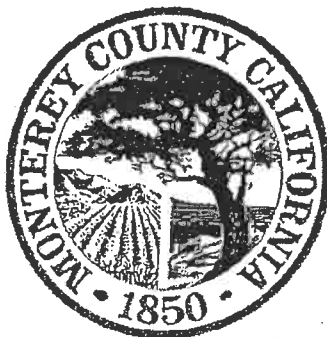


COUNTY OF MONTEREY

STANDARD LEASE AGREEMENT



LEASED PREMISES:	1000 South Main Street, Salinas, CA 93901
DEPARTMENT:	Department of Social and Employment Services "Master Lease" consolidating all Department of Social and Employment Services leases at the Quadrangle Building
LESSOR:	LIFE Foundation Monterey, LLC c/o Barnett Davis 19850 Pacific Coast Highway Malibu, California 90265

COUNTY OF MONTEREY STANDARD LEASE AGREEMENT

PREAMBLE

THIS LEASE ("Lease") is made this 5th day of June, 2007, by and between LIFE Foundation Monterey, LLC, Federal Identification Number 26-012611, ("LESSOR") and the COUNTY OF MONTEREY, ("LESSEE"), C/O Real Property Specialist, 855 East Laurel Drive, Building C, Salinas, CA, 93905. LESSEE'S current lease for the Premises (as defined below), which is a Lease Agreement with Hibert Trust, dated December 14, 2004, is replaced and superseded by this LEASE and terminates in its entirety on the Lease Commencement Date of this LEASE, subject to LESSOR obtaining title to the Premises. 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 **1000 South Main Street, Salinas, CA 93901** (the "Building") and described as follows: General offices consisting of approximately **79,848** rentable square feet of space, (the "Premises"), as designated in Exhibit A, which is attached and incorporated herein. "Rentable square feet" shall be computed by measuring to the inside finish of the permanent outer building walls, to the office side of corridors and/or other permanent partitions, and to the center of partitions that separate the Premises from adjoining rentable space.

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

1.3 **Parking Areas:** The parking areas are managed and owned by the Valley Center Business District Association (the "Parking Association"). The LESSOR is a member and owns a percentage interest in the Parking Association. LESSOR shall ensure that all **1,381** spaces are made available for LESSEE'S use, along with the use of other Parking Association members, throughout the initial term or any extended term of the Lease, up to June 30, 2045. LESSOR and LESSEE shall reasonably determine the specific parking areas and number of parking spaces for its use under the Lease, provided that LESSEE'S use does not violate the rights of tenants under other leases at the Building or other Parking Association members. If the Parking Association ends in June 2045, LESSOR guarantees to LESSEE a right of first refusal for 90% of any parking spaces that are made available to LESSOR for the final years of the Second Extended Term of the Lease.

1.4 **Compliance with the "Americans with Disabilities Act of 1990" (ADA):** LESSOR shall ensure that the Premises and the non-exclusive areas of the Building as described in Article 1.2 are in compliance with the Americans with Disabilities Act of 1990 ("ADA"), as amended, and, if necessary, within a reasonable time after the Commencement Date, shall modify the same to comply with the Act and the regulations promulgated to implement the ADA.

1.5 **Compliance with "No Smoking Law" (2003 Assembly Bill 846):** LESSOR shall use its best efforts to 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, within a reasonable time after 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:** LESSEE shall provide the statement described in Exhibit B with respect to seismic adequacy clearance.

1.7 **Right of First Refusal:** LESSEE shall have the right of first refusal to lease any additional suites in the Building, which may become available during the initial term or any extended term of this Lease. LESSEE will have up to but not more than thirty (30) days to accept or reject this additional space in writing. Any additional suites shall be incorporated in this Lease through a lease amendment, and shall be subject to the same terms and conditions of the Lease, including monthly rent, annual rent adjustments, Lease Term and Extended Terms. LESSOR shall grant LESSEE up to forty-five (45) days, from notification of LESSEE'S intent to lease additional space, to obtain approval from the Monterey County Board of Supervisors. By way of example only, if LESSOR or a third party desires to lease the additional suites at \$2.25 per rentable square foot, then LESSEE shall have forty-five (45) days to notify LESSOR if LESSEE desires to rent the additional suites at the then prevailing rent rate as determined pursuant to Article 3 (which is \$1.96 per rentable square foot as of the Lease Commencement Date.)

ARTICLE 2 - TERM

2.1 **Lease Term:** The term of this Lease (the "Lease Term") shall commence on **June 21, 2007** ("Lease Commencement Date"), and end on **June 20, 2027**, with such rights of termination and extension of the Lease Term as are hereinafter set forth. This Lease is expressly conditional on LESSOR obtaining title to the Building on or before the Lease Commencement Date. If LESSOR does not have legal title on or before such date, then this Lease shall be null and void and of no further force or effect.

2.2 **Extended Term:** Upon completion of the initial Lease Term, the LESSEE may extend the Lease, on the same terms and conditions, for one additional **ten (10) year term** ("First Extended Term"), and upon the expiration of the First Extended Term, the LESSEE may extend the Lease, on the same terms and conditions, for a second additional **ten (10) year term** ("Second Extended Term"), which may be collectively referred to as the "Extended Term" or "Extended Terms." LESSEE shall give LESSOR advance written notice of its intent to extend the Lease one **hundred twenty (120) days** prior to expiration of the initial Lease Term or First Extended Term.

As an incentive to the LESSEE to extend the Lease for the First Extended Term, the LESSOR shall set the initial monthly rent of the First Extended Term at no more than the Expense Stop (as defined in Article 33) for the final year of the Lease (year 20) to adjust annually in accordance with Article 4. As an incentive to the LESSEE to extend the Lease for the Second Extended Term, the LESSOR shall set the initial monthly rent of the Second Extended Term at no more than the Expense Stop for the final year of the First Extended Term (year 30) to adjust annually in accordance with Article 4.

Except as set forth within this Article, these will be the only rental amounts due from LESSEE to LESSOR during the First Extended Term and the Second Extended Term. The incentives for each of the Extended Terms shall be limited to the 79,848 rentable square feet of the Premises initially leased by LESSEE and an additional 9,480 rentable square feet (the "Additional Space" as detailed in Exhibit A) (totaling 89,328 rentable square feet of space eligible for these incentives during the First Extended Term and the Second Extended Term), **however, in the event that the Premises are deemed to be subject to property taxation by the Monterey County Assessor - County Clerk - Recorder, such restriction to 89,328 rentable square feet shall not apply.** Any additional space in the Premises leased by LESSEE pursuant to Article 1.7's right of first refusal or otherwise shall be subject to the same rent, Expense Stop and escalations applicable to such space at the end of the initial Lease Term and/or the First Extended Term, as applicable.

In the event that during the First Extended Term and the Second Extended Term, LESSEE determines that space acquired through the exercise of its right of first refusal as provided in Article 1.7 that exceeds 89,328 rentable square feet ("Excess Space") is subject to rent that LESSEE believes is in excess of the fair market value in the City of Salinas for comparable space, then LESSEE may require LESSOR to reset the rent at the then current fair market value for comparable space, subject to Article 4. Subsequent to LESSEE'S demand, LESSOR and LESSEE shall each choose a local real estate firm and each firm shall then jointly choose a third firm to determine the fair market value for the Excess Space. The fair market value will be determined by the joint consensus of the three firms. If no agreement is reached, then the fair market value will be the average of the fair market value as determined by each firm. Once the fair market value is determined, LESSOR shall accordingly reset the rent for the Excess Space to the fair market value. Costs associated with reassessing the rent shall be jointly borne by LESSOR and LESSEE.

This page replaces existing page three in the original document replacing commence date and end date only. Approved by _____

LESSEE shall have the right to request a premise improvement allowance from LESSOR of **Twenty Dollars (\$20) per rentable square feet** of the Premises at each renewal period. LESSEE shall pay LESSOR a monthly base rent of \$1.67 per rentable square feet of the Premises for said allowance for the first year of each renewal term with monthly rent reducing to the Expense Stop for years 2-10 of each renewal term. Premise improvement allowance is to be used in accordance with provisions specified in Articles 7.1 and 7.2 below. LESSEE shall give LESSOR a minimum of sixty (60) days prior written notice of its desire to have LESSOR provide said allowance. LESSOR shall provide said allowance within ninety (90) days after LESSEE gives its notice.

2.3 **Option to Purchase Building:** LESSOR hereby grants to LESSEE an option to purchase the Building on or after June 16, 2027 at a price and on such terms as shall be mutually agreeable to both LESSOR and LESSEE.

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 no more than **One Hundred Fifty-Six Thousand Eight Hundred Twenty-Nine Dollars and 40/100 (\$156,829.40)**, 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 proportional share of expenses as identified in Article 33 below. *[Initial monthly rent is computed as follows: \$1.96 (maximum amount) per rentable square foot per month consisting of Base Rent set at \$1.31 (maximum amount) per rentable square foot per month and an Expense Stop set at \$0.65 (maximum amount) per rentable square foot per month].*

In the event that federal and state funding for LESSEE’S operations decreases by 25% or more of the combined funding for the previous year, or reduced by more than 25% of combined funding calculated cumulatively over the prior years of the Lease, and LESSEE does not want to reduce its space in the Premises, then all “Net Proceeds” (as defined below), up to the total amount of the funding losses, from the Premises, shall be used by LESSOR to reduce rent due from LESSEE during such period of reduced funding. By way of example only, if (i) LESSEE’S rent is \$100,000 per month, (ii) federal and state funding are collectively cut by 25%, and (iii) the Net proceeds after payment of all Premises expenses, bond payments and payments to LESSOR is \$30,000 per month (the “Net Proceeds”), then LESSEE’S rent shall be reduced to \$75,000 per month (which is the total amount of the funding losses). In no case will the rent be reduced by more than the Net Proceeds. For example, if the Net Proceeds in the previous examples are only \$20,000 per month, then the rent will only be reduced to \$80,000 per month. This rent reduction (and the application of Net Proceeds to pay LESSEE’S rent) will only go on for so long as the collective federal and state funding has been reduced by more than 25% of the prior year’s combined funding, or reduced by more than 25% of combined funding calculated cumulatively over prior years of the Lease.

In addition to LESSEE’S remedy detailed above, in the event that federal and state funding for LESSEE’S operations decreases by 25% or more of the combined funding for the previous year or reduced by more than 25% of the combined funding calculated cumulatively over the previous years of the Lease and LESSEE determines that it no longer needs or wants part of its space, then LESSEE may choose to either (i) put any other Monterey County operations in the space, or (ii) otherwise sublease such space in accordance with Article 1.7, or (iii) continue to pay rent on such space (less the Net Proceeds) in the hope that Federal and/or State funding will return to previous levels. If LESSEE elects to sublease the unused portion of the Premises, then LESSEE’S rent shall be decreased by the following amount: the Net Proceeds less the amount of the sublease payments.

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 shall be increased by the fixed amount of three and three tenths percent (3.30%) per annum.

ARTICLE 5 - TERMINATION BY COUNTY

Notwithstanding any other provisions of this Lease, LESSEE, at its sole option, may terminate this Lease upon **one hundred twenty (120) days** written notice, solely on the condition that funds have not been budgeted for leasing of the property described herein. Such termination shall be without penalty to LESSEE. Such right of termination shall not be construed so as to permit LESSEE to terminate this Lease in order to lease other premises for a similar purpose **within the County of Monterey**. 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.

In addition to the LESSEE'S right to terminate this Lease as stated above, LESSEE may also terminate the Lease after the 10th year of occupancy under this Lease, provided that the Building is sold in accordance with the requirements of the Building's 501 (c)(3) bonds then outstanding which are secured by the rental payments hereunder, plus customary sale expenses. Said sale expenses shall not exceed 10% of the Buildings sale price. Prior to the Lease commencement date, LESSOR shall provide LESSEE, for LESSEE'S approval, an amortization schedule illustrating bonds then outstanding after the 10th year of occupancy and any and all probable cost associated with terminating the bonds prematurely. Said approval shall be a material term of this Lease. LESSEE shall give LESSOR one hundred eighty (180) days prior written notice of its desire to have LESSOR sell the Building and LESSOR shall put the Building on the market as soon as possible after receiving LESSEE'S notice.

ARTICLE 6 - NOTICES

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

To	LIFE Foundation Monterey, LLC	To	County of Monterey
LESSOR:	19850 Pacific Coast Highway	LESSEE:	Public Works Department
	Malibu, California 90265		C/O Real Property Specialist
			855 East Laurel Drive, Building C
			Salinas, California 93905
With a copy	Fulbright & Jaworski LLP		
to:	555 South Flower Street, 41 st Floor		
	Los Angeles , California 90071		
	Attention: Lisalee A. Wells		

Base Rent payments shall be made to (need not be sent certified): **LIFE Foundation Monterey, LLC, c/o The Bank of New York Trust Company, N.A., 633 West Fifth Street, 24th Floor, Los Angeles, California 90071, Attn. Corporate Trust Services.** Expense Stop payments will be deposited into a separate account managed by the property management company, when such property management company is appointed.

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.

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.

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 as prepared by third-party vendors ("Plans and Specifications"), approved by LESSEE and LESSOR, and in accordance with those provisions of the attached Exhibit C ("Premise Improvement Agreement"), which describe construction.

7.2 Cost of Premise Improvements: LESSOR, at LESSOR'S sole cost and expense, shall provide LESSEE with a **One Million One Hundred Thousand Dollar (\$1,100,000)** Premise Improvement Allowance to construct Premise Improvements in accordance to the Plans and Specifications. Said costs shall not include LESSEE specific trade fixtures, furniture and equipment provided by LESSEE at its sole expense. LESSOR and LESSEE shall be in agreement of all Premise Improvement costs (presented in itemized format), and construction schedule (presented in Gant Chart format) prior to commencement of construction. Premise Improvement costs shall include costs associated with architectural, engineering, building permits and inspections and signage. LESSOR shall deposit the entire **One Million One Hundred Thousand Dollar (\$1,100,000)** Premise Improvement Allowance into an interest-bearing escrow account approved by LESSEE on or before the Lease Commencement Date, which deposit shall be a material term of this Lease. The funds shall be deposited in a bank account and the funds shall only be used for the Premise Improvements. Disbursements shall require LESSOR and LESSEE to jointly notify the property manager to make a disbursement and the property manager shall then authorize the bank to make the respective disbursements. LESSOR shall be entitled to use the Premise Improvement Allowance only for Premise improvements requested by LESSEE and approved by LESSOR, which approval will not be unreasonably withheld. LESSOR will obtain a minimum of three (3) bids from reputable contractors for any such improvements, and LESSOR and LESSEE will jointly select the contractor to do the work. Upon LESSEE'S written direction, which direction shall evidence LESSEE'S approval of expenditures from the Premise Improvement Allowance Account, LESSOR will enter into an agreement with the contractor for the work, and LESSOR will submit the contractor's invoice to the property manager and a copy to the LESSEE. The property manager will pay the contractor out of the Premise Improvement Allowance Account. LESSEE shall be responsible for any costs incurred above the Premise Improvement Allowance that are either approved by LESSEE or caused by LESSEE change orders.

7.3 Future Premise Improvements: Separate and distinct from maintenance, repairs and improvements set forth in Articles 7.1, 7.2, 34 and 35, LESSEE and LESSOR shall agree upon the actual dollar amount of Future Premise Improvements done by LESSOR on behalf of LESSEE prior to commencement. LESSOR and LESSEE acknowledge that the responsibility of Future Premise Improvement costs will be subject to negotiation between both parties. LESSOR and LESSEE further acknowledge that Future Premise Improvements shall utilize an agreement and terms consistent with Article 7.1 above, which describe such construction. LESSOR shall not be responsible for the cost or expense of any future alteration or addition to the Premises not contemplated herein other than the **\$1,100,000** Premise Improvement Allowance, unless agreed to in writing.

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

For **one (1) year** after the date of substantial completion of Premise Improvements, LESSOR shall, following written notice from LESSEE, make any repair, replacement, correction or other alteration of any nature necessary by virtue of any defective construction of the Premise Improvements 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 Premise Improvements.

ARTICLE 8 - NOTICE OF COMPLETION

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

ARTICLE 9 - PUBLIC WORKS LAWS

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

ARTICLE 10 - PRIOR TENANCY

In respect to leasing additional suite(s) in the Building, pursuant to Article 1.7, it shall be LESSOR'S responsibility to remove any prior tenant (non-County of Monterey entity) in said suite(s).

ARTICLE 11 - USE

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

Absent the consent of LESSOR, LESSEE shall not allow the Premises to be used in the trade or business of the federal government or any nongovernmental persons (other than in their roles as a member of the general public) (a "Private Use"). Private Use, for purposes of this paragraph, means any activities that constitute a trade or business that is carried on by persons or entities, other than governmental entities (treating the federal government as a nongovernmental person for this purpose). The leasing of the Premises or a right to use or access the Premises by a person or entity other than a governmental unit on a basis other than as a member of the general public shall constitute a Private Use. Private Use, for purposes of this paragraph, shall not include the performance of LESSEE'S business that may be paid for or funded by federal grants, funding, or reimbursements.

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 warrants, to the best of LESSOR'S actual knowledge, that at the time of execution of this Lease there are no known areas on LESSOR'S property where hazardous or toxic materials or substances (including asbestos or PCBs) have been used, stored, or deposited. LESSOR will comply with all applicable laws concerning the handling and removal of any hazardous materials, including asbestos or PCB containing materials.

11.4 **Environmental Hazards:** LESSOR hereby warrants and guarantees that the Premises and the non-exclusive areas of the Building as described in Article 1.2 will be maintained in compliance with all applicable environmental laws and regulations and agrees to survey, test, and abate as applicable and in accordance with Environmental Protection Agency, "EPA" guidelines. In the event that asbestos, lead, toxic mold spores or PCBs are found in the Premises, such materials will be remediated forthwith. A qualified industrial hygienist approved by LESSOR and LESSEE shall perform all testing with the test results/reports forwarded to LESSOR and LESSEE upon completion. LESSOR further agrees to contract with a qualified remedial contractor to provide remedial 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.

11.5 **Acceptance of Premises:** By entry hereunder, LESSEE accepts the Premises as being in good and sanitary order, condition and repair, except as specified in Article 7.1 and Article 14.5 of this Lease.

ARTICLE 12 - SIGNS AND FIXTURES

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

ARTICLE 13 - SERVICES AND UTILITIES

Services and utilities shall be furnished and the cost borne as outlined in Exhibit D. In the event of failure by LESSOR to furnish, in a satisfactory manner, any of the services and utilities to the Premises 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 five (5) 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. Such LESSEE'S right to furnish the same will take in consideration situations beyond the LESSOR'S control in which event a reasonable amount of time given the circumstances will be permitted for the provision or correction of service after written notice by LESSEE. As stated in Exhibit D, the term "adequate" shall mean sufficient enough to not impair the professional working environment, health or safety 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 so as to not impair the professional working environment, health or safety of the occupants and or invitees of the Premises. The services and utilities to be furnished by LESSOR in Exhibit D shall be for normal office use associated with LESSEE'S use of the Premises. The term "normal office use" shall mean activities that are typically found in office buildings in the area by users who conduct administrative, professional and office functions that are consistent with the zoning for which the Building is located. Normal office hours for the Building shall be 6:00 am to 6:00 pm, Monday through Friday, excluding recognized County Holidays. In the event that LESSEE should require additional services and utilities after-hours, other than as stated above, LESSEE shall pay LESSOR for the cost of such additional services or utilities needed within thirty (30) days of invoice by LESSOR. LESSOR and LESSEE acknowledge that HVAC units for the Building will not be in operation after normal office hours unless mutually agreed to in writing.

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 so as to not impair the professional working environment, health or safety of the occupants and or invitees of the Premises.

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

14.3 **Failure of LESSOR to Make Repairs:** If LESSOR fails to maintain the Premises and the non-exclusive areas of the Building as described in Article 1.2 or to make the repairs required in this article in a satisfactory manner within a reasonable time, but in no event later than **five (5) days** after written notification from LESSEE, LESSEE may perform such maintenance or make such repairs at its expense and deduct the reasonable cost thereof from the rent due hereunder. LESSEE'S right to such performance will take in consideration situations beyond the LESSOR'S control in which event a reasonable amount of time given the circumstances will be permitted for performance or repairs after written notice by 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 Obligations in Applying Noxious Substances:** LESSOR and/or LESSEE, its officers, employees, and agents shall not apply any substance as part of any building maintenance or repair which would introduce irritating or noxious odors or any other hazardous condition to occupied spaces without prior coordination and approval of the County of Monterey Facilities Manager, who can be reached by telephone at (831) 755-4855. Prior notification and approval shall be made at least 48 hours prior to the desired application time. Also, a Product Safety Data Sheet shall be furnished by the proposed applicator to the LESSEE. Examples of such substances or materials include, but are not limited to, the following:

- Termite Control Materials
- Pesticides
- Paint
- Water Treatment Chemicals
- Any other substance that is or could be construed as hazardous

14.5. **Installation of HVAC Units:** LESSOR shall, at LESSOR'S sole cost and expense apply for permits to professionally install one (1) new 8.5 ton, two stage heating, ventilation and air conditioning (HVAC) unit with appropriate ducting and balancing to service Suite 317 no later than thirty (30) days after the Lease Commencement Date. LESSOR shall install the HVAC unit with due diligence and in no event later than one hundred twenty (120) days after such permits are received. LESSOR shall pay for such HVAC unit itself and shall not use the Premise Improvement Allowance (Article 7), the Building Maintenance Account (Article 34) or the Capital Improvement Account (Article 35) to pay for such unit. LESSEE agrees to reasonably cooperate with LESSOR with the timing of said installation and any inconvenience it may cause with LESSEE'S use of the Premises.

ARTICLE 15 - SERVICE AND REPAIR COMPANIES

Within **thirty (30) days** after the Lease Commencement Date, 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 structural alterations or improvements shall be made to the Premises by LESSEE or at LESSEE'S request without the prior written consent of LESSOR, which consent shall not be unreasonably withheld.

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

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

ARTICLE 17 - ASSIGNMENT AND SUBLETTING

LESSEE shall not assign or sublet all or any portion of the Premises, except to a subdivision of the County of Monterey, without the prior written consent of LESSOR, which consent shall not be unreasonably withheld. Subletting shall be subject to use or uses stated in Article 11. LESSEE acknowledges and consents to the Building being financed with proceeds of "qualified 501(c)(3) bonds," the payments of principal of and interest on which will be secured by the rental payments made by LESSEE hereunder. LESSEE'S consent to the Building being financed in this manner is expressly limited to the purpose of compliance with the requirements of Government Code Section 5951 and in absolutely no way obligates LESSEE in connection with such financing in any way. LESSEE'S obligations are absolutely limited to those set forth in this Lease. Accordingly, LESSEE understands that it, its agents, invitees or assigns cannot conduct a for-profit business in the Building.

ARTICLE 18 - ENTRY BY LESSOR

LESSEE shall permit LESSOR and LESSOR'S agents to enter the Premises, with reasonable advance notice (except in the case of emergency), provided such entry is made in a reasonable manner and does not unreasonably interfere with the conduct of LESSEE'S business.

ARTICLE 19 - CONFIDENTIALITY OF LESSEE'S SERVICES/CLIENTS/RECORDS

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, and 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.

ARTICLE 20 - 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 and the non-exclusive areas of the Building as described in Article 1.2 by the LESSEE, excepting however, such claims and demands whether for injuries to persons or loss of life, or damage to property, caused by acts or omissions of the LESSOR.

LESSEE shall maintain public liability and property damage coverage or program of self insurance with liability limits of not less than \$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 21 - WAIVERS OF SUBROGATION

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

ARTICLE 22 - 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 **one hundred fifty (150) 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 commenced within **thirty (30) calendar days** from the work commencement date, for destruction aggregating ten percent (10%) or less of the floor space, or within the period specified herein in connection with partial destruction aggregating more than ten percent (10%), LESSOR shall have the option to terminate this Lease.

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

ARTICLE 23 - DEFAULT BY LESSEE

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

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

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

ARTICLE 24 - DEFAULT BY LESSOR

24.1 **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 **fifteen (15) 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 **fifteen (15) days** are required for performance, then LESSOR shall not be in default if LESSOR commences performance within such **fifteen (15) 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.

24.2 **Remedies:** If LESSOR fails to cure a prospective default within the time periods outlined above, LESSEE shall have the option to cure the default or to terminate this Lease, in addition to any other remedies at law not inconsistent herewith. Should LESSEE elect to cure the default itself, all costs associated with such cure, including reasonable attorneys' fees (if any), shall be reimbursed by LESSOR to LESSEE within **thirty (30) days** of receipt of LESSEE'S invoice for said costs. However, upon LESSOR'S failure to so reimburse or, at LESSEE'S option, said costs shall be held from rent due hereunder. If LESSOR'S default hereunder prevents LESSEE'S use of the Premises, there shall be an abatement of rental payments for the period of such non-use.

ARTICLE 25 - CONDEMNATION

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

ARTICLE 26 - HOLDING OVER

If LESSEE, with LESSOR'S written consent, remains in possession of the Premises after the Lease Term or any Extended Term, this Lease shall automatically be extended on a **two month-to-two month** basis at the monthly rent applicable to the last month of the Lease Term or Extended Term, subject to termination upon **sixty (60) days written notice** by either party. All other terms and conditions shall remain in full force and effect.

ARTICLE 27 - WAIVER

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

ARTICLE 28 - 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 do not interfere with the quiet enjoyment of the LESSEE.

ARTICLE 29 - SUBORDINATION

This Lease shall be subject and subordinated to the lien of any mortgages and deeds of trust which are hereafter placed against the LESSOR'S interest or estate in the property provided that the mortgage or beneficiary under such mortgage or deed of trust shall agree in writing that, in the event of a foreclosure of same or of any other such action or proceeding for the enforcement thereof, or of any sale thereunder, this Lease shall not be barred, terminated, cut off, or foreclosed, nor will the rights and possession of LESSEE hereunder be disturbed if LESSEE shall not then be in default

under the terms of this Lease, and LESSEE shall attorn to the purchaser at such foreclosure, sale or other action or proceeding. The foregoing subordination shall be effective without the necessity of having any further instruments executed by LESSEE, but LESSEE shall nonetheless execute, upon demand, such further instruments evidencing such subordination as may be reasonably requested by LESSOR or any mortgagee or beneficiary.

ARTICLE 30 - ESTOPPEL CERTIFICATES AND OTHER CLOSING DELIVERABLES

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

30.2 **Opinion of County Counsel:** Upon request by LESSOR, LESSEE hereby agrees to provide an opinion of its counsel as to the due authorization and enforceability of this Lease in a form acceptable to LESSOR and LESSEE substantially similar to that attached hereto as Exhibit J.

30.3 **Other Certificates:** LESSEE hereby agrees, upon notice reasonably provided, to deliver such other documents or certificates reasonably required and requested by LESSOR in connection with this Article 30 or this Lease. LESSOR hereby acknowledges that LESSEE is not, and shall not be, a party to any financing documents related to LESSOR'S purchase of the Building

ARTICLE 31 - MISCELLANEOUS PROVISIONS

31.1 **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.

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

31.3 **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.

31.4 **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.

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

31.6 **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.

31.7 **Payments:** Payments due hereunder from LESSOR to LESSEE or from LESSEE to LESSOR shall be made when due. Unless beyond the reasonable control of either party, any payments that are not made within thirty (30) days of when due shall bear interest on the outstanding principal amount thereof, for each day, at a rate per annum equal to the Prime Rate (the rate of interest publicly announced by The Bank of New York as its prime rate or prime lending rate) plus 2% from the initial due date for such payments.

31.8 **Real Property Taxes:** LESSOR and LESSEE hereby agree to deliver all respective forms and documents required by the County of Monterey Assessor in connection with the "First Filing" of a claim for welfare exemption from property tax. LESSOR and LESSEE further agree to deliver all respective forms and documents required by the County of Monterey Assessor in connection with the "Annual Filing" of claims for welfare exemption from property tax in the Initial Term and any Extended Term of the Lease.

ARTICLE 32 - MAJOR APPLIANCES

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

ARTICLE 33 - EXPENSE STOP

LESSOR and LESSEE acknowledge that LESSEE'S proportional share of the Building operational cost (the "Expense Stop") which is equal to **78.30%** of the total Building operational cost (based upon LESSEE'S current occupancy), is currently set at **\$0.65** per rentable square foot. LESSEE shall be entitled to a monthly review of the operational costs for the Building, as set forth in Exhibits D and E (itemized in standard accounting practices and support documents provided upon LESSEE'S request). On a monthly basis, the LESSEE as additional rent shall pay to LESSOR any actual expenses in excess of the Expense Stop within thirty (30) days of receipt of request from LESSOR. LESSOR shall credit back to LESSEE any actual monthly expenses totaling less than the Expense Stop within thirty (30) days of receipt of request from LESSEE. Said credit to be deposited into the Building Maintenance Account for use as identified in Article 34 below. The Expense Stop shall be adjusted annually at the same adjustment rate as specified in Article 4 above. The LESSEE'S proportional share of the operational expenses, identified in Article 3 above, may include the following: a proportional amount for professional property management, electrical and gas services to exclusive and non exclusive areas, water, trash disposal, sewer, elevator service, telephone, fire/security alarm, patrolled security, janitorial (labor and supplies), city utility taxes, real property taxes (if applicable), insurance (liability & fire at a cost related to a facility in good standing, with customary underwriting practices), landscape maintenance, parking lot maintenance and fees of any parking association, general building maintenance (excluding major repairs, replacements and improvements or facility costs considered "capital improvements" by the Internal Revenue Service). The Expense Stop shall also include one hundred percent of the amount necessary for LESSOR to make the Building Maintenance Account and Capital Improvement Account contributions. In addition, operational expenses shall include one hundred percent of the costs of providing the following services or equipment to LESSEE within the Premises: paper supplies, dispensers, and waste and recycling containers, interior/exterior pest control, telephone and data service (including connection charges), and intrusion/security alarm system, appliances and communication systems (including data/telephone cabling connection and equipment). LESSOR shall use its best efforts to eliminate real property taxes payable on the Building, saving LESSEE such expenses to the degree LESSOR is successful in this endeavor. LESSEE shall reserve the right to approve or disapprove the property management company and or its respective scope of service for the Building, which the Premises is a part of.

ARTICLE 34 - FUTURE GENERAL BUILDING MAINTENANCE ACCOUNT

Separate and distinct from any other obligations of LESSOR to fund the Premise Improvement Allowance (as detailed in Article 7) and the Capital Improvement Account (as detailed in Article 35), LESSOR, at LESSOR'S sole cost and expense, shall place an initial sum of **Sixty Thousand Dollars (\$60,000)** into an interest-bearing account ("Building Maintenance Account") approved by LESSEE on or before the Lease Commencement Date, which deposit shall be a material term of this Lease. LESSOR shall be entitled to use the Building Maintenance Account for future general maintenance items such as repainting and recarpeting/flooring of the Premises. In addition to the initial sum deposited into the Building Maintenance Account and so long as LESSEE is not in default under Articles 3 and 33 herein, LESSOR shall deposit a portion of the Expense Stop funds, in the amount of **\$0.026** per rentable square feet of the Premises per month into an interest bearing account approved by LESSEE, to be used for future general maintenance items such as repainting and recarpeting/flooring of the Premises.

The amount of funds going into the Building Maintenance Account shall be adjusted annually at the same adjustment rate as specified in Article 4 above. Use of funds in the Building Maintenance Account shall be under the sole discretion of the LESSEE. The professional property management company for the Premises shall be in charge of the monthly accounting for said account and provide LESSOR and LESSEE with accounting reports upon request. Disbursements shall require LESSOR and LESSEE to jointly notify the property manager to make a disbursement, and the property manager shall then authorize the bank to make the respective disbursement. LESSOR will obtain three (3) bids from reputable contractors for any such improvements, and LESSOR and LESSEE will jointly select the contractor

to do the work. Upon LESSEE'S written direction, which direction shall evidence LESSEE'S approval of expenditures from the Building Maintenance Account, LESSOR will enter into an agreement with the contractor for the work, and LESSOR will submit the contractor's invoice to the property manager and a copy to the LESSEE. The property manager will pay the contractor out of the Building Maintenance Account.

ARTICLE 35 – FUTURE CAPITAL IMPROVEMENT ACCOUNT

Separate and distinct from any other obligation of LESSOR to fund Maintenance and Premise Improvements as identified in Articles 7 and 34 above, LESSOR, at LESSOR'S sole cost and expense shall place an initial sum of **Two Hundred and Fifty Thousand Dollars (\$250,000)** into an interest-bearing account ("Capital Improvement Account") approved by LESSEE on or before the Lease Commencement Date, which deposit shall be a material term of this Lease. LESSOR shall be entitled to use the Capital Improvement Account for future capital improvement items such as replacement of roofing system and HVAC units and any other major repairs, replacements and improvements or facility costs considered "capital improvements" by the Internal Revenue Service. In addition to the initial sum deposited into the Capital Improvement Account, LESSOR shall deposit a portion of the Expense Stop funds, in the amount of \$0.026 per rentable square feet of the Premises per month into said account so long as LESSEE is not in default under Articles 3 and 33 above herein. **In addition, LESSOR, at its sole cost and expense, shall fund any Capital Improvements to the Premises for which insufficient funds are available in the Capital Improvement Account.**

The amount of funds going into the Capital Improvement Account each month shall be adjusted annually at the same adjustment rate as specified in Article 4. LESSOR and LESSEE shall mutually agree upon use of funds in the Capital Improvement Account after consultation with licensed building contractors who have determined that the proposed capital improvements are both reasonable and necessary. The professional property management company for the Premises shall be in charge of the monthly accounting for said account and provide LESSOR and LESSEE with accounting reports upon request. Disbursements shall require LESSOR and LESSEE jointly notifying the property manager to make a disbursement, and the property manager shall then authorize the bank to make the respective disbursement. LESSOR will obtain three (3) bids from reputable contractors for any such improvements, and LESSOR and LESSEE will jointly select the contractor to do the work. Upon LESSEE'S written direction, which direction shall evidence LESSEE'S approval of expenditures from the Capital Improvement Account, LESSOR will enter into an agreement with the contractor for the work, and LESSOR will submit the contractor's invoice to the property manager and a copy to the LESSEE for all such work. The property manager will pay the contractor out of the Capital Improvement Account.

LESSEE: (County of Monterey)

By: [Signature]

Title: Purchasing Manager

Date: 6-7-07

APPROVED AS TO FORM: (County Counsel)

By: [Signature]

Title: Deputy County Counsel

Date: 6-6-07

LESSOR: (LIFE Foundation Monterey, LLC)

By: Low Income Family Enrichment Corporation, its Sole Member

By: [Signature]

Title: Barnett Davis II, Chairman

Date: 6/14/2007

EXHIBIT A

DESCRIPTION OF PREMISES

1000 South Main Street, Salinas, CA (DSES Master Lease)

<u>Suites</u>	<u>Rentable Square Feet</u>
106, 107, 108, 109, 110, 111, 105A2, Conference A/B, and Conference C	12,492
112, 113, 114, 115, and 116	8,119
101, 102, 103, and 104	3,466
202, 220, and 219	3,305
204	1,309
206B1	1,183
208	3,841
209	2,063
211	4,008
216	10,063
301 and 320	3,120
303, 304, 305, 306, and 308	10,142
310	2,393
314, 315, and 317	7,038
117	<u>7,306</u>
Total Rentable Square Feet =	79,848

DESCRIPTION OF ADDITIONAL SPACE

1000 South Main Street, Salinas, CA (Health Department Suites)

<u>Suites</u>	<u>Rentable Square Feet</u>
105A-C, 210, 311	9,480

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 IMPROVEMENT SPECIFICATIONS

1000 South Main Street, Salinas, CA

This Premise Improvement Agreement is made by and between LIFE Foundation Monterey, LLC, ("LESSOR"), and COUNTY OF MONTEREY, ("LESSEE").

1. Premise Improvements:

- a. LESSOR shall construct all Premise Improvements in accordance with the Plans and Specifications as approved by LESSOR and LESSEE and as further defined in Article 7 of the County of Monterey Standard Lease Agreement to which this Exhibit is attached. Premise Improvements must satisfy the Federal Americans with Disabilities Act of 1990, as and if applicable.
- b. Premise Improvements are generally described as follows: the improvement of existing [*general office space*] as to conform to LESSEE'S approved program for the use of the Premises.
- c. If applicable, LESSOR shall commence construction of the Premises Improvement work at the earliest opportunity, but not more than 5 days following issuance of building permit. Plans and Specifications shall be approved by LESSOR and LESSEE prior to submittal to the local jurisdiction's Building and Planning Department.
- d. LESSOR shall diligently pursue construction of approved Premises Improvement work and deliver the Premises to LESSEE in a condition suitable for occupancy no later than a date certain, that will be mutually established by LESSOR and LESSEE on or before the date LESSOR'S contractor commences construction of the Premise Improvements.

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

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

LESSEE'S Representative of the estimated length of the delay caused by LESSEE'S request. LESSEE'S Representative shall advise LESSOR within two (2) business days after receipt of such notice as to whether LESSOR shall proceed with 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: If applicable, 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 follows:

14 If to LESSOR, to: LIFE Foundation Monterey, LLC (LESSOR'S Representative)
19850 Pacific Coast Highway
Malibu, California 90265

a. If to LESSEE, to: County of Monterey (LESSEE'S Representative)
Public Works Department
Real Property Specialist
855 E. Laurel Drive, Building C
Salinas, CA 93905

8. Notice of Non-Responsibility: LESSOR may post such notices of non-responsibility as it reasonably deems appropriate in the Premises during the construction provided for herein.

9. Responsibility for Damage: If LESSEE installs equipment in the Premises prior to completion of the work hereunder; LESSEE shall bear the risk of loss to such equipment other than loss that is a result of negligence or willful misconduct by LESSOR, its agent or contractors.

10. Approval of Agreement: Approval of this Agreement will result in a construction of a facility suitable for the LESSEE'S program. This agreement specifically includes the installation of necessary telecommunications/data processing linkages, and alarm systems. Specification for telecommunications/data processing linkages and alarm systems will be developed and provided by the Monterey County Information Technology Department. See Exhibit G.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date above written.

LESSOR:

By: [Signature]

Title: Chairman

Date: 6/14/2007

LESSEE:

By: [Signature]

Title: PURCHASING MANAGER
COUNTY OF MONTEREY

Date: 6-12-07

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 in accordance with Article 14.4		X	
Provide adequate pest control for exterior of Premises in accordance with Article 14.4		X	
Provide adequate landscape maintenance and gardening (including landscape irrigation system and associated water supply and service)		X	
Provide adequate parking lot area sweeping		X	
Provide adequate refuse, rubbish, garbage, and recyclable (paper, plastic, and aluminum, if available) disposal and pick up service		X	
Provide adequate fire sprinkler systems testing		X	
Provide adequate fire alarm systems monitoring		X	
Provide adequate intrusion/security alarm systems monitoring (LESSOR to be responsible for common area)		X	
Provide adequate patrolled security guard service (to common area only, from 6 am to 10 pm M-F, and 7 am to 5 pm on Sat.) (Subject to change with mutual written consent)		X	
Provide adequate heating, ventilation & air conditioning (HVAC) systems filter replacements, unit inspections, unit lubrications and record keeping pursuant to the California Code of Regulations, Title 8, Section 5142		X	
Provide adequate servicing of uninterrupted power source (UPS)	X		
Provide adequate servicing of back up generator	X		
Provide adequate gas utility service		X	
Provide adequate electric utility service		X	
Provide adequate water utility service		X	
Provide adequate telephone and data service (including connection charges)		X	

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		X	
Exterior and Bearing Walls		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		X	
Ceilings (damage due to roof leaks only)		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 (including repainting every 5 years or if deemed necessary and if Premises wall surfaces are made accessible by LESSEE)		X	
Interior Doors and Hardware		X	
Interior Windows and Window Frames		X	
Carpet, VCT, and Linoleum Flooring (including replacement if deemed necessary and with the understanding LESSEE pays for moving office furniture and equipment unless otherwise agreed to in writing)		X	
Base and/or Moldings (including replacement if deemed necessary)		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 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.

EXHIBIT F

CUSTODIAL SERVICE SPECIFICATIONS (Page 1 of 3)

DAILY SERVICE (Monday through Friday)
A. General Cleaning
1. Empty wastebaskets; replace liners, place trash in dumpster
2. Sweep outside 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 with mutual written consent. LESSOR and LESSEE acknowledge that additional costs may apply.

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 it's equivalent or data and Belden CAT-5 #1583A (Grey color for voice-1 White color for voice-2 unless otherwise requested) or it's 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.

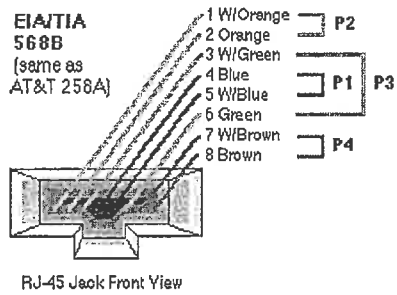


EXHIBIT H

REMEDIAL CONTRACTOR SPECIFICATIONS

A. Scope of Services

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

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

B. Work Standards

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

EXHIBIT I

SERVICE CONTACT LIST (Page 1 of 2)

Back Up Generator

Carpenter

Ceiling Tile

Electrical

Electronic Gates and Garage Doors

Elevator

Elevator Phone

Exterior Door and Hardware

Flooring

Fire Sprinkler System

Fire Extinguisher Servicing

Fire Alarm

Heating & Air Conditioner

Industrial Hygienist

Interior Door and Hardware

Janitorial

Landscape Maintenance

Light Bulbs and Fluorescent Tubes

Locksmith

Service Contact List (Page 2 of 2)

Painting

Pest Control

Parking Lot Repair

Parking Lot Sweeping

Patrolled Security

Plumbing

Remedial Contractor

Roofing System

Roof Gutters and Downspouts

Security Alarm Company

Sewer and Drain Cleaning

Utility (Gas & Electric)

Utility (Telephone)

Utility (Water)

Waste Disposal & Recycle

Window Replacement and Repair

Window Cleaning

EXHIBIT J

FORM OF OPINION LETTER FROM MONTEREY COUNTY COUNSEL
[COUNTY COUNSEL LETTERHEAD]

[Closing Date]

City of Salinas
Salinas, California

The Bank of New York Trust Company, N.A.
Los Angeles, California

LIFE Foundation Monterey, LLC
Malibu, California

Ladies and Gentlemen:

This opinion is rendered as counsel to the County of Monterey (the "County") in connection with the execution and delivery of that certain Master Lease Agreement (the "Lease"), dated as of _____, 2007, by and between the County and Life Foundation Monterey, LLC ("Life").

In rendering this opinion, we have examined the Lease and such other documents, records and instruments and made such investigations of law and fact as we have deemed necessary to render the opinions expressed herein.

Based upon the foregoing, and solely with respect to the laws of the State of California (the "State"), we are of the opinion, as of the date hereof, that:

1. The County is a political subdivision duly organized and existing pursuant to the Constitution and the laws of the State of California;
2. The County has full right and lawful authority to execute and deliver the Lease and the Lease has been duly authorized, executed and delivered by and on behalf of the County and is a legal valid and binding obligation of the County enforceable in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, moratorium of similar laws, or by legal or equitable principles relating to or limiting creditors' rights generally;
3. The County is unaware of any action, suit, proceeding, inquiry or investigation pending before or by any court or public board or body, or, to the best of our knowledge, threatened wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Lease or any other agreement, document or certificate related to such transaction;
4. Insofar as it might have a material adverse effect on the ability of the County to enter into, carry out or perform its obligations under the Lease or to consummate the transaction contemplated thereby, the County is not in material breach of or default under any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the County is a party or to which the Lease or any of its property or assets is otherwise subject, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument; and
5. No authorization, approval, consent or other order of the State, or other governmental authority or agency within the State is required for the valid authorization, execution and delivery of the Lease on behalf of the County that has not been obtained.

Very truly yours,