

**RENEWAL OF AND SECOND AMENDMENT TO STANDARD LEASE AGREEMENT
DATED January 3, 2001 FOR PREMISES LOCATED AT 713 LA GUARDIA,
SALINAS, CALIFORNIA
("Lease")**

**BETWEEN CAPUTO ASSOCIATES, A CALIFORNIA LIMITED PARTNERSHIP,
AS "LESSOR",**

AND

COUNTY OF MONTEREY AS "LESSEE"

LESSOR and LESSEE hereby renew and amend the Lease as follows:

1. **Capitalized Terms; Previous Amendments.** All capitalized terms not otherwise defined herein shall have the meanings set forth in the Lease. The Lease consists of that County of Monterey Standard Lease Agreement entered into between LESSOR and LESSEE dated as of January 3, 2001, as amended by Amendment No. 1 to County of Monterey Standard Lease Agreement dated March 27, 2001, and by a First Amendment to Lease Agreement dated July 5, 2006.
2. **Extended Term.** The term of the Lease is hereby renewed for an additional five (5) years from January 1, 2012 (the "Effective Date"), through December 31, 2016 (the "Renewed Term.")
3. **Payments Waived Following Lease Renewal.** In connection with the renewal of the Lease, LESSOR is waiving the right to collect: (a) \$20,897.61 for the unpaid portion of increased monthly base rent owing by LESSEE for the period from April 1, 2010, through May 31, 2011; (b) \$10,448.83 for the unpaid portion of increased monthly base rent owing by LESSEE for the period from June 1, 2011, through December 31, 2011; (c) \$36,923.76 for reimbursement of real property taxes owing by LESSEE for the period from July 1, 2010 through December 31, 2011; and (d) \$6,241.20 for reimbursement of insurance premiums owing by LESSEE for the period from October 1, 2010 through December 31, 2011.

Renewed Term Tenant Improvement Allowance. LESSEE may require the construction of additional non-structural improvements within the Premises for LESSEE's use during the Renewed Term pursuant to this paragraph 4 (the "Renewal Tenant Improvements.") The precise nature of the Renewal Tenant Improvements as specified by LESSEE shall be subject to LESSOR's prior consent and approval, such consent and approval not to be unreasonably withheld. LESSOR shall not be required to consent to Renewal Tenant Improvements which will cause substantial additional improvements to the Premises or the Property beyond the LESSEE-specified improvements, such as additional improvements needed to comply with the Americans with Disabilities Act ("ADA") that are made necessary as a result of the improvements specified by LESSEE. However, if LESSOR consents to Renewal Tenant Improvements as specified by LESSEE, the cost of any such additional ADA-required or otherwise required additional improvements shall be at LESSOR's cost and shall not be paid out of the RTI Allowance (as defined below). The Renewal Tenant Improvements specified by LESSEE must comply with all applicable building codes and laws. Provided LESSEE is not in default under the Lease, LESSOR shall engage a qualified contractor to construct the Renewal Tenant Improvements specified by LESSEE and approved by LESSOR and pay the actual costs of the Renewal Tenant Improvements to be constructed hereunder up to a maximum amount of Eighty-Eight Thousand Five Hundred Dollars (\$88,500.00) (the "RTI Allowance.") The RTI Allowance shall include the costs of all architectural/engineering expenses, building permit fees, and LESSOR's fees for supervision and management of construction equal to three

percent (3%) of the actual costs of the Renewal Tenant Improvements. The Renewal Tenant Improvements to be covered by the RTI Allowance must be specified in writing by LESSEE within one hundred eighty (180) days after the date of renewal of the Lease, and designed such that LESSOR can reasonably cause the Renewal Tenant Improvements to be completed within three hundred sixty-five (365) days after the date of renewal of the Lease. The time for completion of the Renewal Term Improvements shall be accordingly extended due to any delays caused by LESSEE or by any reasons beyond LESSOR's reasonable control, such as inclement weather, strikes, labor, or materials shortages. In the event the actual cost of the Renewal Tenant Improvements exceeds the amount of the RTI Allowance, LESSEE shall reimburse LESSOR for the amount by which the total costs of the Renewal Tenant Improvements exceeds the RTI Allowance (the "Excess RTI Amount") within fifteen (15) days after LESSEE's receipt of LESSOR's invoice for such costs, together with reasonable documentation thereof. Provided, however, LESSEE may elect to repay the Excess RTI Amount by giving written notice to LESSOR of such election within said fifteen (15) days period and having LESSOR advance the Excess RTI Amount with LESSEE repaying such amount, with interest thereon at the rate of eight percent (8%) per annum from the date of LESSOR's disbursement thereof, in equal amortized monthly payments over the then-remaining portion of the Renewed Term of the Lease. For example, if there are forty-eight (48) months remaining of the Renewed Term when LESSEE receives a proper invoice from LESSOR for Twenty Thousand Dollars (\$20,000.00) as the Excess RTI Amount, and LESSEE elects to repay such amount in monthly amortized installments hereunder, the additional monthly installment payment due from LESSEE to LESSOR would be (\$488.26.) In such case, each amortized monthly payment of the Excess RTI Amount shall be due and payable at the same time and be paid in the same manner as monthly base rent. Upon any termination of the Lease prior to its scheduled expiration, the entire then-remaining principal balance of the Excess RTI Amount, together with accrued but unpaid interest hereunder, shall be immediately due and payable by LESSEE to LESSOR, without any requirement for notice or demand. If LESSEE does not elect to repay the Excess RTI Amount in amortized payments as permitted in this paragraph and fails to reimburse LESSOR for the Excess RTI Amount within thirty (30) days after receipt of LESSOR's invoice as required above, interest shall accrue on such unpaid amount at the rate of ten percent (10%) per annum until paid. If the total cost of Renewal Tenant Improvements is less than the RTI Allowance, the RTI Allowance will expire and LESSEE shall not be entitled to a credit against rent or any other use of the unused RTI Allowance.

5. **Improvements by LESSOR.** In addition to the Renewal Tenant Improvements, LESSOR shall cause to be made the improvements and/or renovations to the Premises as set forth in Exhibit A attached to this Lease Renewal and made a part hereof (the "LESSOR Work"). The LESSOR Work shall be performed at the LESSOR's sole cost and expense and completed by LESSOR no later than three hundred sixty-five (365) days after the date of renewal of the Lease, provided that such time shall be accordingly extended due to any delays caused by LESSEE or by any reasons beyond LESSOR's reasonable control, such as inclement weather, strikes, labor, or materials shortages.

6. **Services and Utilities Responsibilities.** Exhibit D of the Lease is removed in its entirety and replaced with the Exhibit D attached to this Second Amendment.

7. **Repairs and Maintenance.** Exhibit E of the Lease is removed in its entirety and replaced with the Exhibit E attached to this Second Amendment.

8. **Monthly Base Rent During Renewed Term.** The monthly base rent payable by LESSEE during the Renewed Term shall commence as of December 1, 2011, and be payable by LESSEE pursuant to Article 3 and the other provisions of the Lease in the initial amount of Thirty-Eight Thousand One Hundred Ninety Three Dollars (\$38,193.00). In addition, LESSEE

shall contract and pay directly to its vendors for its responsibilities as outlined in the attached Exhibit D and E as referenced above. The monthly base rent shall be increased as of each anniversary of the commencement of the Renewed Term (an "Adjustment Date") by two percent (2.0%) as set forth below. Once the monthly base rent is adjusted in accordance with the foregoing, the increased monthly base rent shall remain in effect until the next Adjustment Date.

<u>Months of Renewed Term</u>	<u>Monthly Base Rent</u>
01-12	\$38,193.00
13-24	\$38,956.86
25-36	\$39,736.00
37-48	\$40,530.72
49-60	\$41,341.33

9. **Taxes and Insurance.** Articles 3 and 18 of the Lease are hereby amended to provide that, with respect to LESSEE's obligation to reimburse LESSOR for real property taxes and assessments applicable to the Premises ("Taxes") and for insurance expenses incurred by LESSOR with respect to the Premises ("Insurance Expenses"), Taxes and Insurance Expenses are hereafter included in the amount of monthly base rent payable by LESSEE during the Renewed Term and any Option Term under paragraph 11 below. For purposes of this provision, Taxes include all federal, state, county or local government taxes, fees, charges or other impositions that are paid or incurred by LESSOR arising from or in connection with the ownership, leasing and operation of the Premises.

10. **Generator Expenses.** LESSEE shall pay directly to the service provider all monthly charges for service to the generator being used by LESSEE in connection with its occupancy of the Premises during the Renewed Term.

11. **Option to Extend Term.** LESSEE shall have the option to renew the Lease Term for one (1) additional five (5) year period (the "Option Term") on the same terms and conditions, except that the monthly base rent shall be adjusted as set forth herein below. LESSEE shall exercise such option no later than one hundred eighty (180) days prior to the last day of the Lease Term by written notice to LESSOR of LESSEE's intent to exercise this option to extend the Lease Term. The monthly base rent applicable to the Option Term ("Renewal Rent") will be at ninety five percent (95%) of the Fair Market Rental Value ("FMRV") for similar buildings with similar office improvements in the City of Salinas, but without consideration for any landlord rent concessions (such as free rent or allowances for costs of tenant improvements). LESSOR shall have no obligation to improve or pay for the cost of any improvement, remodeling, or renovation of the Premises in connection with LESSEE's exercise of its option to extend the Lease Term hereunder or at any time during the Option Term. Should LESSEE exercise its option hereunder, the parties will attempt to mutually agree on the Renewal Rent based upon the parameters as outlined above. If the parties have not agreed in writing at least one hundred twenty (120) days before expiration of the Extended Term upon the amount of the Renewal Rent to be paid during the Option Term, LESSOR and LESSEE shall each designate an appraiser who is a member of the American Institute of Real Estate Appraisers at least one hundred ten (110) days before the expiration of the Renewed Term. If a party fails to appoint an appraiser, the appraiser designated by the other party shall be the only appraiser for purposes of establishing the Renewal Rent pursuant to this paragraph 11. Within ten (10) days after selection of the last of the two appraisers, the two appraisers chosen shall select a third appraiser. If a third appraiser is not selected within the time allotted, the American Arbitration Association shall select such third appraiser upon the application of either party, the cost of which shall be shared equally by the parties. If neither party applies for the appointment of a

third appraiser within the above-stated time, the two appraisers selected by the parties will be the only appraisers for purposes hereof. LESSOR and LESSEE shall share all appraisal costs equally. The Premises shall be appraised according to its use at the time of appraisal. The FMRV of the Premises for purposes of calculating the Renewal Rent shall be the FMRV determined by the sole appraiser or the average of the FMRV as determined under each of the two or three appraisals, as the case may be. However, in any event, the Renewal Rent will be no less than the monthly base rent during the last year of the Renewed Term. The selected or appointed appraiser or appraisers shall report their determination(s) of the FMRV within thirty (30) days after their selection or appointment. The Renewal Rent shall be subject to annual increases during the Option Term equal to two percent (2.0%) of the monthly base rent in effect during the immediately preceding year of the Lease Term in the same manner as provided in paragraph 8 of this Second Amendment with respect to monthly base rent adjustments during the Renewed Term. In all other respects, the terms and conditions applicable during the Option Term shall be as set forth in the Lease. The foregoing sets forth LESSEE's sole option to renew or extend the term of the Lease, and is in lieu of any and all other options to renew or extend the term as may be set forth in the Lease.

12. Exhibits Incorporated. All exhibits attached to this Second Amendment are hereby incorporated into the Lease and made a part of the Lease as if fully set forth therein.

13. Other Terms Unchanged. Except as expressly set forth herein, all other terms and conditions of the Lease shall remain of full force and effect.

LESSOR:

CAPUTO ASSOCIATES,
a California limited partnership

By: Daniel J. Caputo Jr.

Name: DANIEL J. CAPUTO JR.

Its: GENERAL PARTNER

Dated: 10/27/11

LESSEE:

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

By: [Signature]

Name: Michael R. Derr

Its: Contracts/Purchasing Offices

Dated: 1-25-12

APPROVED AS TO FORM:

By: Cynthia L. Hazron

Name: Cynthia L. Hazron

Title: Deputy County Counsel

Dated: 12-14-11

EXHIBIT A

(LESSOR Work)

1. Replace all stained ceiling tiles throughout Premises as needed.
2. Repair landscape irrigation system and rejuvenate landscaping as per LESSOR and LESSEE approved proposal done by Cagwin and Dorward Landscaping Contractors dated October 27, 2011, or equal.
3. Clean HVAC ducting system for the Premise as per LESSOR and LESSEE approved proposal done by FreshX Duct Cleaning Company dated November 22, 2011, or equal.
4. Repair exterior lighting as per LESSOR and LESSEE approved proposal done by Green Lantern Electric dated November 17, 2011 or equal.
5. Repair exterior window leaks and repair hardware on exterior door on the Premises as per LESSOR and LESSEE approved proposal by done by Le Deit and Glass Inc. dated November 16, 2011, or equal.

EXHIBIT B
Intentionally Omitted

EXHIBIT C
Intentionally Omitted

EXHIBIT D

SUMMARY OF SERVICES AND UTILITIES

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

	N/A	LESSOR	LESSEE
Provide adequate paper supplies, dispensers, and waste and recycling containers for the Premises			X
Provide adequate custodial service for interior of the Premises (dust, waste removal, recycling removal, vacuum, mop and general cleaning)			x
Provide adequate custodial service for exterior of the Premises and common areas as deemed necessary (including steam cleaning side walks and pressure washing exterior walls)		x	
Professionally clean existing drapes, blinds, and window shades as deemed necessary			x
Professionally clean interior windows as deemed necessary			X
Professionally clean exterior windows as deemed necessary		x	
Provide adequate pest control for the interior of the Premises		x	
Provide adequate pest control for exterior of Premises		x	
Provide adequate landscape maintenance and gardening (including landscape irrigation system and associated water supply and service)		x	
Provide adequate parking lot area sweeping, seal coating and restriping as deemed necessary		x	
Provide adequate refuse, rubbish, garbage, and recyclable (paper, plastic, and aluminum, if available) disposal and pick up service			X
Provide adequate fire sprinkler systems testing		x	
Provide adequate fire alarm systems monitoring		x	
Provide adequate 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 (charcoal filters to be used if deemed necessary), unit inspections, unit lubrications and record keeping pursuant to the California Code of Regulations, Title 8, Section 5142		x	
Provide adequate servicing of uninterrupted power source (UPS)			X
Provide adequate servicing of back up generator			X
Provide adequate gas utility service			X
Provide adequate electric utility service			X
Provide adequate water utility service			X
Provide adequate telephone and data service (including connection charges)			X

As stated in this Exhibit, 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.

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 and Floor Slabs		x	
Elevators and/or Dumb Waiters (including annual certification)	x		
Exterior and Bearing Walls (including pressure washing and painting as deemed necessary)		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, Sidewalks, Walkways and Outside Stairways (including pressure washing and steam cleaning as deemed necessary)		x	
Ceilings (including damage due to roof leaks)		x	
Fire Sprinkler Systems		x	
Fire Alarm Systems		x	
Intrusion/Security Alarm Systems			x
Uninterrupted Power Source (UPS)			x
Power Back UP Generator			x
Heating, Ventilation and Air Conditioning (HVAC) Systems (including replacement 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, Tile, Vinyl Tile, and Linoleum Flooring			x
Base and/or Moldings			x
Appliances			x
Communication Systems (data/telephone cabling, connections and equipment)			x

As stated in this Exhibit, 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.