



File ID A 13-189 No. 42

## Monterey County

### Board Order

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

**Agreement No.: A-12539**

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

- a. Approved and authorized the Contracts/Purchasing Officer to execute a ten year Lease Agreement, effective on or around August 1, 2013, with LIFE Foundation Monterey, LLC., a California limited liability company for approximately 9,490 rentable square feet of space located at 1000 South Main Street, Suites 105, 210, and 311, Salinas, California, for use by the Health Department's Behavioral Health Bureau;
- b. Authorized the Auditor-Controller to make lease payments of \$16,133.00 per month and in accordance with the terms of the agreement; and
- c. Authorized the extension of the Lease Agreement for three additional two-year periods under the same terms and conditions, and make minor revisions to the Lease Agreement if deemed by the Contracts/Purchasing Officer to be in the best interests of the County.

PASSED AND ADOPTED on this 30th day of July 2013, by the following vote, to wit:

AYES: Supervisors Armenta, Calcagno, Salinas, Parker and Potter

NOES: None

ABSENT: None

I, Gail T. Borkowski, Clerk of the Board of Supervisors of the County of Monterey, State of California, hereby certify that the foregoing is a true copy of an original order of said Board of Supervisors duly made and entered in the minutes thereof of Minute Book 76 for the meeting on July 30, 2013.

Dated: July 31, 2013  
File Number: A 13-189

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

By  Deputy



# Monterey County

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

## Board Report

File #: A 13-189, Version: 1

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- c. Authorize the extension of the Lease Agreement for three additional two-year periods under the same terms and conditions, and make minor revisions to the Lease Agreement if deemed by the Contracts/Purchasing Officer to be in the best interests of the County.

### RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Approve and authorize the Contracts/Purchasing Officer to execute a ten year Lease Agreement, effective on or around August 1, 2013, with LIFE Foundation Monterey, LLC., a California limited liability company for approximately 9,490 rentable square feet of space located at 1000 South Main Street, Suites 105, 210, and 311, Salinas, California, for use by the Health Department's Behavioral Health Bureau;
- b. Authorize the Auditor-Controller to make lease payments of \$16,133.00 per month and in accordance with the terms of the agreement; and
- c. Authorize the extension of the Lease Agreement for three additional two-year periods under the same terms and conditions, and make minor revisions to the Lease Agreement if deemed by the Contracts/Purchasing Officer to be in the best interests of the County.

### SUMMARY/DISCUSSION:

Approval of the Lease Agreement will expand occupancy to approximately 9,490 rentable square feet of space to be used by the Health Department's Behavioral Health Bureau. The lease term will commence on August 1, 2013, and expire on July 31, 2023 replacing the current Lease Agreement A-11759 dated June 29, 2010. Commencement rent will be \$16,133.00 per month. The Lease Agreement provides for three, two-year extension options under the same terms and conditions including annual rental adjustments. A "Termination by County" clause (without penalty) is incorporated in the Lease Agreement.

This lease expands office space for the Children's Behavioral Health staff that provides mental health services to abused and neglected children and their families who are in the foster care (Dependency) system. Behavioral Health has created a collaborative, integrated mental health service approach with Department of Social Services (DSS), co-located with DSS in The Life Foundation Building. This additional space is needed to: allow for the provision of timely mental health services to children and their parents who currently must be placed on a waiting list; create adequate and appropriate therapy space for Behavioral Health clinical staff to provide those services; and; accommodate new mental health service requirements recently mandated by the State as a result of the "Katie A." lawsuit that must be implemented over the next year.

### OTHER AGENCY INVOLVEMENT:

The Department of Public Works advised the Health Department for its development of the Lease Agreement.

The Office of the County Counsel has reviewed and approved the Lease Agreement as to form and legality. County standard lease insurance and indemnity provisions are being used in this Lease Agreement. Due to late submission of this Board Report, the CAO Budget and Analysis Division was not provided adequate time to fully review for potential fiscal, organizational, policy, or other implications to the County of Monterey.

FINANCING:

The funding for this agreement is Mental Health Services Act (MHSA) monies and other available mental health sources. There are sufficient appropriations in Health Department Behavioral Health's FY 2013-14 Adopted Budget. On-going occupation of the leased premises and future extensions of the Lease Agreement will be based on the continued availability of funding. The first-year leasing cost will amount to \$193,596, including janitorial and utility services. The base rent is to be increased annually according to a cost of living index. The increase shall be not less than 1.5 percent nor more than 5 percent annually.

Prepared by: Pat Bass, Management Analyst, 4538

Approved by: Ray Bullick, Director of Health, 4526

Attachments:

Lease Agreement is on file with the Clerk of the Board

Location Map is on file with the Clerk of the Board

**COUNTY OF MONTEREY**

**STANDARD LEASE AGREEMENT**



LEASED PREMISES:	1000 South Main Street, Suite 105, 210 and 311 Salinas, CA 93901
DEPARTMENT:	Health Department (Behavioral Health Division)
LESSOR:	LIFE Foundation Monterey, LLC c/o MCM Diversified 777 North First Street, Suite 600 San Jose, CA 95112

## COUNTY OF MONTEREY STANDARD LEASE AGREEMENT

### PREAMBLE

THIS LEASE ("Lease") is made by and between the LIFE Foundation Monterey, LLC ("LESSOR") and the COUNTY OF MONTEREY, ("LESSEE"), C/O Real Property Specialist, 855 East Laurel Drive, Building C, Salinas, CA, 93905. Lease Agreement A-11759 dated June 29, 2010 is replaced by this LEASE and terminates on the effective date of this LEASE. 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, Suites 105, 210 and 311 Salinas, CA 93901 and described as follows: General offices consisting of approximately 9,490 rentable square feet of space, (the "Premises"), as designated in Exhibit A1 (Suite 105 comprised of approximately 4,376 rentable square feet), and Exhibit A2 (Suite 210 comprised of approximately 3,300 rentable square feet), and Exhibit A3 (Suite 311 comprised of approximately 1,814 square feet) which are 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. If the Premises constitutes only a portion of the building or complex, the Premises represents one hundred percent (100%) of the total rentable space.

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

1.3 Parking Areas: The parking areas appurtenant to the Premises include 1,381 spaces in the lots adjacent to the Quadrangle Building and Valley Center Shopping Area. LESSOR shall retain the right to assign parking area and number of spaces available for LESSEE'S use.

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 Seismic Adequacy: Attached as Exhibit B is a Seismic Evaluation Report prepared by Land America Assessment Corporation dated January 7, 2005 giving evidence of seismic adequacy of the building of which the Premises is a part of.

1.7 Items to be Completed within ninety (90) days after Lease Commencement Date: Within ninety (90) days after the Lease Commencement Date as defined in Article 2 below, LESSOR, at LESSOR'S sole cost and expense, shall complete the following:

- a. Replace carpeting and sand a finish hard wood flooring in Suite 210 as per "Option 1" proposal done by Cinderella Carpet One dated 7/30/2012.
- b. Move office furniture and equipment as per proposal done by Scarr Moving & Storage, Inc dated 7/27/2012.
- c. Repaint in Suite 210 as per proposal done by James A. Jeffrey's and Sons Painting dated 7/5/2012.
- d. Replace stained and faded ceiling tiles in Suite 210 as needed.
- e. Install chair railing in Suite 210. Stain or paint colors and location of chair railing to be confirmed by LESSEE prior to installation.

#### ARTICLE 2 - TERM

2.1 Lease Term: The term of this Lease (the "Lease Term") shall be ten (10) years, commencing on August 1, 2013 ("Lease Commencement Date"), and ending July 31, 2023, with such rights of termination and extension of the Lease Term as are hereinafter set forth.

2.2 Extended Term: LESSEE shall have the option to extend the Lease Term for three (3) additional two (2) year periods on the same terms and conditions. LESSEE shall exercise such option no later than one hundred and twenty (120) 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 this Lease. In the event that LESSEE does not notify LESSOR of its intent to vacate the Premises no later than 120 days prior to the last day of the Lease Term in writing, the Lease term shall be extended by two (2) years.

#### 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 Sixteen thousand, one hundred and thirty-three dollars (\$16,133.00) payable on or before the first day of each month. LESSEE shall commence rental payments as specified in Article 2.1 ("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. *[Initial monthly rent is computed as follows: \$1.70 per square foot per month]*

#### ARTICLE 4 - COST OF LIVING ADJUSTMENT

At the end of each one-year period of the Lease Term or any one-year period of any Extended Term, the monthly rent shall be adjusted to reflect any increase in the Cost of Living Index. The increase shall be calculated on the basis of the U.S. Department of Labor Consumer Price Indexes, all urban consumers for the San Francisco-Oakland-San Jose area. The monthly base rent shall be increased at the end of each year by the percentage increase in said index in the twelve (12) calendar month period preceding such adjustment, based on the most recent publication of the index prior to the adjustment date, provided that the maximum increase on any anniversary date is not to exceed five percent (5%), and the minimum increase is not to be less than one and one half percent (1.5%).

#### ARTICLE 5 - TERMINATION BY COUNTY

Notwithstanding any other provisions of this Lease, LESSEE, at its sole option, may terminate this Lease upon ninety (90) 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.

#### ARTICLE 6 - NOTICES

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

To LESSOR: LIFE Foundation Monterey, LLC  
c/o MCM Diversified  
777 North First Street, Suite 600  
San Jose, CA 95112

To LESSEE: County of Monterey  
Department of Public Works  
c/o Real Property Specialist  
855 East Laurel Drive, Building C  
Salinas, CA 93905

Copy to: County of Monterey  
Health Department  
c/o Facility Manager  
1270 Natividad Rd.  
Salinas, CA 93906

Rent payments shall be made via wire transfer as made under the current lease.

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-hours, 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-hours, 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: [INTENTIONALLY LEFT BLANK]

7.2 Cost of Premise Improvements: [INTENTIONALLY LEFT BLANK]

**7.3 Future Premise Improvements:** LESSEE and LESSOR shall agree upon the actual dollar amount and specifications of future improvements needed to be done to the Premise, on behalf of LESSEE by LESSOR, prior to commencement. LESSOR and LESSEE acknowledge that the responsibility of said improvement costs will be subject to negotiation between both parties.

**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, unconditionally make any repair, replacement, correction or other alteration of any nature necessary by virtue of any defective construction of the Premises or defective materials used therein. Thereafter, LESSOR shall promptly make or cause to be made all repairs, replacements, corrections or alterations, at no expense to LESSEE, to correct latent defects in the Premises.

#### **ARTICLE 8 - NOTICE OF COMPLETION**

If applicable, LESSOR will be responsible to insure that a properly prepared Notice of Completion is filed with the County Clerk-Recorder's Office on all construction and remodeling work performed as a result of this Lease 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**

It shall be LESSOR'S responsibility to remove any prior Lessee (non-County of Monterey entity) in the Premises.

#### **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.

**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 free of all Environmental Hazards (including asbestos, leads, toxic mold spores or PCBs) and agrees to survey, test, and abate as applicable and in accordance with Environmental Protection Agency, "EPA" guidelines. 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.

#### **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

#### **ARTICLE 15 - SERVICE AND REPAIR COMPANIES**

Within ten (10) days after occupancy of the Premises by LESSEE, LESSOR shall give LESSEE a list (see Exhibit I) of the names, addresses and telephone numbers of agencies or persons convenient to LESSEE as local sources of services 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 without the prior written consent of LESSOR, which consent shall not be unreasonably withheld. Subletting shall be subject to use or uses stated in Article 11.

#### **ARTICLE 18 - ENTRY BY LESSOR**

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

#### **ARTICLE 19 - INSURANCE AND INDEMNIFICATION**

LESSEE, during the term hereof, shall indemnify and hold harmless the LESSOR from and against any and all claims and demands whether for injuries to persons or loss of life, or damage to property, occurring within the demised Premises and arising out of the use of the demised Premises 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 20 - WAIVERS OF SUBROGATION**

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

#### ARTICLE 21 - DESTRUCTION

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

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

If such casualty shall render more than ten percent (10%) of such floor space unusable but not constitute total destruction, LESSOR shall forthwith give notice to LESSEE of the specific number of days required to repair the same. If LESSOR under such circumstances shall not give such notice within fifteen (15) calendar days after such destruction, or if such notice shall specify that such repairs will require more than 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 completed within thirty (30) calendar days from the work commencement date, for destruction aggregating ten percent (10%) or less of the floor space, or within the period specified herein in connection with partial destruction aggregating more than ten percent (10%), LESSOR shall have the option to terminate this Lease.

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

#### ARTICLE 22 - DEFAULT BY LESSEE

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

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

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

#### ARTICLE 23 - DEFAULT BY LESSOR

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

provide written notice to LESSOR of a default by LESSOR is limited to those instances where knowledge of LESSOR'S default is within the actual knowledge of LESSEE.

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

#### ARTICLE 24 - CONDEMNATION

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

#### ARTICLE 25 - HOLDING OVER

Subject to Article 2.2 which shall control, 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 26 - WAIVER

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

#### ARTICLE 27 - QUIET POSSESSION

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

#### ARTICLE 28 - SUBORDINATION

This Lease shall be subject and subordinated to the lien of any mortgages and deeds of trust which are hereafter placed against the LESSOR'S interest or estate in the property provided that the mortgage or beneficiary under such mortgage or deed of trust shall agree in writing that, in the event of a foreclosure of same or of any other such action or proceeding for the enforcement thereof, or of any sale 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 29 - ESTOPPEL CERTIFICATE

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

#### ARTICLE 30 - MISCELLANEOUS PROVISIONS

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

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

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

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

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

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

30.7 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.

30.8 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 31 - MAJOR APPLIANCES

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

#### ARTICLE 32 - EXPENSE STOP

[INTENTIONALLY LEFT BLANK]

LESSEE: (County of Monterey)

By: 

Title: Contracts/Purchasing Officer

Date: 10/31/13

APPROVED AS TO FORM: (County Counsel)

By: 

Title: Deputy County Counsel

Date: 10/23/13

LESSOR: (LIFE Foundation Monterey, LLC).

By: 

Barnett Davies II, President

Date: 10/21/2013

By: \_\_\_\_\_

Frank Gallagher, Secretary

Date: \_\_\_\_\_

LESSEE: (County of Monterey)

By: 

Title: Contracts/Purchasing Officer

Date: 10/31/13

APPROVED AS TO FORM: (County Counsel)

By: \_\_\_\_\_

Title: Deputy County Counsel

Date: \_\_\_\_\_

LESSOR: (LIFE Foundation Monterey, LLC)

By: \_\_\_\_\_

Barnett Davies II, President

Date: \_\_\_\_\_

By: 

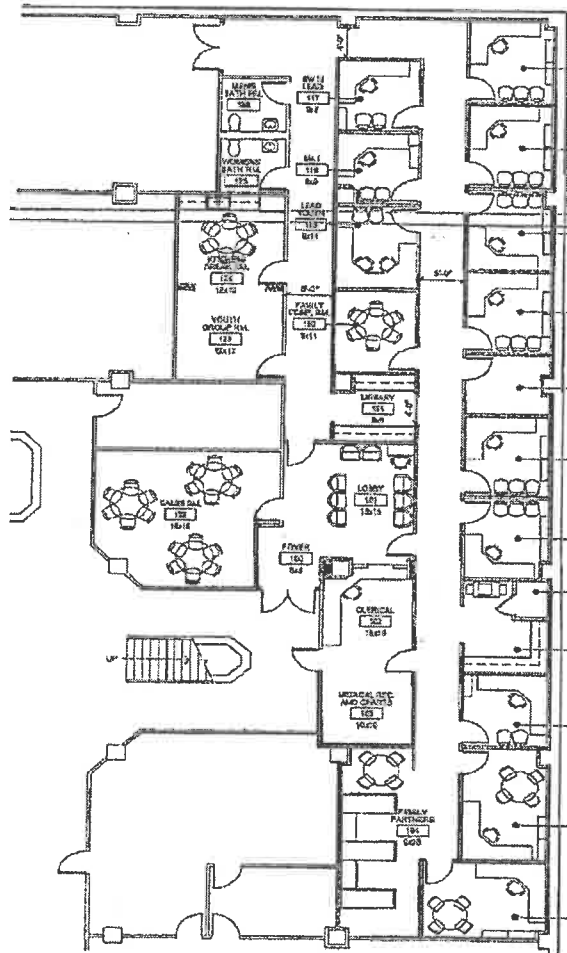
Frank Gallagher, Secretary

Date: 10/17/2013



# EXHIBIT A1

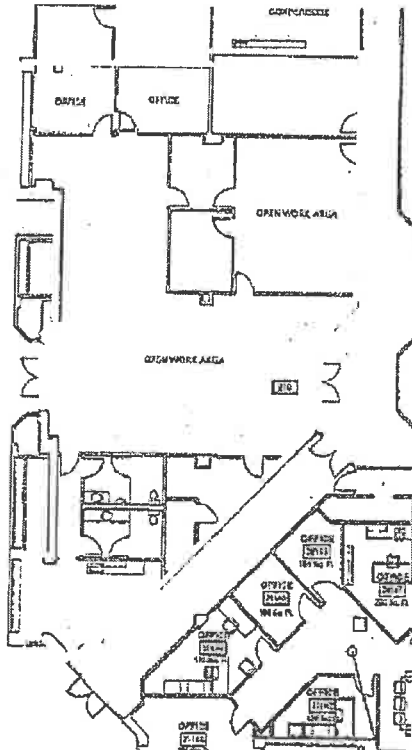
## DESCRIPTION OF PREMISES 1000 South Main Street, Suites 105, Salinas, CA



## EXHIBIT A2

### DESCRIPTION OF PREMISES

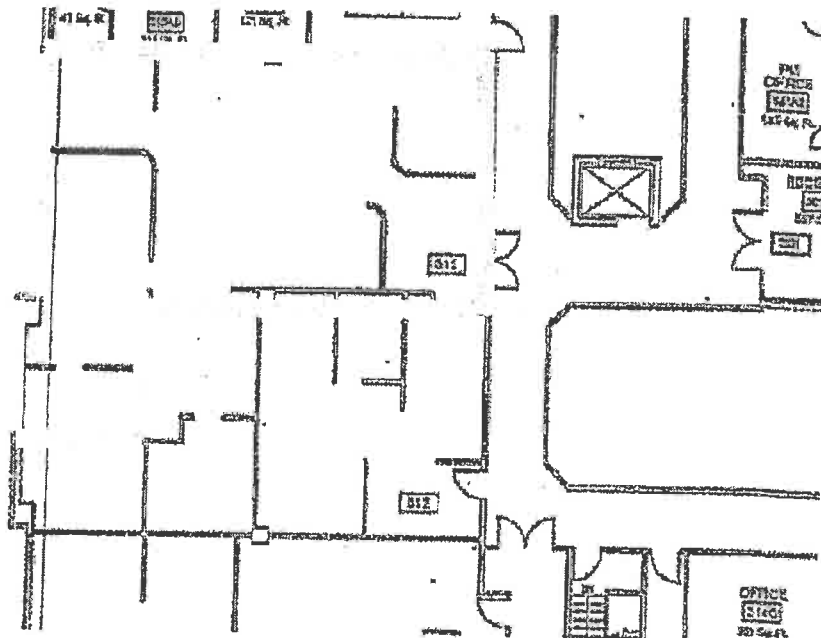
1000 South Main Street, Suite 210, Salinas, CA



## EXHIBIT A3

### DESCRIPTION OF PREMISES

1000 South Main Street, Suite 311, Salinas, CA



## EXHIBIT B

### STATEMENT OF SEISMIC ADEQUACY

Statement of seismic adequacy provided in the DSES 2007 Master Lease to be attached as Exhibit B.

Prepared For

DEUTSCHE BANK MORTGAGE CAPITAL, LLC  
60 WALL STREET, 11TH FLOOR  
NEW YORK, NEW YORK 10005

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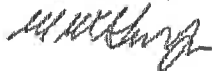
## SEISMIC EVALUATION REPORT

Monterey County Office Building  
1000 South Main Street  
Salinas, California 93901

LAC Project Number 04-23229.1

Date Issued: January 7, 2005

Prepared By



Matthew A. McGovern  
Vice President

LANDAMERICA ASSESSMENT CORPORATION  
One Blue Hill Plaza, 10<sup>th</sup> Floor, Pearl River, NY 10965  
Telephone: 845.735.7188 Facsimile: 845.735.7618





January 7, 2005

Mr. Thomas Vasile  
Deutsche Bank Mortgage Capital, LLC  
60 Wall Street, 11th Floor  
New York, New York 10005

RE: Monterey County Office Building  
1000 South Main Street  
Salinas, California 93901  
LAC Project No.: 04-23229.1

Dear Mr. Vasile:

LandAmerica Assessment Corporation ("LAC") is pleased to provide this Seismic Report on the referenced property. LAC estimated the expected (mean) "as-is" loss projection stated as a percentage of replacement value when exposed to a specified level of ground shaking that has a ten percent chance of exceedance in a 50-year exposure period, commonly referred to as the "475-year event". This damage ratio is frequently referred to by the mortgage industry as the Probable Maximum Loss ("PML").

Based on our field observations on January 4, 2005 and using the damage prediction method developed by Thiel and Zsutty, ground fault and acceleration data from the EQFAULT and FRISKSP software, it is our professional judgment that the PML estimate for this particular property is 17% of the replacement cost of the building.

We thank you for the opportunity to assist you. If you have any further questions, please feel free to call me at (845) 735-7188.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Matthew A. McGovern'.

Matthew A. McGovern  
Vice President

---

LANDAMERICA ASSESSMENT CORPORATION  
ONE BLUE HILL PLAZA, 10<sup>TH</sup> FLOOR PEARL RIVER NEW YORK 10965  
TELEPHONE: 845.735.7188 FACSIMILE: 845.735.7618  
[WWW.LANDAM.COM](http://WWW.LANDAM.COM)

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Appendix      Modified Mercalli Intensity Scale

## 1.0 INTRODUCTION

At the request of Deutsche Bank Mortgage Capital, LLC (Client), a Seismic Evaluation was performed by LandAmerica Assessment Corporation (LAC) on Monterey County Office Building located at 1000 South Main Street in Salinas, California (Subject Property). This was performed in accordance with industry standard scope of work for Probable Maximum Loss (PML). Mark S. Prock, P.E., a Licensed Professional Engineer, prepared this Seismic Evaluation.

## 2.0 IDENTIFICATION

CLIENT:	DEUTSCHE BANK MORTGAGE CAPITAL, LLC
PROJECT NAME:	MONTEREY COUNTY OFFICE BUILDING
PROJECT LOCATION:	1000 SOUTH MAIN STREET SALINAS, CALIFORNIA 93901
OBSERVED BY:	BRIAN SMITH, R.A.
OBSERVATION DATE:	JANUARY 4, 2005

## 3.0 OBJECTIVE

The purpose of our review and Report is to evaluate the seismic condition of the property and to assess seismic damage loss scenarios based on the seismicity and the structural and seismic systems located at the subject site.



#### 4.0 PROCEDURES AND LIMITATIONS

Our Report is based upon our limited site observation and a review of available documents. The Probable Maximum Loss has then been estimated utilizing the damage prediction method developed by Thiel and Zsutty [Thiel, Charles C. Jr., & Zsutty, Theodore C., Earthquake Characteristics and Damage Statistics Earthquake Spectra (Vol. 3; No. 4), November 1987], in addition to ground fault and acceleration data from the EQFAULT and FRISKSP seismic hazard analysis computer programs. The PML value is not intended to serve as a guarantee of how the property will perform in a seismic occurrence. Rather, it is a statistical review that is intended to suggest how the property will be affected by a probable seismic event.

The PML does not take into consideration the value of equipment, inventory or monetary loss from business interruption. LandAmerica Assessment Corporation represents that the estimate of seismic performance for this building is based on a limited review of the property condition, and on a large measure of engineering judgment that is incorporated into the damage prediction estimation. Engineering judgment is a necessary component of this review since analytical methods do not exist that will encompass all parameters necessary to determine a precise estimate of the cost of any damage caused by the maximum probable earthquake.

Our Report represents our professional experience and judgment, and a good faith effort to obtain all available information. Documents and data provided by the Client, designated representatives of the Client, or other interested parties, and consulted in the preparation of this Report, have been reviewed and may be referenced herein with the understanding that LAC assumes no responsibility or liability for their accuracy or for the withholding by any of the involved parties of any reports or other information that could affect the transactions.

## 5.0 PROPERTY DESCRIPTION

### GENERAL

Monterey County Office Building is located at 1000 South Main Street in the City of Salinas, California. The project consists of a 3-story multi-tenant office building containing approximately 138,578 square feet of floor area. The building was originally constructed in 1947 as a 2-story structure and was reportedly renovated and the third floor level added in 1983.

According to the 1997 Uniform Building Code, the property is located in a Seismic Zone 4, defined as an area with a high probability of damaging ground motion.

### BUILDING AND SITE CHARACTERISTICS

Structures can be grouped into various building classes. Different buildings within the same class can be expected to perform similarly during earthquake shaking. To account for the differences between buildings with the same class, additional information is utilized. For example, the year built provides an insight into the level of design code used. Generally speaking, the more information is available about a particular building, the more reliably potential damage can be estimated. It appears that, for this seismic area, the basic elements of a lateral-force resisting system have been provided in accordance with the building code in effect at the time of design and construction.

There were no structural drawings provided for review. The three levels of the building are referred to as the lower level, first floor, and mezzanine levels respectively. The lower level is located partially below finished grade level. The mezzanine level exists only over the L-shaped portion of the building and does not exist in the western wing portion. The western wing contains only the lower level and ground floor level. Based on our limited site observations, the original building reportedly consists of reinforced concrete construction with concrete slab upper floor systems. The upper floor systems include two-way concrete slabs supported by concrete walls and concrete columns. In 1983 the existing roof was removed and the mezzanine level was constructed. The mezzanine and new roof systems include plywood sheathing over sawn lumber and steel beam framing supported by steel column sections. Sections of the new roof system also include wood beam and tapered steel truss framing. The main L-shaped configuration of the building has a large skylight above an open clear-story central atrium with crossing upper level walkways consisting of steel and wood framed construction. The building has an L-shaped plan configuration with re-entrant corners and with potential torsion. The lower level of the building located below finished grade includes perimeter concrete retaining walls with interior concrete framing. The foundation system is assumed to include concrete slab-on-grade with continuous concrete footings with stem walls at sloped areas of the subject site. The primary lateral load resisting elements presumably include the original concrete shear walls and the concrete slab upper floor diaphragms. The 1983 addition and renovation presumably include plywood sheathed wood framed shear walls and the horizontal plywood sheathed mezzanine and roof diaphragms.

### BUILDING CHARACTERISTICS

<b>Structural System:</b>	Original construction consisting of reinforced concrete with wood and steel framing as part of building renovation and addition in 1983
---------------------------	---

Number of Stories: 3-story  
 Year Constructed: Original construction in 1947 with renovation and addition in 1983  
 Occupancy Type: Multi-tenant office

#### SECONDARY STRUCTURAL CHARACTERISTICS

Shape Configuration: L-shaped plan with re-entrant corners  
 Setbacks/Overhangs: Minor effect due to setbacks at upper levels  
 Redundancy: Assumed fair  
 Torsion: Assumed moderate to high based on plan configuration  
 Building Exterior: Brick veneer, stucco and wood panels  
 Seismic Ties: Assumed standard for original construction date and date of renovation  
 Structural Upgrade: Complete renovation and addition in 1983  
 Engineered Foundation: Concrete slab-on-grade construction with continuous and spread concrete footings  
 Construction Quality: Assumed average  
 Hazardous Exposure: None reported

#### SITE CHARACTERISTICS

The soil conditions at a site can influence the damageability of a structure in two general ways:

- 1) Soft soils tend to amplify ground motion.
- 2) Collateral hazards such as soil liquefaction, sliding or rupturing can potentially result in considerable damage to a structure.

Detailed soil information was not provided for this site. However, the soil data obtained from the California State Department of Conservation Geologic Map is shown below. A site specific geotechnical investigation is recommended if a more accurate assessment is required.

SOIL DATA	
Site Soil Type	Alluvium
Liquefaction Potential	Assumed moderate
Landslide Potential	Assumed low (Site is generally flat)
Fault Rupture Potential	Assumed low (The Rinconada Fault is the closest known active fault and is located 3.7 miles from the site.)

## 6.0 SEISMIC REVIEW

### REGIONAL SEISMICITY

Based on various geological and seismological characteristics, it is possible to estimate the theoretical maximum magnitude a given fault can generate. It is also possible to estimate the probability that a given magnitude earthquake will occur in a given future time window. The following Table lists the most potentially damaging faults within a 50-mile radius of this site. The table includes the distance to the fault in miles and kilometers, followed by the Estimated Maximum Earthquake Event Data defined by Richter magnitude (Mag.), peak site acceleration (g) and estimated site intensity (MMI).

REGIONAL FAULTS				
Fault Name	Miles (km)	Mag.	g	MMI
RINCONADA	3.7 ( 6.9)	7.3	0.480	X
ZAYANTE-VERGELES	10.9 ( 17.5)	5.8	0.240	IX
MONTEREY BAY - TULARCITOS	12.3 ( 19.8)	7.1	0.289	IX
SAN ANDREAS (1906)	14.0 ( 22.6)	7.9	0.356	IX
SAN ANDREAS (PAJARO)	14.0 ( 22.6)	6.8	0.188	VIII
SAN ANDREAS (CREEPING)	14.0 ( 22.6)	6.5	0.150	VIII
CALAVERAS (SO. OF CALAVERAS RES)	18.5 ( 29.7)	6.2	0.085	VII
SARGENT	18.5 ( 29.8)	6.8	0.139	VIII
SAN ANDREAS (SANTA CRUZ MTN.)	20.4 ( 32.8)	7.0	0.145	VIII
PALO COLORADO - SUR	21.2 ( 34.1)	7.0	0.139	VIII
QUIEN SABE	23.9 ( 38.5)	6.4	0.073	VII
SAN GREGORIO	28.5 ( 45.9)	7.3	0.125	VII
HOSGRI	35.9 ( 57.7)	7.3	0.095	VII
MONTE VISTA - SHANNON	37.0 ( 59.6)	6.8	0.061	VI
ORTIGALITA	38.4 ( 61.4)	6.9	0.060	VI
SAN ANDREAS (PENINSULA)	40.5 ( 65.1)	7.1	0.069	VI
GREAT VALLEY 9	42.1 ( 67.8)	6.6	0.043	VI
GREAT VALLEY 8	42.2 ( 67.9)	6.6	0.043	VI
HAYWARD (SE EXTENSION)	42.5 ( 68.4)	6.4	0.035	V
GREAT VALLEY 10	45.4 ( 73.1)	6.4	0.033	V

### SITE SEISMICITY

The Richter Magnitude Scale gives an implication of the absolute energy released in an earthquake. However, generally speaking, the farther a building is from the epicenter, the less shaking it will experience. As such, just considering the magnitude of an earthquake does not give an adequate picture of the building's risk, since the distances from potential earthquake sources to the subject site must also be considered.

The Modified Mercalli Intensity Scale considers the reduction, or attenuation, of ground motion as the distance between source and site increases; the scale is calibrated I to XII. For example, in a large earthquake, a site next to the fault may experience intensity IX shaking, while a site many miles away may experience only intensity VI shaking.

One of the largest magnitude and most destructive historical earthquake in the vicinity of this site occurred approximately 29 miles away on October 18, 1989. This event, the Loma Prieta Earthquake, registered a magnitude 7.0 on the Richter Scale and produced damage on the order of MMI VII at this site.

From 1900 to 1998, there were 10 recorded seismic events with a 100-mile radius of this site, with magnitudes ranging from 6.0 to 8.25 and corresponding MMIs ranging from III to VII.

#### PROBABLE MAXIMUM LOSS

The Probable Maximum Loss (PML) is the monetary loss of a structure on firm soil as a result of vibratory motion from the maximum probable earthquake. The PML can be modified to incorporate the effects of the site condition and the quality of building construction. The maximum probable earthquake used to calculate this loss is defined as the event that has a ten percent chance of exceedance in a 50-year exposure period, commonly referred to as the "475-year event". The PML is expressed as a damage ratio that equals the approximate repair cost divided by the replacement cost of the building. Replacement costs do not include the value of the land nor do they refer to the market value of the property.

Based upon the location and the site soil conditions in conjunction with the information available at the time of this review, the worst case PML scenario for this particular property is shown below:

PROBABLE MAXIMUM LOSS (PML)	
Fault:	Rinconada Fault
Return Period:	475 years
Magnitude (Richter):	7.3
Distance to Site:	3.7 miles
Local Intensity (MMI):	VIII
Damage Ratio (PML):	17 %

## 7.0 CONCLUSIONS

Based on our field observation on January 4, 2005 and using the damage prediction method developed by Thiel and Zsuttu, ground fault and acceleration data from the EQFAULT and FRISKSP software, it is our professional judgment that the PML estimate for this particular property is 17% of the replacement cost of the building.

Our seismic evaluation of the structures is based on our site observation of January 4, 2005, and a review of the available documents. It was determined that the site is not located within an Earthquake Fault Zone as defined in the Alquist-Priolo Earthquake Zone Act.

It appears that for this seismic area, the basic elements of a lateral force-resisting system have been provided in accordance with the building code in effect at the time of construction.

## 8.0 RELIANCE

Authorization to perform this work was given by a directive from Deutsche Bank Mortgage Capital, LLC.

Deutsche Bank Mortgage Capital, LLC and its affiliates (collectively, "DBMC"), assigns, rating agencies and certain limited investors involved in the Securitization (as defined below), may use and rely upon this Report in connection with a planned loan securitization involving the subject property (the "Securitization"), including, without limitation, utilizing selected information in the Report in DBMC's Offering Memorandum relating to the Securitization and LAC agrees to cooperate in answering questions by any of the above parties in connection with the Securitization.

## 9.0 CERTIFICATION

LandAmerica Assessment Corporation's work was performed in a professional manner with the best interests of our client in mind. Our objective was to perform our work with care, exercising the customary skill and competence of consulting professionals in the relevant disciplines. The conclusions presented in this report are professional opinions based solely upon visual observations of the site and vicinity and our interpretation of the available historical information and documents reviewed. The opinions and recommendations presented herein apply to existing and reasonably foreseeable site conditions. We cannot act as insurers, and no expressed or implied representation or warrant is included or intended in our report, except that our work was performed, within the limits prescribed by our clients, with the customary thoroughness and competence of our profession at the time and place the services were rendered.

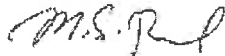
The undersigned hereby certifies that:

1. The report was prepared in a manner consistent with generally accepted industry practices and standards.
2. All information is true and correct, to the best of the undersigned's knowledge, and reflects the consultant's best professional opinion and judgment.

**LANDAMERICA ASSESSMENT CORPORATION**  
1320 Harbor Bay Parkway, Suite 260  
Alameda, California 94502  
TEL (510) 337-2855 FAX (510) 337-2865

Site visited on: January 4, 2005

Signature:



Mark S. Prock, P.E.  
Professional Associate



**APPENDIX**  
**MODIFIED MERCALLI INTENSITY SCALE**

MODIFIED MERCALLI INTENSITY SCALE (1931 ABRIDGED)	
I.	Not felt except by a very few under especially favorable circumstances
II.	Felt only by a few persons at rest, especially on upper floors of buildings. Delicately suspended objects may swing
III.	Felt noticeably indoors, especially on upper floors of buildings, but many people do not recognize it as an earthquake. Standing motor cars may rock slightly. Vibration likes passing of truck. Duration estimated
IV.	During the day felt by many, felt outdoors by few. At night some awakened. Dishes, windows, doors disturbed; walls make creaking sound. Sensation like heavy truck striking building. Standing motor cars rocked noticeably
V.	Felt by nearly everyone; many awakened. Some dishes, windows, etc. broken; a few instances of cracked plaster; unstable objects overturned. Disturbances of trees, poles, and other tall objects sometimes noticed. Pendulum clocks may stop
VI.	Felt by all; many frightened and run outdoors. Some heavy furniture moved; a few instances of fallen plaster or damaged chimneys. Damage slight
VII.	Everybody runs outdoors. Damage negligible in buildings of ordinary structures; considerable in poorly built or badly designed structures; some chimneys broken. Noticed by persons driving motor cars
VIII.	Damage slight in specially designed structures; considerable in ordinary substantial buildings with partial collapse; great in poorly built structures. Panel walls thrown out of frame structures. Fall of chimney, factory stacks, columns, monuments, and walls. Heavy furniture overturned. Sand and mud ejected in small amounts. Changes in well water. Disturbs persons driving motor cars
IX.	Damage considerable in specially designed structures; well-designed frame structures thrown out of plumb; damage great in substantial buildings, with partial collapse. Buildings shifted off foundations. Ground cracked conspicuously. Underground pipes broken
X.	Some well-built wooden structures destroyed; most masonry and frame structures destroyed with foundations; ground badly cracked. Rails bent. Landslides considerable from riverbanks and steep slopes. Shifted sand and mud. Water splashed (slopped) over banks
XI.	Few, if any, (masonry) structures remain standing. Bridges destroyed. Broad fissures in ground. Underground pipe lines completely out of service. Earth slumps and land slips in soft ground. Rails bent greatly
XII.	Damage total. Waves seen on ground surfaces. Lines of sight and level distorted. Objects thrown upward into the air

**EXHIBIT C**

**PREMISE IMPROVEMENT SPECIFICATIONS**

[INTENTIONALLY LEFT BLANK]

## EXHIBIT D

### SUMMARY OF SERVICES AND UTILITIES

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

	N/A	LESSOR	LESSEE
Provide adequate paper supplies, dispensers, and waste and recycling containers for the Premises and restrooms within Premises (not in common area)		x	
Provide adequate custodial service for the interior of the Premises per schedule attached as Exhibit F, "Custodial Service Specifications"		x	
Provide adequate custodial service for exterior of the Premises and the non-exclusive areas of the building as described in Article 1.2 (including steam cleaning or pressure washing sidewalks)		x	
Professionally clean carpets, rugs, tile and linoleum flooring as indicated in Exhibit F		x	
Professionally clean existing drapes, blinds, and window shades as indicated in Exhibit F		x	
Professionally clean interior windows as indicated in Exhibit F		x	
Professionally clean exterior windows as indicated in Exhibit F		x	
Provide adequate pest control for the interior of the Premises			X
Provide adequate pest control for 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		x	
Provide adequate refuse, rubbish, garbage, and recyclable (paper, plastic, and aluminum, if available) disposal and pick up service		x	
Provide adequate fire sprinkler systems testing		x	
Provide adequate fire alarm systems monitoring		x	
Provide adequate intrusion/security alarm systems monitoring			X
Provide adequate patrolled security guard service (to common area only, from 6 am to 9 pm M-F, and 7 am to 4 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 if Premises wall surfaces are accessible)		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 that LESSOR pays for installation labor only and LESSEE pays for moving office furniture and equipment and carpet, VCT or linoleum materials 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)

<b>DAILY SERVICE (Monday through Friday)</b>	
<b>A. General Cleaning</b>	
1.	Empty wastebaskets; replace liners, place trash in dumpster
2.	Sweep outside Premises entrances
3.	Remove graffiti from any interior walls
<b>B. Floor and Carpet Care (including stairways)</b>	
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
<b>C. Window Cleaning</b>	
1.	Clean entry door and lobby glass, inside and outside
2.	Clean interior partitions and counter glass
3.	Clean interior /exterior door glass
<b>D. Restroom Cleaning (including non-exclusive areas of the building )</b>	
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
<b>E. Dusting</b>	
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)**

<b>WEEKLY SERVICE (Fridays)</b>
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.
<b>BI-WEEKLY SERVICES (Fridays)</b>
Dry shampoo all carpeted areas.
<b>MONTHLY SERVICE (Last Weekend of the Month)</b>
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)

<b>QUARTERLY SERVICES</b> (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.
<b>BI-ANNUAL SERVICES</b> (April and October)	
A. Restroom Cleaning (including non-exclusive areas of the building)	
1.	Machine scrub restroom floors (porcelain tile floors)
<b>ANNUAL SERVICES</b>	
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)

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## 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**