to exceed \$3,618,000. Said improvement costs will be amortized over ten (10) year term at 4% interest and will be included in the monthly lease payment until fully amortized. Premise Improvements will include costs associated with architectural, engineering, building permits and fees, inspections and signage. A "Termination by County" clause, with reimbursement for up to \$3,200,000 in unamortized Premise Improvement costs over 10 years, is incorporated in the Lease Agreement.

The downturn in the economy, which has resulted in lost jobs and resultant loss of health insurance in combination with the 2014 access to care provisions of the Patient Protection and Affordable Care Act, have created a growing need in Monterey County for increased access to primary care and specialty medical services. It is estimated that on January 1, 2014, approximately 27,000 formerly uninsured Monterey County residents will become eligible Medi-Cal beneficiaries, another 27,000 will obtain health insurance through health insurance exchange, and up to 26,000 will remain uninsured (mostly due to documentation status).

Health Department staff has been working on plans to expand services in Seaside in an effort to improve access to health care services. The Seaside Family Health Center is designated as a Federally Qualified Health Center Look-Alike and, as a requirement of its licensure, must remain located in the area of the population it serves. The Seaside Family Health Center generated approximately 35,974 patient visits in FY 2011-2012 and the facility is at capacity to increase patient load. The Lessor plans to acquire the current facility and perform Premise Improvements, expanding the square footage available for occupancy by the Bureau from 11,372 square feet to approximately 25,000 square feet which will help meet the goal of increasing clinic capacity to meet growing patient access needs and strategic clinical standards.

The Lease Agreement is contingent upon Lessor's successful acquisition of the property, including all necessary permits, and approvals for construction project, relocation of existing residential tenants, adequate water rights, and successful lease or purchase of neighboring property for additional parking.

OTHER AGENCY INVOLVEMENT:

The Department of Public Works advised the Health Department for its development of the Lease Agreement. The Office of the County Counsel has reviewed and approved the Lease Agreement as to form and legality and Risk Management has approved it as to insurance and indemnity. This item was presented to the Capital Improvement Committee meeting on April 18, 2013.

FINANCING:

There is no financial impact to the General Fund resulting from approval of this Lease Agreement. Sufficient funds are available in the Health Department, Clinic Services Bureau (001-4000-HEA007) FY 2012-13 Adopted Budget and are included in its FY 2013-14 Requested Budget. The monthly base rent shall be appropriately abated based on percentage of usable occupancy for clinic operations during Premise Improvements. The first-year leasing cost will not exceed \$825,000, excluding janitorial, disposal, water, PG&E, patrolled security, and phone/data services. The Lessor agrees to waive the monthly base rent for the first two (2)

months after Premise Improvements are completed to offset moving, data cabling, storage, and other relocation expenses paid by Bureau. On-going occupation of the leased premises and future extensions of the Lease Agreement will be based on the continued availability of funding. The Lease Term or any Extended Term will be subject to a 1% increase to the base rent at the end of each lease anniversary year.

Prepared by: Sheena Morales, Management Analyst III, 769-1393

Approved by: Ray Bullick, Director of Health, 4526

AMB 5/15/13

Attachment: Lease Agreement is on file with the Clerk to the Board.