

EL DORADO LAFCO

LOCAL AGENCY FORMATION COMMISSION

AGENDA OF May 22, 2024

REGULAR MEETING

TO: Brian Veerkamp, Chair, and
Members of the El Dorado County Local Agency Formation
Commission

FROM: Shiva Frentzen, Executive Officer

AGENDA ITEM #3: Consider and authorize the lease agreement for El Dorado
LAFCO office space with “RIBEIRO CALIFORNIA II, LLC” for five
years at 1190 Suncast Lane unit #11, El Dorado Hills, CA 95762

Recommendation and Discussion

Staff and the Strategic Planning Committee recommend the Commission approve the lease agreement for El Dorado LAFCO office space with “RIBEIRO CALIFORNIA II, LLC” for five years at 1190 Suncast Lane unit #11, El Dorado Hills, CA 95762

BACKGROUND AND REASON FOR RECOMMENDED ACTION

At the August 24, 2022 meeting, Commission directed staff to look for a smaller office space as the agency adopted the Remote Work Policy and worked towards document digitization.

Executive Officer began the search for a new office location over a year ago. The Strategic Planning Committee members recommended a few locations for consideration as well. Attachment A lists the locations that were considered with related information.

The agency needs the right amount of space with a proper layout. The office space at 1190 Suncast Lane Unit #11 is the appropriate space for the agency. The new office is 860sqft, which is 30% smaller than our current office space at 1,236sqft. The rent for the new location is 25% lower compared to the current year’s lease before the increase for the upcoming renewal. The location has a dedicated entrance with three offices, an ADA compliant bathroom, and a large common area. Attachment B has the Floor Plan for the new office location.

Our current lease expires on October 1, 2024. The lease for the new location is for five years with two months of free rent. Staff is planning to move in on August 1st to give ample time for setting up the new location and moving the office.

Legal Counsel has thoroughly reviewed and finalized the lease agreement for Commission approval.

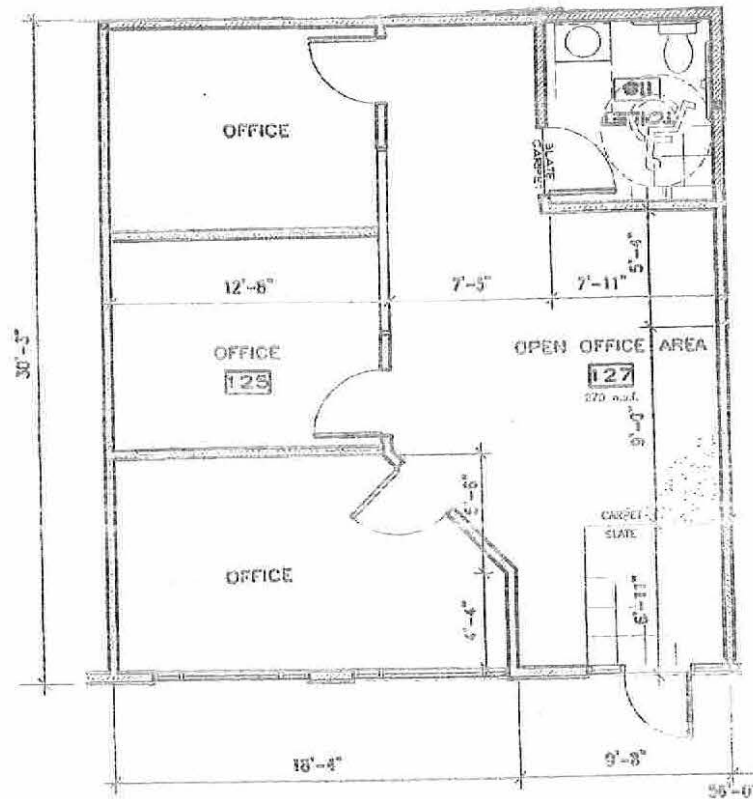
Attachments

Attachment A: Office Space Comparable

Attachment B: New Office Space Floor Plan

Attachment C: Lease Agreement with "RIBEIRO CALIFORNIA II, LLC"

Address	Square Feet	Monthly Cost	Duration	Includes	Does Not Include
550 Main Street, Suite E, Placerville	1,236	\$ 2,194	Original lease 5 yrs, 2 yr extensions	Janitorial, water/sewer	PG&E - \$165.50 (13 month avg, includes \$132.60 allowance) Parking - \$100/month (City--2 employees)
1190 Suncastr Lane, Suite #11, EDH	860	\$ 1,735	Two months free rent for the initial 5 year term	Water/sewer, parking	Janitorial - To be arranged PG&E - Based on actual usage
Other spaces that were considered					
3907 Park Dr. Suite 250	746	\$1,827.70			Second floor with elevator. Space would work but not as desirable as the one being proposed. Higher rent.
4511 Golden Foothill pkwy	585	\$1,200			Space is too small. Realtor not returning calls.
1010 Camerado Dr. Suite 260	1000	\$1,300			No elevators. Not ADA compliant.
Venture Village Ray Lawyer @Raleys	900	\$1,200			Layout will not work.
Previous Masonic Lodge, last leased by EDSO. Cold Springs at Pieroz.	2,500				Space is two large for LAFCO use and the cost will be higher.
Upper Broadway multiple spaces					Location is not a professional setting for LAFCO office.
Shared space in El Dorado Hills					Explored by Commissioner Hidhal and will not work.



(This plan is for preliminary design of the
interior space only. Actual site conditions
may vary and no warranty is made as to
its accuracy. This information is subject
to change without notice.)

(916) 933-3311

QUAIL PARK at EL DORADO HILLS
1190 SUNCAST LANE
BUILDING H

FLOOR PLAN
SCALE 1/8" = 1'-0"





RIBEIRO CONSTRUCTION MANAGEMENT, INC.

LEASE

This Lease is made and entered into on May 22, 2024 by and between

RIBEIRO CALIFORNIA II, LLC

hereinafter called "Lessor," and

EL DORADO LOCAL AGENCY FORMATION COMMISSION

hereinafter called "Lessee."

WITNESSETH:

1. PREMISES

Lessor is the owner of the fee interest in certain improved real property, consisting of a free-standing building (the "Building") located within a business park in the city of El Dorado Hills, County of El Dorado, State of California, which business park is commonly known as Quail Park II and is more particularly described in Exhibit B attached hereto (hereinafter collectively referred to as the "Project"). Lessor hereby leases, demises and lets unto Lessee, and Lessee hereby leases, hires and takes from Lessor those certain premises hereinafter called the "Premises," located in the Building in the Project, described as follows:

THAT APPROXIMATE 840 SQUARE FEET OF SPACE LOCATED AT 1190 SUNCAST LANE, EL DORADO HILLS, EL DORADO COUNTY, CALIFORNIA 95762 KNOWN AS UNIT #11 AS INDICATED IN RED ON EXHIBIT "B" ATTACHED.

Lessee shall have the non-exclusive right (unless otherwise provided herein) in common with the Lessor and other lessees of portions of the Project, to use and enjoy certain portions of the common areas of the Project, which may include vehicular driveways, vehicular parking areas, pedestrian sidewalks, picnic areas, trash dumpsters, landscaping, water features, and golf amenities. Lessee specifically acknowledges that Lessor does not own the common areas of the Project and that such common areas are controlled under CC&Rs governing the Project and by Quail Park EDH Maintenance Association Phase II, Inc. (the "Association"), the association of property owners within the Project, charged with maintaining and controlling the commons areas therein. As a property owner within the Project, Lessor has certain voting rights, but does not control the Association. Additionally, the real property underlying the common areas is, at present, owned by an entity separate from the Association. Lessee specifically acknowledges that either the underlying fee owner, Lessor or the Association may act to reduce, modify or improve those portions of the common areas available to Lessee for use, so long as Lessee's access and the parking rights granted hereunder are not materially adversely affected. The common areas available to Lessee for use at any given time, and as potentially modified hereunder, are referred to as the "Common Areas."

This lease is made upon the following terms, covenants, and conditions to which the parties hereby agree:

2. TERM

The Term of this Lease shall commence on August 1, 2024, (hereinafter called "Commencement Date") and shall continue for a term of Sixty-Two (62) months from and after Commencement Date, subject to extension or early termination pursuant to the terms of this lease. This lease shall terminate at 5p.m. on the last day of the lease period. If the Premises require improvements to be constructed by the Lessor prior to occupancy of the said Premises by the Lessee, said improvements shall be referred to as Lessor's Work and set out in "Exhibit B-1" attached hereto, consisting of plans,

specifications and descriptions of the work to be performed prior to said date of occupancy, together with the specification as to the cost of such improvements and the party to bear such cost of improvement as set out in "Exhibit B-1".

3. DELIVERY OF POSSESSION

Lessor agrees to deliver to Lessee and Lessee agrees to accept from Lessor possession of the Premises promptly upon completion of Lessor's Work. If for any reason Lessor does not deliver possession of the Premises to Lessee with Lessor's Work substantially complete on or before the Commencement Date, Lessor shall not be subject to any liability for such failure, and the validity of this Lease shall not be impaired, but the Commencement Date shall be delayed by the number of days delivery is delayed after the lease Commencement Date, and Rent shall not commence until the date of delivery of the Premises.

If, despite Lessor's best efforts, said Premises, as improved in accordance with the agreement of the parties, is not delivered by Lessor within ninety (90) days from the Commencement Date, either Lessor or Lessee shall have the right, upon written notice to the other, to terminate this Lease whereupon this Lease shall have no further force or effect and each party shall be relieved of all obligations owing to the other. Notwithstanding the above, if Lessor fails to deliver possession of the Premises to Lessee as required herein due to causes beyond the reasonable control of Lessor, including without limitation, delay caused by the Lessee, Lessee shall not have the right to terminate the Lease and the delivery date shall be extended for a period of time to address and resolve the causes for the delay. Notwithstanding the foregoing, if delivery of the Premises does not occur within one hundred and eighty days of the Commencement Date, subject to the extension for Force Majeure, Lessee may, as Lessee's sole remedy, at any time thereafter until delivery of possession occurs, deliver written notice to Lessor terminating this Lease in which event this Lease shall terminate 30 days after delivery of such written notice; however that in the event delivery of possession occurs with said 30-day period, this Lease shall not terminate and shall remain in full force and effect.

3.1 Amendment to Lease: Lessor and Lessee each agree that at the request of Lessor, Lessee will execute and deliver an amendment to the lease containing the acknowledgement that Lessee has accepted possession and reciting the exact Commencement Date of this Lease.

4. RENT

4.1 Rent: Lessee agrees to pay a **Base Monthly Rental** (plus any excise, privilege or sales taxes or any tax levied on the rentals or the receipt thereof, except Lessor's income tax), **which shall be due on the first day of each calendar month** throughout the Term without offset or deduction of any kind. Lessee shall pay Lessor the first installment of Base Monthly Rent when Lessee executes this Lease. Payment of rent shall be made by Lessee to Lessor at such addresses as shall from time to time be designated by Lessor to Lessee in writing.

4.2 Adjusted Annual Rent: The Annual Rent shall be adjusted annually (the "Adjustment Date"), commencing on Lessee's First Adjustment Date. Adjustments shall be based upon increases of **five percent (5%)** per year, including any extension term(s) exercised as specified in this Lease. The Annual Rent as so adjusted from time to time shall be the "Annual Rent" for all purposes under this Lease.

4.3 Monthly Payment Amounts: Rental is to be paid in lawful money of the United States of America, which shall be legal tender at the time of payment of rents, as follows:

1-2 MONTHS (8/1/24 to 9/30/24): One Thousand Six Hundred Forty Dollars (\$1,640.00) (but conditionally abated during the Free Rent Period) *
3-14 MONTHS (10/1/24 to 9/30/25): One Thousand Six Hundred Forty Dollars (\$1,640.00)
15-26 MONTHS (10/1/25 to 9/30/26): One Thousand Seven Hundred Twenty-Two Dollars (\$1,722.00)
27-38 MONTHS (10/1/25 to 9/30/26): One Thousand Eight Hundred Eight and 10/100th Dollars (\$1,808.10)
39-50 MONTHS (10/1/25 to 9/30/26): One Thousand Eight Hundred Ninety-Eight and 50/100th Dollars (\$1,898.50)
51-62 MONTHS (10/1/25 to 9/30/26): One Thousand Nine Hundred Ninety-Three and 43/100th Dollars (\$1,993.43)

* It is understood by Lessee that Lessee remains responsible to pay the additional rent due under this lease, including, without limitation, monthly water, sewer and restroom fee when rent is due. It is acknowledged that Lessee will upon Lease execution pay to Lessor the third month of Rent hereunder, and so month 3 will be pre-paid in advance. All Base Monthly Rental due during the first two months of the Term (the "Free Rent Period")

is conditionally abated subject to the "Rent Concession Addendum" (in form attached to this Lease as Exhibit "D") and entered into by and between Lessor and Lessee concurrently with this Lease.

- 4.4 Insufficient Funds: Lessee understands that the issuance of a check or draft without funds or with intent to defraud may be a criminal offense punishable by imprisonment or by a fine or both fine and imprisonment, and may provide Lessor with a right to civil damages pursuant to California law. If more than one check is given in payment of any sum due hereunder is dishonored by the bank on which it is written, at Lessor's election the payment of all sums thereafter due hereunder shall be made by cashier's check.
- 4.5 Proration of Rent: In the event the Term of this Lease commences other than on the first day of a calendar month, or if the termination date is not the last day of a month, a pro-rated monthly installment shall be paid for the fractional month during which this Lease commences and/or terminates.
- 4.6 Late Payment of Rent Due: If any payment of Rent is not received by Lessor by 5 pm on the fifth (5th) day of the calendar month in which it is due, then that Rent payment shall be increased by ten percent (10%) for that month. Accordingly, if received after the fifth (5th) day of the calendar month, Base Monthly Rental shall be:

1-2 MONTHS (8/1/24 to 9/30/24): One Thousand Six Hundred Forty Dollars (\$1,640.00) (but conditionally abated during the Free Rent Period) *

3-14 MONTHS (10/1/24 to 9/30/25): One Thousand Eight Hundred Four Dollars (\$1,804.00)

15-26 MONTHS (10/1/25 to 9/30/26): One Thousand Eight Hundred Ninety-Four and 20/100th Dollars (\$1,894.20)

27-38 MONTHS (10/1/25 to 9/30/26): One Thousand Nine Hundred Seventy and 91/100th Dollars (\$1,970.91)

39-50 MONTHS (10/1/25 to 9/30/26): Two Thousand Eighty-Eight and 35/100th Dollars (\$2,088.35)

51-62 MONTHS (10/1/25 to 9/30/26): Two Thousand One Hundred Ninety-Two and 77/100th Dollars (\$2,192.77)

* It is understood by Lessee that Lessee remains responsible to pay the additional rent due under this lease, including, without limitation, monthly water, sewer and restroom fee when rent is due. It is acknowledged that Lessee will upon Lease execution pay to Lessor the third month of Rent hereunder, and so month 3 will be pre-paid in advance. All Base Monthly Rental due during the first two months of the Term (the "Free Rent Period") is conditionally abated subject to the "Rent Concession Addendum" (in form attached to this Lease as Exhibit "D") and entered into by and between Lessor and Lessee concurrently with this Lease.

Nothing in this Lease shall be construed to permit the payment of rent after the date on which it is due. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Lessor will incur by reason of late payment by Lessee. Acceptance of such late charge by Lessor shall in no event constitute a waiver of Lessee's default with respect to such overdue amount, nor excuse or cure any default by Lessee under this Lease, nor prevent Lessor from exercising any of the other rights and remedies granted hereunder. In the event that rent or any other amount required by this lease remains unpaid for a period of more than thirty (30) days from the payment due date, the amount shall accrue interest at the rate of ten (10%) percent per annum.

- 4.7 Definition of Rent: "Rent", "Rental", "rent" or "rental" includes the Base Monthly Rental, additional rent, prorata share of common area expenses, and other sums as may be due from Lessee pursuant to any of the provisions of this Lease, and any other sums, payable, or becoming payable to Lessor under this Lease.
- 4.8 Insufficient Funds Fee: In the event a check comes back for insufficient funds, a service fee of \$45.00 will be assessed to the Lessee.

5. **ADDITIONAL RENT:**

Lessee shall pay, as additional rent, all sums of money required to be paid pursuant to the terms of this Lease, whether or not such sums are specifically designated as "additional rent". All amounts required to be paid by Lessee hereunder are sometimes collectively referred to as "Rent". Lessee acknowledges that it will be responsible for certain expenses identified in this Lease. To the extent reasonably available Lessee will be charged the amount of such expense or the actual percentage share of such expense. However, Lessee acknowledges that if the amount of the expenses applicable to Lessee or the Premises is not readily available or easily ascertained, Tenant agrees to pay such amount, determined by Lessor using commercially reasonable discretion, which is equal to Lessee's percentage of the Project.

- 5.1 Water & Sewer: As additional rent, Lessee agrees to pay to Lessor the additional sum of EIGHTY FIVE DOLLARS (\$85.00) per month for water and sewer per restroom and an additional sum of TEN DOLLARS (\$10.00) for each sink or water or sewer utilizing appliance in the suite. In the event that there is an increase in water or sewer rates, Lessee shall pay that portion (the commercially reasonable determination to be made by Lessor) of increase to Lessor within thirty (30) days of written demand therefore by Lessor to Lessee.
- 5.2 Natural Gas: As additional rent, Lessee agrees to pay to Lessor an additional cost of N/A DOLLARS (\$N/A) per month for gas. In the event that there is an increase in gas rates, Lessee shall pay that portion (the commercially reasonable determination to be made by Lessor) of increase to Lessor within thirty (30) days of written demand therefore by Lessor to Lessee.
- 5.3 Insurance and Other Assessments: As additional rental, Lessee agrees to pay to Lessor in each year of the Term of this lease a prorated amount equal to any rate increase greater than 10% in any one year of liability and casualty insurance carried or paid for by Lessor upon the Building and Premises. In addition, Lessee agrees to pay a prorated amount equal to any increases in assessments, improvements or retrofitting expenses assessed by any federal, state or municipal authority for the real property of which the Building and Premises are a part of. The pro-ration of the insurance and/or assessments set forth above shall be based upon the percentage of the total floor space of the Building and Premises, whether occupied or not, to the amount of floor space being leased by Lessee. Such additional rental shall be paid within thirty (30) days of written demand thereof by Lessor to Lessee. Such additional rent shall be pro-rated for the first and last years of the Term to reflect periods during either or both of said years not included within the Term.
- 5.4 Personal Property Taxes: Lessee agrees to pay or cause to be paid, before delinquency, any and all taxes levied or assessed and which become payable during the Term hereof upon all equipment, furniture, fixtures and other personal property located in the Premises, except that which may be owned by Lessor.
- 5.5 Additional Property Taxes: The term "Additional Property Taxes" shall mean:(i) any new fee, license fee, license tax, commercial rental tax, bonds, assessment, tax imposed by any taxing authority against the property which was not in existence at the time of lease commencement and was commenced during the term of this Lease; (ii) any increase in property taxes from the prior year including but not limited to increases in the valuation of the property or improvements done to the property and/or premises, (iii) any new tax or charge for fire protection, streets, sidewalks, or road maintenance provided to the property or Project by or through any governmental service or agency; (iv) the difference between any increased rate of property taxes passed by operation of law by the State or local governing agency and existing tax rate at the time of lease commencement; (v) any tax imposed upon this transaction or based upon a reassessment of the Premises, Property, or Project due to a change in ownership or transfer of all or part of Lessor's interest in the Premises, Property, or Project. "Property Taxes" do not, however, include Lessor's federal or state income, franchise, gift, inheritance or estate taxes. Such sum shall be prorated for any partial year of the Term on a daily basis, based on a 365 day year. Such additional rental shall be paid within thirty (30) days of written demand thereof by Lessor to Lessee.

If the Premises and the underlying Property are not separately assessed, but are assessed as part of the land and improvements on a larger parcel (hereinafter the "Larger Parcel"), Lessee's share of Property Taxes shall be a fractional portion of the property taxes on the Larger Parcel, the numerator of which is the Floor Area of the Premises and the denominator of which is the Floor Area of all the areas available for exclusive use and occupancy by Lessees of the Larger Parcel.

6. SECURITY DEPOSIT

- 6.1 Payment of Security Deposit: For and as additional consideration for the making of this Lease, Lessee shall pay to Lessor, upon execution of this Lease, the sum of:

TWO THOUSAND FOUR HUNDRED SIXTY (\$2,460.00) DOLLARS

as a security deposit to insure Lessee's faithful performance of the terms, conditions, covenants and agreements of this Lease. Lessee agrees that Lessor has no obligation to segregate the Security Deposit in a separate account, and, upon an event of default under the Lease, Lessor may, at its option, apply the Security Deposit to any damages suffered by Lessor. The Security Deposit shall be held by Lessor without liability for interest as security for the

faithful performance by Lessee of all of its obligations under this Lease. The Security Deposit shall not be mortgaged, assigned, transferred or encumbered by Lessee without the prior written consent of Lessor and any such action by Lessee without such consent shall be without force and effect and not binding on Lessor. **The security deposit may not be applied by lessee against rental payments** by the Lessee. If the Lessee fully complies with all the terms, conditions, covenants and agreements of this Lease, then within thirty (30) days after the expiration of the Lease Term, and cleanup completed in conjunction with paragraph 36, the security deposit without interest shall be refunded to Lessee (or, at Lessor's option to the last permitted assignee of Lessee's interests hereunder) less the reasonable value of damages suffered by the Lessor, including but not limited to rental delinquencies, costs of repairs, cleaning, lock and key change charges, and other obligations of Lessee to Lessor.

7. OTHER TENANCIES

Lessor reserves the absolute right to effect such other tenancies and uses in the Project as Lessor, in its sole business judgment, determines best promotes the interests of the Project. Lessor and Lessor's Broker do not represent and Lessee does not rely on the possibility, that any specific Lessee or number of Lessees will occupy space in the Project during the Term.

8. PROJECT SITE PLAN

The plan of the Project attached as Exhibit "B" shows, among other things, the principal improvements, which initially comprise or will initially comprise the Project. Lessee agrees that Lessor may at any time, and from time to time, change the shape, size, location, number, and extent of the improvements now shown on Exhibit "B" and may eliminate or add any improvements to any portion of the Project, but Lessor agrees that any such changes will not materially adversely affect ingress to and egress from the Premises, visibility of the Premises, or parking availability in the Project.

9. EXHIBITS AND ADDENDA

The exhibits and addenda listed below are incorporated by reference in this Lease:

- Exhibit "A-1" – Plan showing the Premises & Improvements
- Exhibit "A-2" – Plan showing Lessee's Work to the Premises
- Exhibit "B" – Plan showing the Location of Premises & Project.
- Exhibit "B-1"- Special Lease Conditions
- Exhibit "C" – Sign Criteria & Rules
- Exhibit "D" – Rent Concession Addendum
- Exhibit "E" - Rules & Regulations

10. POSSESSION AND USE

10.1 Permitted Uses and Prohibited Conduct: Possession of the Premises shall be delivered to Lessee free and clear of all Lessees and occupants and the rights of either, and free of liens and encumbrances other than those specified in this Lease hereof. Lessee shall use the Premises solely for the purposes set forth in Lessee's Use Clause below and shall operate its business only under the trade name specified as Lessee's Trade Name. Lessee shall not use or permit the Premises to be used for any other purposes or under any other trade name. Lessee shall not, without the prior written consent of Lessor, sell merchandise from vending machines or allow any coin operated vending or gaming machines on the Premises. Lessee shall not use or permit any person to use the Premises for conducting a second-hand store, auction, distress or fire sale or bankruptcy or going-out-of-business sale, or for any use or purpose in violation of the laws, ordinances, regulations and requirements of the United States, or the State of California, or the County or City where the Project is located, or any other lawful authority. Lessee shall, during the Term, keep the Premises in a clean and wholesome condition, free of any substantial and/or objectionable noises, odors, or nuisances, and shall comply with all health and police regulations related to the Lessee's use and/or occupancy of the Premises and use of the Project. Paper trash and refuse of Lessee shall be deposited only in receptacles provided by Lessor and no other trash or trash receptacles shall be permitted to remain outside the Premises or Building. Lessor shall cause such receptacles to be emptied and trash removed at Lessor's expense. Lessee shall not cause or permit waste to occur in the Premises and shall not overload any floor or abuse the plumbing in the Premises.

10.2 Lessee Use & Purpose: Lessee agrees to use and occupy the Premises during the Term of this Lease for the purpose of:

LOCAL AGENCY FORMATION COMMISSION OFFICE

and for no other purpose whatsoever without the written consent of Lessor.

- 10.3 Insurance Coverage Use Restrictions: Lessee shall not carry any stock or goods, use, or permit the Premises, or any part thereof, to be used, for any purpose or purposes other than the purpose for which said Premises are hereby leased; and no use shall be made of the Premises, or acts done, which will increase the existing rate of insurance upon the Building in which said Premises may be located over the standard rate of insurance prevailing in the area in which said Premises are located, or cause a cancellation of any part thereof, or make it commercially unreasonable for Lessor to obtain an insurance policy covering the Building or any part thereof. If the rate of any insurance carried by Lessor is increased as a result of Lessee's use, Lessee shall pay to Lessor the increase within thirty (30) days after Lessor delivers to Lessee a statement from Lessor's insurance carrier stating that the rate of increase was caused by an activity of Lessee, whether or not Lessor has consented to such act(s) by Lessee, on the Premises as permitted in this Lease. Any other provision hereof to the contrary notwithstanding, Lessee shall not do or permit anything to be done in or about the Premises which will in any way obstruct or interfere with the rights of other Lessees or occupants of the Building or injure or annoy them or use or allow the Premises to be used for any improper, immoral, unlawful or objectionable purpose, nor shall Lessee cause, maintain or permit any nuisance in, on or about the Premises.
- 10.4 Deliveries: Lessee shall use its best efforts to complete all deliveries, loading, unloading and services to the Premises before 10:00 am each day. Lessee shall take all reasonable actions in order to prevent any delivery trucks or other vehicles servicing the Premises from parking or standing in front of, or at the rear of, the Premises from 10:00 am to 6:00 pm each day. Lessor reserves the right to further regulate the activities of Lessee in regard to deliveries to and servicing of the Premises, and Lessee agrees to abide by such further non-discriminatory regulations of Lessor.

11. ALTERATIONS AND ADDITIONS

- 11.1 **Lessee shall not, without Lessor's prior written consent, make any alterations, additions or utility installations, in, on or about the Premises.** If approval is requested, Lessee shall provide written notice to Lessor of the improvement work desired and shall provide Lessor with complete plans and specifications for such proposed improvement work for review and approval by Lessor. No improvement will be authorized which reduces the value of the Premises or is of a structural nature. In addition, no improvement shall be made to any storefront, mechanical system, T-Bar ceiling systems, or exterior wall or to the roof of the Premises, nor shall Lessee erect any mezzanine or increase the size of an existing mezzanine, unless and until the written consent and approval of Lessor is first obtained.
- 11.2 Roof Penetrations: No penetration into the roof or floor of the Premises may be made without Lessor's prior written approval. If Lessor approves any such penetration, Lessor shall have the absolute right to select and supervise the contractor performing such penetration. Lessee shall be liable for any damage caused by any such penetration, whether or not so approved by Lessor.
- 11.3 Utility Installations: As used in this paragraph, the term "utility installation" shall include ducting, power panels, lighting fixtures, space heaters, conduit, and wiring. As a condition to giving such consent, Lessor may require that Lessee agree to remove any such alterations, additions, improvements or utility installations at the expiration of the Term and to restore the Premises to their prior condition. As a further condition to giving such approval, if Lessee's alterations or any part thereof cost singularly or in aggregate more than Five Thousand (\$5,000.00), Lessor may require Lessee to provide Lessor, at Lessee's sole cost and expense, a lien and completion bond in an amount equal to one and one-half (1-1/2) times the estimated cost of such improvements, to insure Lessor against any liability for mechanics' and material men's liens and to insure completion of the work. If Lessee installs any electrical equipment in the Premises which overloads the electrical lines of the Premises, Lessee shall, at its expense, make all changes and install any fire extinguishing equipment required by Lessor's insurance underwriters or applicable fire, safety and building codes and regulations. Nothing herein contained constitutes Lessor's consent to such overloading.
- 11.4 Unless Lessor requires their removal, as set forth in this Paragraph, all alterations, additions, improvements and utility installments (whether or not such utility installations constitute trade fixtures of Lessee), which may be made on the Premises, shall at the expiration or earlier termination of the Lease become the property of Lessor and

remain upon and be surrendered with the Premises. Notwithstanding the provision of this paragraph, personal property, business and trade fixtures, cabinetwork, furniture, movable partitions, machinery and equipment, other than that which is affixed to the Premises, shall remain the property of Lessee and may be removed by Lessee, subject to the provisions of Section 11 of this Lease, at any time during the Term or at the expiration or earlier termination of this Lease when Lessee is not in default hereunder.

- 11.5 If space is equipped with air conditioning and heating system, Lessor has designed air conditioning and heating systems for standard office occupancy only. Such systems are NOT designed for excessive traffic, exposure to outside temperatures, excessive equipment, excessive personnel, nor computer room environment. Upgrading of air conditioning and heating systems can be done at Lessee's expense according to the provisions of this Lease, with the written consent of the Lessor.
- 11.6 Lessor Reimbursement: Lessee shall reimburse Lessor for all costs incurred by Lessor (including architect's and/or engineer's fees) in approving Lessee's plans for its and for all costs incurred by Lessor in supervising any improvement work required to be approved by Lessor hereunder.
- 11.7 Insurance Requirements: If Lessee makes any permitted improvements to the Premises under the provisions of this Lease, Lessee shall carry insurance covering any such improvements satisfying the requirements of the Lessor. It is expressly understood and agreed that no such improvements will be insured by Lessor under the insurance it may carry upon the Building or Project, nor shall Lessor be required to reinstall any such improvements made by Lessee under any provision of this Lease for reconstruction of the Premises.

12. MECHANICS' LIENS

- 12.1 Lessee's Covenants: Lessee shall pay all costs for work done by or for Lessee in the Premises (other than work done by Lessor under Lessee's build out allowance), and Lessee shall keep the Premises, Building and Project free of all mechanics' liens and other liens on account of work done for Lessee. Lessee shall indemnify, defend and hold Lessor harmless from and against any and all liability, loss, damage, costs, attorneys' fees and all other expenses on account of claims of lien of laborers or suppliers or any others for work performed or materials or supplies furnished to or for Lessee or persons claiming under Lessee. In addition, Lessee shall keep Lessee's leasehold interest and any of those improvements to the Premises, which are or become property of Lessor pursuant to this Lease free of all attachment or judgment liens. Prior to commencing any work in or to the Premises (including the supply of any labor, services or materials for the construction of improvements in the Premises), Lessor may require Lessee to provide demolition and/or lien and completion bonds in form and amount (not to exceed one hundred fifty Percent (150%)) reasonably satisfactory to Lessor.
- 12.2 Lessee's Contest of Lien: If Lessee desires to contest any claim of lien arising from work done by or for Lessee in the Premises, Lessee shall to Lessor's satisfaction first furnish Lessor adequate security in the amount of one and a half times the claim, or a bond of a responsible corporate surety in such amount, the release of which is conditioned only on the discharge of and the removal of the lien. If a final judgment establishing the validity or existence of any such lien for any amount is entered, Lessee shall immediately pay and satisfy such judgment.
- 12.3 Lessor's Right to Cure: If Lessee is in default in paying any charge for which a lien claim and suit to foreclose the lien have been filed, and Lessee has not given Lessor adequate security to protect the Premises, the property therein, and the Building, Project and Lessor from liability for such claim of lien, Lessor may (but shall not be required to) pay the claim and any associated costs, and the amount so paid, together with all attorneys' fees incurred in connection with such payment shall be immediately due and owing from Lessee to Lessor. Lessee shall pay the amounts so owed to Lessor with interest at the maximum lawful rate from the date of Lessor's payment.
- 12.4 Notice of Lien: If any claim of lien is filed against the Premises or any action affecting the title to the Premises or the property therein is commenced, the party receiving notice of such lien or action shall immediately give the other party written notice thereof.
- 12.5 Notice of Non-Responsibility: Lessor or its representatives shall have the right to enter and inspect the Premises at all reasonable times and shall have the right to post and keep posted thereon notices of non-responsibility, or such other notices which Lessor deems proper for the protection of Lessor's interest in the Premises. Lessee shall, before commencing any work, which might result in the filing of a lien, give Lessor not

less than thirty (30) days written notice prior of its intention to so commence work to enable Lessor to post such notices.

13. UTILITIES SERVICES

13.1 Utilities Installation: Lessor agrees that to the extent provided for in Exhibit "A-1" hereof, it will initially make available to Lessee (i) facilities for the removal of sewage and the delivery to and distribution within the Premises of water, electricity, gas, and (ii) a heating, ventilation and air conditioning (the "HVAC System"). Unless Lessor agrees otherwise, Lessee shall use those utilities and any HVAC system provided to serve the Premises.

13.2 Lessee, from the time it first enters the Premises for the purpose of setting fixtures, or from the commencement of the Term of this Lease, whichever date shall first occur, and throughout the Term of this Lease shall be responsible for and shall pay prior to delinquency for all water, gas, heat, light, electricity, power, telephone service and all other utilities and services supplied to or consumed in or on the Premises, whether occupied or not. If Lessee's utilities and/or HVAC system are separately metered, Lessee shall pay directly to the appropriate utility company the cost of all such utilities used on the Premises. It is the responsibility of the Lessee to change all utility services into the Lessee's name immediately upon possession of the Premises. If any of Lessee's utilities and/or HVAC system is furnished by Lessor without separate metering, then during the Term Lessee shall pay as additional rent, monthly in advance, a utilities charge to reimburse Lessor for any such utilities furnished by Lessor to the Premises. This utilities charge shall, at Lessor's election, be established (a) by a commercially reasonable estimate of usage made from time to time by Lessor's engineer or the appropriate utility company, and initially based on a typical layout comparable to Lessee's proposed use of the Premises, or (b) a percentage of such total utility costs equal to a fraction, the numerator of which is the Floor Area of the Premises, and the denominator of which is the Floor Area of Building actually being furnished with utility service by Lessor at the time of billing. If Lessee's Premises is not separately metered, such utilities and/or HVAC charges may be billed with Lessee's share of Common Area Costs as additional rent. The utilities charge to Lessee hereunder for utilities furnished by Lessor shall be based on utility rates, which do not exceed those charged by the local public utility company for services it would otherwise furnish directly to Lessee. If the Premises are not initially separately metered, Lessor shall have the right, at its expense, to install separate meters for the Premises at any time during the Term.

13.3 Telephone & Data Lines: Telephone line access is provided to the Building by a local service provider. Lessor provides conduit and junction boxes from the provider's termination point to the interior of the Premises and may also provide conduit and junction boxes from that point to other locations in the Premises. In addition, previous Lessees may have installed wiring, phone jacks or other improvements to the telephone line access system. Lessee accepts the telephone and data access system in its condition as of the time of Lessee's occupancy and Lessor makes no warranty as to the availability of telephone or data service or the condition of wiring, jacks or other improvements made to the telephone line and data access system. For the purposes of this Lease, normal telephone usage is defined as one line per each 100 square feet of office space. During the Term, if Lessee's phone or other requirements exceeds this normal usage, Lessee shall pay and be responsible for all costs associated with providing additional telephone line or data access to the Premises, the Building, and the Project, whether for Lessee's initial installation or for subsequent costs incurred in supplying additional phone service or data access capabilities to the Building as a result of Lessee's usage.

13.4 Failure to Pay: [Intentionally Omitted]

13.5 No Lessor Liability: Lessor shall not be held responsible or liable in damages or otherwise for (i) any failure or interruption of any utility service being furnished to the premise whatsoever, or (ii) operation of the HVAC system, if any. No such failure or interruption shall entitle Lessee to terminate this Lease or stop making any Rent or other payments due hereunder.

14. INDEMNIFICATION BY LESSEE

14.1 Lessor shall not be liable to Lessee, its officers, agents, employees, customers, invitees or third parties for any loss or damage to property, including goods, wares, and merchandise, or for any injury or death to persons, in, on, or about the Premises, Building, and the Project except in the event of the direct gross negligence on the part of the Lessor or its direct agents.

- 14.2 Lessee shall indemnify, defend, and hold Lessor harmless from any and all costs, expenses, claims, demands, obligations, liability, cause or causes of action of any kind including attorney's fees arising out of: (a) Lessee's use and occupancy of the Premises; (b) the conduct of Lessee's business or any work, activity or other things allowed or permitted by Lessee to be done in or on the Premises; (c) any breach or default in the performance of any of Lessee's obligations under this Lease; (d) any misrepresentation or breach of warranty by Lessee under this Lease; and/or (e) by reason of or in connection with the state of, repair, or use of the building, common areas, premises or appurtenances thereto including all adjacent sidewalks, alleys, and parking lots; (f) arising, directly, or indirectly, wholly or in part from any conduct, activities, act, omission, or operation involving the use, handling, generation, treatment, storage, disposal or other management of any Hazardous Material(s) in, from or to the Premises, whether or not Lessee may have acted negligently with respect to such Hazardous Material(s) excluding any conditions existing and Lessor knowledge of prior to the Lease Term; and (g) any other acts of omissions of Lessee, its agents, employees, invitees or contractors. Lessee shall, at Lessee's expense, and by counsel satisfactory to Lessor in any action or proceeding arising from any such claim or liability and shall defend and indemnify Lessor from and against all costs, attorney's fees, expert witness fees and any other expenses incurred in such action or proceeding. As a material part of the consideration for Lessor's execution of this Lease, Lessee hereby assumes all risk of damage to property or injury to persons in, on or about the Premises from any cause, and Lessee hereby waives all claims in respect thereof against Lessor, except for any claim arising out of Lessor's gross negligence or willful misconduct.
- 14.3 The obligations of the parties pursuant to this Section 14 shall survive any termination of this Lease with respect to any act, omission or occurrence, which took place prior to such termination.
- 14.4 Lessor Not Responsible for Acts of Others: Lessor shall not be liable to Lessee, or to those claiming, through Lessee, for any loss or damage which may result from (a) the acts of omission of person occupying space of the Project, or their agents, employees, contractors or invitees or (b) from the breaking, bursting, stoppage or leaking of electrical cable and wires, or water, gas, sewer or steam pipes. Lessee acknowledges that its use of the Premises and Project is at its own risk.

15. INSURANCE - WAIVER OF SUBROGATION

- 15.1 Lessee's Insurance Obligations: Lessee shall, at Lessee's sole cost and expense, obtain and keep in force during the Term of this Lease the following types of insurance coverage, in the amounts specified and in the forms hereinafter provided for:
- (i) *Liability Insurance:* Commercial general liability insurance (sometimes known as comprehensive general liability insurance) (ISO Form GC 00 01 or equivalent) naming Lessor, Lessee and Lessor's mortgage as additional insureds (ISO Form CG 20 11 or equivalent) against any liability arising out of the ownership, use, occupancy or maintenance of the Premises and all areas appurtenant thereto including all common areas, sidewalks, parking lots and driveways. Such insurance shall be in the amount of not less than \$2,000,000.00 for injury or death of one person in any one accident or occurrence and in the amount of not less than \$2,000,000.00 for injury or death of more than one person in any one accident or occurrence with a \$4,000,000.00 general aggregate. Such insurance shall further insure Lessor and Lessee against liability for property damage of at least \$2,000,000.00. The liability insurance obtained by Lessee shall be (1) primary and non-contributing; (2) contain cross-liability endorsements; and (3) insure Lessor against Lessee's performance and/or the result of negligence of Lessee; (4) must contain a \$2,000,000.00 per location aggregate; and (5) shall be provided without deductibles of any kind including self-insurance retentions unless approved by the Lessor. The amount and coverage of such insurance shall not limit Lessee's liability nor relieve Lessee of any other obligation under this Lease. Lessee may provide this insurance under a blanket policy, provided that said insurance shall have a Lessor's protective liability endorsement attached thereto. Should Lessee alter or construct any additional improvements within the premises, Lessee shall before the commencement of any work, provide Contractor's Protective Liability with respect to construction of improvements by Lessee on the Premises.
 - (ii) *Plate Glass, Storefronts, & Doors:* Insurance covering the full replacement cost of all plate, storefront, & door glass on the Premises. Lessee shall have the option to self-insure this risk.
 - (iii) *General Insurance Provisions:*
 - (a) Any insurance required to be maintained by Lessee hereunder shall include a provision, which requires the insurance carrier to give Lessor not less than thirty (30) days' written notice prior to any cancellation or modification of such coverage. Lessee shall deliver to lessor copies of policies of liability insurance required herein.

- (b) A certificate of the insurer or the insurer's legal representative evidencing the existence and amount of each such insurance policy with loss payable clauses required of Lessee hereunder shall be delivered prior to occupancy of the Premises, and thereafter at least 30 days prior to the expiration of any such policy. Lessor may, at any time and from time to time, inspect and/or copy any insurance policies required to be maintained by Lessee hereunder. No such policy shall be cancelable or subject to reduction of coverage except after 30 days' written notice to Lessor. If Lessee fails to procure and maintain said insurance, required under this Lease within the prescribed time period or if any such policy is canceled or modified during the Lease Term without Lessor's written consent, Lessor may obtain such insurance coverage, in which case Lessee shall reimburse Lessor for the cost of such insurance within fifteen (15) days after receipt of a statement therefore.
- (c) All insurance shall be maintained with companies holding a "General Policy Rating" of no less than A-VIII or better, as set forth in the most current issue of "A.M. Best Company Key Rating Guide." Lessee acknowledges that the insurance described is for the primary benefit of Lessor. Lessee shall maintain insurance coverage, which is customary and commercially reasonable in the insurance industry for Lessee's type of business, as that coverage may change from time to time. Lessor makes no representation as to the adequacy of such insurance to protect Lessor's or Lessee's interests. Therefore, Lessee shall be responsible for obtaining any such additional property or liability insurance which Lessee deems necessary to protect Lessor and Lessee.
- (iv) *Workman's Compensation Insurance:* If and to the extent required by law, worker's compensation insurance policy, or similar insurance in form and amounts required by law.
- (v) *Special Form Property and Casualty Insurance:* Special form property and casualty insurance policy, including theft coverage, written at not less than Eighty Percent (80%) replacement cost value covering all of Lessee's personal property in the Premises (including, without limitation, inventory, trade fixtures, furniture and other property removable by Lessee under the provision of this Lease) and all leasehold improvements installed in the Premises by or on behalf of Lessee, which policy may have a deductible of not more than \$25,000.
- (vi) *Comprehensive Boiler and Machinery Equipment Insurance:* Comprehensive boiler and machinery equipment policy, including electrical apparatus, if applicable, which policy may have a deductible of not more than \$25,000.

15.2 Lessor's Insurance Obligations: Lessor shall, in connection with its ownership and operation of the Project, at all times from and after commencement of Lessor's Work in the Premises, maintain in effect policies of insurance providing protection against the following liabilities and/or risks: (a) commercial general liability insurance in an amount not less than \$2,000,000.00 combined single limit for bodily injury and property damage, and (b) fire and extended coverage insurance including coverage for Common Area sprinkler damage, vandalism and malicious mischief, and, if required by any lender holding a security interest in the Project (or if deemed necessary by Lessor, flood and earthquake insurance) on the Building and Project in an amount not less than their full replacement cost (exclusive of the cost of excavations, foundations, and footings) from time to time during the Term. The types and coverages of insurance maintained by Lessor shall also have the right to maintain such additional types and coverages of insurance (including business interruption insurance) as are customary, prudent, or reasonable for Projects similar to the Project. Lessor's obligation to carry the insurance provided for herein may be satisfied by blanket policies if the coverage required hereunder is satisfied.

15.3 Waiver of Subrogation: Except for the indemnification contained in this Section 15 with respect to Hazardous Materials, neither Lessor nor Lessee shall be liable to the other or to any insurance company (by way of subrogation or otherwise) insuring the other party for any loss or damage to any building, structure or other tangible property, or any resulting loss of income, or losses under worker's compensation laws and benefits, even though such loss or damage might have been occasioned by the negligence of such party, its agents or employees. The provisions of this Section 15.3 shall not limit the indemnification for liability to third parties pursuant to Section 15. In the event of a permitted sublease or other occupancy agreement for all or portion of the Premises, the Sublessee or occupant shall expressly agree in writing to be bound by the provisions of this Section 15.3 (as if such Sublessee or occupant were Lessee hereunder) for the benefit of Lessor.

15.4 Hazardous Waste Insurance: In the event Lessee is considered a generator of toxic or hazardous waste or materials as defined under the provisions of the California statutes, local county ordinance, federal regulations or statutes, Lessee, at its sole cost and expense, upon the commencement of the Term of the Lease referred to in Section 2 above to be kept in full force and effect thereafter during the Term of the lease, the following insurance coverage. Pollution and Abatement coverage in an amount not less than \$1,000,000 for the removal and cleanup of toxic substances or waste. Lessor and Ribeiro Development, Inc. shall be named as additional insureds under

such policy and Lessee agrees to hold Lessor harmless and indemnify Lessor (to include Ribeiro Development, Inc.) from any and all claims, damages, costs (including, but not limited to, clean up, removal, repair, testing, permits, costs of consultants, attorney's fees, fees and assessments) caused by Lessee's release, spill or other event involving hazardous or toxic waste materials. Insurance carrier shall give Lessor at least 30 days notice of cancellation. Lessee shall provide a certified copy of the insurance policy to Lessor.

15.5 Lessee's Contractor's Insurance

Lessee shall require any contractor of Lessee performing work on the Premises to carry and maintain, at no expense to Lessor, a non-deductible:

- a) Commercial general liability insurance policy, including (but not limited to) contractor's liability coverage, contractual liability coverage, completes operations coverage, broad form property damage endorsement and contractor's protective liability coverage, to afford protection, with respect to personal injury, death or property damage of not less than Three Million Dollars (\$3,000,000) per occurrence combined single limit/Five Million Dollars (\$5,000,000) general aggregate (but not less than \$3,000,000 per location aggregate):
- b) Comprehensive automobile liability insurance policy with a combined single limit for each occurrence of not less than One Million Dollars (\$1,000,000) with respect to personal injury or death and property damage: and
- c) Worker's compensation insurance policy or similar insurance in form and amounts required by law.

15.6 Certificates Required At Possession of Premises: Prior to taking possession of the Premises, Lessee shall provide Lessor with an original of each policy of insurance required to be carried under this Lease or a duplicate original naming the Lessor as additionally insured as required in Section 15 of this Lease.

16. TITLE OF LESSOR

Lessor's estate in the Building and Lessee's leasehold estate in the Premises is subject to the liens or restrictions of (a) any matters or documents of record including without limitation the effect of any covenants, conditions and restrictions ("CC&Rs"), easements, mortgages or deeds of trust, ground leases, rights of way or any construction, operation and reciprocal easement agreement ("REA"); and substantially similar instruments creating rights in the Project; (b) the effect of any Bylaws and/or Rules & Regulations governing or promulgated by the Association, and the enforcement by the Association thereof; and (c) the effect of any zoning laws of the City, County and State where the Project is located (all of the foregoing, collectively, the "Restrictions"). Lessee agrees that (i) Lessee and all persons in possession of Lessee's leasehold estate or holding under Lessee will conform to and will not violate the terms of any Restrictions, and (ii) this Lease is subordinate to the Restrictions, if any, and any amendments or modifications thereto. If the Restrictions, if any, are not of record as of the date of this Lease, then this Lease shall automatically become subordinate to the Restrictions upon recordation of the Restrictions or written notice to Lessee thereof. Lessee agrees to execute and return to Lessor within 10 business days after written demand therefor by Lessor, an agreement in recordable form reasonably satisfactory to Lessor subordinating this Lease to the Restrictions. To the extent within Lessor's reasonable control, Lessor shall not promulgate or cause to be recorded any Restrictions which prevent or unreasonably interfere with Lessee's use and enjoyment of the Premises for the purposes set forth in Lessee's Clause Use.

17. SIGNAGE, ADVERTISING, MARKETING & ANTENNAS

Lessee shall not place or permit to be placed any advertising, sign, marquee, awning, decoration or other attachment on the common areas, in or on the Building or the real property on which the Building is situated or on the roof, front, windows, doors or exterior walls of the Premises without the prior written consent of Lessor, and must conform in accordance with the provisions of the sign criteria attached and any requirements imposed by the local Governing Agency in which the Project is located. Lessor may without liability, enter the Premises or elsewhere and remove any such advertising, sign, marquee, awning, decoration or attachment affixed in violation of this Lease at Lessee's sole expense. **Any sign on any area of any building must be approved by Lessor in writing.**

Lessee may not display or sell merchandise or allow carts, portable signs, devices or any other objects to be outside the defined exterior walls, roof or permanent doorways of the Premises, or in Building hallways.

Lessee shall not utilize any advertising medium, which can be seen or heard outside the Premises, including without limitation, neon signs, flashing lights, search lights, loudspeakers, phonographs, radios or television. Lessee shall not display, paint or place any handbills, bumper stickers or other advertising devices on any vehicle parked in the parking area of the Project, nor shall Lessee distribute any handbills or other advertising devices in the Project. Lessee shall not conduct any auction in the Premises, the Building, or on any portion of the real property on which the Building and Premises are situated, without Lessor's prior written consent. Consent may be withheld at the sole discretion of the Lessor.

No aerials, dishes, or antennas shall be erected on the roof or exterior walls of the Premises or Building without first obtaining, in each instance, the written consent of Lessor. Any aerial or antenna so installed without Lessor's written consent may be removed without notice at any time, at Lessee's expense.

18. FIXTURES AND PERSONAL PROPERTY

18.1 Removal and Replacement: All of Lessee's trade fixtures, furnishings, signs and other personal property not permanently affixed to the Premises (collectively referred to as "Personal Property") shall be in good condition when installed in or attached to the Premises by Lessee and shall remain the property of the Lessee. If Lessee is not then in default under the terms of this Lease, Lessee shall have the right to remove its Personal Property from the Premises, including without limitation, counters, shelving, showcases, mirrors and other moveable Personal Property. Lessee shall, at its expense, immediately repair any damage to the Premises or Building resulting from installation or removal of Lessee's Personal Property, and on the expiration or earlier termination of the Term shall leave the Premises in a neat and clean condition, free of debris.

18.2 Fixtures: All improvements to the Premises made for the Lessee, excluding Lessee's Personal Property, but including mechanical systems, light fixtures, floor coverings and partitions and all other items comprising Lessee's Improvements pursuant to Exhibit "A-1" (collectively referred to as "Fixtures"), shall become the property of Lessor upon expiration or earlier termination of this Lease.

18.3 Personal Property Taxes: Lessee shall pay before delinquency all taxes (including sales and use taxes) assessments, license fees and public charges levied, assessed or imposed upon its business operations, merchandise, trade fixtures and/or Personal Property. If any such items of property are assessed with any Larger Parcel as defined in this Lease, Lessee shall pay Lessor the taxes attributable to Lessee's personal property within thirty (30) days after Lessee's receipt of a written statement from Lessor setting forth such personal property taxes. Lessor shall reasonably determine the basis of prorating any such assessments and such determination shall be binding on Lessor and Lessee. Any taxes, assessments, fees or charges referred to and billed to Lessee under this paragraph shall be considered to be taxes under the provisions of this Lease.

19. ASSIGNING, SUBLETTING, & CHANGES IN OWNERSHIP

19.1 Consent of Lessor: Lessee shall not assign this Lease or any interest herein, nor lease or sublet the Premises, or any part thereof, or any right or privilege appurtenant thereto, nor permit the occupancy or use of any part thereof by any other person, without the prior written consent of Lessor. The consent to one assignment, subletting, occupancy or use, shall not be construed as consent to any subsequent assignment, subletting, occupancy or use. Lessor may refuse its consent without giving any reason whatsoever, and such refusal shall nevertheless be binding on Lessee. Should Lessor grant in writing any assignment or subletting, in whole or in part, the rental rates within this lease agreement shall be increased to then current rental rates for the Premise. The proposed current rental rate of the premise shall be determined by the current rental rate of similar premises with similar attributes, quality, and condition. Lessor shall state the increased rent amount within the approval letter of the assignment or subletting. Should Lessee agree with the increased rental rates, Lessee shall sign, where provided for, and return the Lessor's letter to Lessor. Upon receipt of the signed letter by Lessee, the assignment or subletting shall be granted subject to all terms within this Section 19. Any attempt by Lessee to assign or sublet without Lessor's consent shall be void and of no force or effect, and shall at Lessor's election constitute a material default by Lessee, subject to the default remedies in Paragraph 24.

19.2 Restrictions on Transfer: If Lessee desires to effect a transfer to anyone (a "Transfer") other than a successor, subsidiary, affiliated or controlling corporation of Lessee (an "Affiliate"), Lessee shall give written notice ("Transfer Notice") to Lessor at least sixty (60) days before the effective date of any such proposed Transfer. The Transfer Notice shall state (a) whether Lessee proposes to sublet the Premises, enter into a license or concession agreement or change ownership, (b) the proposed effective date of the Transfer, (c) the identity of

the proposed Transferee, (d) all other material terms of the proposed Transfer, and (e) in detail the type of business operation the proposed Transferee intends to conduct on the Premises. The Transfer Notice shall be accompanied by a copy of the proposed agreement documenting the Transfer, or if none, a copy of any offers, draft agreements, letters of commitment or intent, written consent by any Guarantor and other documents pertaining to the proposed Transfer. In addition, the Transfer Notice shall be accompanied by the proposed Transferee's income statements and balance sheets covering the preceding 24-month period, and each shall be certified as accurate by the Transferee and the last two (2) years of tax returns for the individuals signing the sublease agreement and the personal guarantee, if any. Lessor may, at any time within thirty (30) days after its receipt of Transfer Notice, grant or withhold consent to such proposed Transfer, which consent shall not be unreasonably withheld under the business judgment standards below by mailing written notice to Lessee of its decision ("Decision Notice"). If a transfer is granted the lease rate of this agreement shall then be increased to current market rates for the Premise. The proposed current rental rate of the Premise shall be determined by the current rental rate of similar premises with similar attributes, quality, and condition. Lessor shall state the increased rent amount within the approval letter of the transfer. Should Lessee agree with the increased rental rates, Lessee shall sign, where provided for, and return the Lessor's letter to Lessor. Upon receipt of the signed letter by Lessee, the transfer shall be granted subject to all terms within this Section 19. If Lessor consents to the proposed Transfer, Lessee may thereafter promptly affect a Transfer in accordance with the terms of Lessee's Transfer Notice.

If Lessor consents to the proposed Transfer and Lessee agrees with the increased rental rates for the Premises by way of signing and delivering to Lessor Lessor's transfer letter indicating the increased rental rates and Lessee does not consummate the proposed Transfer within thirty (30) days after receipt of Decision Notice, the provisions of the first paragraph of this Section shall again apply.

- 19.3 Grounds for Withholding Consent: Lessor may withhold consent to a proposed Transfer if, in Lessor's reasonable business judgment, any of the following is the case: (i) the proposed Transfer may result in a deterioration in the quality of operation conducted in the Premises, as compared to the operation conducted by Lessee prior to the date of Transfer Notice; (ii) the proposed Transferee lacks a good business reputation or sufficient relevant business experience; (iii) the financial worth of the proposed Transferee as of the date of Transfer Notice is less than the combined financial worth of Lessee and Lessee's Guarantor (if any) as of either the date of this Lease or the date of Transfer Notice; (iv) the proposed Transferee's proposed use of the Premises conflicts with Lessee's Use Clause or is otherwise incompatible with the Lessee mix of the Project; (v) the proposed Transfer would breach any other covenant of Lessor respecting use or exclusivity rights in any other lease, or any other financing or other agreement relating to the Project; (vi) Lessee is in default under this Lease or would be in default under this Lease but for the pendency of any grace or cure period; or (vii) if the subletting is of less than the entire premise. Any attempted or purported Transfer without Lessor's written consent shall be void and of no force or effect.
- 19.4 No Release from Liability: No Transfer, whether with or without Lessor's consent, shall relieve Lessee or any guarantor of Lessee's obligations under this Lease, from its covenants and obligations hereunder during the Term. Lessee shall, promptly upon demand, reimburse Lessor for Lessor's actual attorneys' fees incurred in conjunction with the processing and documentation of any requested Transfer. No such collection directly from an assignee or Sublessee shall be construed to constitute a novation or a release of Lessee from the further performance of Lessee's obligations within this Lease.
- 19.5 Transferee's Obligations: Each Transfer to which Lessor has consented shall be evidenced by a written instrument in form satisfactory to Lessor, and executed by Lessee and the Transferee. Each such Transferee shall agree in writing for the benefit of Lessor to assume, be bound by, and perform the terms, covenants and conditions of this Lease to be performed, kept or satisfied by Lessee, including the obligation to pay to Lessor all amounts coming due under this Lease. One fully executed copy of such written instrument shall be delivered to Lessor. Failure to obtain in writing Lessor's prior consent or otherwise comply with the provisions of this Lease shall prevent any Transfer from becoming effective.
- 19.6 Division of Profit Between Lessor and Lessee: Any sums or other economic consideration received by Lessee as a result of a Transfer, however denominated, which exceed, the total amount which Lessee is obligated to pay Lessor under this Lease (prorated to reflect obligations allocable to any portion of the Premises subleased), shall be divided equally between Lessor and Lessee. Lessor's share of such profit shall be paid to Lessor promptly following its receipt, as additional rent under this Lease. Such payments shall not affect or reduce any other obligations of Lessee hereunder. Lessor shall have the right to audit Lessee's books and records during

normal business hours at either the Premises or Lessee's principal place of business upon 10-days advance written notice for the purpose of verifying Lessee's compliance with its obligations hereunder. In the event of a deficit in the amount owing by Lessee under this Lease and the amount received as a result of a Transfer, Lessee shall pay Lessor the entire amount required to be paid under this Lease.

- 19.7 Further Restrictions: Lessee shall not, without the prior written consent of Lessor (which consent may be granted or withheld in Lessor's sole discretion), mortgage or hypothecate this Lease or any interest herein. Lessee shall not permit the Premises to be used by any party other than Lessee or a permitted Transferee. Any of the foregoing acts without such consent shall be void and shall, at the option of Lessor, terminate this Lease. For purposes of this Lease, if Lessee is a partnership, or LLC any withdrawals(s) or change(s) of partners or members cumulatively owning a 50% or more interest in the partnership, LLC, or if Lessee is a corporation, any transfer(s) cumulating 50% or more of its stock, shall constitute a voluntary Transfer and shall be subject to the provisions hereof. The Lease shall not, nor shall any interest be assignable by operation of law without the written consent of Lessor.
- 19.8 Assignment Fee: In the event of any proposed transaction requiring Lessor's consent hereunder, Lessee shall pay to Lessor an Assignment Fee of \$500.00 with the request for Lessor's consent. Lessee shall further reimburse Lessor for its reasonable attorneys' fees incurred in connection with the review and documentation of the transaction. The fee shall be non-refundable whether or not the assignment is granted by the Lessor.

20. REPAIR & MAINTENANCE OF THE PREMISES

- 20.1 Lessee's Obligations: Lessee shall, at its sole expense and at all times from and after occupancy, maintain the Premises in good, clean and marketable condition (including repairs necessitated by damage from wind, vandalism, break-ins, burglary, accidents, or other actions), and every part thereof (except portions of the Premises to be maintained by Lessor), including without limitation, all fixtures, the storefront, plate glass, all signs, locks and closing devices, all window sashes, casements or frames, doors and door frames, security grilles or similar enclosures, floor coverings, including carpeting, or other special flooring, all other equipment installed in the Premises, and all such items of repair, maintenance, alteration and improvement or reconstruction to the Premises as may at any time or from time to time be required by any governmental agency having jurisdiction thereof. All exterior and interior glass in the Premises shall be maintained by Lessee and any glass broken shall be promptly replaced by Lessee at its expense with glass of the same kind, size and quality.
- a) Lessee shall immediately give Lessor notice of any defect or need for repairs, during the Lessee's lease term, for which Lessor is responsible under paragraph 20.2, after which Lessor shall have a reasonable opportunity to repair the same or cure such defect. If Lessee fails to notify Lessor of such defect or need for repair as soon as reasonably possible to prevent damage, Lessee shall assume all responsibility of costs and liability for any resulting damage to Lessee's premises and property.
 - b) Upon surrender of the Premises, Lessee shall deliver the Premises to Lessor in good order, marketable condition and repair, but Lessee shall not be responsible for ordinary wear and tear to the Premises, or damage due to insured casualty losses covered by Section 21.
- 20.2 Lessor's Obligations: Subject to Lessee's obligations referenced above and Lessor's further obligations, if any, Lessor shall, at the expense of Lessor repair and maintain in good and marketable condition the roof, exterior walls, structural parts of the Premises and Building (including the structural floor) and HVAC system serving the Premises.

Notwithstanding to the contrary contained herein, (1) Lessor shall be responsible for the cost of repairs to the HVAC system serving the Premises, and (2) Lessee shall be solely responsible and shall pay for any repairs necessitated by reason of the negligence of Lessee, or its owners, employees, invitees, guests, or by reason of the failure of Lessee to perform or observe any of its obligations under this Lease or by reason of alterations, additions, or improvements to the Premises made by Lessee. If Lessor elects to make such repairs on Lessee's behalf, Lessee shall pay to Lessor all costs incurred by Lessor within five (5) days of receipt of a written invoice for such repairs.

It is understood that Lessor shall have the sole and exclusive right to select the contractor or others as may be required to perform all work to be performed, and is under no obligation to make any alterations, or

improvements to the Premises mechanical equipment exclusively serving the Premises at any time except as expressly set forth in this Lease.

- 20.3 Lessee's Failure to Maintain Premises: If Lessee fails to repair or maintain the Premises, or any part thereof, in a manner reasonably satisfactory to Lessor, Lessor shall have the right (in addition to all other rights and remedies provided herein for breach of this Lease), upon giving Lessee reasonable written notice of its election to do so (and reasonable opportunity to cure), to make such repairs or perform such maintenance on behalf of and for the account of Lessee in such event the cost of such work shall be paid to Lessor by Lessee within fifteen (15) days of receipt of a written invoice for such repairs.
- 20.4 Lessor's Right of Entry: Lessor or its authorized representatives may enter the Premises at all times during Project business hours to inspect the Premises, make repairs to the Premises authorized hereunder or perform any work therein (i) needed to comply with any laws, ordinances, rules or regulations of any public authority or the Insurance Services Office or similar body, (ii) that Lessor deems necessary to prevent waste or deterioration in or to the Premises if Lessee fails to make repairs or perform required work promptly after receipt of written demand from Lessor, or (iii) that Lessor deems necessary in connection with the expansion, reduction, remodeling, or renovation of any portion of the Project. Nothing herein implies any duty of Lessor to do any such work, which under any provision of this Lease, Lessee is required to do, nor shall Lessor's performance of any repairs on behalf of Lessee constitute a waiver of Lessee's default in failing to do such work. No exercise by Lessor of any rights hereunder shall entitle Lessee to any compensation, damages or abatement or Rent for any injury or inconvenience occasioned by such exercise. If Lessor makes or performs any repairs provided for in 20.1 or 20.3 above, Lessee shall pay the cost thereof to Lessor as additional rent within five (5) days of receipt of a written invoice for such repairs.
- 20.5 Additional Lessee Responsibilities: Lessee shall reimburse Lessor for any costs incurred by Lessor in repair and maintenance of damage caused by the intentional or negligent act of Lessee, its officers, agents, partners, employees, tradesmen or customers. Lessor shall not be liable to Lessee or any other party whatsoever for any damage or injury caused by Lessor's failure to keep or maintain said heating and air conditioning equipment, exterior walls, exterior roof, cement-embedded or sub-surface, non-accessible plumbing, landscaping, sidewalks, driveways and parking lots unless Lessee has given Lessor written notice of the need to repair said portions of the Premises and Lessor has failed to make said repairs within a reasonable time, as set forth in Section 20, after receiving written notice. By entry hereunder, Lessee accepts the Premises as being in good and sanitary order, condition and repair. It is understood and agreed that Lessor has no obligation to alter, remodel, improve, repair, decorate or paint the Premises or any part thereof, except as specifically herein set forth, and no representation's respecting the condition or the permitted use(s) of the Premises have been made by Lessor to Lessee, except as specifically herein set forth.

21. CASUALTY DAMAGE & RECONSTRUCTION

- 21.1 Insured Casualty: If the Premises are damaged by fire or other perils covered by Lessor's fire and extended coverage insurance, then within 90-days after the date of such damage Lessor shall commence repair, reconstruction and restoration of the Premises and diligently complete such repairs, in which event this Lease shall continue in full force and effect. Notwithstanding the foregoing, if there is partial or total destruction of the Premises during the last six (6) months of the Term, Lessor shall have the option to terminate this Lease by written notice given within 30 days after such destruction. For purposes of this option "partial destruction" shall mean destruction to the extent of 33.33% or more of the full replacement cost of the Premises as of the date of destruction.
- 21.2 Uninsured Casualty: If the Premises are damaged to any extent by act of war, nuclear reaction, nuclear radiation or radioactive contamination, or from any other casualty not covered by Lessor's fire and extended coverage insurance (including flood or earthquake damage if not covered under insurance maintained by Lessor), Lessor may within 90 days following the date of such damage, either (a) commence repair, reconstruction or restoration of the Premises and diligently complete it in which event this Lease shall continue in full force and effect, or (b) elect not to repair, reconstruct or restore the Premises, in which event this Lease shall cease and terminate as of the date of destruction. In either such event Lessor shall give Lessee written notice of its election hereunder within said 90-day period.
- 21.3 Reconstruction Responsibilities: Any reconstruction of the Premises under this Section shall conform to the provisions of Exhibits "A-1" and "B-1" and shall cover all work set forth therein as "Lessor's Work" and

"Lessee's Work". Lessor shall reconstruct the Premises only to the extent of Lessor's Work under the then applicable laws and regulations of Federal, State, County and Municipal authorities and in light of the extent of such damage and the then condition of the labor market and availability of materials and supplies. Lessee, at its expense, shall reconstruct all items set forth as Lessee's Work, and shall replace its merchandise, trade fixtures, furniture, furnishings and equipment. Lessee shall commence reconstruction of Lessee's Work promptly upon delivery to it or possession of the Premises by Lessor with Lessor's Work substantially completed and shall diligently complete Lessee's Work, replace its merchandise, trade fixtures, furniture, furnishings and equipment, and resume normal business operations in the Premises.

21.4 Release from Liability: Upon any termination of this Lease under any of the provisions of this Lease each party shall be released from further obligations. In the event of termination of this Lease under this Section 21, all proceeds from Lessee's fire and extended coverage insurance under Section 15 covering all leasehold improvements, but excluding proceeds for trade fixtures, furnishings, furniture, merchandise, signs and other personal property, shall be paid to Lessor.

21.5 Abatement of Rent: In the event of reconstruction of the Premises under this Section, the Minimum Annual Rent otherwise payable under this Lease shall be abated proportionately with the degree to which Lessee's use of the Premises is impaired. Such abatement shall commence on the date of destruction and continue during any period of reconstruction and replacement provided for in this Lease. Lessee shall continue to operate its business on the Premises during any such abatement period to the extent practical as a matter of prudent business management, and the obligation of Lessee to pay percentage rent and additional rent hereunder shall remain in full force and effect. Lessee shall not be entitled to any compensation or damages from Lessor for loss of the use of the whole or any part of the Premises, Building, Project or Lessee's personal property, or for any inconvenience or annoyance suffered by reason of damage or destruction thereto, or the reconstruction or replacement thereof.

21.6 Waiver of Statutory Rights of Termination: Lessee hereby waives any statutory rights of termination which may arise by reason of any partial destruction of the Premises, Building or Project which Lessor is obligated to restore or may restore under any of the provisions of this Lease.

22. EMINENT DOMAIN

22.1 Takings Resulting in Termination: If the entire Premises is appropriated or taken (a "Taking") under the power of eminent domain by any public or quasi-public authority (an "Authority"), this Lease shall terminate as of the date of such taking.

If 25% or more of the Floor Area of the Premises is taken under the power of eminent domain by any authority, or if by reason of any taking, regardless of the amount taken, the remainder of the Premises is not one undivided parcel of property, Lessor may terminate this Lease as of the date Lessee is required to vacate a portion of the Premises, upon giving notice in writing of such election within 30 days after receipt by Lessee from Lessor of written notice that the Premises have been so taken. Lessor shall promptly give Lessee notice in writing of any taking after learning of it.

If more than 25% of the Floor Area of the Project or of the Common Areas is taken (whether or not the Premises are so taken) under the power of eminent domain by any authority, Lessor shall have the right to terminate this Lease as of the date any such areas are to be initially vacated by giving Lessee written notice of such election within 30 days of the date of such taking.

If this Lease is terminated as provided in this Section, Lessor and Lessee shall each be released from any further obligations to the other party under this Lease, except for any obligations which have previously accrued.

22.2 Takings not Resulting in Termination: If Lessor elects not to exercise any right granted hereunder to terminate this Lease in connection with a taking, or the Lease is not terminable in connection with a taking, Lessee shall continue to occupy that portion of the Premises which was not taken, and (a) at Lessor's cost and expense and as soon as reasonably possible, Lessor will restore the Premises on the land remaining to a complete unit of like quality and character as existed prior to such taking; and (b) the Minimum Annual Rental provided for in this Lease, shall be reduced by the proportion that the floor area taken bears to the total floor area prior to the taking. Lessee hereby waives any statutory rights of termination, which may arise by reason of any partial taking of the Premises under the power of eminent domain.

- 22.3 Award: If this Lease is terminated or modified as specified in this Section 22, Lessor shall be entitled to receive the entire condemnation award for the taking of all real property interests in the Premises. The Rent and other charges for the last month of Lessee's occupancy shall be prorated and Lessor shall refund to Lessee any Rent or other charges paid in advance. In the event any condemnation proceedings shall be commenced affecting the Premises, Lessee shall have no right to claim any valuation for its leasehold interest or otherwise by reason of its occupancy of or improvements to said Premises, and any condemnation award (whether adjudicated or by way of settlement) shall belong in its entirety to Lessor.
- 22.4 Transfer Under Threat of Taking: For the purposes of this Section, a voluntary sale or conveyance under threat of and in lieu of condemnation shall be deemed a taking under the power of eminent domain.

23. COMMON AREAS

- 23.1 Use of Common Areas: Lessee and its employees and invitees are, except as otherwise specifically provided in this Lease, the Restrictions or the Project rules and regulations or as otherwise designated from time to time by Lessor, authorized to use the Common Areas in common with other persons during the Term. The Common Areas are, at present, generally as shown on Exhibit "B", and, subject to the preceding sentence and the provisions of Sections 1 and 16 above, shall be maintained and operated at all times following completion thereof for the benefit and/or use of the Lessee, customers, and patrons of Lessee, and of other Lessees, owners and occupants of the Project.
- 23.2 Common Area Closure: Lessee acknowledges and agrees that the Lessor or the Association may temporarily close any part of the Common Area for such periods of time as may be necessary to make repairs or alterations or to prevent the public from obtaining prescriptive rights, without any abatement or offset of any rent due hereunder or any other obligation or liability.
- 23.3 [Intentionally Omitted].
- 23.4 Control of Common Areas: Association or actual underlying property owner shall have the right at all times to determine the nature and extent of the Common Areas and to make changes or improvements from time to time which in such party's opinion are desirable and in the best interest of all persons using the Common Areas. Such rights hereunder include without limitation, the right to install, remove, relocate and change driveways, entrances, exits, automobile parking spaces, the direction and flow of traffic, prohibited areas, landscaped areas, site furniture, site amenities, utilities and all facilities of the foregoing.

Lessee acknowledges that the Association and/or the underlying property owner and the Lessor, as applicable, shall have control of the Common Areas, provided, however, none of the foregoing parties actions, other than as necessary under Section 23.2 above, shall materially adversely affect the accessibility of the Premises. Such parties may at any time, and from time to time during the Term, exclude and restrain any person from use or occupancy of the Common Areas, except for bona fide customers, patrons, and service suppliers of Lessee and other Lessees and occupants of the Project who use the Common Areas in accordance with the rules and regulations then established by Lessor. The rights of Lessee under this Lease shall at all times be subject to the rights of Lessor, the Association, and the fee owner of the underlying real property, the other Lessees of Lessor and occupants of the Project to use the Common Areas in common with Lessee. Lessee shall not create or permit any obstructions in the Common Areas and shall permit its customers, patrons and service supplier to use the Common Areas only for normal parking and ingress and egress to and from the Building occupied by Lessee.

- 23.5 Employee Parking: Lessor or the Association shall at all times have the right to designate a particular parking area to be used by employees of Lessee and other occupants of the Project and any such designation may be changed by Lessor or Association from time to time. Lessee and its employees shall park their cars only in those portions of the Common Areas, if any, designated for that purpose by Lessor or the Association. Lessee shall furnish Lessor after taking possession of the Premises, or upon request, with an accurate current list of its and all its employees' automobile license plate numbers within 15 business days of the possession or request, and shall make commercially reasonable efforts to notify Lessor within 5 business days after any change in the accuracy of the list. If Lessee or its employees fail to park their cars in designated areas, Lessor may charge Lessee \$25.00 per day per car for each violation and shall have the right to have any such vehicle towed away to

Lessee's expense. All amounts due under the provision of this Section shall be payable by Lessee, as additional rent, within thirty (30) days after demand by Lessor.

24. DEFAULT BY LESSEE

The failure to perform or honor any covenant, condition or representation made under this Lease shall constitute a default hereunder by Lessee upon expiration of the appropriate grace period hereinafter provided. Lessee shall have a period of three (3) business days from the date of written notice from Lessor within which to cure any default in the payment of Rent or additional rent. Lessee shall have a period of five (5) days from the date of written notice from Lessor within which to cure any other default under this Lease. Upon an uncured default of this Lease by Lessee, Lessor shall have the following rights and remedies in addition to any or the rights or remedies available to Lessor by law or in equity:

- 24.1 The rights and remedies provided by California Civil Code Section 1951.2 including but not limited to recovery of the worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of rent any loss for the same period that the Lessee proves could be reasonably avoided as computed pursuant to subsection (6) of said section 1951.2 (including without limitation such expenses as Lessor may have incurred in recovering possession of the Premises, placing the same in good order and condition, altering or repairing the same for re-letting, and all other expenses, commissions and charges including attorney's fees which Lessor may have paid or incurred in connection with such repossession and re-letting);
- 24.2 The rights and remedies provided by California Civil Code Section 1951.4 which allows Lessor to continue the lease in effect and to enforce all of its rights and remedies under this Lease including the right to recover rent as it becomes due for so long as the Lessor does not terminate Lessee's right to possession. Acts of maintenance or preservation efforts to relet the Premises or the appointment of a receiver upon Lessor's initiative to protect its interest under this Lease shall not constitute a termination of Lessee's right to possession.
- 24.3 The right to terminate this lease by giving notice to Lessee in accordance with applicable law;
- 24.4 The Lessor shall be granted the right to enter the Premises and remove therefrom all persons and property to store such property in a public warehouse or elsewhere at the cost of an account of Lessee and to sell such property and apply such proceeds therefrom pursuant to applicable California law and/or California Civil Code sections 1983, 1987 and 1988.
- 24.5 The right to have a receiver appointed for Lessee upon application by Lessor to take possession of the premises and to apply any rental collected from the Premises and to exercise all other rights and remedies granted to Lessor with in this agreement pursuant to subparagraph 24.4 above.
- 24.6 In the event of Lessee's default, all of Lessee's merchandise, Fixtures and other Personal Property shall remain on the Premises, and during the period of default Lessor shall have the right to take the exclusive possession of such items and to use them free of charge until such default is cured, or, at Lessor's option, to require Lessee to forthwith remove such items. Lessee hereby releases, indemnifies, and holds harmless Lessor from any liability whatsoever for the removal of persons and the removal and storage of property conducted by Lessor pursuant to Section 24 of this Lease and in accordance with applicable law.
- 24.7 Lessee hereby grants to Lessor any interest conferred by applicable California law and/or California Civil Code sections 1983, 1987 and 1988 and/or any lawful court order in all of Lessee's equipment, goods, fixtures, furnishings, furniture, inventory, machinery, trade fixtures, other property, and the proceeds therefrom, now or hereafter to be located within the Premises. In the event of default or breach by Lessee, then with respect to the interest granted, Lessor may exercise all of the rights and remedies granted under California Civil Code as adopted and/or in effect at the time.
- 24.8 If Lessor re-enters the Premises under the provisions of the subparagraphs above, Lessor shall not be deemed to have terminated this Lease, or the liability of the Lessee to pay any rent or other charges that are due or thereafter accruing, or, Lessee's liability for damages under any of the provisions hereof. In the event of any entry or taking possession of the Premises as aforesaid, Lessor shall have in addition to its rights under Section

24 hereof, the right, but not the obligation, to remove from the Premises any personal property located therein and to place it in storage at a public warehouse at the expense and risk of Lessee.

- 24.9 It is understood and agreed that this Lease is a lease of real property in a Project within the meaning of 11 U.S.C. Section 365(b)(3) of the Bankruptcy Code.
- 24.10 No Waiver: The waiver by Lessor of any breach by Lessee of any term, covenant or condition contained in this Lease shall not be deemed to be a waiver of such term, covenant or condition, of any subsequent breach thereof, or of any other term, covenant or condition of this Lease. The subsequent acceptance of Rent hereunder by Lessor shall not be deemed to be a waiver of any preceding breach by Lessee of any term, covenant or condition of this Lease or of any right of Lessor to a forfeiture of the Lease by reason of such breach, regardless of Lessor's knowledge of such preceding breach at the time of acceptance of such Rent. No term, covenant or condition of this Lease shall be deemed to have been waived by Lessor unless such waiver is in writing and signed by Lessor.
- 24.11 Chronic Delinquency by Lessee: Chronic delinquency by Lessee in the payment of Rent or any other periodic payments required to be paid by Lessee under this Lease shall constitute a separate default. "Chronic Delinquency" shall mean the failure by Lessee to pay the Rent or any other periodic payments required to be paid by Lessee under this Lease when due for any three (3) months (consecutive or nonconsecutive) in any twelve (12) month period. In the event of a chronic delinquency, and without the necessity for any further notice of default, Lessor shall have the option, in addition to all other remedies within Section 24, to require Lessee to then (a) pay Lessor an amount not to exceed the equivalent of three (3) months of Monthly Rent, which sum Lessor shall hold as an additional Security Deposit in accordance with the terms of Section 6 above; and/or (b) pay for and reimburse Lessor for all free rent periods, tenant improvement concessions, and/or any other monetary concessions received by Lessee within this Lease Agreement. Lessee's failure to pay the foregoing sums within ten (10) days after the Lessor's demand shall be deemed a separate and additional event of default by Lessee.

25. **DEFAULTS BY LESSOR**

If Lessor fails to perform any covenant, condition, or agreement contained in this Lease within 30-days after receipt of written notice from Lessee specifying such failure then such failure shall constitute a default hereunder and Lessor shall be liable to Lessee for any damages sustained by Lessee as a result of Lessor's default, however, that 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.

26. **COST OF SUIT & ATTORNEYS FEES**

- 26.1 If at any time after the date hereof either Lessor or Lessee institutes any action or proceeding against the other relating to the provisions of the Lease or any default hereunder, the losing party in such action or proceeding shall reimburse the prevailing party for its actual expenses of attorneys' fees and all costs and disbursements incurred, including, without limitation, any such fees, costs or disbursements incurred on any appeal from such action or proceeding. Subject to the provisions of local law, the prevailing party shall recover all such fees, costs, or disbursements as costs taxable by the court or arbiter in the action or proceeding itself without the necessity for a cross-action by the prevailing party which shall be deemed to have accrued on the commencement of such action and shall be paid whether or not such action is prosecuted to judgment.
- 26.2 Should Lessor, without fault on Lessor's part, be made a party to any litigation instituted by Lessee or by a third party against Lessee, or by or against any person holding under or using the Premises by license of Lessee, or for the foreclosure of any lien for labor or material furnished to or for Lessee or any such other person or otherwise arising out of or resulting from any act or transaction of Lessee or of any such other person, Lessee covenants to save and hold Lessor harmless from any judgment rendered against Lessor or the Premises or any part thereof, and all costs and expenses, including actual attorney's fees, incurred by Lessor in or in connection with such litigation.

27. **SUBORDINATION - ATTORNTMENT**

- 27.1 Subordination: This Lease at Lessor's option shall be subject and subordinate to the lien of any mortgages or deeds of trust in any amount or amounts whatsoever now or hereafter placed on or against the real property or

improvements, or either thereof, of which the Premises are a part, or on or against Lessor's interest or estate therein, without the necessity of the execution and delivery of any further instruments on the part of Lessee to effectuate such subordination. If any mortgage or trustee requires a signed subordination agreement or any other document to effectuate any refinancing of the Project, Lessee within five (5) days after receipt of a written request from Lessor, any first mortgagee or first deed of trust trustee or beneficiary of Lessor, or any lessor of Lessor, Lessee shall, in writing, subordinate its rights under this Lease to the lien or security interest of the first mortgage or deed of trust (including all future advances made thereunder subsequent to the effective date of this Lease), the interest of any lease in which Lessor is the lessee, or any agreement that may burden the Premises, Building, Project, Property or any future improvements made to the Property. Lessee covenants and agrees to execute and deliver upon demand, without charge therefore, such further instruments evidencing such subordination of this Lease to the lien of any such mortgages or deeds of trust as may be required by Lessor. Provided Lessee is not in an uncured default under this Lease, Lessee's possession, use, and enjoyment of the Premises pursuant and subject to this Lease and its rights under this Lease shall not be disturbed by or interfered with by any subordination described herein.

27.2 Attornment: If Lessor's interest in the Premises is acquired by any ground lessor, beneficiary under a deed of trust, mortgagee or purchaser at a foreclosure sale, the Lessee shall upon request, attorn to such transferee or successor to transferee and such successor accepts the premises subject to this Lease.

27.3 Estoppel Certificate: Lessee shall, at any time and from time to time, upon not less than five (5) days' prior written notice from Lessor, execute, acknowledge and deliver to Lessor a written statement substantially in the form acceptable to Lessor and/or Lessor's lender certifying (i) that this Lease represents the entire agreement between Lessor and Lessee, and 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), (ii) the dates to which the Rent and other charges are paid in advance, if any; (iii) the Commencement Date and expiration date of the Lease Term, (iv) whether Lessee has assigned or transferred this Lease or any interest of Lessee therein; and (v) that there are not, to Lessee's knowledge, any uncured defaults on the part of Lessor hereunder and that Lessee has no right of offset, counterclaim or deduction against Rent, or specifying such defaults if any are claimed together with the amount of any offset, counterclaim or deduction alleged by Lessee. Any such statement may be relied upon by any prospective purchaser or lender upon the security of the real property of which the Building and the Premises are a part. Lessee's failure to deliver such statement within the time required shall be conclusive and binding upon Lessee that (a) this Lease is in full force and effect, without modification except as may be represented by Lessor, (b) there are no uncured defaults in Lessor's performance and that Lessee has no right of offset, counterclaim or deduction against Rent, and (c) no more than one month's Rent has been paid in advance. Lessor and Lessee intend that any statement delivered pursuant to this paragraph may be relied upon by any mortgagee, beneficiary, or purchaser and Lessee shall be liable for all loss, cost, or expense resulting from the failure of any sale or funding of any loan caused by any material misstatement contained in such estoppel certificate. Lessee's breach under this paragraph shall be a default under the Lease. In addition to any other legal remedies available to Lessor, Lessee shall pay Lessor \$200.00 per day for each day Lessee is in breach of this paragraph.

27.4 Attorney-in-fact: Lessee hereby appoints Lessor as Lessee's attorney-in-fact, irrevocably, to execute and deliver any such agreements, instruments, releases or other documents as may be necessary.

28. QUIET POSSESSION

Lessor agrees that Lessee, upon paying the Rent and timely performing its obligations under this Lease, may quietly have, hold and enjoy the Premises during the Term or any extension thereof; subject, however, to any rights of entry specifically granted to Lessor hereunder, any rules and regulations, any reciprocal easement agreement, and any mortgages, deeds of trust, ground or underlying leases, agreements, encumbrances and/or other Matters of Record to which this Lease is subordinate except that Lessee's possession use and enjoyment of the Premises pursuant and subject to this Lease and its rights under this Lease shall not be disturbed so long as such rights are within the subordinate rights.

29. CAPTIONS; JOINT AND SEVERAL LIABILITY

29.1 Captions: The captions of the Sections of this Lease are for convenience only, are not operative parts of this Lease and do not in any way limit or amplify the terms and provisions of this Lease. The words "Lessor" and

"Lessee" as used herein shall include the plural as well as the singular. Words used in neuter gender include the masculine and feminine, words in the masculine or feminine gender include the neuter.

29.2 Joint and Several Liability: If two or more persons and/or entities execute this Lease as Lessor or Lessee then such persons and/or entities shall be jointly and severally liable for compliance with and performance of all the terms, covenants and provisions of this Lease.

30. NOTICES

Except as otherwise provided in this Lease, all notices or demands of any kind required or desired to be given by Lessor to Lessee hereunder shall be in writing and shall be deemed delivered when hand delivered or forty eight (48) hours after depositing the notice or demand in the United States Mail, certified or registered, postage prepaid, addressed to the Lessee at the Premises, whether or not Lessee has departed from, abandoned or vacated the Premises. All notices or demands of any kind by Lessee to Lessor shall be in writing and shall be deemed delivered when hand delivered or forty eight (48) hours after depositing the notice or demand in the United States Mail, certified or registered, postage prepaid, addressed to the Lessor at such address as shall from time to time be designated by Lessor to Lessee in writing.

31. OBLIGATIONS OF SUCCESSORS

Except provided herein, all the terms, covenants and conditions hereof shall be binding upon and insure to the benefit of the heirs, executors, administrators, successors, and assigns of the parties hereto, provided that nothing in this paragraph shall be deemed to permit any assignment, sub-letting, occupancy or use contrary to the provisions of Section 19.

32. CONSENT OF LESSOR AND LESSEE

Whenever in this Lease consent or approval is required from either party to any action by the other, such consent or approval shall be given in writing and shall not be unreasonably withheld or delayed, unless otherwise expressly permitted in this Lease. Lessor shall not be deemed to have withheld or delayed its consent unreasonably where Lessor's right to give its consent is dependent on Lessor obtaining the consent of any other person, agency or authority having the right to withhold its consent pursuant to any agreement or law and such person, agency or authority does withhold its consent.

If Lessor or Lessee unreasonably fails to give any such consent, the other party shall be entitled to seek specific performance in equity to the extent permitted by law and shall have such other remedies as are reserved to it under this Lease, but in no event shall Lessor or Lessee be responsible in monetary damages for failure to give consent unless such consent is withheld maliciously or in bad faith.

33. COMPLIANCE OF LAWS & REGULATIONS,

33.1 Governmental Compliance: Lessee at its own expense, hereto agree to comply with all applicable federal, state and local laws, regulations, codes, ordinances and administrative orders having jurisdiction over the premises, property or the subject matter of this Agreement, including, but not limited to, the 1964 Civil Rights Act and all amendments thereto, the Foreign Investment in Real Property Tax Act, the Comprehensive Environmental Response Compensation and Liability Act, and The Americans With Disabilities Act.

33.2 Owner Rules & Regulations Compliance: Lessee shall faithfully observe and comply with the rules and regulations adopted by Lessor from time to time and all modifications of any additions thereto from time to time put into effect by Lessor. Lessor shall not be responsible to Lessee for the nonperformance by any other lessee or occupant of the Building of any of said rules and regulations.

34. ENVIRONMENTAL AUDITS TOXIC AND/OR HAZARDOUS MATERIALS

Lessee guarantees that neither Lessee nor any of Lessee's employees, agents, or visitors to his Premises shall use, store, or dispose of any hazardous or toxic materials or chemicals within the subject Premises or any other area within the Project of which the Premises is a part, except as approved by or pursuant to the rules, regulations, ordinances, statutes or codes of the local governing Agency, County, State of California, U.S. Codes and Code of Federal Regulations during the Lease Term. Any such use or storage of any hazardous or toxic materials or chemicals within the subject Premises or other parts of the Project caused by Lessee or its employees, agents or visitors, except as set forth above, shall constitute a default of this Lease, and Lessor shall be entitled to carry out all means necessary to respond to this default as set forth hereabove. In

addition, Lessee shall have sole financial and legal responsibility for the proper and legal cleanup of any spillage or other contamination caused by any use of toxic or hazardous materials by Lessee. It is further agreed that if, upon written notice from Lessor that Lessee has violated the above provisions of this Agreement, Lessee does not complete necessary steps (as outlined in said written notice from Lessor) to achieve satisfactory cleanup within 72 hours, Lessor shall have the right to complete necessary cleanup and bill the entire cost (including any legal costs incurred by Lessor) of same to Lessee. Lessee will also bear the entire cost of any government cleanup order or any third-party lawsuit, caused by spillage or contamination caused by any use of toxic or hazardous materials by Lessee. Hazardous or toxic material means any substance now, or hereafter, identified by any government agency requiring special handling, disposal, or control unlike regular refuse. Lessee agrees to bear the cost of quarterly inspections of the Premises by Lessor or by an environmental consultant relative to toxic or hazardous materials or waste and pay such costs when billed by Lessor within thirty (30) days of receipt. In the event that Lessee is considered a generator of toxic or hazardous waste and materials, in addition to all rights granted herein upon a default of this Lease, Lessee at its sole cost and expense shall be completely and absolutely liable for the full and the immediate clean up and or removal of any toxic or hazardous waste and material related to, or in any way affecting the Premises, Building, or Project.

35. PARKING LIMITS & COMMON AREA

- 35.1 General Parking Rights: Lessee and its customers, employees and tradesmen may park operating vehicles only on the surfaced parking lot adjacent to the Premises only during Lessee's normal business hours on terms and conditions as may be established by Lessor from time to time during the Term of this Lease. The parking areas referred to in this section shall be used on a non-exclusive basis with other occupants of the Project. **The parking lot may not be used to store vehicles, park watercraft, or to work on vehicles at any time. No vehicle shall be parked in a parking lot for more than twenty-four (24) consecutive hours.** Any vehicles parked in the parking lots in breach of these terms may be towed away at Lessee's expense. Lessee releases, indemnifies, and holds harmless Lessor and Lessor's officers, employees, and agents from any claims arising from or relating to such towing of vehicles including any consequential damages, loss of property, or loss of the use of the vehicle or other property. The right to tow a vehicle is in addition to Lessor's rights under the Lease for default or breach of any of the terms hereof. Lessee shall not permit the repair or cleaning of any vehicle or portion of outside of the premises (including vehicle detailing) by Lessee, Lessee's employees, agents, guests, or customers. Lessee further agrees not to park in front of other units or premises whether vacant or not.
- 35.2 Parking Limits: Lessor shall have the right to limit the amount of vehicles parked on the Premises in connection with Lessee's business during the Term of this Lease.
- a. Lessee acknowledges and agrees that the office Premises was constructed with an allotment of approximately one (1) parking space per 250 square feet of office space.
- 35.3 Common Area: Other than parking, egress and ingress, Lessee has no right to use the common area, and Lessee shall not obstruct such common areas, including the sidewalks, landscaped areas, paved areas, parking lots, or driveways appurtenant thereto. **Animals including watchdogs, are not allowed on the Premises or common areas, unless required due to disabilities and such animal must be kept within the Premises at all times and may not be allowed to use the common areas except to travel between the Premises and a vehicle.** Lessee will provide, notice to Lessor in writing, by the proper authority, of such animal's status as a service animal, a disability requirement, or otherwise.
- 35.4 Substitute Parking: Lessor may from time to time substitute for any parking area other areas reasonably accessible to the Lessees of the Project in which areas may be elevated, surface, or underground, within the Project or in other locations.

36. SURRENDER

At least sixty (60) days prior to the expiration of this Lease or any Addendum for lease Extension, Lessee must provide Lessor with written notice of lessee's intent to terminate the Lease and vacate the Premises. Lessee shall, at least 30 days before the last day of the term of the Lease arrange to meet Lessor for a joint inspection of the Premises. In the event of Lessee's failure to arrange such joint inspection, Lessor's inspection at or after Lessee's vacating the Premises shall be conclusively deemed correct for the purposes of determining Lessee's responsibilities for repairs and restoration. Lessee shall remove all its signs from the Premises, return the keys and surrender the Premises in a condition satisfactory to Lessor. Lessee, at its sole cost and expense, agrees to repair any damage to the Premises caused by or in connection with the removal of any articles of personal property, business or trade fixtures, signs, machinery, equipment, cabinetwork, furniture,

movable partitions, or permanent improvements or additions, including without limitation thereto, repairing the floor and ceiling and patching and painting the walls where required by Lessor to Lessor's reasonable satisfaction. Surrender shall be considered complete when Lessee has complied with the above stipulations. If surrender is not complete on or before the termination date of this Lease, or the most recent Addendum for Lease Extension, rent shall continue to accrue and Lessee shall be holding over, and thus subject to the provisions of Section 37, until the surrender is completed. Lessee shall indemnify Lessor against any loss or liability resulting from delay by lessee in so surrendering the Premises, including without limitation, any claims made by any succeeding Lessee founded on such delay.

37. **HOLDING OVER**

If Lessee holds possession of all or a part of the Premises after the expiration of the Term of this Lease, with or without the express or implied consent of Lessor, Lessee shall become a Lessee from month-to-month only, upon the terms, covenants, conditions, and agreements herein specified, so far as applicable. Such holding over shall not constitute an extension or renewal of this Lease. During such holding over, the Base Monthly Rental shall be increased twenty percent (20%) over the Base Monthly Rental provided in Section 4.

38. **PROMOTIONAL MATERIALS**

Lessee shall not use pictures of the Building, the Project, or any of the Lessor's properties for, but not limited to, brochures, advertising, or promotional activities without written consent of Lessor.

39. **ALARM SYSTEMS**

No alarm systems shall be attached to the exterior walls of the Building or any penetrations made on the interior or exterior of any aluminum storefront or window system. When installing a system, the alarm box must be inside the unit. Lessee shall, at Lessee's sole expense, be responsible for removal of alarm system and restoring the Premises to its original condition, including but not limited to, replacement of aluminum storefront damaged by penetrations made by Lessee.

40. **MOLD**

40.1 Limit of Liability: Lessor warrants that at the time Lessee takes possession of the premises, Lessor has no knowledge or information that the premises contains mold. Except in the event of any Lessor misrepresentation, Lessee recognizes and agrees that under no circumstances shall Lessor be responsible for, and Lessee agrees to indemnify, defend and hold Lessor harmless as well as waives any rights with respect to damages or injuries caused to Lessee or its employees, invitees or property in or about the Premises of the Building caused by mold, including but not limited to the penicillium and aspergillus strains of mold, at any time during Lessee's tenancy.

40.2 Lessee's Responsibilities: As a Tenant, **YOU** are responsible for preventing indoor mold problems within your unit. Such responsibility includes performing or preventing the following tasks or conditions:

- a) Inspect you unit regularly for the indications and sources of indoor moisture;
- b) CONDENSATION, WHICH DEVELOPS ON IN ANY AREA OR ON ANY SURFACE FROM INDOOR MOISTURE MUST BE WIPED DOWN IMMEDIATELY. These areas and surfaces include, but are not limited to windows, doors, doorway floors, window tracks (Condensation on windows indicates that fresh air is not being circulated in your unit) wall, tile surfaces, and concrete floor areas. To help prevent moisture build-up, ensure that the HVAC system is operated sufficiently to prevent the buildup of moisture or humidity within the premises and to keep fresh air present. Excessive running of your heater will cause condensation in your unit;
- c) Water plants outdoors;
- d) Do not dry wet items indoors;
- e) If a leak or flooding occurs, it is essential for you to act quickly in doing the following:
 - 1) IMMEDIATELY CONTACT LESSOR;
 - 2) Remove excess water with mops or wet vacuum;

- 3) If possible, move wet items to a dry and well ventilated area or outside to expedite drying; move rugs and dry areas of wet carpet as soon as possible;
 - 4) Open closet and cabinet doors and move furniture away from walls to increase circulation;
 - 5) Run portable fans to increase air circulation (Do NOT use fans if you believe mold may have already started to grow); and
 - 6) DO NOT turn up the heat or use heaters in confined areas, as higher temperatures increase growth rate of mold growth.
- f) Upon first appearance, clean any mildew from condensation on window interiors, under mats, floors and/or ceiling.
- g) Correctly manage humidity levels within your premises if portable equipment is used that alters the temperature and/or moisture levels within the premise (ie. portable spas, humidifiers, saunas, gym equipment, water features, and etc)

40.3 Lessee's Maintenance of Premises: Lessee further agrees to maintain the Premises in a manner that prevents the occurrence of mold or mildew growth within the Premises. In furtherance of such obligation, Lessee agrees to perform the following:

1. To keep the Premises free from dirt and debris that can harbor mold;
2. To inspect the Premises regularly for the indications and sources of indoor moisture;
3. To immediately upon discovery report to Lessor any water intrusion, such as plumbing leaks, drips or flooding;
4. To notify Lessor of overflows from bathrooms, sinks or any other water source facilities, especially in cases where the overflow may have permeated walls, flooring, or cabinets;
5. TO IMMEDIATELY UPON DISCOVERY OR KNOWLEDGE OF WIPE DOWN ANY WATER OR CONDENSATION THAT APPEARS AND/OR DEVELOPS ON ANY AREA OR ANY SURFACE;
6. To clean *upon first discovery*, any mildew from condensation on window interiors, walls, floors and/or ceilings.
7. TO REPORT TO LESSOR IN WRITING AND VERBALLY THE PRESENCE OF ANY MOLD GROWTH on surfaces inside the Premises;
8. To allow Lessor *immediate entry* to the Premises to inspect and make necessary repairs;
9. To use all reasonable care to close all doors and other openings in the Premises to prevent outdoor water from penetrating into the interior unit;
10. To clean and dry any visible condensation/moisture on windows and window tracks, walls and other surfaces, including personal property as soon as reasonably possible.
11. To notify Lessor of any problems with the air conditioning or heating systems that are discovered by Lessee;
12. Lessee shall periodically remove and take up plastic floor mats to allow ventilation of moisture that maybe trapped under the plastic floor mat and floor slab.

41. NO WASTE; USE OF DUMPSTERS

41.1 No Waste: Lessee will not commit or allow any waste on or about the Premises or any nuisance or other act or thing that may disturb the quiet enjoyment of any other Lessee in the Building in which the Premises may be located.

41.2 Use of Dumpsters: In the areas where dumpsters are provided, Lessee may utilize the dumpsters for waste paper trash only. Packing skids, boxes and garbage are not to be placed in or around dumpsters. It is the sole responsibility of Lessee to dispose of boxes, packing skids, excessive trash and packaging materials elsewhere or obtain their own dumpster at its sole expense. In areas where dumpsters are not provided, it is Lessee's responsibility to dispose of their trash or provide their own dumpster. Lessor shall have the right to impose a fine of \$100.00 per occurrence on Lessee for leaving any dumpster outside of its premises out overnight or on days in which the disposal company does not service the dumpster. Lessee may not store or leave trash outside any Building, or adjacent to or outside a dumpster. Lessor shall have the right to impose a fine on Lessee for failing to properly dispose of trash on the Premises or in any area of the Building or the Project, or disposing of trash in provided trash receptacles that does not conform to Section 41.2.

42. KEY AUTHORIZATION

Lessor makes every effort to protect your property. One of the areas that we have found to be very important is the authorization of lock changes and the release of keys that open your unit. In order to protect you, please list in the space provided, the names of the people authorized to order lock changes and keys.

NAME	DRIVER'S LICENSE #	HOME TELEPHONE NO.

43. UTILITY PROVIDERS

Lessee agrees that in any case where there is a choice of supplier for utility services (including but not limited to electricity; gas; refuse; telephone; cable; and/or data service lines) that Lessor shall retain the right to select the supplier of such utility. This section shall continue to apply in instances where the utility supplier is operated as a sole provider or monopoly during the beginning of the Lease, and becomes part of a competitive industry due to deregulation during the course of this Lease.

44. STORAGE WITHIN LESSEE'S PREMISES

Federal, State, County, City and Municipal regulatory agencies, including the local Fire Department, may prohibit and regulate the quantity of the storage of certain goods. Lessee agrees to abide by these regulations and any and all other regulations, to indemnify, and hold Lessor harmless from any and all claims which may arise as a result of Lessee's failure to do so.

45. EQUIPMENT USE

The use of forklifts and/or any other machinery or equipment having solid rubber tires is prohibited. Solid rubber tires do not distribute weight effectively, which causes damage to concrete, asphalt, and other ground surfaces. Lessee shall be responsible, at its sole expense, for any and all damage caused by the use of equipment with solid rubber tires, both in and about the Premises.

46. COMPLIANCE WITH LEGAL REQUIREMENTS

(a) Compliance with Legal Requirements. At Lessee's sole cost, Lessee will promptly comply with all laws, statutes, ordinances, rules, regulations, orders, recorded covenants and restrictions, and requirements of all municipal, state, and federal authorities now or later in force during the lease term, including, but not limited to, all provisions of the Americans with Disabilities Act; the requirements of any board of fire underwriters or other similar body now or in the future constituted; and any direction or occupancy certificate issued by public officers ("Legal Requirements"), insofar as they relate to Lessee's Work, Lessee's use, the condition, or occupancy of the Premises or the performance by Lessee of its Obligations under this lease. However, Lessee's compliance will not be required for:

- (i) structural changes or changes to the electrical, mechanical, or plumbing systems of the Building, to the extent not necessitated by Lessee's acts or by improvements made by or for Lessee;
- (ii) alterations or improvements to the Building as a whole, the common areas of the Building or the Premises generally that are not by law the Lessee's responsibility with which to comply; and
- (iii) work necessitated by defects in the construction of the Building.

The judgment of any court of competent jurisdiction or Lessee's admission in any action or proceeding against Lessee that Lessee has violated any Legal Requirement in the condition, use, or occupancy of the Premises will be conclusive of that fact as between Lessor and Lessee.

47. SECURITY

Lessee recognizes that under no circumstances shall Lessor be responsible for, and Lessee waives any rights with respect to, providing security or other protection for Lessee or its employees, invitees or property in or about the Premises or the

Building. Lessee acknowledges that any and all expenses related to break-ins, burglary, or vandalism in conjunction with the Premises are the sole expense of the Lessee.

48. ABANDONMENT

Lessee agrees not to vacate or abandon the Premises at any time during the Term. Should Lessee vacate or abandon the Premises or be dispossessed by process of law or otherwise, such abandonment, vacation or dispossession shall constitute a default hereunder. Lessee agrees that any property not claimed within thirty (30) days after the abandonment of the Premises by the Lessee, or after the expiration or earlier termination of this Lease, becomes the property of the Lessor and shall be sold by the Lessor and the Lessor is to retain the proceeds derived therefrom as reimbursement for costs related to storing said property, and not as a penalty.

49. LESSOR'S CONVEYANCE

If during the Term of this Lease, Lessor shall convey its interest in the Premises, then from and after the effective date of the conveyance, Lessor shall be released and discharged from any and all obligations under this Lease except those already accrued, but the terms of the Lease shall be binding upon any of Lessor's successors and/or assigns.

50. BROKERS

Lessee represents and warrants to Lessor that the brokers named below in this section of this Lease are the only agents, brokers, finders or other parties with whom Lessee has dealt who are or may be entitled to any commission or fee with respect to this Lease.

Lessor's Broker:
Johnny R. Ribeiro
Ribeiro Construction Management, Inc.

Lessee's Broker:
Name: NONE
Agency: NONE

51. MISCELLANEOUS

- 51.1 Relationship of the Parties: Nothing contained in this Lease shall be deemed or construed to create a partnership or joint venture between Lessor and Lessee or between Lessor and any other party, or cause Lessor to be responsible in any way for the debts or obligations of Lessee or anyone else.
- 51.2 Severability: If any provision of this Lease is determined to be void by any court of competent jurisdiction, such determination shall not affect any other provision of this Lease and all such other provisions shall remain in full force and effect. It is the intention of the parties that if any provision of this Lease is capable of two constructions, one of which would render the provision void and the other of which would render the provision valid, then the provision shall have the meaning which renders it valid.
- 51.3 Authority: If Lessee is a corporation, or limited liability company, each person signing this Lease on behalf of Lessee represents and warrants that he or she has full authority to do so and that this Lease binds the entity. Within ten (10) days after this Lease is signed, Lessee shall deliver to Lessor a certified copy of a resolution of Lessee's Board of Directors authorizing the execution of this Lease or other evidence of such authority reasonably acceptable to Lessor. If Lessee is a partnership, each person or entity signing this Lease for Lessee represents and warrants that he or it is a general partner of the partnership, that he or it has full authority to sign for the partnership and that this Lease binds the partnership and all general partners of the partnership. Lessee shall give written notice to Lessor of any general partner's withdrawal or addition. Within thirty (30) days after the Lease is signed, Lessee shall deliver to Lessor a copy of Lessee's recorded statement of partnership, certificate of limited partnership or other evidence of partnership satisfactory to Lessor.
- 51.4 Verbal Disclaimer & No Inducement: All agreements and concessions between LESSOR and LESSEE for the Premise, are included as Addenda or attached letters (no verbal agreements). Any modifications, remodels, or maintenance of Premises, required after Lessor and Lessee have signed this Lease, that are not specifically described in this Lease, Addenda, and walk-through will be at no cost to the Lessor. Prior to vacating unit (s), Lessee agrees to restore unit(s) to the condition in which it was received, except for normal wear, at Lessee's expense, unless, changes to the unit are approved in writing by Lessor. Discrepancies identified during the initial walk-through inspection not repaired by Lessor will be included in the Lease file and Lessee will not be charged for such repairs.

The Lessee acknowledges and agrees that it has not relied upon any prior information provided or statements made by the Lessor or its agent(s) ("Prior Information"), including, without limitation, common area maintenance calculations, or any other financial matters, and any matters related to:

- (i) the Premises;
- (ii) the Building or Project; or
- (iii) the number or kind of lessees in the Project have in any way induced Lessee to enter into this Lease.

The Lessee acknowledges that prior to entering into this Lease, the Lessee has satisfied itself of all its concerns by conducting an independent investigation of the Premises, the Building, and the Project.

- 51.5 Entire Agreement: It is understood that there are no oral or written agreements or representations between the parties hereto affecting this Lease along with any exhibits, amendments, and attachments hereto, and that this Lease supersedes and cancels any and all previous negotiations, arrangements, representations, brochures, displays, projections, estimates, agreements and understandings, if any, made by or between Lessor and Lessee with respect to the subject matter thereof, and none thereof shall be used to interpret, construe, supplement or contradict this Lease, and all exhibits, amendments, and attachments hereto, are the only agreement between the parties hereto. All negotiations and oral agreements acceptable to both parties have been merged into and are included in or revoked by this Lease.

There are no other representations, covenants or warranties between the parties and any reliance on representations of a party is based solely upon the express representations, covenants and warranties contained in this Lease. Although the printed provisions of this Lease were drawn by Lessor, the parties agree that this circumstance alone shall not create any presumption, canon of construction or implication favoring the position of either Lessor or Lessee. The parties agree that any deletion of language from this Lease prior to its mutual execution by Lessor and Lessee shall not be construed to have any particular meaning or to raise any presumption, canon of construction or implication, including, without limitation, any implication that the parties intended thereby to state the converse, obverse or opposite of the deleted language.

- 51.6 Governing Law: The laws of the state where the Project is located shall govern the validity, performance, and enforcement of this Lease. This Lease shall be governed, construed and enforced by the laws of the State of California.
- 51.7 Waiver or Consent Limitations: No covenant, term, condition or agreement or the breach thereof shall be deemed waived, except by written consent of the party against whom the waiver is claimed, and any waiver or the breach of any covenant, term, condition or agreement shall not be deemed to be a waiver of any preceding or succeeding breach of the same or any other covenant, term, condition or agreement. Acceptance by Lessor of any performance by Lessee after the time the same shall have become due shall not constitute a waiver by Lessor of the breach or default of any covenant, term, condition or agreement unless otherwise expressly agreed to by Lessor in writing.
- 51.8 Force Majeure: The occurrence of any of the following events shall excuse performance of such obligations of Lessor or Lessee as are rendered impossible or reasonably impracticable to perform while such event continues: strikes; lockouts; labor disputes, acts of God; pandemics, epidemics, quarantine, inability to obtain labor, materials or reasonable substitutes therefore; governmental restrictions, regulations or controls; judicial orders; enemy or hostile governmental action; civil commotion; fire or other casualty; and other causes beyond the reasonable control of the party obligated to perform. Notwithstanding the foregoing, the occurrence of such events shall not excuse Lessee's obligations to pay Minimum Annual Rent and additional rent (unless the provisions of Section 21 apply) or excuse such obligations as this Lease may nevertheless otherwise impose on the party to obey, remedy or avoid, despite such event. If any work performed by Lessee or Lessee's contractor results in a strike, lockout and/or labor dispute, such strike, lockout and/or labor dispute shall not excuse Lessee's performance hereunder.
- 51.9 Waiver of Redemption Rights: Lessee hereby expressly waives any and all rights of redemption granted by or under any present or future laws in the event Lessee is evicted from or dispossessed of the Premises for any cause, or in the event Lessor obtains possession of the Premises by reason of the violation by Lessee of any of the covenants and conditions of this Lease or otherwise. The rights given to Lessor herein are in addition to any rights that may be given to Lessor by any statute or otherwise.

- 51.10 Amendments: To be effective and binding on Lessor and Lessee, any amendment, modification, addition or deletion to the provisions of this Lease must be in writing and executed by both parties in the same manner as the Lease itself.
- 51.11 Right to Enter: Lessee shall permit Lessor and its agents to enter the Premises at all times during normal business hours for any of the following purposes: To inspect the same; to show said Premises to prospective purchasers or prospective tenants; to maintain the Building; to make such repairs to the Premises as Lessor is obligated or elects to make; to comply with any laws, ordinances, rules, or regulations of any public authority or the Insurer or similar body; that the Lessor deems necessary to prevent waste or deterioration in or to the premises if Lessee fails to make repairs or perform required work promptly after receipt of written demand from Lessor; that Lessor deems necessary in connection with the expansion, reduction, remodeling, or renovation of any portion of the Project; to make repairs, alterations, additions or utility installations to any other portion of the Building; to post notices of non-responsibility for alterations, additions, repairs or utility installations; for the purpose of placing upon the property in which said Premises are located any ordinary "for sale" sign. Nothing herein implies any duty of the Lessor to do any such work which, under any provision of this Lease, Lessee is required to do. Lessee shall permit Lessor within sixty (60) days prior to the expiration of this Lease to place upon the Premises ordinary "for lease" signs, and to show said Premises to prospective Lessees during reasonable business hours. Lessor and Lessor's agents shall have the right to enter the Premises at any time in the case of an emergency or in the prevention of one.
- 51.12 Definition of Lessor: As used in this Lease, the term "Lessor" means only the current owner of the fee title to the Building at the time in question. Each Lessor is obligated to perform the obligations of Lessor under this Lease only during the time such Lessor owns such interest or title. Any Lessor who transfers its title or interest in the Building is relieved of all liabilities for the obligations of Lessor under this Lease to be performed on or after the date of transfer.
- 51.13 Lessee's Financial Condition: Within ten (10) business days after written request from Lessor, Lessee shall deliver to Lessor such financial statements including: tax ID numbers, copies of previous two (2) years IRS tax returns, business P & L statements, and/or other financial information as Lessor reasonably requires to verify the net worth of Lessee or any guarantor of Lessee. In addition, Lessee shall deliver to any lender designated by Lessor any financial statements required by such lender to facilitate the financing or refinancing of the Retail Center. Lessee represents and warrants to Lessor that such financial Information is a true and accurate statement as of the date of such statement. The financial information shall be prepared in accordance with generally accepted accounting principles or in such form acceptable to Lessor and if such is the normal practice of the Lessee, shall be audited by an independent certified public accountant. All financial information shall be confidential and shall be used only for the purposes set forth in this Lease.
- 51.14 Attorneys' Fees: If either Lessor or Lessee shall commence any legal proceedings against the other with respect to any of the terms and conditions of this Lease, the prevailing party shall be entitled to recover all expenses of the legal proceedings including actual attorneys' fees and costs, including attorneys' fees and costs incurred on appeal.
- 51.15 No Implied Agreement or Possession: Submission of this instrument for examination or signature by Lessee does not constitute a reservation of or option for lease, and it is not effective as a lease or otherwise until execution by both Lessor and Lessee.
- 51.16 Nondisclosure of Lease Terms: Except to the extent Lessee is required to disclose documentation by law including, but not limited to under the California Public Records Act, Lessee acknowledges and agrees that the terms of this Lease are confidential and constitute proprietary information of Lessor. Disclosure of the terms could adversely affect the ability of Lessor to negotiate other leases and impair Lessor's relationship with other tenants. Accordingly, Lessee agrees that it shall not intentionally disclose the terms and conditions of this Lease to any other tenant or apparent prospective tenant of the Building or Property, either directly or indirectly, without the prior written consent of Lessor, provided, however, that Lessee may disclose the terms to prospective subtenants or assignees under this Lease. Should be learned and proven by Lessor that Lessee did violate the terms of this paragraph; Lessor shall have the right to increase the rental rates of the remaining term to current market rates and demand repayment of any free rent concessions given in whole or in part. The proposed current rental rate of the premises shall be determined by the current rental rate of similar premises with similar attributes, quality, and condition. Lessor shall state the increased rent amount and/or amount of the free rent concessions to be repaid within the letter of the breach of this paragraph along with Lessor's proof.

The increased rental amount shall take effect on the following month from when the letter is delivered to Lessee when rent is due. The parties hereby agree that the increased rental rate and the repayment of the free rent concessions represents a fair and reasonable estimate of the potential costs and losses Lessor incurred by reason of breaching this paragraph by Lessee. Acceptance of the increased rental rate and the repayment of the free rent concessions by Lessor shall in no event constitute a waiver of Lessee's default with respect to such disclosure of lease terms, nor permit the Lessee to make further disclosures of the lease terms to other parties that would breach this paragraph, nor excuse or cure any other default by Lessee under this Lease, nor prevent Lessor from exercising any of the other rights and remedies granted hereunder. Lessee's failure to pay the increased rental rates and the repayment of the free rent concessions when due shall constitute of default by Lessee and Lessor may elect to use, but is not limited to, default remedies in Section 24 of the Lease Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Lease, or as the case may be, have caused their officer thereunto duly authorized to execute this Lease in duplicate, the day and year written below:

RIBEIRO CALIFORNIA II, LLC
LESSOR

 5/14/24

JOHNNY R. RIBEIRO
MANAGING MEMBER OF RIBEIRO CALIFORNIA II, LLC.

EL DORADO LOCAL AGENCY FORMATION COMMISSION
LESSEE

BY: _____
SHIVA FRENTZEN

AS: _____

DATE: _____

EXHIBIT A-1 PLAN SHOWING THE PREMISES & IMPROVEMENTS

Attached to and made part of Lease bearing the Lease Reference Date of May 22, 2024, between RIBEIRO CALIFORNIA II, LLC, as LESSOR and EL DORADO LOCAL AGENCY FORMATION COMMISSION, as LESSEE for Premises known as 1190 SUNCAST LANE, Suite 11, EL DORADO HILLS, EL DORADO COUNTY, CALIFORNIA 95762.

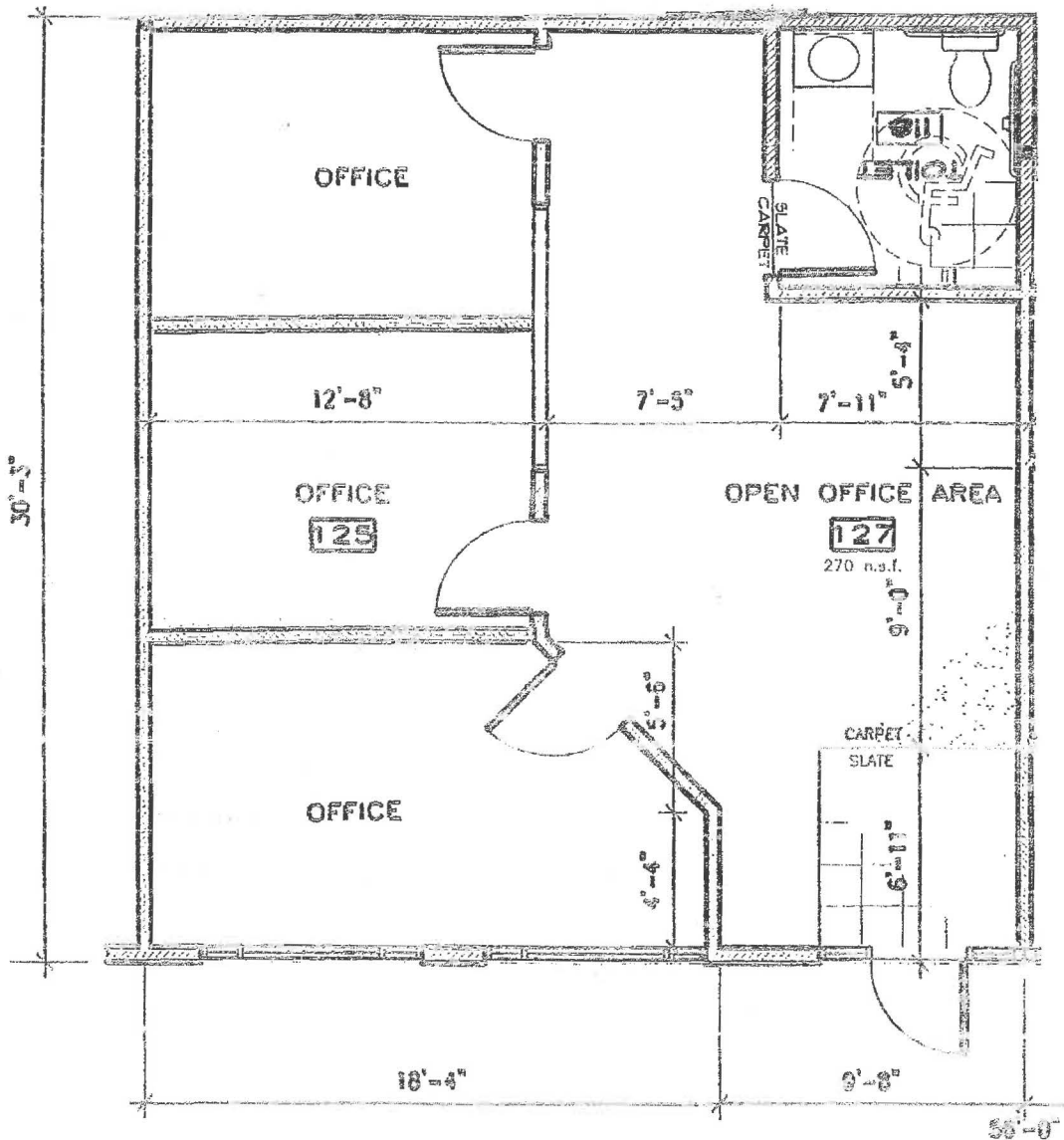


EXHIBIT A-2
WORK TO PREMISES BY LESSEE

Attached to and made part of Lease bearing the Lease Reference Date of May 22, 2024, between RIBEIRO CALIFORNIA II, LLC, as LESSOR and EL DORADO LOCAL AGENCY FORMATION COMMISSION, as LESSEE for Premises known as 1190 SUNCAST LANE, Suite 11, EL DORADO HILLS, EL DORADO COUNTY, CALIFORNIA 95762.

NONE

EXHIBIT B

PLAN SHOWING THE LOCATION OF PREMISES & OVERALL PROJECT

Attached to and made part of Lease bearing the Lease Reference Date of May 22, 2024, between RIBEIRO CALIFORNIA II, LLC, as LESSOR and EL DORADO LOCAL AGENCY FORMATION COMMISSION, as LESSEE for Premises known as 1190 SUNCAST LANE, Suite 11, EL DORADO HILLS, EL DORADO COUNTY, CALIFORNIA 95762.

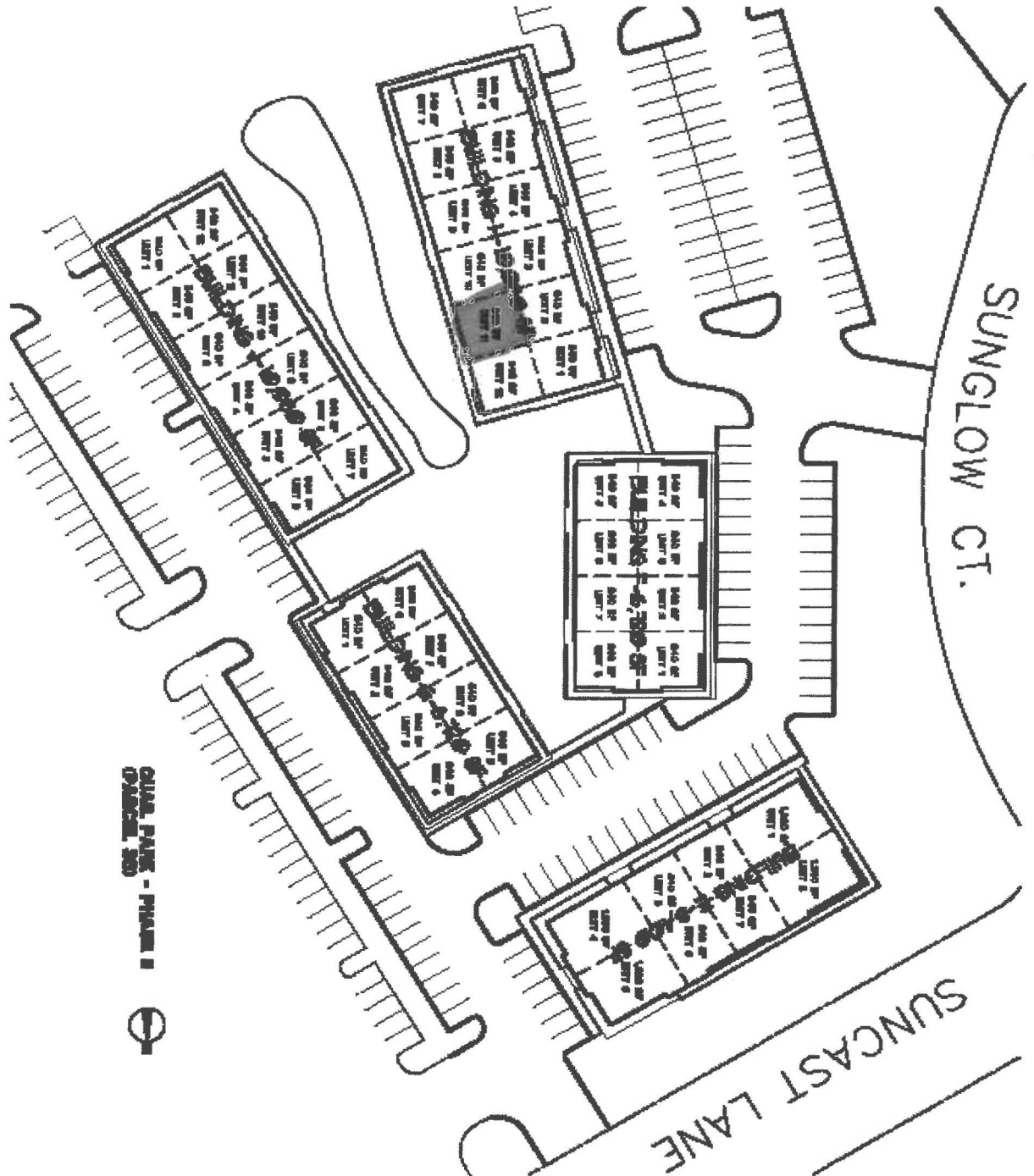




EXHIBIT B-1

SPECIAL LEASE CONDITIONS

Attached to and made part of Lease bearing the Lease Reference Date of May 22, 2024, between RIBEIRO CALIFORNIA II, LLC, as LESSOR and EL DORADO LOCAL AGENCY FORMATION COMMISSION, as LESSEE for Premises known as 1190 SUNCAST LANE, Suite 11, EL DORADO HILLS, EL DORADO COUNTY, CALIFORNIA 95762.

1. Lessor shall provide Lessee with two keys. Additional keys may be ordered from Lessor at sole cost of Lessee.
2. The water feature within the courtyard is operational only during normal business hours
 - i. (Monday – Friday, (8:00 a.m. – 5:00 p.m.)
3. Lessor shall be the General Contractor for any space improvements, if any work is to be performed on the premises at anytime during the term of this lease.
4. No work is required of Lessor, and Lessee shall take possession of the premises “As-Is”, except that Lessor warrants it has no knowledge or notice of any defects within the Premises HVAC, roof, Building envelop or any non-compliance with any Federal, State, or Local laws, including, but not limited to the Americans with Disability Act (“ADA”) for the building.
5. Lessee shall remove all company signage from the exterior glass doors and windows at the termination of this lease.
6. Lessee agrees to sign an addendum setting forth the actual move-in date and lease commencement date once Possession of the premise has been received.
7. Lessee shall not make any roof penetrations, attachments or place any items on the roof as per Section 11.2 of this lease agreement. Should Lessor find or determine that any roof penetrations, attachments or items were placed on the roof; Lessee shall be charged no less than \$2,500.00 minimum for removing of such items and/or any roof repairs.
8. Lessee shall not paint any portion of the premises without the Lessor’s written approval per Section 11.1 of this lease agreement. Should Lessor learn, find, or determine that Lessee has painted any portion of the premises without the Lessor’s written permission; Lessor agrees to pay Lessor \$1,500.00 at the end of the lease term for Lessor to re-paint the premises.
9. Lessee shall remove all company signage from the exterior glass doors and windows at the termination of this lease. Shall Lessee not remove any door or window signage at move out, Lessor shall charge a minimum of \$250.00 to remove such signage.
10. So long as Lessee is not currently in default or breach; or in the past has defaulted or breached the lease agreement in excess of two (2) times (even if the default or breach was cured), Lessor grants Lessee one (1) option to extend the lease agreement for a period of three (3) years pursuant to the terms set forth herein. The lease rate shall be at then market rent rates at each renewal. Lessee may exercise said option by delivering written notice (“Option Notice”) to Lessor no less than 90 days, but no more than 180 days prior to the termination of the then current lease term. The security deposit shall be increased to equal one and one half (1.5) of the then Base Monthly Rental.
11. Prevailing Wage Notice: Lessor acknowledges that Lessee is a political subdivision of the state and that Prevailing Wages may be required to be paid on the construction of any of Lessor’s Work. Labor Code Section 1720.2 provides that prevailing wages must be paid on any construction work done under private contract when all of the following conditions exist:

(a) The construction contract is between private persons or entities;

(b) The property subject to the construction contract is privately owned, but upon completion of the construction work, more than 50 percent of the assignable square feet of the property is leased to the state or a political subdivision for its use.

(c) Either of the following conditions exist:

(1) The lease agreement between the lessor and the state or political subdivision, as lessee, was entered into prior to the construction contract; or

(2) The construction work is performed according to plans, specifications, or criteria furnished by the state or political subdivision, and the lease agreement between the lessor and the state or political subdivision, as lessee, is entered into during, or upon completion of, the construction work.

It is understood between the parties that Lessee is leasing and is taking possession of the premises "AS-IS," and no work that could be subject to prevailing wage requirements is to be performed to the premises by Lessor nor Lessee at or after the execution of this lease agreement. Lessee further agrees that at any time any such work is necessary that Lessee shall be responsible for all costs associated with any such work to the premises or the building required by the Lessee or its governmental agencies.

12. Lessee's percentage of the Building is estimated to be 8.33% as it relates to Section 5 of the Lease.
13. Any capital improvements to the building that are performed as part of Section 5.3 shall be amortized over the useful life of the improvement. Lessee shall pay its share of the amortized useful life of the improvement based on the Lessee's lease term including any extensions and/or renewals.
14. Lessee shall have the right to make a separate claim to any jurisdiction necessary for any loss directly attributable to Lessee caused by any eminent domain or condemnation process that terminates and/or shortens the lease term of this lease.

EXHIBIT C

SIGN CRITERIA & RULES

Attached to and made part of Lease bearing the Lease Reference Date of May 22, 2024, between RIBEIRO CALIFORNIA II, LLC, as LESSOR and EL DORADO LOCAL AGENCY FORMATION COMMISSION, as LESSEE for Premises known as 1190 SUNCAST LANE, Suite 11, EL DORADO HILLS, EL DORADO COUNTY, CALIFORNIA 95762.

SIGNAGE CRITERIA

I. General Requirements – All Buildings

- A. Tenant to submit to Lessor, before fabrication, for review and approval three (3) copies of any type of proposed signage. One copy to be colored showing compliance with the guidelines below. The drawing shall show the sign in relationship to the building elevation and the store front. Sign(s) shall in no way detract from the overall design of the Project. To assure architectural integrity to the buildings the use of all sign colors, details, dimensions, and materials will be subject to the Lessor's approval.
- B. Proposed signage submittal must include: size (all physical dimensions), lettering style (font), materials, method of installation, installation details, colors, logo design, number of locations, and special graphics.
- C. It shall be the tenant's responsibility, after obtaining Lessors written approval, to obtain the local governing agencies permit(s) and pay all fees associated with approvals and inspections.
- D. Signage to comply with local governing agency Signage Requirements and Specifications.
- E. Tenant shall pay for all sign(s) and their installation and maintenance.
- F. No sign maker's labels or other identification will be permitted on the exposed surface of the signs.
- G. Lessee shall be responsible for the fulfillment of all requirements and specifications.
- H. Sign contractor shall repair any damage caused by his work and tenant shall be fully responsible for the operations of their sign contractor(s). Sign Contractor shall carry Worker's Compensation Insurance in the amount of One Million Dollars (\$1,000,000) for a combined single limit against all damage suffered or done to any and all persons and/or property while engaged in the construction or erection of signs.
- I. If the sign is ever removed for replacement or due to termination of tenant's lease, without limitation, Lessee shall specifically be required to fill in a workmanship manner any holes left in the fascia or building by removing the sign and refinish or cause to refinish the fascia or building so the condition is the same as when Tenant took occupancy the Premises.
- J. Any signage installed without the prior submittal, review, and approval of the Lessor will be required to be removed at Lessee's cost. No review of any signage application will occur until such non-approved signage is removed. Lessor reserves the right to take down or remove such non-approved signage and charge the Lessee for all costs associated with such removal. Lessor further reserves the right to fine Lessee for installing any signage that has not been approved by the Lessor prior to installation or signage that deviates from what is approved.

II. Building Signage – Professional Office

- A. Submittal Requirement: A complete drawing showing the location on the building, size, color, material, and layout of the sign fully dimensioned on the building must be submitted to the Lessor for written approval. Approval must be obtained prior to installation of the signage.
- B. Lettering Material: Sign shall be constructed of individual cast aluminum or other approved material attached to the sign panel as detailed below with construction adhesive.
- C. Signage Color: The color shall be Dark Bronze #313 and shall match the building address numbering.
- D. Typestyle shall be Optima Medium or Optima Bold only.
- E. Sign Sizing: Each individual tenant sign shall not exceed SIX (6) FEET (8) INCHES in length and ONE (1) FOOT (4) INCHES in height per the building signage detail. Office use is permitted 0.5 (one half) square feet of sign area for each lineal foot of primary frontage up to a maximum of 50 square feet. Only non-illuminated signs are permitted for office use.
- F. Two Lines of Copy: There may be a maximum of two (2) lines of copy if necessary to be approved by Lessor.
- G. Lettering Size: Letter height shall be 7" for all upper case copy or 7" capitals and 6" lower case for mixed copy. A maximum of two lines may be used. The second line may be used for a subheading, but letter size shall not be less than 5". Prior to installation, a drawing showing the location on the building, size, color, material, and layout of the sign fully dimensioned on the building must be submitted to the Lessor for written approval.
- H. Logo Sign: Corporate logos may be allowed for tenants with registered trademarks. Any Lessee desiring to use a Logo or franchise signage must submit a written request and drawing showing size and dimensioned layout to the Lessor for review and consideration. The request should follow these specifications as closely as possible. The Lessor will notify Lessee in writing of its decision on whether or not to allow the requested signage.
- I. Sign Location: Tenants with (2) suites side by side with street frontage are allowed one (1) sign, not to exceed their maximum allowed sign area. A single tenant occupying the free standing pad building is permitted signage on two (2) sides maximum in accordance with the allowable sign area. Signs shall be placed on building frontages facing the street or parking lot and will not project above the roof line.
- J. Prior to commencing work, Lessee must obtain signage permit (if required).
- K. All signs shall comply with applicable building codes. All penetrations of the exterior surfaces shall be sealed water tight with color and finish to match adjacent materials.
- L. The expense of fabrication and installation of all signs, including permits shall be the responsibility of the Lessee, who shall be responsible for compliance with all applicable codes and with these criteria.
- M. No projections beyond the sign area will be permitted.
- N. Except as provided, herein no advertising placards, banners, pennants, names, insignia, trademarks, or other descriptive material shall be affixed or maintained upon the glass panels and supports of the windows and doors or upon the exterior walls of the building or storefronts.

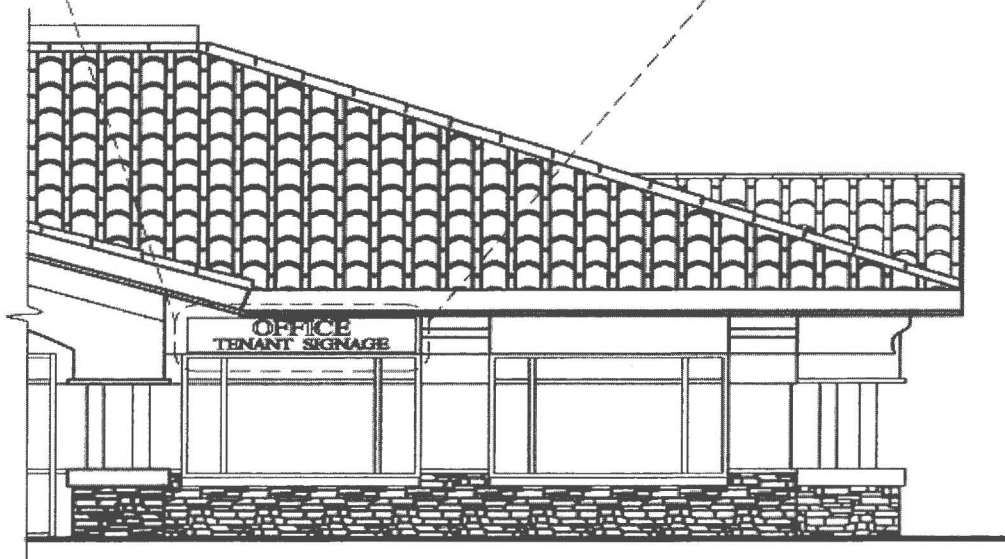
- O. Lessee shall be responsible for any damage to any portion of the structure and finish caused by Lessee's sign company.
- P. Only (6) penetrations shall be made with receiving fasteners located and installed as detailed below. Failure to follow the installation and mounting requirements herein will cause the forfeiture of Lessee's sign deposit and/or additional fines imposed on Lessee.
- Q. No animated flashing or audible signs will be permitted.
- R. Signage may not be lit.
- S. Lessee shall submit a sign deposit in the amount of \$1,500.00 to Lessor with the submittal for Building signage. Submittals will not be reviewed until the full sign deposit is received by Lessor. Sign deposits will be returned to Lessee upon the removal of Lessee's building sign, and Lessor has verified that the sign area is in the condition it was prior to Lessee's sign being installed.
- T. Lessee shall submit a sign review fee in the amount of \$75.00 to Lessor with the submittal for building signage. Submittals will not be reviewed until the full sign review fee is received by Lessor.

BUILDING SIGNAGE

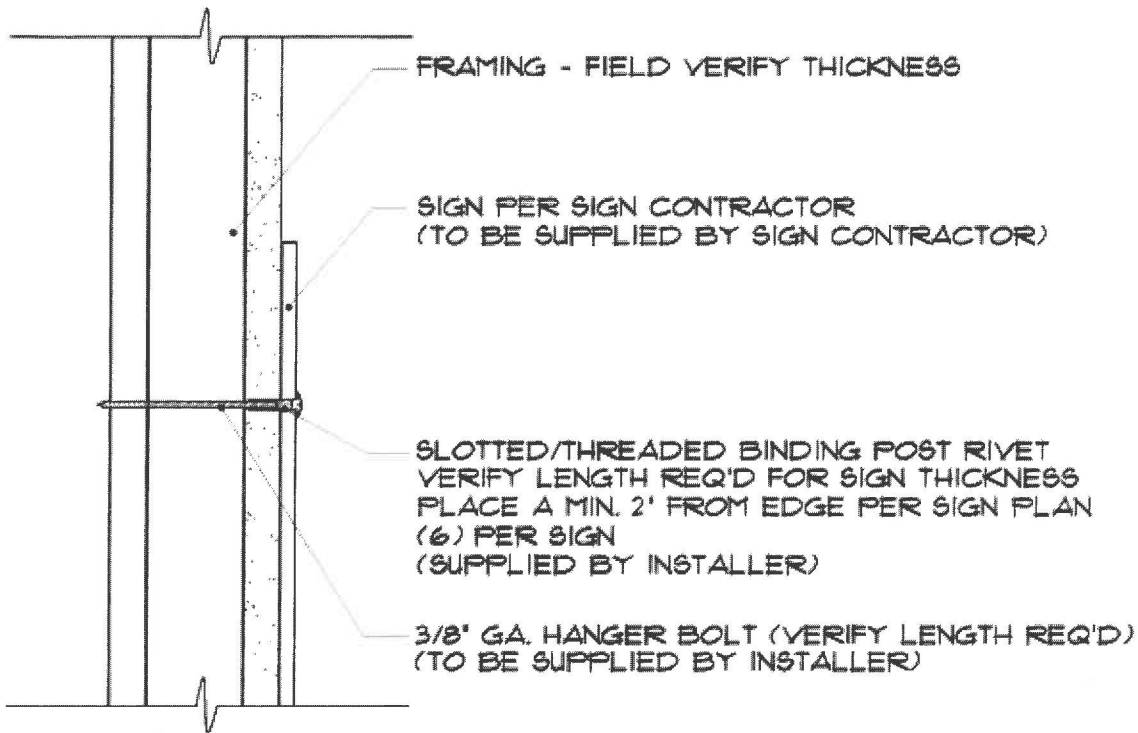
TYPESTYLE: OPTIMA REGULAR OR BOLD
 COLOR: ARCHITECTURAL BRONZE #313 (TO MATCH BUILDING ADDRESS)
 FINISH: ANODIZED
 MATERIALS: ALUMINUM CAST

7" CAPITALS AND 6" LOWER CASE OR ALL 7" CAPITALS
 SUBHEADINGS NOT SMALLER THAN 5"

DEPENDING ON LOCATION OF SIGNAGE, MEASUREMENTS OF FACADE SHOULD BE TAKEN TO ASSURE PROPER MARGINS ARE AVAILABLE.



SIGN FASTENING DETAIL

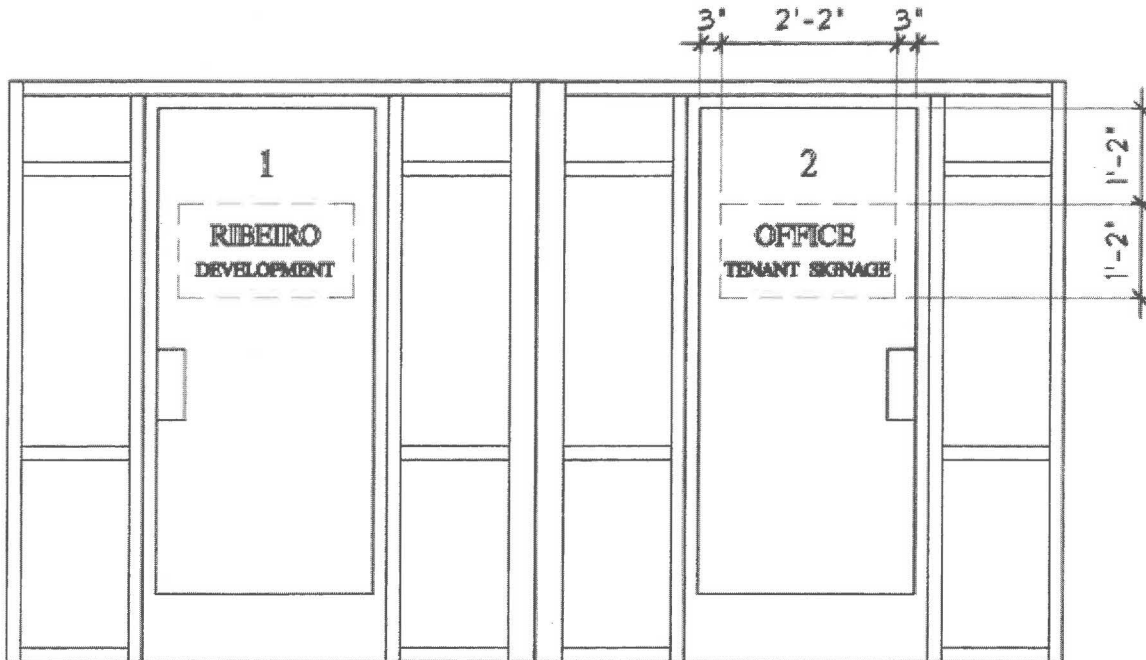


III. Door Signage – Professional Office

- A. Lettering Sizing and Font: Lettering to be a maximum height of three (3) inches and a minimum height of 0.75 inches with an Optima Bold font.
- B. Sign Colors: Lettering color shall be white only. Any colors proposed other than the project's doorway sign colors are to be approved in writing by landlord and approval may be withheld for any reason.
- C. Submittals: Prior to installation, a complete drawing showing the location, size, and layout of the sign fully dimensioned on the doorway must be submitted to the Lessor for written approval.
- D. Logos: Corporate logos may be allowed for tenants with registered trademarks. Any Lessee desiring to use a Logo or franchise signage must submit a written request on Lessee's letterhead and drawing fully dimensioned with color and to scale to the Lessor for review and approval. The request should follow these specifications as closely as possible. The Lessor will notify Lessee in writing of its decision on whether or not to allow the requested signage.
- E. Sign Location: Signage shall be positioned within the area indicated on the detail below, within the criteria herein.
- F. Signage Area: The maximum signage area that shall be allowed on any door shall be 2.5 square feet or 360 square inches.
- G. All Doorway signage shall be in accordance with these rules. No exceptions.
- H. Lessee shall submit a sign review fee in the amount of \$75.00 to Lessor with the submittal for door signage. Submittals will not be reviewed until the full sign review fee is received by Lessor.

PEDESTRIAN DOOR SIGNAGE

IN ACCORDANCE WITH SECTION IT OF THE LEASE, NO SUBSTITUTIONS
TYPICAL TENANT SIGN FOR FRONT OFFICE WITH GLASS FRONT DOOR



IV. Restrictions – All Buildings

- A. Advertising devices such as attraction boards, posters, banners and flags are not permitted except upon approval of the Lessor (which may be withheld for any reason) and in accordance with the local governing agency Sign Ordinance. Written approval from Lessor and a local governing agency permit must be obtained by tenant for any temporary sign. The submittal requirements for temporary signs shall be the same as for permanent signs.
- B. No signage is permitted on the canopy roofs, awnings, or building roofs.
- C. No flashing, moving or audible signs are permitted.
- D. Vertical copy or sign projecting perpendicular to the building are to be reviewed and approved on a case by case basis. Lessor reserves the right to deny any vertical sign requests.
- E. No "Lost our Lease", "Going out of Business" or similar signage shall be allowed.
- F. No exposed bulb signs are permitted.
- G. No exposed neon lighting shall be used on signs, symbols, or decorative elements without being concealed.
- H. No exposed conduit, junction boxes, neon, tubing, or raceways will be permitted.
- I. All conduits, transformers, and other equipment shall be concealed (if any).
- J. No signs shall be placed on the inside of any window without the written approval of the Lessor. Under no circumstances will any neon or lit signs will be allowed to be placed in any window.

EXHIBIT D
Rent Concession Addendum

This Addendum, dated MAY 22, 2024, affects that certain Lease dated of even date herewith (the "Lease") by and between RIBEIRO CALIFORNIA II, LLC, a Nevada limited liability company ("Lessor"), and EL DORADO LOCAL AGENCY FORMATION COMMISSION ("Lessee"), for the property located at 1190 Suncast Lane, El Dorado Hills, CA 95762, known as suite(s) #11.

Lessor agrees that the Base Monthly Rent (as defined in the Lease) shall be conditionally abated for the period of Month One (1) through Month Two (2) in the amount of \$1,640.00 per month (the "Concession Rent"). In no event shall the Concession Rent amount exceed \$3,280.00. It is understood by Lessee that this conditional abatement of the Concession Rent does not include the abatement of any other Rent (as defined in the Lease) due under the Lease, including, without limitation, monthly water, sewer and restroom fees. Lessee remains responsible for all such charges and fees.

Whether or not Lessor elects to terminate the Lease on account of any default or breach by Lessee, if Lessee commits any material breach or default under the Lease (including, without limitation, in the event lessee defaults in the timely payment of any Rent due under the terms of the Lease or in the performance of any covenant contained in the Lease) which remains uncured after any applicable notice and cure period under the Lease, then: (a) Lessee shall immediately pay to Lessor upon demand a sum equal to the total amount of the Rent Concession described above that has been used by Lessee as of the date of the occurrence of the default or breach; (b) All of the Rent Concession that has not been used by Lessee as of the date of the occurrence of such default or breach shall thereby automatically terminate and become null and void, and Lessee shall thereafter pay all Rent when due under the Lease, without regard to the rent concession provision of this Addendum.

All other terms and conditions of the Lease shall remain in full force and effect.

LESSOR:

RIBEIRO CALIFORNIA II, LLC,
a Nevada limited liability company

By:  5/14/24

Name: Johnny R. Ribeiro
Title: Managing Member

LESSEE:

EL DORADO LOCAL AGENCY FORMATION
COMMISSION

By: _____

Name: Shiva Frentzen
Title:

EXHIBIT E

RULES AND REGULATIONS


It is further agreed that the following rules and regulations shall be and are hereby made a part of this Lease, and the Lessee agrees that its employees and agents, or any others permitted by the Lessee to occupy or enter said Premises, will at all times abide by said rules and regulations and that a default in the performance and observance thereof shall operate the same as any other defaults herein:

1. The sidewalks, entries, and driveways shall not be obstructed by the Lessee, or its agents, or used by them for any purpose other than ingress and egress to and from their Premises. Lessor may remove any such obstruction or thing including ashtrays, a-frame signs, trailers, etc. (unauthorized by Lessor) without notice or obligation to Lessee and at the Lessee's sole cost.
2. Lessee shall not place any movable objects, including, antennas, trash cans, outdoor furniture, etc., in the parking areas, landscaped area or other areas outside of said Premises, or on the roof of said Premises.
3. Lessee shall not use, keep or permit to be used or to be kept any foul or noxious gas or substance in the Premises, or permit or suffer the Premises to be occupied or used in a manner offensive or objectionable to Lessor or other occupants of the Building by reason of noise, odors and/or vibrations, or interfere in any way with other Lessees or those having business therein. Lessee shall maintain the leased Premises free from mice, bugs, and ants at Lessee's expense.
4. Lessor reserves the right to exclude or expel from the complex any person who in the judgment of the Lessor, is intoxicated or under the influence of liquor or drugs or who shall in any manner do any act in violation of the Rules and Regulations of the said project.
5. No outside storage of pallets, boxes, cartons, drums or any other containers or materials used in shipping or transport of goods is allowed. Lessee shall place all refuse in proper receptacles provided by Lessee at Lessee's expense on the Premises or inside enclosures (if any) provided by Lessor for the Building, and shall keep sidewalks and driveways outside the Building and lobbies, corridor stairwells, ducts or shafts of the Building free of all refuse.
6. No person shall go on the roof without Lessor's permission.
7. All goods, including material used to store goods, delivered to the Premises or Lessee shall be immediately moved into the Premises and shall not be left in parking or receiving areas overnight.
8. Lessee shall not install or operate any steam or gas engine or boiler in the Building. The use of oil, gas or inflammable liquids for heating, lighting or any other purpose is expressly prohibited. Explosives or other articles deemed hazardous shall not be brought into the Building. Lessees shall not use any other method of heating than that supplied by Lessor.
9. The water closets, urinals, waste lines, vents or flues of the Building shall not be used for any purpose other than those for which they were constructed, and no rubbish, acids, vapors, newspapers or other such substances of any kind shall be thrown into them. The expense caused by any breakage, stoppage, or damage resulting from a violation of this rule by any Lessee, its employees, visitors, guests or licensees, shall be paid by Lessee.
10. The Premises shall not be used or permitted to be used for residential, lodging or sleeping purposes.
11. Except as permitted by Lessor, Lessee shall not mark upon, paint signs upon, cut, drill into, drive nails or screws into, or in any way deface the walls, ceilings, partitions or floors of their Premises or of the Building, and the repair cost of any defacement, damage, or injury caused by Lessee, its agent or employees shall be paid by the Lessee.
12. The cost of repairing any damage to the public partitions of the Building or the public facilities, or to any facilities used in common with other Lessees, caused by any Lessee or the employees, licensees, agents or invitees of the Lessee, shall be paid by such Lessee.

13. Lessor reserves the right to restrict or prohibit canvassing, soliciting or peddling in the Building or at the Premises.
14. If Lessee requires telegraphic, telephone, burglary alarm or similar services, it shall first obtain and comply with Lessor's instructions in their installation to the Premises.
15. Lessee shall not place a load upon any floor which exceeds the load per square foot which such floor was designed to carry and which is allowed by law. Lessor shall have the right to prescribe the weight, size, and position of all equipment, materials, furniture, or other property brought into the Premises. Heavy objects shall stand on such platforms as determined by Lessor to be necessary to properly distribute the weight. business machines and mechanical equipment belonging to Lessee which cause noise or vibration that may be transmitted to the structure of the Lessee's Premise or to any space therein to such degree as to be objectionable to Lessor or to any other tenants shall be place and maintained by Lessee, at Lessee's expense on vibration eliminators or other such devices sufficient to eliminate noise or vibration. The persons employed to move such equipment in or out of the Lessee's Premise must be acceptable to Lessor. Lessor will not be responsible for loss of, or damage to, any such equipment or other property from any cause, and all damage done to the Building by maintaining or moving such equipment or other property shall be repaired at the expense of the Lessee.
16. Lessee shall not install, maintain, or operate upon the Premises or in any common area any vending machine or video games or pay telephones without the Lessor's prior written consent.
17. Employees of the Lessor shall not perform any work to do anything outside of their regular duties unless under special instructions from Lessor. No employee of the Lessor is allowed or will admit any person (Lessee or otherwise) to any premise without the specific instructions from Lessor.
18. The Lessor reserves the right to make such other and further reasonable rules and regulations as in its judgment may from time to time be needful and desirable and for the safety, care and cleanliness of the Premises and for the preservation of good order therein.

RIBEIRO CALIFORNIA II, LLC
LESSOR

**EL DORADO LOCAL AGENCY
FORMATION COMMISSION**
LESSEE



JOHNNY R. RIBEIRO
MANAGING MEMBER OF
RIBEIRO CALIFORNIA II, LLC.

SHIVA FRENTZEN

5/14/24

DATE

DATE