

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

STANDARD NET LEASE FORM

THE REGENTS AS LANDLORD

Lease covers Premises located at:
California

Suite 157, 3180 Imjin Rd., Marina.

Campus for which the space is leased:

Santa Cruz

Tenant's Name, Address & Telephone Number:

COUNTY OF MONTEREY, a political
subdivision of the State of California.
Department of Public Works, Real
Property
c/o Real Property Specialist
855 East Laurel Drive, Building C
Salinas, California 93905
Phone: 831-755-8912 Fax 831-755-
4688
Email: fulgonibg@co.monterey.ca.us

**THE REGENTS OF THE UNIVERSITY OF CALIFORNIA
STANDARD NET LEASE FORM
THE REGENTS AS LANDLORD**

1. PARTIES. This lease is made as of the latest date of execution set forth below, by and between **COUNTY OF MONTEREY**, a political subdivision of the State of California ("Tenant" or "Lessee") and **THE REGENTS OF THE UNIVERSITY OF CALIFORNIA**, a California corporation ("Landlord" or "Lessor").

2. PREMISES. Landlord hereby leases to Tenant and Tenant leases from Landlord for the term, in exchange for the rent, and upon all of the conditions set forth herein, certain real property situated in the County of Monterey, State of California, described as 3180 Imjin Road, Suite 157 (1,397 Rentable Square Feet ("RSF")), comprised of 1087 square feet of useable area ("Useable Square Feet"), plus a pro-rata share of common area within the building (specifically, a 310 square foot pro-rata share), as defined in Exhibit A. Said real property and all improvements therein, is herein called ("the Premises"). The Premises are a portion of a building at such location (the "Building"). The Premises represent six percent (6.0%) of the Building.

2.1 Non-Exclusive Use Areas. Tenant shall also have the non-exclusive right to use, in common with other tenants in the Building, any and all of the following areas which may be appurtenant to the Premises: common entrances, lobbies, elevators, stairways and access ways, loading and unloading areas, visitor parking areas, ramps, drives, platforms, public restrooms, and common walkways and sidewalks necessary for access to the Premises. Conference rooms are available at no cost to tenants, by reservation only.

2.2 Parking. The Premises include, for Tenant's non-exclusive use, FOUR (4) parking spaces, as defined in Exhibit A and subject to those terms as presented in Addendum 1.

2.3 Statement of Seismic Adequacy: Landlord has provided Tenant with official documentation evidencing the Construction Date from the respective Municipality's, or Political Subdivision's Building Department with jurisdiction over the Premises at the time of construction. The Premises is contained in a building constructed on or after January 1, 1973, and official documentation from said Municipality or Political Subdivision of the State of California is attached as **Exhibit A-1 – Evidence of Construction**, and incorporated by this reference.

3. TERM.

3.1 Term. The term of this Lease (the "Lease Term") shall be thirty six months, commencing, November 1, 2016 ("Lease Commencement Date"), and ending October 31, 2019 ("Lease Expiration Date"), unless sooner terminated pursuant to any provision hereof.

3.2 Options. This lease has no options.

3.3 Definition. Intentionally omitted.

3.4 Option(s) Personal. Intentionally omitted.

3.5 Multiple Options. Intentionally omitted.

3.6 Effect of Default on Options. Intentionally omitted.

3.7 Delay in Possession. Notwithstanding said Lease Commencement Date, if for any reason Landlord cannot deliver possession of the Premises to Tenant on said date, Landlord shall not be subject to any liability therefor, nor shall such failure affect the validity of this Lease or the obligations of Tenant hereunder or extend the term hereof, but in such case, Tenant shall not be obligated to pay rent until possession of the Premises is tendered to Tenant; provided further, however, that if Landlord shall not have delivered possession of the Premises within sixty (60) days from said Lease Commencement Date, Tenant may, at Tenant's option, by notice in writing to Landlord within ten (10) days thereafter, cancel this Lease, in which event the parties shall be discharged from all obligations hereunder; provided, however, that if such written notice of Tenant is not received by Landlord within said ten (10) day period, Tenant's right to cancel this Lease hereunder shall terminate and be of no further force or effect.

3.8 Early Possession. If Tenant occupies the Premises prior to said Lease Commencement Date, such occupancy shall be subject to all provisions hereof, such occupancy shall not advance the termination date, and Tenant shall pay rent for such period at the initial monthly rates set forth below.

3.9 Termination by Tenant. Tenant may elect to terminate this Lease by delivering written notice ("Termination Notice") to Landlord in the event that Tenant determines, in its reasonable discretion, that it will be unable to pay rent owed hereunder due to lack of funds or increased expenses. The effective date of such lease termination shall be no earlier than Ninety (90) days after the date of such Termination Notice. Concurrently with any Termination Notice, Tenant shall deliver to Landlord (i) a copy of the approved County of Monterey budget for the relevant fiscal year and (ii) documentation indicating any changes in funding or expenses that have resulted in an inability to pay rent.

4. RENT. Tenant shall pay to Landlord as Monthly Rent for the Premises, subject to the terms of paragraph 15.2, titled, "Additional Rent," the following amount:

	Year 1	Year 2	Year 3
Base Rent (1,397 SF (NNN Rent) at \$1.24/RSF)	\$1,732.28	\$1,784.25.94	\$1,837.78
Estimated Common Area Maintenance (1,397 SF at \$0.26/RSF)	\$363.22.50	\$374.12	\$385.34
Estimated Electricity (1,397 SF at \$.08/RSF)	\$111.76	\$115.11	\$118.57
Total	\$2,207.26	\$2,273.48	\$2,341.697

Rent is payable in advance, on or before the first day of each month commencing November 1, 2016 ("Rent Commencement Date").

Rent for any period during the term hereof which is for less than one month shall be a pro rata portion of the monthly installment. Rent shall be payable to Landlord at the address stated herein or at such other address as Landlord may from time to time designate in writing.

5. SECURITY DEPOSIT. Intentionally Omitted

6. NOTICES. All notices or correspondence provided for herein shall be effective only if made in writing, personally delivered with an executed acknowledgment of receipt or deposited in the United States mail, certified, postage prepaid, and addressed as follows:

To Landlord:

The Regents of the University of California,
Managing Director
UC MBEST Center
Suite 104
3180 Imjin Rd.
Marina, California 93933

To Tenant:

County of Monterey
Department of Public Works, Real Property
c/o Real Property Specialist
855 East Laurel Drive, Building C
Salinas, California 93905
Phone: 831-755-8912 Fax 831-755-4688
Email: fulgonibg@co.monterey.ca.us

With a copy to:

Workforce Development Board

c/o WDB Executive Director
730 La Guardia Street, 2nd Floor
Salinas, California 93905

Rent payments shall be sent to (need not be sent certified):

Barbara Moore
Facility Manager
UC MBEST Center
Suite 104
3180 Imjin Rd.
Marina, California 93933

Any notice shall be deemed delivered five (5) days after notice is mailed or, if personally delivered, when acknowledgment of receipt is signed, as provided above. By written notice to the other, either party may change its own mailing address.

7. TENANT CONSTRUCTED TENANT IMPROVEMENTS. Intentionally Omitted.

8. USE.

8.1 Use. The Premises shall be used and occupied only for office purposes or any other use which, in Landlord's sole opinion, is reasonably comparable and for no other purpose.

8.2 Compliance with Law.

(a) Landlord warrants to Tenant that the Premises, in its state existing on the date that the Lease term commences, but without regard to the use for which Tenant will use the Premises, does not violate any covenants or restrictions of record, or any applicable building code, regulation or ordinance in effect on such Lease term commencement date. If violation of this warranty comes to Tenant's attention, Tenant shall in good faith provide notice to Landlord as promptly as reasonably possible, in no event later than ten (10) business days after discovery. If this warranty has been violated, then Landlord shall at Landlord's sole cost and expense, rectify any such violation, irrespective of whether Landlord becomes aware of violations through notice from Tenant, through notice from other occupants/tenants of the Premises, or through other means. Notwithstanding the foregoing, the obligation to rectify violations of covenants or restrictions of record, regulations, or ordinance, and rectification of such violations, if discovered after one hundred eighty (180) days from lease term commencement date, shall be in proportion and to the extent caused by Landlord or Tenant.

(b) Except as provided in this paragraph, Tenant shall, at Tenant's expense, comply promptly with all applicable statutes, ordinances, rules, regulations, orders, covenants and restrictions of record, and requirements in effect during the term or any part of the term hereof, regulating the use by Tenant of the Premises. Tenant shall not use nor permit the use of the Premises in any manner that will tend to create waste or a nuisance or, if there shall be more than one tenant in the building containing the Premises, shall tend to disturb such other tenants.

8.3 Condition of Premises.

(a) Landlord shall deliver the Premises to Tenant clean and free of debris on Lease Commencement Date (unless Tenant is already in possession) and Landlord further warrants to Tenant that the plumbing, lighting, air conditioning, and heating systems, in the Premises shall be in good operating condition on the Lease Commencement Date. If this warranty has been violated, then Landlord shall, after receipt of written notice from Tenant setting forth with specificity the nature of the violation, promptly, at Landlord's sole cost, rectify such violation. Tenant's failure to give such written notice to Landlord within thirty (30) days after the Lease Commencement Date shall cause the conclusive presumption that Landlord has complied with all of Landlord's obligations hereunder. . Notwithstanding, Tenant has requested retention of four cubicles in the Premises and Landlord shall leave four cubicles in the Premises accordingly.

(b) Except as otherwise provided in this Lease, Tenant hereby accepts the Premises in the condition existing as of the Lease commencement date or the date that Tenant takes possession of the Premises, whichever is earlier, subject to all applicable zoning, municipal, county and state laws, ordinances and regulations governing and regulating the use of the Premises, and any covenants or restrictions of record, and accepts this Lease

subject thereto and to all matters disclosed thereby and by any exhibits attached hereto. Tenant acknowledges that neither Landlord nor any agent of Landlord has made any representation or warranty as to the present or future suitability of the Premises for the conduct of Tenant's business.

9. MAINTENANCE AND REPAIRS.

9.1 Landlord and Tenant's Obligations. The respective repair and maintenance responsibilities of Landlord and Tenant are set forth in Exhibit D, Summary of Repair and Maintenance Responsibilities, which by this reference is incorporated herein.

9.2 Surrender. On the last day of the term hereof, or on any sooner termination, Tenant shall surrender the Premises to Landlord in the same condition as when received, ordinary wear and tear excepted, clean and free of debris. Tenant shall repair any damage to the Premises occasioned by the installation or removal of Tenant's trade fixtures, furnishings and equipment.

9.3 Landlord's Rights. If Tenant fails to perform Tenant's obligations under this paragraph, or under any other paragraph of this Lease, Landlord may at its option (but shall not be required to) enter upon the Premises after ten (10) days' prior written notice to Tenant (except in the case of an emergency, in which case no notice shall be required), perform such obligations on Tenant's behalf and put the same in good order, condition and repair, and the cost thereof together with interest thereon at the maximum rate then allowable by law shall become due and payable as additional rental to Landlord together with Tenant's next rental installment.

10. ALTERATIONS AND ADDITIONS.

(a) Tenant shall not, without Landlord's prior written consent make any alterations, improvements, additions, or Utility Installations in, on or about the Premises, except for nonstructural alterations not exceeding \$2,500 in cumulative costs during the term of this Lease. In any event, whether or not in excess of \$2,500 in cumulative cost, Tenant shall make no change or alteration to the exterior of the Building without Landlord's prior written consent. As used in this paragraph, the term "Utility Installation" shall mean carpeting, window coverings, air lines, power panels, electrical distribution systems, lighting fixtures, space heaters, air conditioning, plumbing, and fencing. Landlord may require that Tenant remove any or all of said alterations, improvements, additions or Utility Installations at the expiration of the term, and restore the Premises to their prior condition. Landlord may require Tenant to provide Landlord, at Tenant's sole cost and expense, a lien and completion bond in an amount equal to one and one-half times the estimated cost of such improvements, to insure Landlord against any liability for mechanics' and materialmen's liens and to insure completion of the work. Should Tenant make any alterations, improvements, additions or Utility Installations without the prior approval of Landlord, Landlord may require that Tenant remove any or all of the same.

(b) Any alterations, improvements, additions or Utility Installations in, on, or about the Premises that Tenant shall desire to make and which requires the consent of the Landlord shall be presented to Landlord in written form, with proposed detailed plans. If Landlord shall give its consent, the consent shall be deemed conditioned upon Tenant acquiring a permit to do so from appropriate governmental agencies, the furnishing of a copy thereof to Landlord prior to the commencement of the work and the compliance by Tenant of all conditions of said permit in a prompt and expeditious manner.

(c) Tenant shall pay, when due, all claims for labor or materials furnished or alleged to have been furnished to or for Tenant at or for use in the Premises, which claims are or may be secured by any mechanics' or materialmen's liens against the Premises or any interest therein. Tenant shall give Landlord not less than ten (10) days' notice prior to the commencement of any work in the Premises, and Landlord shall have the right to post notices of non-responsibility in or on the Premises as provided by law. If Tenant shall, in good faith, contest the validity of any such lien, claim or demand, then Tenant shall, at its sole expense defend itself and Landlord against the same and shall pay and satisfy any such adverse judgment that may be rendered thereon before the enforcement thereof against the Landlord or the Premises, upon the condition that if Landlord shall require, Tenant shall furnish to Landlord a surety bond satisfactory to Landlord in an amount equal to such contested lien claim or demand indemnifying Landlord against liability for the same and holding the Premises free from the effect of such lien or claim. In addition, Landlord may require Tenant to pay Landlord's attorneys' fees and costs in participating in such action if Landlord shall decide it is in its best interest to do so.

(d) Unless Landlord requires their removal, as set forth in paragraph 10(a), all alterations, improvements, additions and Utility Installations (whether or not such Utility Installations constitute trade fixtures of Tenant), which may be made on the Premises, shall become the property of Landlord and remain upon and be

surrendered with the Premises at the expiration of the term. Notwithstanding the provisions of this paragraph, Tenant's machinery and equipment, other than that which is affixed to the Premises so that it cannot be removed without material damage to the Premises, shall remain the property of Tenant and may be removed by Tenant subject to the provisions of paragraph 9.2.

11. INDEMNIFICATION.

11.1 Landlord's Obligation. Landlord shall indemnify, defend and hold harmless Tenant, its officers, partners, agents, and employees from and against any claims, damages, costs, expenses, or liabilities (collectively "Claims") arising out of or in any way connected with this Lease including, without limitation, Claims for loss or damage to any property, or for death or injury to any person or persons, but only in proportion to and to the extent that such Claims arise from the negligent or wrongful acts or omissions of Landlord, its officers, agents, or employees.

11.2 Tenant's Obligation. Tenant shall indemnify, defend and hold harmless Landlord, its officers, agents, and employees from and against any Claims arising out of or in any way connected with this Lease including, without limitation, Claims for loss or damage to any property or for death or injury to any person or persons, but only in proportion to and to the extent that such Claims arise from the negligent or wrongful acts or omissions of Tenant, its officers, partners, agents, or employees.

12. INSURANCE REQUIREMENTS.

12.1 Landlord's Insurance. Landlord, at its sole cost and expense, shall insure its activities in connection with this Lease and obtain, keep in force and maintain insurance as follows:

- a. General Liability Self-Insurance Program (contractual liability included) with minimum limits as follows:
 1. Each Occurrence: one million dollars (\$1,000,000)
 2. Products/Completed Operations Aggregate: five million dollars (\$5,000,000)
 3. Personal and Advertising Injury: one million (\$1,000,000)
 4. General Aggregate: five million (\$5,000,000)
- b. Business Automobile Liability Self-Insurance Program for owned, non-owned, or hired automobiles with a combined single limit of not less than one million dollars (\$1,000,000) per occurrence.
- c. Property, Fire and Extended Coverage Self-Insurance Program in an amount equal to one hundred percent (100%) of the full replacement value of the Building (excluding land and the footings, foundations and installations below the basement level) and the costs of demolition and debris removal.
- d. Workers' Compensation as required by California law.

The coverages referred to under a. and b. of this paragraph shall include Tenant as an additional insured. Such a provision shall apply only in proportion to and to the extent of the negligent acts or omissions of Landlord, its officers, agents and employees. Landlord, upon the execution of this Lease, shall furnish Tenant with certificates of insurance evidencing compliance with all requirements. Certificates shall provide for thirty (30) days advance written notice to Tenant of any material modification, change or cancellation of any of the above insurance coverages.

The coverages required herein shall not limit the liability of Landlord.

12.2 Tenant's Insurance. Tenant, at its sole cost and expense, shall insure its activities in connection with this Lease and obtain, keep in force and maintain insurance as follows:

- a. Commercial Form General Liability Insurance (contractual liability included) with minimum limits as follows:
 1. Each Occurrence: one million (\$1,000,000)
 2. Personal and Advertising Injury: one million (\$1,000,000)

3. General Aggregate: two million (\$2,000,000)

If the above insurance is written on a claims-made form, it shall continue for three (3) years following termination of this Lease. The insurance shall have a retroactive date of placement prior to or coinciding with the Lease Commencement Date.

- b. Business Automobile Liability Insurance for owned, scheduled, non-owned, or hired automobiles with a combined single limit of not less than one million dollars (\$1,000,000) per occurrence.
- c. Property, Fire and Extended Coverage Insurance in an amount sufficient to reimburse Tenant for all of its equipment, trade fixtures, inventory, fixtures and other personal property located on or in the Premises including leasehold improvements hereinafter constructed or installed.
- d. Workers' Compensation as required by California law.
- e. Such other insurance in such amounts which from time to time may be reasonably required by the mutual consent of Tenant and Landlord against other insurable risks relating to performance.

The coverages referred to under a. and b. of this paragraph shall include Landlord as an additional insured. Such a provision shall apply only in proportion to and to the extent of the negligent acts or omissions of Tenant, its officers, partners, agents, and employees. Tenant, upon the execution of this Lease, shall furnish Landlord with certificates of insurance evidencing compliance with all requirements. Certificates shall provide for thirty (30) days (ten (10) days for non-payment of premium) advance written notice to Landlord of any material modification, change or cancellation of any of the above insurance coverages.

The coverages required herein shall not limit the liability of Tenant.

12.3 Waiver of Subrogation. Notwithstanding the provisions of Article 11, Tenant hereby waives any right of recovery against the Landlord due to loss of or damage to the property of Tenant when such loss of or damage to property arises out of an act of God

12.4 Exemption of Landlord from Liability. Tenant hereby agrees that Landlord shall not be liable for injury to Tenant's business or any loss of income therefrom or for damage to the goods, wares, merchandise or other property of Tenant where the damage or loss results from conditions arising in the Premises, including conditions caused by act or neglect of other tenants.

13. DAMAGE OR DESTRUCTION.

13.1 Definitions.

(a) "Premises Partial Damage" shall herein mean damage or destruction, when and as determined by Landlord, to the Premises to the extent that the cost of repair is less than 10% of the then replacement cost of the Premises. "Premises Building Partial Damage" shall herein mean damage or destruction to the building of which the Premises are a part to the extent that the cost of repair is less than 10% of the then replacement cost of such building as a whole.

(b) "Premises Total Destruction" shall herein mean damage or destruction, when and as determined by Landlord, to the Premises to the extent that the cost of repair is 10% or more of the then replacement cost of the Premises. "Premises Building Total Destruction" shall herein mean damage or destruction to the building of which the Premises are a part to the extent that the cost of repair is 10% or more of the then replacement cost of such building as a whole.

(c) "Insured Loss" shall herein mean damage or destruction which was caused by an event required to be covered by the insurance described in this paragraph.

13.2 Partial Damage--Insured Loss. Subject to the provisions of paragraphs 13.4, 13.5 and 13.6, if at any time during the term of this Lease there is damage which is an Insured Loss and which falls into the classification of Premises Partial Damage or Premises Building Partial Damage, then Landlord shall, at Landlord's expense, repair such damage, but not Tenant's fixtures, equipment or tenant improvements unless the same have become a part of the Premises pursuant to paragraph 10 hereof, as soon as reasonably possible, and this Lease shall continue in full force and effect.

13.3 Partial Damage--Uninsured Loss. Subject to the provisions of paragraphs 13.4 and 13.5 and 13.6, if at any time during the term of this Lease there is damage which is not an Insured Loss and which falls within the classification of Premises Partial Damage or Premises Building Partial Damage, unless caused by a negligent or willful act of Tenant (in which event Tenant shall make the repairs at Tenant's expense), Landlord may at Landlord's option either (i) repair such damage as soon as reasonably possible at Landlord's expense in which event this Lease shall continue in full force and effect, or (ii) give written notice to Tenant within thirty (30) days after the date of the occurrence of such damage of Landlord's intention to cancel and terminate this Lease, as of the date of the occurrence of such damage. In the event Landlord elects to give such notice of Landlord's intention to cancel and terminate this Lease, Tenant shall have the right within ten (10) days after the receipt of such notice to give written notice to Landlord of Tenant's intention to repair such damage at Tenant's expense, without reimbursement from Landlord, in which event this Lease shall continue in full force and effect, and Tenant shall proceed to make such repairs as soon as reasonably possible. If Tenant does not give such notice within such ten (10) day period this Lease shall be canceled and terminated as of the date of the occurrence of such damage.

13.4 Total Destruction. If at any time during the term of this Lease there is damage, whether or not an Insured Loss, (including destruction required by any authorized public authority), which falls into the classification of Premises Total Destruction or Premises Building Total Destruction, this Lease shall automatically terminate as of the date of such total destruction.

13.5 Damage Near End of Term.

(a) If at any time during the last twelve (12) months of the term of this Lease there is damage, whether or not an Insured Loss, which falls within the classification of Premises Partial Damage, Landlord may at Landlord's option cancel and terminate this Lease as of the date of occurrence of such damage by giving written notice to Tenant of Landlord's election to do so within thirty (30) days after the date of occurrence of such damage.

(b) Notwithstanding paragraph 13.5(a), in the event that Tenant has an option to extend or renew this Lease, and the time within which said option may be exercised has not yet expired, Tenant shall exercise such option, if it is to be exercised at all, no later than twenty (20) days after the occurrence of an Insured Loss falling within the classification of Premises Partial Damage during the last six months of the term of this Lease. If Tenant duly exercises such option during said twenty (20) day period, Landlord shall at Landlord's expense, repair such damage as soon as reasonably possible and this Lease shall continue in full force and effect. If Tenant fails to exercise such option during said twenty (20) day period, then Landlord may at Landlord's option terminate and cancel this Lease as of the expiration of said twenty (20) day period by giving written notice to Tenant of Landlord's election to do so within ten (10) days after the expiration of said twenty (20) day period, notwithstanding any term or provision in the grant of option to the contrary.

13.6 Abatement of Rent; Tenant's Remedies.

(a) In the event of damage described in paragraphs 13.2 or 13.3, and Landlord or Tenant repairs or restores the Premises pursuant to the provisions of this paragraph, the rent payable hereunder for the period during which such damage, repair or restoration continues shall be abated in proportion to the degree to which Tenant's use of the Premises is impaired. Except for abatement of rent, if any, Tenant shall have no claim against Landlord to any damage suffered by reason of any such damage, destruction, repair or restoration.

(b) If Landlord shall be obligated to repair or restore the Premises under the provisions of this paragraph and shall not commence such repair or restoration within ninety (90) days after such obligations shall accrue, Tenant may at Tenant's option cancel and terminate this Lease by giving Landlord written notice of Tenant's election to do so at any time prior to the commencement of such repair or restoration. In such event this Lease shall terminate as of the date of such notice.

13.7 Termination--Advance Payments. Upon termination of this Lease pursuant to this paragraph, an equitable adjustment shall be made concerning advance rent and any advance payments made by Tenant to Landlord. Landlord shall, in addition, return to Tenant so much of Tenant's security deposit as has not theretofore been applied by Landlord.

13.8 Waiver. Tenant waives the provisions of any statutes which relate to termination of leases when leased property is destroyed and agree that such event shall be governed by the terms of this Lease.

14. TAXES.

14.1 Payment of Taxes. Landlord specifically calls to Tenant's attention the fact that this Lease may create a possessory interest subject to property taxation, and Tenant may be subject to property tax levied on such interest. Tenant alone shall pay such tax. If the right is given to pay any of the taxes, assessments or other impositions which Tenant is herein obligated to pay either in one sum or in installments, Tenant may elect either mode of payment.

14.2 Personal Property Taxes. Tenant shall pay prior to delinquency all taxes assessed against and levied upon trade fixtures, furnishings, equipment and all other personal property of Tenant contained in the Premises or elsewhere. Tenant shall cause said trade fixtures, furnishings, equipment and all other personal property to be assessed and billed separately from the real property of Landlord.

15. OPERATING EXPENSES.

15.1 Definitions. For the purposes of this paragraph, the following terms are defined as follows:

(a) Tenant's Percentage: The portion of the Building occupied by Tenant pursuant to this Lease, which percentage is hereby set forth in paragraph 2.

(b) Direct Expenses: Those expenses reasonably incurred by Landlord with respect to the maintenance and operation of the Building including, but not limited to, all taxes not otherwise paid by Tenant pursuant to paragraph 14 of this Lease, insurance, utilities, janitorial services, supplies, management fees, and compensation (including employment taxes and fringe benefits) of persons for duties performed in connection with the maintenance and operation of the Building.

15.2 Additional Rent. This is a "net lease." As outlined in Exhibits C and D, Tenant shall pay Tenant's Percentage of the cost of Direct Expenses to Landlord that are noted as reimbursable ("R") in Exhibits C and D, . On the Lease Commencement Date, and prior to commencement of each fiscal year thereafter, Landlord shall provide Tenant with an estimate of the Direct Expenses for the coming year. Tenant shall pay as additional monthly rent an amount equal to one-twelfth (1/12) of Tenant's Percentage of the estimated Direct Expenses. As soon as possible after the end of the fiscal year, Landlord shall provide Tenant with a written statement of actual Direct Expenses. Any overpayments shall be credited against subsequent additional rent payments, and any underpayments shall be paid by Tenant in a lump sum within thirty (30) days of receipt of said statement. Such overpayments or underpayments shall be deemed to have accrued during the prior fiscal year and shall be credited to Tenant or become due and payable from Tenant, as the case may be, even though the Term of this Lease may have expired or this Lease may have been terminated prior to Tenant's receipt of the statement. Landlord further reserves the right to bill Tenant for the Tenant's Percentage of the cost of emergency or extraordinary expenses, even if in excess of the monthly projected Direct Expenses, which sum Tenant shall promptly pay.

16. SERVICES, UTILITIES.

Services and utilities shall be furnished and the cost borne as outlined in Exhibit C. If any such services are not separately metered to Tenant, Tenant shall pay a reasonable proportion to be determined by Landlord of all charges jointly metered with other premises. In the event of failure by Landlord to furnish, in a satisfactory manner, any of the services and utilities to the Premises for which Landlord is responsible, Tenant may furnish the same if Landlord has not undertaken to correct such failure within five (5) days after written notice, and, in addition to any other remedy Tenant may have, may deduct the amount thereof, including Tenant's service costs, from rent or other remuneration due Landlord hereunder.

17. ASSIGNMENT AND SUBLETTING.

17.1 Landlord's Consent Required. Tenant shall not voluntarily or by operation of law assign, transfer, mortgage, sublet, or otherwise transfer or encumber all or any part of Tenant's interest in this Lease or in the Premises, without Landlord's prior written consent, which Landlord shall not unreasonably withhold. Landlord shall respond to Tenant's request for consent hereunder in a timely manner and any attempted assignment, transfer, mortgage, encumbrance or subletting without such consent shall be void, and shall constitute a breach of this Lease.

17.2 No Release of Tenant. Regardless of Landlord's consent, no subletting or assignment shall release Tenant of Tenant's obligation or alter the primary liability of Tenant to pay the rent and to perform all other obligations to be performed by Tenant hereunder. The acceptance of rent by Landlord from any other person shall

not be deemed to be a waiver by Landlord of any provision hereof. Consent to one assignment or subletting shall not be deemed consent to any subsequent assignment or subletting. In the event of default by any assignee of Tenant or any successor of Tenant, in the performance of any of the terms hereof, Landlord may proceed directly against Tenant without the necessity of exhausting remedies against said assignee. Landlord may consent to subsequent assignments or subletting of this Lease or amendments or modifications to this Lease with assignees of Tenant, without notifying Tenant, or any successor of Tenant, and without obtaining its or their consent thereto and such action shall not relieve Tenant of liability under this Lease.

17.3 Excess of Consideration. If the value of the consideration to be received by Tenant for such assignment or sublease (after deducting leasing commissions, rental paid during any period in which the Premises were vacant, the unamortized part of Tenant's contribution to tenant improvements, if any, and any other reasonable out-of-pocket expenses of Tenant incurred in connection with such subleasing or assignment of the Premises) will exceed the sum of the Base Rent and the Additional Rent, or prorated portion thereof as the case may be, Tenant shall pay to Landlord, as additional Base Rent, one hundred percent (100%) of the excess of the consideration paid in connection with or pursuant to the assignment or sublease, over the sum of the Base Rent and the Additional Rent then due applicable to the assigned or subleased space.

17.4 Administrative Fees. In the event Tenant shall assign or sublet the Premises or request the consent of Landlord to any assignment or subletting or if Tenant shall request the consent of Landlord for any act Tenant proposes to do, then Tenant shall pay Landlord's reasonable administrative fees (including attorneys' fee) incurred in connection therewith, such fees not to exceed \$1,000.00 for each such request.

18. DEFAULTS; REMEDIES.

18.1 Defaults by Tenant. The occurrence of any one or more of the following events shall constitute a material default and breach of this Lease by Tenant:

- (a) The vacating or abandonment of the Premises by Tenant.
- (b) The failure by Tenant to make any payment of rent or any other payment required to be made by Tenant hereunder, as and when due, where such failure shall continue for a period of three (3) days after written notice thereof from Landlord to Tenant. In the event that Landlord serves Tenant with a Notice to Pay Rent or Quit pursuant to applicable Unlawful Detainer statutes such Notice to Pay Rent or Quit shall also constitute the notice required by this subparagraph.
- (c) The failure by Tenant to observe or perform any of the covenants, conditions or provisions of this Lease to be observed or performed by Tenant, other than described in paragraph (b) above, where such failure shall continue for a period of thirty (30) days after written notice thereof from Landlord to Tenant; provided, however, that if the nature of Tenant's default is such that more than thirty (30) days are reasonably required for its cure, then Tenant shall not be deemed to be in default if Tenant commenced such cure within said 30-day period and thereafter diligently prosecutes such cure to completion.
- (d) The making by Tenant of (i) any general arrangement or assignment for the benefit of creditors; (ii) Tenant becomes a "debtor" as defined in 11 U.S.C. § 101 or any successor statute thereto (unless, in the case of a petition filed against Tenant, the same is dismissed within sixty (60) days); (iii) the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where possession is not restored to Tenant within thirty (30) days; or (iv) the attachment, execution or other judicial seizure of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where such seizure is not discharged within thirty (30) days. Provided, however, in the event that any provision of this paragraph is contrary to any applicable law, such provision shall be of no force or effect.
- (e) The discovery by Landlord that any financial statement given to Landlord by Tenant, any assignee of Tenant, any subtenant of Tenant, any successor in interest of Tenant or any guarantor of Tenant's obligation hereunder, and any of them, was materially false.

Termination of this lease by Tenant, for lack of County budgeted funds for this lease as provided for by paragraph 3.9, shall not constitute material default and breach of this Lease by Tenant.

18.2 Remedies. In the event of any such material default or breach by Tenant, Landlord may at any time thereafter, with or without notice or demand and without limiting Landlord in the exercise of any right or remedy which Landlord may have by reason of such default or breach;

(a) Terminate Tenant's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Tenant shall immediately surrender possession of the Premises to Landlord. In such event Landlord shall be entitled to recover from Tenant all damages incurred by Landlord by reason of Tenant's default including, but not limited to, the cost of recovering possession of the Premises; expenses of re-letting, including necessary renovation and alteration of the Premises, and reasonable attorneys' fees; the worth at the time of award by the court having jurisdiction thereof of the amount by which the unpaid rent for the balance of the term after the time of such award exceeds the amount of such rental loss for the same period that Tenant proves could be reasonably avoided.

(b) Maintain Tenant's right to possession in which case this Lease shall continue in effect whether or not Tenant shall have abandoned the Premises. In such event Landlord shall be entitled to enforce all of Landlord's rights and remedies under this Lease, including the right to recover the rent as it becomes due hereunder.

(c) Pursue any other remedy now or hereafter available to Landlord under the laws or judicial decisions of the state wherein the Premises are located. Unpaid installments of rent and other unpaid monetary obligations of Tenant under the terms of this Lease shall bear interest from the date due at the maximum rate then allowable by law.

18.3 Default by Landlord. Landlord shall not be in default unless Landlord fails to perform obligations required of Landlord within a reasonable time, but in no event later than thirty (30) days after written notice by Tenant to Landlord and to the holder of any first mortgage or deed of trust covering the Premises whose name and address shall have theretofore been furnished to Tenant in writing, specifying wherein Landlord has failed to perform such obligation; provided, however, that if the nature of Landlord's obligation is such that more than thirty (30) days are required for performance then Landlord shall not be in default if Landlord commences performance within such 30-day period and thereafter diligently prosecutes the same to completion.

18.4 Late Charges. Tenant hereby acknowledges that late payment by Tenant to Landlord of rent and other sums due hereunder will cause Landlord to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges, and late charges which may be imposed on Landlord by the terms of any mortgage or trust deed covering the Premises. Accordingly, if any installment of rent or any other sum due from Tenant shall not be received by Landlord or Landlord's designee within ten (10) days after such amount shall be due, then, without any requirement for notice to Tenant, Tenant shall pay to Landlord a late charge equal to 6% of such overdue amount. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Landlord will incur by reason of late payment by Tenant. Acceptance of such late charge by Landlord shall in no event constitute a waiver of Tenant's default with respect to such overdue amount, nor prevent Landlord from exercising any of the other rights and remedies granted hereunder. In the event that a late charge is payable hereunder, whether or not collected, for three (3) consecutive installments of rent, then rent shall automatically become due and payable quarterly in advance, rather than monthly, notwithstanding paragraph 4 or any other provision of this Lease to the contrary.

18.5 Impounds. In the event that a late charge is payable hereunder, whether or not collected, for three (3) installments of rent or any other monetary obligation of Tenant under the terms of this Lease, Tenant shall pay to Landlord, if Landlord shall so request, in addition to any other payments required under this Lease, a monthly advance installment, payable at the same time as the Monthly Rent, as estimated by Landlord, for any expenses on the Premises which are payable by Tenant under the terms of this Lease. Such fund shall be established to insure payment when due, before delinquency, of any or all such obligations. If the amounts paid to Landlord by Tenant under the provisions of this paragraph are insufficient to discharge the obligations of Tenant to pay such expenses as the same become due, Tenant shall pay to Landlord, upon Landlord's demand, such additional sums necessary to pay such obligations. All the moneys paid to Landlord under this paragraph may be intermingled with other moneys of Landlord and shall not bear interest. In the event of a default in the obligations of Tenant to perform under this Lease, then any balance remaining from funds paid to Landlord under the provisions of this paragraph, at the option of Landlord, in lieu of being applied to the payment of such expenses, may be applied to the payment of any monetary default of Tenant.

19. CONDEMNATION. If the Premises or any portion thereof are taken under the power of eminent domain, or sold under the threat of the exercise of said power (all of which are herein called "condemnation"), this Lease shall terminate as to the part so taken as of the date the condemning authority takes title or possession, whichever first occurs. If more than 10% of the floor area of the building on the Premises, or more than 25% of the land area of the Premises which is not occupied by any building, is taken by condemnation, Tenant may, at Tenant's option, to

be exercised in writing only within ten (10) days after Landlord shall have given Tenant written notice of such taking (or in the absence of such notice, within ten (10) days after the condemning authority shall have taken possession) terminate this Lease as of the date the condemning authority takes such possession. If Tenant does not terminate this Lease in accordance with the foregoing, this Lease shall remain in full force and effect as to the portion of the Premises remaining, except that the rent shall be reduced in the proportion that the floor area of the building taken bears to the total floor area of the building situated on the Premises. No reduction of rent shall occur if the only area taken is that which does not have a building located thereon. Any award for the taking of all or any part of the Premises under the power of eminent domain or any payment made under threat of the exercise of such power shall be the property of Landlord, whether such award shall be made as compensation for diminution in value of the leasehold or for the taking of the fee, or as severance damages; provided, however, that Tenant shall be entitled to any award for loss of or damage to Tenant's trade fixtures and removable personal property. In the event that this Lease is not terminated by reason of such condemnation, Landlord shall to the extent of severance damages received by Landlord in connection with such condemnation, repair any damage to the Premises caused by such condemnation except to the extent that Tenant has been reimbursed therefor by the condemning authority. Tenant shall pay any amount in excess of such severance damages required to complete such repair.

20. BROKER'S FEE. Tenant represents and warrants to Landlord that it has not engaged any broker, finder or other person who would be entitled to any commission or fees in respect of the negotiation, execution or delivery of this lease and shall indemnify and hold harmless Landlord against any loss, cost, liability or expense incurred by Landlord as a result of any claim asserted by any such broker, finder or other person on the basis of any arrangements or agreements made or alleged to have been made by or on behalf of Tenant. The provisions of this paragraph shall not apply to brokers with whom Landlord has an express written brokerage agreement.

21. ESTOPPEL CERTIFICATE.

(a) Tenant shall at any time upon not less than ten (10) days' prior written notice from Landlord execute, acknowledge and deliver to Landlord a statement written on Landlord's estoppel certificate form (i) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect) and the date to which the rent and other charges are paid in advance, if any, and (ii) acknowledging that there are not, to Tenant's knowledge, any uncured defaults on the part of Landlord hereunder, or specifying such defaults if any are claimed. Any such statement may be conclusively relied upon by any prospective purchaser or encumbrancer of the Premises.

(b) At Landlord's option, Tenant's failure to deliver such statement within such time shall be a material breach of this Lease or shall be conclusive upon Tenant (i) that this Lease is in full force and effect, without modification except as may be represented by Landlord, (ii) that there are no uncured defaults in Landlord's performance, and (iii) that not more than one (1) month's rent has been paid in advance, or such failure may be considered by Landlord as a default by Tenant under this Lease.

22. SEVERABILITY. 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.

23. INTEREST ON PAST-DUE OBLIGATIONS. Except as expressly herein provided, any amount due to Landlord not paid when due shall bear interest at the maximum rate then allowable by law from the date due. Payment of such interest shall not excuse or cure any default by Tenant under this Lease, provided, however, that interest shall not be payable on late charges incurred by Tenant nor on any amounts upon which late charges are paid by Tenant.

24. TIME OF ESSENCE. Time is of the essence.

25. ADDITIONAL RENT. Any monetary obligations of Tenant to Landlord under the terms of this Lease shall be deemed to be rent.

26. INCORPORATION OF PRIOR AGREEMENTS; AMENDMENTS. This Lease contains all agreements of the parties with respect to any matter mentioned herein. No prior agreement or understanding pertaining to any such matter shall be effective. This Lease may be modified in writing only, signed by the parties in interest at the time of the modification. Except as otherwise stated in this Lease, Tenant hereby acknowledges that neither the Landlord or any employees or agents of the Landlord have made any oral or written warranties or representations to Tenant relative to the condition or use by Tenant of said Premises and Tenant acknowledges that Tenant assumes all responsibility regarding the Occupational Safety Health Act, the legal use and adaptability of the

Premises and the compliance thereof with all applicable laws and regulations in effect during the terms of the Lease except as otherwise specifically stated in this Lease.

27. WAIVERS. No waiver by Landlord or any provision hereof shall be deemed a waiver of any other provision hereof or of any subsequent breach by Tenant of the same or any other provision. Landlord's consent to, or approval of, any act shall not be deemed to render unnecessary the obtaining of Landlord's consent to or approval of any subsequent act by Tenant. The acceptance of rent hereunder by Landlord shall not be a waiver of any preceding breach by Tenant of any provision hereof, other than the failure of Tenant to pay the particular rent so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such rent.

28. HOLDING OVER. If Tenant, with Landlord's consent, remains in possession of the Premises or any part thereof after the expiration of the term hereof, such occupancy shall be a tenancy from month to month upon all the provisions of this Lease pertaining to the obligations of Tenant, with the exception of rent which shall be at 125% of the then current rent, but all options and rights of first refusal, if any, granted upon the terms of this Lease shall be deemed terminated and be of no further effect during said month to month tenancy.

29. CUMULATIVE REMEDIES. No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.

30. COVENANTS AND CONDITIONS. Each provision of this Lease performable by Tenant shall be deemed both a covenant and a condition.

31. BINDING EFFECT; CHOICE OF LAW. Subject to any provisions hereof restricting assignment or subletting by Tenant and subject to the provisions of paragraph 21, this Lease shall bind the parties, their personal representatives, successors and assigns. This Lease shall be governed by the laws of the State wherein the Premises are located.

32. SUBORDINATION.

(a) This Lease, at Landlord's option, shall be subordinate to any ground lease, mortgage, deed of trust, or any other hypothecation or security now or hereafter placed upon the real property of which the Premises are a part and to any and all advances made on the security thereof and to all renewals, modifications, consolidations, replacements and extensions thereof. Notwithstanding such subordination, Tenant's right to quiet possession of the Premises shall not be disturbed if Tenant is not in default and so long as Tenant shall pay the rent and observe and perform all of the provisions of this Lease, unless this Lease is otherwise terminated pursuant to its terms. If any mortgagee, trustee or ground lessor shall elect to have this Lease prior to the lien of its mortgage, deed of trust or ground lease, and shall give written notice thereof to Tenant, this Lease shall be deemed prior to such mortgage, deed of trust, or ground lease, whether this Lease is dated prior or subsequent to the date of said mortgage, deed of trust, or ground lease, or the date of recording thereof.

(b) Tenant agrees to execute any documents required to effectuate an attornment, a subordination or to make this Lease prior to the lien of any mortgage, deed of trust or ground lease, as the case may be. Tenant's failure to execute such documents within ten (10) days after written demand shall constitute a material default by Tenant hereunder, or, at Landlord's option, Landlord shall execute such documents on behalf of Tenant as Tenant's attorney-in-fact. Tenant does hereby make, constitute and irrevocably appoint Landlord as Tenant's attorney-in-fact and in Tenant's name, place and stead, to execute such documents in accordance with this paragraph.

33. ATTORNEYS' FEES. If either party brings an action to enforce the terms hereof or declare rights hereunder, the prevailing party in any such action, on trial or appeal, shall be entitled to reasonable attorneys' fees to be paid by the losing party as fixed by the court.

34. LANDLORD'S ACCESS. Landlord and Landlord's agents shall have the right to enter the Premises at reasonable times for the purpose of inspecting the same, showing the same to prospective purchasers, lenders, or lessees, and making such alterations, repairs, improvements or additions to the Premises or to the building of which they are a part as Landlord may deem necessary or desirable. Landlord may at any time place on or about the Premises any ordinary "For Sale" signs and Landlord may at any time during the last one hundred twenty (120) days of the term hereof place on or about the Premises any ordinary "For Lease" signs, all without rebate of rent or liability to Tenant.

35. SIGNS. Tenant shall not place any sign upon the Premises without Landlord's prior written consent.

36. MERGER. The voluntary or other surrender of this Lease by Tenant, or a mutual cancellation thereof, or a termination by Landlord, shall not work a merger, and shall, at the option of Landlord, terminate all or any existing sub-tenancies or may, at the option of Landlord, operate as an assignment to Landlord of any or all of such sub-tenancies.

37. QUIET POSSESSION. Upon Tenant paying the rent for the Premises and observing and performing all of the covenants, conditions and provisions on Tenant's part to be observed and performed hereunder, Tenant shall have quiet possession of the Premises for the entire term hereof subject to all of the provisions of this Lease. The individuals executing this Lease on behalf of Landlord represent and warrant to Tenant that they are fully authorized and legally capable of executing this Lease on behalf of Landlord and that such execution is binding upon all parties holding an ownership interest in the Premises.

38. MULTIPLE TENANT BUILDING. In the event that the Premises are part of a larger building or group of buildings then Tenant agrees that it will abide by, keep and observe all reasonable rules and regulations, as designated in Exhibit E which Landlord may make from time to time for the management, safety, care, and cleanliness of the building and ground, the parking of vehicles and the preservation of good order therein as well as for the convenience of other occupants and tenants of the building. The violations of any such rules and regulations shall be deemed a material breach of this Lease by Tenant.

39. SECURITY MEASURES. Tenant hereby acknowledges that the rental payable to Landlord hereunder does not include the cost of guard service or other security measures, and that Landlord shall have no obligation whatsoever to provide same. Tenant assumes all responsibility for the protection of Tenant, its agents and invitees from acts of third parties.

40. EASEMENTS. Landlord reserves to itself the right, from time to time, to grant such easements, rights and dedications that Landlord deems necessary or desirable, and to cause the recordation of Parcel Maps and restrictions, so long as such easements, rights, dedications, Maps and restrictions do not unreasonably interfere with the use of the Premises by Tenant. Tenant shall sign any of the aforementioned documents upon request of Landlord and failure to do so shall constitute a material breach of this Lease.

41. PERFORMANCE UNDER PROTEST. If at any time a dispute shall arise as to any amount or sum of money to be paid by one party to the other under the provisions hereof, the party against whom the obligation to pay the money is asserted shall have the right to make payment "under protest" and such payment shall not be regarded as a voluntary payment, and there shall survive the right on the part of said party to institute suit for recovery of such sum. If it shall be adjudged that there was no legal obligation on the part of said party to pay such sum of any part thereof, said party shall be entitled to recover such sum or so much thereof as it was not legally required to pay under the provisions of this Lease.

42. AUTHORITY. If Tenant is a corporation, trust, or general or limited partnership, each individual executing this Lease on behalf of such entity represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of said entity. If Tenant is a corporation, trust or partnership, Tenant shall, within thirty (30) days after execution of this Lease, deliver to Landlord evidence of such authority satisfactory to Landlord.

43. CONFLICT. Any conflict between the printed provisions of this Lease and the typewritten or handwritten provisions shall be controlled by the typewritten or handwritten provisions.

44. EMISSIONS; STORAGE, USE AND DISPOSAL OF MATTER.

44.1 Definitions. For purposes of this paragraph, the following terms shall be defined as set forth herein:

(a) The term "Hazardous Material" shall mean include, but shall not be limited to (i) any material, substance or waste which is or hereafter shall be listed, regulated or defined by Applicable Law to be hazardous, acutely hazardous, extremely hazardous, radioactive toxic, or dangerous; (ii) asbestos or asbestos-containing materials; (iii) polychlorinated biphenyls (PCBs); (iv) radon gas; (v) laboratory wastes; (vi) experimental products, including genetically engineered microbes; (vii) petroleum, natural gas, or other petroleum product; and (viii) medical waste as defined in the Medical Waste Management Act, div. 20, chap. 6.1 of the California Health and Safety Code.

(b) The term "Applicable Law" shall include federal, state and local statutes, regulations, rules, ordinances, and all other governmental requirements.

44.2 Compliance and Response. During the term of this Lease:

(a) Lessee shall comply with Applicable Law in all respects, including, but not limited to, (i) acquisition of and compliance with all permits, licenses, orders, requirements, approvals, plans and authorizations which are or may become necessary for conduct of Lessee's operations on the Premises; (ii) compliance with all regulatory requirements relating to such operations or the substances and equipment used therein or the emissions, emanations and wastes generated thereby; and (iii) reporting, investigation, and remediation of, or other response to the exposure or potential exposure, of any person to, or the emission, discharge or other release of any Hazardous Material into the Premises or the environment.

(b) Lessee shall promptly respond to and remedy (by removal and proper disposal or such other methods as shall be reasonably required) to the satisfaction of applicable governmental agencies any release or discharge of any Hazardous Material connected with Lessee's operation or Lessee's presence on the Premises. All such action shall be done in Lessee's name, and at Lessee's sole cost and expense. For purposes of this paragraph (b), the term "respond" shall include, but not be limited to, the investigation of environmental conditions, the preparation of feasibility reports or remedial plans, and the performance of any cleanup, remediation, containment, maintenance, monitoring or restoration work. Any such actions shall be performed in a good, safe, workmanlike manner and shall minimize any impact on the businesses or operations conducted at the Premises. In its discretion, Lessor may, but shall not be required to, enter the Premises personally or through its agents, consultants or contractors and perform all or any part of the response activity or remedial action which it feels is reasonably necessary to comply with the terms of this Lease, and shall be reimbursed for its costs thereof and for any liabilities resulting therefrom.

(c) Lessee will promptly notify Lessor of Lessee's receipt of any notice, request, demand, inquiry or order, whether oral or written, from any government agency or any other individual or entity relating in any way to the presence or possible presence of any Hazardous Material on, in, under or near the Premises or the Lessee's compliance with, or failure to comply with, Applicable Law. Receipt of such notice shall not be deemed to create any obligation on the part of Lessor to defend or otherwise respond to any such notification.

(d) Promptly upon discovery thereof, Lessee will notify Lessor of the discovery of any release, discharge, or emission of any Hazardous Material or of the existence of any other condition or occurrence which may constitute or pose a significant presence or potential hazard to human health and safety or to the environment, whether or not such event or discovery necessitates any report to any other person or government agency.

44.3 Other Emissions. Lessee shall not:

(a) Permit any vehicle on the Premises to emit exhaust which is in violation of any Applicable Law;

(b) Create, or permit to be created, any sound pressure level which will interfere with the quiet enjoyment of any real property adjacent to the Premises, or which will create a nuisance or violate any Applicable Law;

(c) Transmit, receive, or permit to be transmitted or received, any electromagnetic, microwave or other radiation which is harmful or hazardous to any person or property in, on or about the Premises, or anywhere else, or which interferes with the operation of any electrical, electronic, telephonic or other equipment wherever located, whether on the Premises or anywhere else;

(d) Create, or permit to be created, any ground or Building vibration that is discernible outside the Premises; and

(e) Produce, or permit to be produced, any intense glare, light or heat except within an enclosed or screened area and then only in such manner that the glare, light or heat shall not be discernible outside the Premises.

44.5 Survival. The duties set forth in this paragraph shall survive the termination of this Lease.

44.6 Disposal of Other Matter.

(a) Refuse Disposal. Lessee shall not keep any trash, garbage, waste or other refuse on the Premises except in sanitary containers and shall regularly and frequently remove and dispose of the same from the Premises. Lessee shall keep all incinerators, containers or other equipment used for storage or disposal of such matter in a clean and sanitary condition, and shall promptly dispose of all other waste.

(b) Sewage Disposal. Lessee shall properly dispose of all sanitary sewage and shall not use the sewage disposal system (i) for the disposal of anything except sanitary sewage, or (ii) in excess of the lesser of the amount allowed by the sewage treatment works, or permitted by any governmental entity. Lessee shall keep the sewage disposal system free of all obstructions and in good operating condition.

45. ADDENDUM. Attached hereto are addenda, which constitute a part of this Lease.

SIGNATURES ON NEXT PAGE

The parties hereto have executed this Lease on the dates specified immediately adjacent to their respective signatures.

LANDLORD

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

By: _____

Date: _____

Its: _____

TENANT: (County of Monterey)

By: _____
Michael R. Derr

Title: Contracts/Purchasing Officer

Date: _____

APPROVED AS TO FORM: (County Counsel)

By: _____
Rebecca M. Cenicerros

Title: Deputy County Counsel

Date: _____

EXHIBIT A
PREMISES

UC MBEST Center
Headquarters Building
3180 Imjin Road
Marina, California 93933

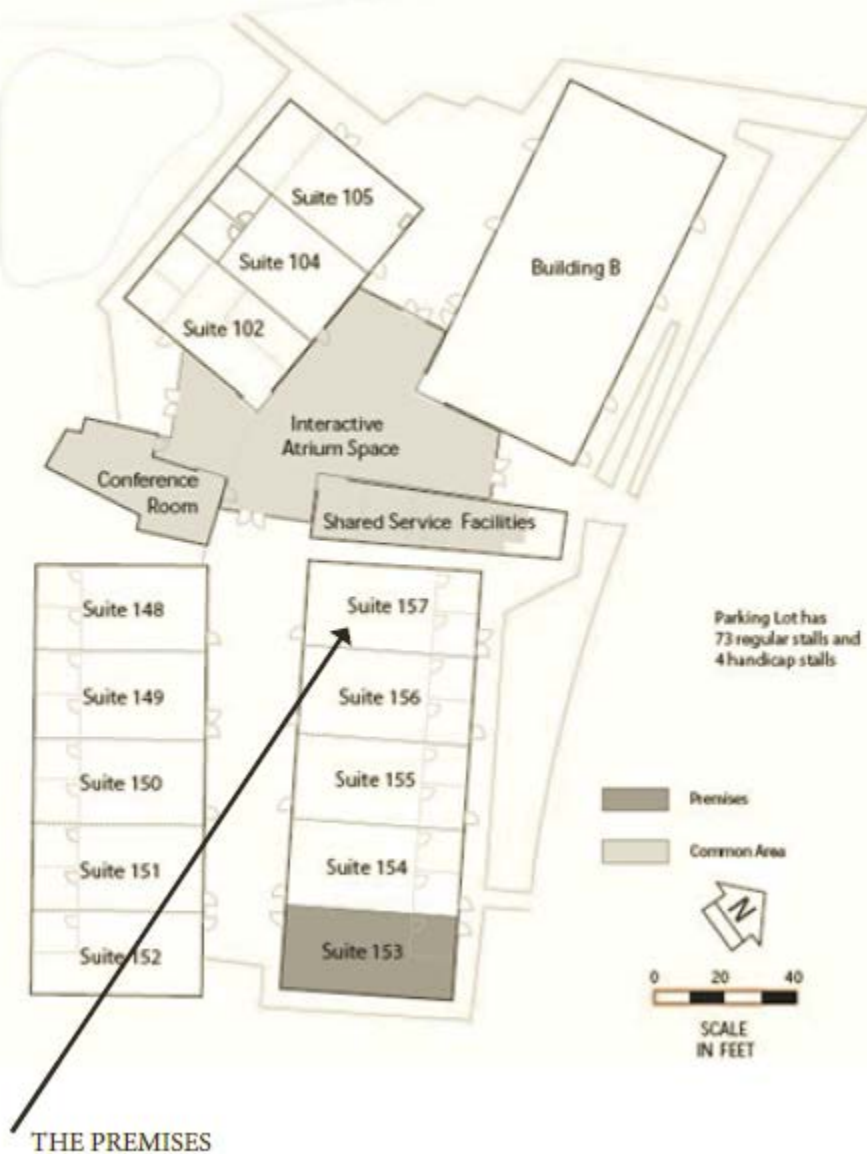


EXHIBIT A-1

FINAL ACCEPTANCE REPORT

EDA AWARD NO.: 07-01-03850

OWNER: The Regents of the University of California / City of Marina

DATE: July 24, 2001

ARCHITECT/ENGINEER: David Baker Associates Architects

CONTRACTOR: Tombleson, Inc.

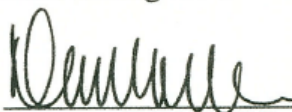
CONTRACT TITLE: UC MBEST Center and Marina Small Business Incubator

CONTRACT AWARD DATE: July 30, 1999 (Construction Contract Award Date
July 27, 2000)

RECITAL: The work performed under this contract was inspected on July 24, 2001
for the purpose of determining acceptability of
construction. The Date of Acceptance of this project is hereby
established as July 24, 2001.

Definition of term "Date of Acceptance": The Date of Acceptance is
the date which the project can be used for the work for which it is
intended in accordance with the contract documents and all work
required by the contract has been completed with the exception of
minor cleanup and corrective work as shown in the
Architect/Engineer's list made during the final inspection.

Doris Guerrero, David Baker Assoc.
ARCHITECT/ENGINEER


SIGNATURE

7.24.01
DATE

The contractor, Tombleson, Inc., agrees that the
date of acceptance, July 24, 2001, is also the date of
commencement of warranties required by the contract documents. The Contractor
has released all liens on the Project, including materialmen and mechanics liens
and those filed by the prime contractor.

Don Locke, Tombleson, Inc.
CONTRACTOR


SIGNATURE

8-31-01
DATE

The Owner accepts the work as complete and will assume full possession thereof
at _____ (time) on July 24, 2001 (date).

William F. Clark
OWNER


SIGNATURE

7/24/01
DATE

Lora Lee Martin
OWNER


SIGNATURE

7/24/01
DATE

OWNER

SIGNATURE

DATE

EXHIBIT B
CONFIRMATION OF LEASE TERM

(Intentionally omitted)

EXHIBIT C

SUMMARY OF SERVICES AND UTILITIES

The following is a summary of service and utility responsibilities of Landlord and Tenant:

	N O T A P P L I C A B L E	L A N D L O R D	T E N A N T	F R E Q U E N C Y
Paper Supplies, dispensers and waste containers (Premises)			X	
Paper Supplies, dispensers and waste containers (Common Area)		R		2x/week
Light bulbs & fluorescent light tubes and starters		R		
Ballasts and transformers for fluorescent lights, light switches and electrical outlets		X		
Heating and air conditioning control switches		X		
Janitorial service for interior of Premises (dust, waste removal, vacuum, mop, cleaning)			X	
Janitorial service for exterior of Premises and common areas		R		
Carpet, tile and linoleum for interior of Premises		X		
Gas**		R		
Electric**		R		
Water**		R		
Window washing – interior			X	
Window washing-exterior		R		
Landscaping and gardening		R		
Drapes, blinds, window shades			X	
Refuse, rubbish & garbage disposal		R		
Pest control		R		
Other:				

* Per Article 15.1b, items indicated as Landlord responsibilities with "X" are not reimbursable to Landlord as Direct Expenses. Items Indicated as Landlord responsibilities with "R" are reimbursable as Direct Expenses.

** Tenant's responsibility for gas, electric, and water utilities not separately sub-metered to the Premises shall be subject to the Provisions of Article 16.

EXHIBIT D

SUMMARY OF REPAIR AND MAINTENANCE RESPONSIBILITIES

The following is a summary of repairs and maintenance responsibilities of Landlord and Tenant:

	Landlord	Tenant	Not Applicable
Foundations	X		
Exterior & Bearing Walls	X		
Roof	X		
Electrical Systems	X		
Lighting Systems	X		
Plumbing Systems	X		
Drains within Premises-Routine Maintenance			X
HVAC Systems Repair/Replacement	X		
HVAC Systems-Regular Maintenance	R		
Air Conditioning Systems			X
Alarm Systems			X
Plate Glass	X		
Windows & Window Frames	X		
Gutters, Drains, Downspouts	X		
Elevators			X
Floor Slabs	X		
Common Areas	R		
Ceilings (within the Premises)	R		
Interior Walls (within the Premises)	R		
Interior Doors (within the Premises)	R		
Interior Surfaces & Windows (within the Premises)	R		
Appliances & Fixtures	X		
Repainting of Interior Walls (every <u>10</u> years)	X		
Base and/or moldings	X		
Parking Lot Area and Pathways	R		
Exterior Building Signage	X		

* Per Article 15.1b, items indicated as Landlord responsibilities with "X" are not reimbursable to Landlord as Direct Expenses. Items Indicated as Landlord responsibilities with "R" are reimbursable as Direct Expenses.

LANDLORD'S RULES AND REGULATIONS

1. Sidewalks, doorways, vestibules, halls, stairways and similar areas shall not be obstructed by tenants or used for any purpose other than ingress and egress to and from the leased premises and for going from one to another part of the building.
2. Plumbing fixtures and appliances shall be used only for purposes for which constructed, and no sweepings, rubbish, rags or other unsuitable material shall be thrown or placed therein. Damage resulting to any such fixtures or appliances from misuse by a tenant shall be paid by Tenant, and Landlord shall not in any case be responsible therefor.
3. No signs, advertisements or notices shall be painted or affixed on or to any windows or doors, or other part of the building, except of such color, size and style and in such places as shall be first approved in writing by Landlord.
4. Directories will be placed by Landlord, at its own expense, in conspicuous places in the building. No other directories shall be permitted unless previously consented to by Landlord in writing.
5. Tenants shall not do, or permit anything to be done in or about the building, or bring or keep anything therein, that will in any way increase the rate of fire or other insurance on the building, or on property kept therein, or obstruct or interfere with the rights of, or otherwise injure or annoy, other tenants, or do anything in conflict with the valid pertinent laws, rules or regulations of any governmental authority.
6. Landlord shall have the power to prescribe the weight and position of iron safes or other heavy equipment, which shall in all cases, to distribute weight, stand on plank strips at least two inches thick. Any damage to the building caused by installation or removal of tenant's property, or done by tenant's property while in the building, shall be repaired at the expense of tenant.
7. Tenant shall notify the building manager when safes or other heavy equipment are to be taken in or out of the building, and the moving shall be done under the supervision of the building manager, after written permit from Landlord. Persons employed to move such property shall be approved by Landlord.
8. Corridor doors, when not in use, shall be kept closed.
9. No furniture, packages, or bulky material of any kind will be received in the building or carried up or down stairs or in the elevators, except in the manner and at the times specified by Landlord.
10. Each tenant shall cooperate with Landlord's employees in keeping leased premises neat and clean. Tenants shall not employ persons for the purpose of such cleaning.
11. To insure orderly operation of the building, no ice, mineral or other water, towels, newspapers, etc., shall be delivered to any leased premises, except by persons appointed or approved in writing by Landlord.
12. Should a tenant require telegraphic, telephonic, annunciator or other communications service, Landlord will direct the electricians where and how wires are to be introduced and placed, and none shall be introduced or placed except as Landlord shall direct. Electric current shall not be used for power or heating without Landlord's prior written permission.
13. Landlord shall, at reasonable hours, have the right to enter premises leased to tenants, to examine same or to make such alterations and repairs as may be deemed necessary, or to exhibit the same to prospective tenants.
14. Tenants shall not make or permit any improper noises in the building, or otherwise interfere in any way with other tenants, or persons having business with them.
15. Nothing shall be swept or thrown into the corridors, halls, elevator shafts or stairways. No birds or animals shall be brought into or kept in or about the building.

16. No machinery of any kind shall be operated on leased premises without the prior written consent of Landlord, nor shall a tenant use or keep in the building any inflammable or explosive fluid or substance.
17. Landlord reserves the right to rescind any of these rules and make such other and further rules and regulations as in its judgment shall from time to time be needed for the safety, protection, care and cleanliness of the building, the operation thereof, the preservation of good order therein, and the protection and comfort of its tenants, their agents, employees and invitees.

**ADDENDUM 1 - PARKING PROVISIONS
TO LEASE AGREEMENT DATED
BY AND BETWEEN
THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

AND
COUNTY OF MONTEREY**

In accordance with paragraph 2.2 of the Lease and as designated on Exhibit A, the Premises includes FOUR (4) parking spaces for the non-exclusive use of Tenant. Tenant shall pay to Landlord the cost of said spaces at the rate of ZERO dollars (\$0.00) per space per month payable at the same time and at the same address as Base Rent.

**ADDENDUM 2 - RENT FOR EXTENDED TERM(S) TO LEASE AGREEMENT DATED
BY AND BETWEEN
THE REGENTS OF THE UNIVERSITY OF CALIFORNIA**

AND

COUNTY OF MONTEREY

INTENTIONALLY BLANK.

**ADDENDUM 3 - RENT ADJUSTMENTS
TO LEASE AGREEMENT DATED
BY AND BETWEEN
THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

AND

COUNTY OF MONTEREY**

There shall be no annual rent adjustment.