

**AGREEMENT FOR DESIGN, ALTERATION, AND LEASE OF PREMISES LOCATED AT NORTHEAST CORNER
OF MAIN ST. AND OLIVE AVE, PORTERVILLE**

THIS AGREEMENT ("Agreement" or "Lease") is entered into and effective as of _____, 2018, by and between CORNERSTONE MAIN PARTNERS, L.P. ("Lessor") and the COUNTY OF TULARE ("County"). Lessor and County are each a "Party" and together are the "Parties" to this Agreement, which is made with respect to the following:

WHEREAS, Lessor is purchasing the real property located at the Northeast Corner of Main St. and Olive Ave. in the City of Porterville, County of Tulare, California, and more particularly described in Exhibit A, attached hereto, (the "Property"); and

WHEREAS, Tulare County desires to lease office space and parking at the "Property" after completion of improvements and alterations necessary for County's use; and

WHEREAS, Lessor is willing to construct and provide the necessary improvements and alterations to the 33,090 square feet of available space located on the Property (the "Building"), more particularly described and depicted in Exhibits A, A-1, B, C, and D attached hereto, (the "Premises"), and to enter into this Lease with County under the terms and conditions set forth below.

ACCORDINGLY, IT IS AGREED:

PART 1- IMPROVEMENTS AND ALTERATIONS TO REAL PROPERTY

1. DESIGN AND CONSTRUCTION

1.1 Schedule

1.1.1 County's Space Planning – Preparation of Preliminary Space Plans.

Attached hereto as Exhibit C, and incorporated herein by reference, are Construction Specifications designating Lessor's Work ("Lessor's Work") and County's Work ("County's Work") which describes the design, character and appearance of improvements to be constructed specifically for County's exclusive use of a portion of the interior of the Building. Said specifications include Lessor's responsibilities regarding County's installation of its Architectural Interior Demountable Furnishings and Modular Furnishings. Lessor's Work and County's Work together is referred to herein as the "Work."

County and Lessor acknowledge that Lessor has hired an architect prior to execution of this Agreement at Lessor's own cost to prepare drawings for space planning in anticipation of this Lease being executed by County and Lessor. County and Lessor further acknowledge and agree that said architectural space planning has been completed and approved by the County Department that will occupy the Premises; final space plans are described in Exhibit D. Coordination responsibilities between Lessor's contractor and County's interior wall / modular furniture contractor and County's Security Alarm contractor are further described in Exhibit C.

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1.1.2 Final Plans and Specifications

Within one hundred twenty (120) calendar days after execution of this Agreement, Lessor will provide County with two (2) sets of preliminary plans and specifications for the construction proposed for the Building, Premises, and related parking spaces on the Property. County and its Demountable and Modular Furnishings suppliers shall have a period of thirty (30) calendar days to review and request in writing changes to such plans and specifications. Within ninety (90) calendar days thereafter, Lessor will provide County with two (2) sets of final plans and specifications incorporating only such changes as were requested by County or agreed to by County consistent with Exhibits B, C, and D, and Lessor will promptly apply to the City of Porterville ("City") for a building permit for construction of the Building and related parking spaces.

1.1.3 Building Permit

Lessor and County anticipate that processing of the building permit application by the City will take approximately ninety (90) calendar days. Any changes to the final plans and specifications required by the City, including but not limited to first, second and/or third round plan checks, will be submitted to County for review and approval. Any such changes submitted to County must be approved or disapproved within ten (10) business days of the date of submission to County or they will be deemed approved. County's approval will not be unreasonably withheld, delayed or conditioned. The plans and specifications approved and issued by the City for permit shall be the "Final Plans". If County requests any changes to the Final Plans, County will pay any cost or expense incurred in connection with such changes. Following issuance of a building permit, and any additional approvals needed from agencies with jurisdiction over the Property, Lessor will proceed to make and construct the improvements and alterations called for in the final plans and specifications as approved by the City. Lessor will prosecute the Work to completion with reasonable diligence and in a good and workmanlike manner in compliance and conformance with the plans and specifications, the building permit, and all applicable codes, laws, rules, regulations and orders of governmental authorities having jurisdiction over the Work. Subject to approval by City's Building Inspector, Lessor and County may agree in writing to changes in the Work at any time.

1.1.4 Completion of the Work

Lessor will cause the Work to be completed within three hundred and sixty (360) calendar days after issuance of the building permit, plus such extensions of time, if any, made necessary by causes which could not be reasonably anticipated by a prudent developer, and/or over which Lessor has no control. The anticipated time frame to complete construction explicitly excludes County's installation of its Demountable furnishings.

1.1.5 Special Coordination among Contractors

- a. **Early Entry:** With Lessor's written prior consent, County may, at County's own risk and expense, enter the Premises prior to the Date of Possession. The entry may be made solely to install Demountable/Modular furnishings and shall be subject to the following terms and conditions:
- i. Lessor's Construction contractors and County's Demountable/Modular furnishing Contractor are to cooperate and coordinate to ensure a timely and efficient installation exercising commercially reasonable efforts to avoid interference with the performance of Lessor's and County's Work.
 - ii. County's early entry may not interfere with the construction of any Work or cause labor difficulties;

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- iii. County's early entry must be on all the terms and conditions of this Lease, other than the obligation to pay Base Rent or Fixed Common Area Rent;
- iv. County shall provide evidence of liability insurance as required by this Lease;
- v. County shall indemnify, defend, and hold harmless Lessor and Lessor's agents, employees, and contractors against all claims, liability, or damages including but not limited to attorney fees and costs arising from the early entry (other than matters arising from Lessor's active negligence or willful misconduct);
- vi. County's early entry does not constitute the commencement date of the Lease; and
- vii. County will comply with all reasonable entry, access, construction and staging rules and restrictions imposed by Lessor.

b. In order to facilitate its planned move-in, if County elects to proceed under this Paragraph 1.1.5 then County will install all of its Demountable furnishings, then cease work until after Lessor has obtained the required Certificate of Occupancy or Final Inspection card as provided in Paragraph 2.1. County expressly understands that partially installed Demountable furnishings, and partially installed data racks may prevent Lessor from obtaining said Certificate and that any delay as a result of County's partial installation will allow for a delay in the Completion of the Work as defined in Section 1.1.4 by the number of days of actual delay in the City's issuance of the Certificate. Upon County's acceptance of the Premises as evidenced by County's Possession pursuant to paragraph 2.2 below, County shall commence installation of its Modular Furnishings without delay. Lessor is expressly aware that Lessor's duty to complete all electrical connections to said modular furnishings continues until completion which may be beyond the date of Possession, and that the City may require that additional permits be issued, said permits shall be County's responsibility to obtain at County's sole cost and expense. County's Demountable/Modular Furnishings Contractor will, upon Lessor's request, lay out locations of Demountables for Lessor's T-Bar ceiling. County's Contractor shall ensure correct ceiling height. County's Demountable/Modular Furnishings Contractor will upon Lessor's request promptly lay out locations for Lessor's Flooring contractor showing where all Demountable furnishings separate carpet tiles from Vinyl Cement Tile (VCT).

1.2 Prevailing Wage Laws; Indemnity

Lessor acknowledges that the Work is subject to such prevailing wage, apprenticeship, and anti-discrimination provisions of the California Labor Code as are applicable to public works projects contracted for by County. Lessor will require all contractors and subcontractors used in the Work to maintain and to make available to County, at no cost to County, on a weekly basis, all certified payroll records required to be maintained and furnished pursuant to Labor Code section 1776. Lessor's construction contract(s) will require that the contractor(s) and subcontractor(s) maintain complete and accurate records with respect to the funds expended in the construction of the Work and will require that the contractor(s) and subcontractor(s) provide access to the County's Auditor and to the State of California auditors, and to their agents and representatives, for the purpose of auditing and/or copying such records for a period of five (5) years from the date of this Agreement. Lessor will require that all such records be prepared in accordance with generally accepted bookkeeping procedures, be clearly identified, and be readily accessible within the County of Tulare, upon request.

1.3 County's Right to Inspect and Consult

During the course of the Work, County during normal Work hours, at its own risk, will have the right, at its own expense, to inspect the Work and daily job records at any and all reasonable times, and to consult with any contractor or subcontractor, Lessor's Architect, and with City's building officials as to

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the compliance of any aspect of the Work with the approved final plans and specifications, the building permit, and applicable codes, laws, rules, regulations and orders. In the event of a dispute between Lessor and County as to compliance with the building permit or applicable codes, laws, rules, regulations or orders, the dispute will be submitted to the City's building official for resolution and the decision of City's building official will be controlling and binding on both Parties. County's right to inspect and consult as set forth above does not include any right to direct or interfere with the work being carried out by Lessor's architects, contractors or subcontractors. County must indemnify, defend, and hold harmless Lessor and Lessor's agents, employees, and contractors against all claims, liability, and damages including attorney fees arising from the entry into the Premises or from inspection of the Work (other than matters arising from Lessor's active negligence, willful misconduct, or costs of correcting any aspect of the Work found not to be in compliance with the approved final plans and specifications, the building permit, and applicable codes, laws, rules, regulations and orders). County will comply with all reasonable entry, access, construction and staging rules and restrictions imposed by Lessor.

1.4 Lessor's Construction Phase Insurance

Prior to the execution of this Agreement by County, Lessor shall file with the Clerk of the Board of Supervisors evidence of the required insurance as set forth in Exhibit E attached.

1.5 Liquidated Damages

Lessor acknowledges that County will be contracting for services to move furniture and equipment into the Premises and begin providing public services from the Property in reliance on Lessor's timely completion of the Work, and that damages to County resulting from any delay in taking possession of the Property will be extremely difficult or impractical to determine. If, through no fault of County, with the exception of a delay caused by any reason as described in Paragraph 1.1.5.b or a Force Majeure Lessor does not provide County with a Certificate of Occupancy issued by the City within the time required in Paragraph 1.1.4 above, then Lessor will compensate County by deducting from any amount otherwise payable by County on commencement of the Lease term an amount equal to \$2,000.00 for each day of delay, as liquidated damages and not as a penalty. The Parties agree that the aforesaid amounts are reasonable estimates of and reasonable sums for such damages. If the amount of liquidated damages exceeds the total of all amounts payable by County on commencement of the Lease term, the excess amount will be deducted from each monthly rental payment as it falls due, until the entire amount of liquidated damages is deducted.

1.6 County's Right to Terminate

a. If, through no fault of County, with the exception of a delay caused by any reason as described in Paragraph 1.1.5.b or a Force Majeure, a Certificate of Occupancy or an unconditional "Final Inspection Card" is not provided to County within ninety (90) calendar days after the time required in Paragraph 1.1.4 above, then County's Board of Supervisors, at its sole discretion, may elect to terminate this Agreement by giving Lessor written notice of termination. Within five (5) business days of receipt of such notice, Lessor will promptly pay to County any liquidated damages owing.

b. Upon termination or expiration of this Agreement, the Parties thereafter shall have no further obligations to each other hereunder, except for any indemnification obligations under Section 11 that arose prior to such termination.

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1.7 Records and Audit

Lessor will maintain complete and accurate records with respect to all funds expended in the construction, alteration or remodeling of the Property. All such records will be prepared in accordance with good book keeping practices and procedures, will be clearly identified, and will be made readily accessible to the County of Tulare upon request. Lessor will provide access to such records upon request to the Tulare County Auditor or the State of California, and to their agents and representatives, for the purpose of auditing and/or copying such records for a period of five (5) years from the date of this Agreement.

1.8 County's Authorized Agent

The Tulare County General Services Agency Director, or designee, will be County's authorized agent for approving or objecting to the plans and specifications and changes thereto, as well as for carrying out County's administrative responsibilities during the course of the Work.

PART 2 - LEASE OF REAL PROPERTY

2. LEASE, TERM, OPTION TO EXTEND, HOLDOVER

2.1 Lease

If this Agreement is not terminated under the terms of Paragraph 1.6, above, then upon completion of the Work delineated in Exhibits C and D, and delivery by Lessor to County of an unconditional "Certificate of Occupancy" or an unconditional "Final Inspection Card" for the Premises (the "Certificate"), then County's lease of the "Premises" shall commence in accordance with and pursuant to this Agreement.

2.2 County's Date of Possession and Term

a. County will be entitled to exclusive possession of the Premises beginning on the date Lessor completes the Work delineated in Exhibits C and D and delivers to County the Certificate, hereinafter referred to as "The Date of Possession". The term of this Lease shall terminate twenty (20) years from the first day of the first full month following the County's Date of Possession. This period shall be known as the "Initial Term" of this Lease.

b. The Lease Commencement Date will be the date that is the first day of the first full month following the County's Date of Possession (the "Lease Commencement Date"); notwithstanding anything to the contrary herein, the obligation of County to commence and continue to pay Rent as set forth in Section 3.1.1 of this Agreement, shall commence on the Lease Commencement Date.

2.3 County's Option to Extend Term

Provided County is not then in default of this Lease, County may extend this Lease for three (3) consecutive terms of five (5) years each from the expiration date of the Initial Term, or the extension thereof, (each an "Option Term") under the same terms and conditions, by serving a Notice of Election to Extend on Lessor at least six (6) months before the expiration of the then-current term; provided however that County's failure to exercise any right to extend the Term of this Lease shall result in the termination of any right to future extension of the Term. The base rental rate for the Option Term(s) shall upon the beginning of each Option Term carry over from the prior year Base Rent amount and shall increase by (2%) each year on the anniversary of the Rent Commencement Date thereafter.

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2.4 Holdover with Consent

If County holds over beyond the expiration of the Initial Term or the renewed terms of this Lease with the written consent of Lessor, then the holding over will be deemed a year-to-year tenancy on the same terms and conditions as the Initial Term, including the annual percentage rent increase as delineated in Paragraph 3.1.1, A., until the tenancy is terminated

2.5 Holdover without Consent

If County holds over beyond the expiration of the Initial Term or the renewed term of this Lease without the written consent of Lessor, then the holding over will be deemed a month-to-month tenancy at the then current rental rate, terminable on thirty (30) days written notice given at any time by either Party.

3. RENT AND OTHER PAYMENTS

3.1 Amount

The Rent Commencement Date will be the first day of the first full month following the County's Date of Possession ("Rent Commencement Date"). County will pay to Lessor, the rent for use of the Premises ("Base Rent") and for maintenance, operation and repairing of the Premises and associated parking lot as set forth in Section 5.1 ("Fixed Common Area Rent"), and any utilities as set forth in Section 6.2 collectively the "Rent") as follows:

3.1.1 Fixed Base Rent and Common Area Maintenance Rent

a. Fixed "Base Rent": County shall pay Lessor on a monthly basis for the lease of the Premises, beginning on the Rent Commencement Date at the address noted in Section 3.1.2 rent in the amount of Sixty-Nine Thousand Four Hundred Eighty-Nine and No/100 Dollars (\$69,489.00) per month which is based on Two and 10/100 Dollars (\$2.10) per month, per net rentable square foot of the Premises (which is agreed to be 33,090 square feet). Base Rent shall increase by (2%) each year on the anniversary of the Rent Commencement Date.

b. "Fixed Common Area Rent" from the Date of Possession for all Operating Expenses as set forth in Exhibit "E". From the Rent Commencement Date through the first full calendar year following the Rent Commencement Date, County shall pay to Lessor, as a Fixed Common Area Rent, an amount equal to \$_0.28 PSF. In the second calendar year, County's Fixed Common Area Rent shall be the product of County's Fixed Common Area Rent payable for the first calendar year multiplied by 1.02 (i.e. \$0.28 x 1.02 = \$0.286). County's Fixed Common Area Rent for each calendar year thereafter during the term of this Lease (including Extension Period(s), if any) shall be County's Fixed Common Area Rent payable for the immediately preceding calendar year multiplied by 1.02.

c. Each such monthly installment of Rent shall be payable in advance on the first (1st) day of each month throughout the Term of this Lease, without notice or demand, and without any offset or deduction, except for such offsets or deductions as are expressly permitted under Paragraphs 1.5 above, 5.1.b. below, or Section 16 below. Should the Rent Commencement Date of this Lease commence on a day other than the first (1st) day of a month, the first monthly installment of Rent shall be prorated on the basis of a thirty (30) day month and shall be paid on the Rent Commencement Date.

3.2 Taxes and Assessments

Lessor and County mutually understand that if the County of Tulare Assessor determines that the County's leasehold interest created by this Lease constitutes a "change in ownership" of the Premises

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under applicable California law, including, but not limited to, Revenue and Taxation Code section 61, then the Assessor will not assess real property taxes for the Premises so long as County is a tenant under this Lease. However, if the County of Tulare Assessor assesses taxes for the Premises and bills the Lessor, then as part of the Fixed Common Area Rent (which shall be increased for the actual amount of County's allocable share of Real Property Taxes), County shall pay to Lessor all Real Property Taxes assessed to the Premises during the term, if any. To the extent reasonably determined from notes and records maintained by the County of Tulare Assessor, County's allocable share of Real Property Taxes shall be based on the value of the land and improvements for the Premises, as determined from the notes and records maintained by the County of Tulare Assessor's office.

a. "Real Property Taxes" shall mean all real property taxes and assessments levied and assessed during the term against the Real Property and Work. Lessor shall pay all such Real Property Taxes timely and when due. Notwithstanding anything to the contrary stated herein, Real Property Taxes shall not include any portion of any municipal, county, state, or federal income or franchise taxes payable by Lessor, or any municipal, county, state, or federal estate, succession, inheritance, or transfer taxes or capital levy payable by Lessor. If at any time during the term of the Lease the State of California or any political subdivision of the State, including any county, city and county, public corporation, district, or any other political entity or public corporation of the state, levies or assesses against Lessor a tax, fee, or excise on rents, on the square footage of the Premises, on the act of entering into this Lease, or on the occupancy of County, such tax, fee, or excise on rents shall be included in Real Property Taxes.

b. County shall cause County's trade fixtures, equipment, furnishings, furniture, merchandise, inventory, machinery, appliances and other personal property installed or located on or about the Premises (collectively, the "personal property") to be assessed and billed separately from the Premises, if at all. County shall pay before delinquency any and all taxes, assessments and public charges levied, assessed or imposed upon or against County's personal property. If any of County's personal property shall be assessed with the real property comprising the Premises, then County shall pay to Lessor, as additional rent, the amounts attributable to County's personal property within thirty (30) days after receipt of a written statement from Lessor setting forth the amount of such taxes, assessments and public charges attributable to County's personal property. County shall comply with the provisions of any law that requires County to file a report of County's personal property located on the Premises.

c. In no event shall County be liable for Real Property Taxes levied on the portion of the Property not a part of the Premises. As between Lessor and County, Lessor shall be responsible for the timely payment of all such Real Property Taxes."

3.3 County's and Lessor's Reconciliation Rights

a. On or before ninety (90) days following the end of each calendar year during the term of this Lease, Lessor shall deliver to County a reasonably detailed reconciliation statement (the "Reconciliation") showing the calculation of the actual Operating Expenses for the prior calendar year. If County's total payments of Operating Expenses for any year are more than actual Operating Expenses for such year, then Lessor promptly shall refund the excess to County, which obligation shall survive the expiration or termination of the Lease. For purposes of calculating Operating Expenses, a calendar year shall mean a full calendar year except the first year, which shall begin on the Rent Commencement Date, and the last year, which shall end on the expiration of this Lease.

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b. Lessor shall retain, for a period of three (3) years following the end of each calendar year, records relating to actual Operating Expenses. County shall have the right at any time within three (3) years from County's receipt of an annual Reconciliation provided by Lessor, at Lessor's place of business and at a mutually agreeable time, upon thirty (30) days written request to Lessor, at County's expense, to review Lessor's Operating Expense records. County shall provide Lessor with a copy of the results of the review. If the actual Operating Expenses for any calendar year are less than the Fixed Common Area Rent ascertained by an audit completed by County's in-house staff and Lessor agrees with County's audit, then



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commonly used in domestic or office use, or used by the County Health Department as a part of its customary medical or health functions, to the extent not in an amount, which, either individually or cumulatively, would be a "reportable quantity" under any applicable law. County covenants that, at its sole cost and expense, County will comply with all applicable laws with respect to the Release by County, its agents, employees, contractors or invitees of such permitted Hazardous Materials. Any Release beyond the scope allowed in this paragraph shall be subject to Lessor's prior consent, which may be withheld in Lessor's sole and absolute discretion so long as such discretion is consistent with applicable law, and shall require an amendment to the Lease in the event Lessor does consent which shall set forth the materials, scope of use, indemnification and any other matter required by Lessor in Lessor's sole and absolute discretion. County shall indemnify, defend and hold Lessor and Lessor's agents harmless from and against any and all claims, losses, damages, liabilities, or expenses and attorney fees arising in connection with the Release of Hazardous Materials in violation of Hazardous Materials laws by County, County's agents or any other person using the Premises or Building with County's knowledge and consent or authorization and the presence or existence of any Hazardous Materials in, on or under the Premises as of or prior to the Commencement Date of this Lease. County's obligation to defend, hold harmless and indemnify pursuant to this Section 4.3 shall survive Lease Termination.

b. As used in this Lease, the term "Hazardous Materials" means any chemical, substance, waste or material which has been or is hereafter determined by any federal, state or local governmental authority to be capable of posing risk of injury to health or safety including, without limitation, those substances included within the definitions of "hazardous substances," "hazardous materials," "toxic substances," or "solid waste" under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, the Resource Conservation and Recovery Act of 1976, and the Hazardous Materials Transportation Act, as amended, and in the regulations promulgated pursuant to said laws; those substances defined as "hazardous wastes" in section 25117 of the California Health & Safety Code, or as "hazardous substances" in section 25316 of the California Health & Safety Code, as amended, and in the regulations promulgated pursuant to said laws; those substances listed in the United States Department of Transportation Table (49 CFR 172.101 and amendments thereto) or designated by the Environmental Protection Agency (or any successor agency) as hazardous substances (see, e.g., 40 CFR Part 302 and amendments thereto); such other substances, materials and wastes which are or become regulated or become classified as hazardous or toxic under any laws including, without limitation, the California Health & Safety Code, Division 20, and Title 26 of the California Code of Regulations; and any material, waste or substance which is (i) petroleum, (ii) asbestos, (iii) polychlorinated biphenyls, (iv) designated as a "hazardous substance" pursuant to section 311 of the Clean Water Act of 1977, 33 U.S.C. sections 1251 et seq. (33 U.S.C. § 1321) or listed pursuant to section 307 of the Clean Water Act of 1977 (33 U.S.C. § 1317), as amended; (v) flammable explosives; (vi) radioactive materials; (vii) radon gas; or (viii) mold.

c. Lessor shall have the right, upon reasonable advance notice to County, to inspect, investigate, sample and/or monitor the Premises, including any soil, water, groundwater, or other sampling, to the extent reasonably necessary to determine whether County is complying with the terms of this Lease with respect to Hazardous Materials. Unless a previous inspection has disclosed a violation by County of the covenants contained in this Section 4.3, such inspections, investigations, sampling and/or monitoring shall be performed not more often than semiannually. In connection therewith, County shall provide Lessor with reasonable access to all portions of the Premises; provided, that any such inspection shall not unreasonably interfere with the operation of County's business on the Premises.



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5. MAINTENANCE, REPAIR AND UPKEEP

5.1 Lessor's Responsibilities

a. Except as provided in Paragraph 5.2 below, Lessor shall be responsible for all items of maintenance and repair as set forth in Exhibit E, all of which shall be included as a component of Operating Expenses payable monthly to Lessor by County as Fixed Common Area Rent. If Lessor is required by any code or regulation to construct any alteration as a result of County's particular and specific use or subsequent County alteration of the Premises or parking areas, or if Lessor is required to repair any deterioration or damage to the Premises or parking areas caused by County's clients or invitees, or by County's lack of ordinary care, then County will either pay or reimburse Lessor for the actual cost thereof within ten (10) days after request.

b. In cases of emergency, the Lessor will take immediate steps to protect persons and property. If the Lessor does not take the necessary steps, after reasonable notice and request by County, County will have the right, but not the obligation, to repair or contract to repair and to be reimbursed by Lessor. If the full amount of the reimbursement is not delivered by Lessor to County within thirty (30) days after County's delivery to Lessor of a written statement or bill evidencing the necessity and cost of the repair, then County will have the right to deduct the cost of repair from the next monthly rent payment. Except for cases of emergency, Lessor will make all repairs as soon as practicable. In the event Lessor has not made a repair referred to in a written notice from County to Lessor within thirty (30) days after date of notice (or if such failure to repair cannot be reasonably made within thirty (30) days and Lessor does not commence to repair within thirty (30) days after written notice thereof and diligently complete such repair within a reasonable time thereafter), then County will have the right to repair or contract to repair and be reimbursed by Lessor. If the full amount of the reimbursement is not delivered by Lessor to County within thirty (30) after County's delivery to Lessor of a written statement or bill evidencing the cost of the repair, then County will have the right to deduct the cost of repair from the next monthly rent payment.

- c. Lessor will not be required to make any repairs pursuant to the aforementioned resulting from:
- i. any alteration or modification to the Work delineated in Exhibit C or to mechanical equipment within the Work delineated in Exhibit C performed by, for, or because of County or to special equipment or systems installed by, for, or because of County;
 - ii. the installation, use, or operation of County's property, fixtures, and equipment;
 - iii. the moving of County's property in or out of the Premises;
 - iv. County's use or occupancy of the Premises in violation of Section 4 of this Lease or in the manner not contemplated by the Parties at the time of the execution of this Lease;
 - v. the acts or omissions of County and County's employees, agents, invitees, County's, licensees, or contractors;
 - vi. fire and other casualty, except as provided by Section 10 of this Lease; or
 - vii. condemnation, except as provided in Section 12 of this Lease.

5.2 Warranty Repairs

Lessor warrants that the Premises shall be free from defects in materials or workmanship for a period of one (1) year following the Date of Possession (the "Warranty Period"). Lessor shall promptly correct, at Lessor's sole cost and expense, any such defects (a "Warranty Repair") following written notice of a defect from the County. The Warranty referenced in this paragraph is in addition to warranties and related extended warranties provided by vendors, or others in connection with the construction of the

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Premises. Lessor shall have no obligation to commence repairs under this Section until a reasonable time (not to exceed ten (10) days) after receipt of written notice from County of the need for repairs. Lessor shall not be responsible for any damage due to County's use and occupancy of the Premises.

5.3 County's Responsibilities

Except for the portions of the Premises expressly required to be maintained by the Lessor under Section 5.1 above, County, at County's expense, shall be responsible for all items of maintenance and repair as assigned to County in Exhibit E. On the expiration or termination of this Lease, or any extension thereof, County will deliver the Premises to Lessor in as good condition and repair as existed on delivery of the Certificate, reasonable wear and tear and damage by the elements excepted. County will install and maintain, at County's expense, its own telephones and data equipment into data racks Lessor installs pursuant to Exhibit C. County will be responsible for the cost of any security response services desired by County. Upon request from Lessor, County shall provide Lessor with two telephone numbers (copper pairs terminated at MPOE) for use by Lessor to hook up and maintain any electronically monitored fire alarm or fire suppression equipment required by the City.

6. UTILITIES

6.1 Lessor's Responsibilities

Lessor shall be responsible for and County will pay its proportionate share through Fixed Common Area Rent for all utilities and services furnished to all parking areas including the cleaning and sweeping of said parking areas and shall ensure that the exterior lighting shall remain on from dusk until dawn. It is expressly understood and agreed Lessor shall have no other responsibilities as to the parking areas other than as stated herein, or in Exhibit E.

6.2 County's Responsibilities

County will be responsible for and will pay for all utilities and services furnished to and used on the Premises, including gas, electricity, telephone, water, trash collection, and all related transfer fees at receipt of Certificate of Occupancy. All such utilities shall be separately metered; if not separately metered County's pro rata share will be included in the Fixed Common Area Rent. This includes, without limitation, paying any deposits required by utility providers to establish a new customer utility account. Lessor will not be liable to County for any interruption in or curtailment of any utility service, nor will any interruption or curtailment constitute constructive eviction or grounds for abatement of rent. County shall reimburse Lessor for County's share of any utility charges not separately metered in the same manner as payment of Rent.

7. COUNTY'S ALTERATIONS

7.1 Alterations Permitted

County may make such non-structural alterations, additions or improvements to the interior of the Premises only as County deems necessary in order to conduct County's business on the Premises, including the addition, rerouting or expansion of electrical circuits, telephone and data lines. Subject to the prior written approval of Lessor (and the City if required), County may, at County's sole cost and expense including the cost to maintain and repair, install such signs, - or other advertising of County's or any related services to passing traffic, or on any exterior wall, door or window on the Building. Subject to written approval by Lessor, County, may relocate interior lighting to accommodate changes to County's Demountable furnishings. At County's request Lessor may provide County with written estimates or bids

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not to exceed \$such amount per project as County is authorized by the California Public Contract Code to contract for without seeking competitive bids (which amount will be \$60,000 as of January 1, 2019) and subject to all prevailing wage laws described in Paragraph 1.2 above in order to facilitate such changes. Such changes shall not obstruct parking or traffic within the parking areas, weaken or cause structural damage to the Building, or reduce the value of the Premises or result in a lien upon the Premises. Lessor shall have ten (10) business days after written notice of County's intent to relocate lighting, or install such signs, awnings, canopies, marquee's or other advertising of County's or any related services to give its approval or notice of any objections to such installations; Lessor's approval shall not be unreasonably withheld, conditioned or delayed. Lessor will be notified in writing before any other alterations, additions or improvements are undertaken by County. All such alterations, additions or improvements will be at County's sole expense, and County will keep the Premises free of any and all liens arising out of work performed by County. County shall secure Lessor's written consent before making any alterations costing \$2,500 or more, such consent to not be unreasonably withheld, conditioned or delayed, and County shall give Lessor at least ten (10) calendar days advance notice of commencement of work so that Lessor may post notices of non-responsibility.

7.2 Permits

County, at County's expense, will obtain all governmental permits required of County for such changes, and such changes must comply with all applicable laws and regulations, including, but not limited to, the Americans with Disabilities Act

7.3 Lessor's Inspection

Lessor may, at Lessor's own expense, inspect any of County's work carried out under the terms of this Section 7, and may consult with any of County's contractors or subcontractors, architects and building officials of the City, as to any aspect of such work.

8. LESSOR'S ALTERATIONS

8.1 Alterations Permitted

Lessor, at its sole cost and expense, may make such structural or non-structural alterations, additions or improvements to the Property, Building, or Premises as the Lessor deems necessary. Such changes shall not obstruct parking or traffic within the parking areas, weaken or cause structural damage to the Building, or reduce the value of the Premises or result in a lien upon the Premises. Lessor shall give County at least ten (10) calendar days advance written notice of commencement of work so that County may post notices of non-responsibility. In making any such alterations, additions or improvements, Lessor and its agents shall minimize any disruption to or interference with County's operations.

(Intentionally left blank.)

9. INSURANCE

9.1 Insurance

a. Liability Insurance. Lessor acknowledges and agrees that County is a self-insured governmental entity, and waives any requirement that County procure and/or maintain separate insurance policies of any kind, including liability and/or fire/extended coverage insurance, with respect to the Premises, Building, Property, or associated parking areas. Prior to execution of this Lease by County, Lessor shall file with the Clerk of the Board of Supervisors, evidence of the insurance as set forth in Exhibit F attached,

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which outlines the minimum scope, specifications and limits of insurance required of Lessor under this Lease. Additional insured endorsements required as outlined in Exhibit F shall not be used to reduce limits available to County as an additional insured from the Lessor's full policy limits. Insurance policies shall not be used to limit liability or to limit the indemnification provisions and requirements of this Lease or act in any way to reduce the policy coverage and limits available from the insurer (s). Failure to maintain or renew coverage, or to provide evidence of insurance renewal, for the duration of this Lease, including any Option Term or holdover period, may be considered a material breach of this Lease.

b. Waiver of Subrogation. Each Party shall cause each program of self-insurance and each insurance policy obtained by it to provide that the insurance company waives all right of recovery by way of subrogation against either Party in connection with any loss or claim covered by any policy.

10. DESTRUCTION OF PREMISES

10.1 Destruction of Premises

a. Definitions.

- i. "Premises Partial Damage" means damage or destruction to a part of the Premises (other than County's Work), which can reasonably be repaired in six (6) months or less from the date of the damage or destruction. Lessor shall notify County in writing within thirty (30) days from the date of the damage or destruction as to whether or not the damage is Partial or Total.
- ii. "Premises Total Destruction" means damage or destruction to the Premises (other than County Work), which cannot reasonably be repaired in six (6) months or less from the date of the damage or destruction. Lessor shall notify County in writing within thirty (30) days from the date of the damage or destruction as to whether or not the damage is Partial or Total.
- iii. "Insured Loss" means damage or destruction to Lessor's Work that are part of the Premises (other than County's Work), which was caused by an event required to be covered by Lessor's insurance described in Section 9, irrespective of any deductible amounts or coverage limits involved.
- iv. "Replacement Cost" means the cost to repair or rebuild the Work that are part of the Premises at the time of the occurrence (other than County's Work), to their condition existing immediately prior thereto, including demolition, debris removal and upgrading required by the operation of current legal requirements for such rebuilding, and without deduction for depreciation.
- v. "Commence" means either the unconditional authorization of the preparation of the required plans, or the beginning of the actual work on the Premises, whichever first occurs. The work to "commence" will be followed by diligent effort to complete.

b. Partial Damage - Insured Loss. If a Premises Partial Damage that is an Insured Loss occurs, then Lessor shall, at Lessor's expense, repair such damage (but not County's Work) as soon as reasonably possible and this Lease shall continue in full force and effect. County shall take such actions as necessary to ensure that all applicable proceeds of Lessor's insurance are available to Lessor. However, County shall, at Lessor's election, make the repair of any damage or destruction the total cost to repair of which is Ten Thousand Dollars (\$10,000) or less, and, in such event, Lessor shall take such actions as necessary to ensure that any applicable insurance proceeds are available to County for that purpose. Notwithstanding the foregoing, if the required insurance for Lessor's Work was not in force or the insurance proceeds are not sufficient to effect the repairs described in this Section, Lessor shall promptly contribute the shortage in proceeds (including any deductible which is Lessor's responsibility) as and

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when required to complete the repairs. Lessor shall not be entitled to reimbursement of any funds contributed by Lessor to repair any such damage or destruction.

c. **Partial Damage - Uninsured Loss.** If a Premises Partial Damage that is not an Insured Loss occurs, then Lessor may either: (i) repair such damage as soon as reasonably possible at Lessor's expense, in which event this Lease shall continue in full force and effect, or (ii) terminate this Lease by giving written notice to County within thirty (30) days after receipt by Lessor of knowledge of the occurrence of such damage. Such termination shall be effective one hundred eighty (180) days following the date of such notice. If Lessor elects to terminate this Lease, then County shall have the right within thirty (30) days after receipt of the termination notice to give written notice to Lessor of County's commitment to pay for the repair of such damage without reimbursement from Lessor. County shall provide Lessor with satisfactory assurance of such funds thereof within thirty (30) days after making such commitment. In such event this Lease shall continue in full force and effect, and Lessor shall proceed to make such repairs as soon as reasonably possible after the required funds are available. If County does not make the required commitment, then this Lease shall terminate as of the date specified in the termination notice.

d. **Total Destruction.** Notwithstanding any other provision hereof, if a Premises Total Destruction occurs, then Lessor shall have sixty (60) days to elect to either (i) proceed with due diligence to reconstruct the Building and/or the Premises to a condition substantially equivalent to their condition immediately before the damage or destruction or (ii) proceed with Lease termination which shall be no longer than ninety (90) days following such Destruction.

e. If the Premises are damaged or destroyed from any cause whatsoever before the last year of the Initial Term, Lessor will proceed with due diligence to repair or reconstruct the Premises to a condition substantially equivalent to their condition immediately before the damage or destruction. If such damage or destruction occurs during the last year of the Initial Term, Lessor will not be obligated to repair or reconstruct the Premises unless County exercises its right to extend the term in accordance with paragraph 2.3, above.

10.2 Rent Adjustment

Lessor will compensate County for any period of time during which County is unable to use the Premises because of destruction of the Premises as provided in this Section 10 by a pro-rata rent reduction based on square footage during the period of non-use.

11. INDEMNITY

11.1 County's Indemnity

To the fullest extent permitted by law, County will hold harmless, defend with legal counsel approved by Lessor, and indemnify Lessor and Lessor's officers, agents, employees, contractors, or invitees (each, a "Lessor Indemnified Party" and collectively, the "Lessor Indemnified Parties") from and against any liability, claims, actions, costs, damages or losses and expenses (including, without limitation, reasonable attorneys' fees and expenses) (individually, a "Claim"; collectively, "Claims") for injury, including death, to any person or damage to any property resulting from County's occupancy of the Premises or the negligent or intentionally wrongful acts or omissions of County or County's agents, employees or contractors and invitees with respect to the Premises. County's obligation will continue beyond the expiration or termination of this Agreement as to any act or omission which occurred before expiration

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or termination until action against the Indemnified Parties for the matter indemnified is fully and finally barred by the applicable statute of limitations or statute of repose. County shall further indemnify and hold harmless Lessor against and from any and all Claims arising from any breach or default in the performance of any obligation on County's part to be performed under the terms of this Lease.

11.2 Lessor's Indemnity

To the fullest extent permitted by law, Lessor will hold harmless, defend with legal counsel approved by County, and indemnify County and County's officers, agents, employees or contractors and invitees (each, a "County Indemnified Party" and collectively, the "County Indemnified Parties") from and against any liability, claims, actions, costs, damages, losses and expenses (including, without limitation, reasonable attorney's fees and expenses) (individually, a "Claim"; collectively, "Claims") for injury, including death, to any person, damage to any property, or enforcement actions under California Prevailing Wage laws with respect to Work done by Lessor, or by other applicable statute or ordinance; or resulting from the negligent or intentionally wrongful acts or omissions of Lessor or Lessor's agents, employees, contractors, or invitees with respect to the Premises. Lessor's obligation will continue beyond the expiration or termination of this Agreement as to any act or omission which occurred before expiration or termination until action against the Indemnified Parties for the matter indemnified is fully and finally barred by the applicable statute of limitations or statute of repose. Lessor shall further indemnify and hold harmless County against and from any and all Claims arising from any breach or default in the performance of any obligation on Lessor's part to be performed under the terms of this Lease.

11.3 Indemnity Obligations of the Parties

a. A Party's obligation to indemnify hereunder applies unless it is finally adjudicated or agreed that the liability was caused by the sole active negligence or sole willful misconduct of the other Party or Indemnified Parties. If it is finally adjudicated or agreed that liability was caused by the comparative active negligence or willful misconduct of both Parties, and/or their Indemnified Parties, then each Party's indemnification obligations shall be reduced in proportion to the established comparative liability.

b. The duty to defend is a separate and distinct obligation from a Party's duty to indemnify. Each Party shall be obligated to defend, in all legal, equitable, administrative, or special proceedings, the other Party and/or that Party's Indemnified Parties immediately upon tender to the indemnifying Party of the Claim in any form or at any stage of an action or proceeding, whether or not liability is established. Payment to the indemnifying Party by any Indemnified Party or the payment or advance of defense costs by any Indemnified Party cannot be a condition precedent to enforcing the Indemnified Party's rights to indemnification under this Agreement. An allegation or determination that persons other than the indemnifying Party are responsible for the Claim does not relieve the indemnifying Party from its separate and distinct obligation to defend under this section. The obligation to defend extends through final judgment, including exhaustion of any appeals. The defense obligation includes an obligation to provide independent defense counsel if the indemnifying Party asserts that liability is caused in whole or in part by the negligence or willful misconduct of the other Party and/or the other Party's Indemnified Parties. If it is finally adjudicated or agreed that liability was caused by the comparative active negligence or willful misconduct of both Parties and/or their Indemnified Parties, then the indemnifying Party may submit a claim to the other Party for reimbursement of reasonable attorneys' fees and defense costs in proportion to the established comparative liability of the Indemnified Party. The terms of this Section are contractual and the result of negotiation and agreement thereto between the Parties.

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c. Within ten (10) days of receipt of a claim for which a Party believes the other Party has a duty to defend or indemnify, the Party claimant shall provide written notice pursuant to Section 17.17. The obligation to defend does not arise until the Party obliged to defend receives actual written notice of a claim and demand to defend and indemnify.

12. CONDEMNATION

If the Premises are totally taken by condemnation (by a condemning authority other than County or a Joint Powers entity that of which County is a party), then this Lease shall terminate on the date of the taking and the Lessor shall, without prior notice or demand, refund to the County a prorated share of any Rent and additional rent previously paid for the period immediately after which the Premises or Building was taken. If 30% or more of any portion of the Premises is taken by condemnation (by a condemning authority other than County or a Joint Powers entity of which County is a party), and upon notice by Lessor of such taking, then County may elect to terminate this Lease. If County elects to terminate this Lease, County must exercise its right to terminate pursuant to this Section by giving notice to Lessor within thirty (30) days after County receives notice of the nature and the extent of the taking. If County does not terminate this Lease within the thirty (30) day period, then this Lease shall continue in full force and effect, except that: (i) the Base Rent shall be reduced by an amount that is in the same ratio to Rent as the total number of square feet in the Premises taken bears to the total number of square feet in the Premises immediately before the date of taking, and (ii) County's proportionate share of Fixed Common Area Rent shall be proportionately reduced. Any condemnation award shall belong to and be paid to Lessor. Notwithstanding anything to the contrary herein, County shall not exercise its power of eminent domain so as to result in the termination of this Agreement.

13. DEFAULT BY COUNTY

The occurrence of any of the following shall constitute a default by County:

a. Failure to pay Rent within five (5) days from the due date. Notwithstanding anything contained herein, due to the County's changeover of operating budgets in July of every year and the general delay this causes in the County's accounting department, County shall be permitted one (1) time a year to pay Rent owed within twenty-one (21) calendar days of the date due.

b. Failure to perform any other provision of this Lease if the failure to perform is not cured within thirty (30) days after written notice thereof has been given to County. If the default cannot reasonably be cured within thirty (30) days, then County shall not be in default of this Lease if County commences to cure the default within the thirty (30) day period and diligently and in good faith continues to cure the default.

c. Notices given under this Section shall specify the alleged default and applicable Lease provisions, and shall demand that County perform the provisions of this Lease or pay the Rent that is in arrears, as the case may be, within the applicable period of time, or quit the Premises. No such notice shall be deemed a forfeiture or a termination of this Lease unless Lessor so elects in the notice.

d. The County commencing condemnation proceedings pursuant to Section 12.



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14. LESSOR'S REMEDIES

Lessor shall have the following remedies if County commits a default. These remedies are not exclusive; they are cumulative and in addition to any remedies now or later allowed by law.

a. Lessor can continue this Lease in full force and effect, and the Lease will continue in effect as long as Lessor does not terminate County's right to possession, and Lessor shall have the right to collect Rent when due. During the period County is in default, Lessor can enter the Premises and relet them, or any part of them, to third parties for County's account. County shall be liable immediately to Lessor for all costs Lessor incurs in reletting the Premises, including, without limitation, broker's commissions, expenses of remodeling the Premises required by the reletting, and like costs. Reletting can be for a period shorter or longer than the remaining term of this Lease. County shall pay to Lessor the Rent due under this Lease on the dates the Rent is due, less the Rent Lessor receives from any reletting. No act by Lessor allowed by this Section shall terminate this Lease unless Lessor notifies County that Lessor elects to terminate this Lease.

b. In the event of a default by County, Lessor can terminate County's right to possession of the Premises upon sixty (60) days written notice. No act by Lessor other than giving written notice to County shall terminate this Lease. Acts of maintenance, efforts to relet the Premises, or the appointment of a receiver on Lessor's initiative to protect Lessor's interest under this Lease shall not constitute a termination of County's right to possession. On termination of County's right of possession, Lessor has the right to recover from County:

- i. The worth, at the time of the award, of the unpaid Rent that had been earned at the time of termination of this Lease;
- ii. The worth, at the time of the award, of the amount by which the unpaid Rent that would have been earned after the date of termination of this Lease until the time of award exceeds the amount of the loss of Rent that County proves could have been reasonably avoided;
- iii. The worth, at the time of the award, of the amount by which the unpaid Rent for the balance of the term after the time of award exceeds the amount of the loss of Rent that County proves could have been reasonably avoided; and
- iv. Any other amount, and court costs, necessary to compensate Lessor for all detriment proximately caused by County's default.
- v. "The worth, at the time of the award" is to be computed by discounting the amount of the discount rate of the Federal Reserve Bank of San Francisco at the time of the award, plus one percent (1%).

c. Lessor at any time after County commits a default, which is not cured during the applicable grace period, can cure the default at County's cost. If Lessor at any time, by reason of County's default, pays any sum or does any act that requires the payment of any sum, then the sum paid by Lessor shall be due from County upon twenty (20) days written notice from Lessor, which the sum, together shall be additional Rent.

15. DEFAULT BY LESSOR

The occurrence of any of the following shall constitute a default by Lessor:

a. Failure to perform any other provision of this Agreement, if the failure to perform is not cured within thirty (30) days after written notice thereof has been given to Lessor and Lessor's Lender (who shall be

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identified after Lease execution pursuant to Paragraph 17.29). If the default cannot reasonably be cured within thirty (30) days, then Lessor shall not be in default of this Lease if Lessor commences to cure the default within the thirty (30) day period and diligently and in good faith continues to cure the default.

b. Notices given under this Section shall specify the alleged default and applicable Lease provisions, and shall demand that Lessor perform the provisions of this Lease within the applicable period of time.

16. COUNTY'S REMEDIES

In the event that Lessor neither cures said default within thirty (30) days after receipt of written notice of default, or if having commenced said cure Lessor does not diligently pursue it to completion, then County may elect to cure said default at County's expense and, if such default constitutes a material breach to this Agreement, offset from Rent the actual cost to perform such cure; provided, however, that such offset shall not exceed an amount equal to one month's Base Rent, reserving County's right to seek reimbursement from Lessor for any such expense in excess of such offset. County shall document the cost of said cure and supply said documentation to Lessor upon request.

17. MISCELLANEOUS

17.1 Assignment and Subletting

a. County may not assign this Agreement, or sublet any portion of the Premises, without the prior written consent of Lessor, which consent will not be unreasonably withheld; however, County may assign or sublet all or any part of the Premises to any other governmental agency for the purpose of providing public services, without Lessor's consent.

b. Assignment will not release County from any liability incurred under this Agreement before the expiration of the Initial Term. Further, County shall not be relieved from its obligation to pay Rent or otherwise comply with the terms and conditions of this Agreement by reason of any acceptance of Rent (in whole or in part) by Lessor from any assignee, sublessee, grantee, or successor in interest of County prior to the expiration of the Initial Term. All such payments made to Lessor shall be deemed to have been received by Lessor on account of Rent or other monies due from County. Consent to any such assignment and subletting, or either, shall not operate as a waiver of the requirement of the consent of Lessor to any subsequent assignment and subletting, or either, and the terms of any such consent shall be binding upon any person holding by, under or through County. No assignment, subletting, or other disposition shall relieve County from its liabilities or obligations hereunder prior to the expiration of the Initial Term. Notwithstanding anything contained in this Section, an assignment of this Agreement during any Option Term by the County will release County from any liability incurred under this Agreement after the effective date of such assignment.

17.2 Quiet Enjoyment

Upon the payment of the rent and the performance of all the terms, covenants and conditions by County to be performed as herein provided, County will be allowed to peaceably and quietly hold and enjoy the Premises during the term of this Agreement, or any Option Term thereof as provided herein.

17.3 Surrender

a. County will peaceably surrender possession of the Premises upon the expiration or other termination of this Lease, and will return the Premises to Lessor in as good a condition as when received,

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reasonable wear and tear and damage from the elements excepted, except for so much of said Premises as may be injured or destroyed by fire, earthquake or other casualty not the fault of County, or taken by condemnation as so provided in Section 12 hereof.

b. All alterations, additions, improvements, signs, awnings, canopies, marquee's or other advertising installed by County shall be removed by County, at County's sole cost and expense, within ten (10) business days of the expiration or other termination of the Lease. County, at County sole cost and expense, will promptly repair any damage to the Premises caused by any such removal to Lessor's sole satisfaction.

c. Should County fail to remove all alterations, additions, improvements, signs, awnings, canopies, marquee's or other advertising installed by County within ten (10) business days of the expiration or other termination of the Lease, then Lessor can elect to retain or dispose of in any manner of any such alterations or County's personal property. Title to any such alterations or County's personal property that Lessor elects to retain or dispose of on expiration of the ten (10) business day period shall vest in Lessor. County waives all claims against Lessor for any damage to County resulting from Lessor's retention or disposition of any such alterations or County's personal property. County shall be liable to Lessor for Lessor's reasonable costs for storing, removing, and disposing of County's personal property (including any costs necessary to assure compliance with any applicable governmental rule or regulation). If County fails to surrender the Premises to Lessor on expiration of the Term as required by this Paragraph, then County shall hold Lessor harmless from all damages resulting from County's failure to timely surrender the Premises, including, without limitation, damages to a successor tenant resulting from County's failure to timely surrender the Premises. County waives the provisions of Civil Code sections 1993 et seq. with respect to the Premises.

17.4 Amendment

This Agreement may be modified, amended or terminated at any time by mutual consent in writing by the Parties hereto.

17.5 Entire Agreement Represented

This Agreement represents the entire understanding and agreement between Lessor and County as to its subject matter and no prior oral or written understanding or negotiation shall be of any force or effect. No part of this Agreement may be modified, waived or repealed without the written consent of both Parties.

17.6. Headings

Section headings are provided for organizational purposes only and do not in any manner affect the scope, meaning or intent of the provisions under the headings.

17.7 Interpretation

This Agreement reflects the contributions of both Parties and accordingly the provisions of Civil Code Section 1654 shall not apply to address and interpret any uncertainty.

17.8 No Third Party Beneficiaries

Unless expressly set forth, the Parties to this Agreement do not intend to and do not provide any third party benefit or enforceable legal or equitable right or remedy.

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17.9 Governing Law

This Agreement will be interpreted and governed under the laws of the State of California without reference to California conflicts of law principles. The Parties agree that this Agreement is made in and will be performed in Tulare County, California.

17.10 Waivers

The failure of either Party to insist on strict compliance with any provision of this Agreement will not be considered a waiver of any right to do so, whether for that breach or any subsequent breach. The acceptance by either Party of either performance or payment will not be considered to be a waiver of any preceding or subsequent breach of the Agreement by the other Party.

17.11 Exhibits

All Exhibits to this Agreement are fully incorporated into and are integral parts of this Agreement.

17.12 Conflict with Laws or Regulations; Severability

This Agreement is subject to all applicable laws and regulations. If any provision of this Agreement is found by any court or other legal authority, or is agreed by the Parties, to be in conflict with any code or regulation governing its subject, then the conflicting provision will be considered null and void. If the effect of nullifying any conflicting provision is such that a material benefit of the Agreement to either Party is lost, then the Agreement may be terminated at the option of the affected Party. If any provision of this Agreement is held to be illegal, unenforceable, or invalid for any reason, then the validity and enforceability of the remaining provisions of this Lease shall not be affected.

17.13 Further Assurances

Each Party will execute any additional documents and will perform any further acts which may be reasonably required to affect the purposes of this Agreement.

17.14 Assurances of Non-discrimination

Lessor will not discriminate in employment or the performance of the Work or in the provision of services called for under this Agreement on the basis of any characteristic or condition upon which discrimination is prohibited by state or federal law or regulation.

17.15 Lessor's Right to Enter to Inspect and Post

a. County will permit Lessor and its agents to enter upon the Premises at all reasonable times and with advance notice for any of the following purposes:

- i. To serve, post, or keep posted any notices required or allowed under provisions of this Lease; including, but not limited to the posting notices of non-responsibility for alterations or additions made by County,
- ii. the purpose of inspecting the Premises,
- iii. to do any necessary maintenance and to make any restoration to the Premises that Lessor has the right or obligation to perform
- iv. To show the Premises to prospective brokers, agents, lenders, buyers, and tenants within six (6) months prior to the expiration of the term of this Lease, or any extension thereof, or to place ordinary for-sale or for-lease signs.
- v. As provided by Civil Code section 1954.

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b. In making any entry into the Premises allowed under this Paragraph, Lessor and its agents shall minimize any disruption to or interference with County's operations. Lessor recognizes that certain information, materials and activities of County on the Premises are confidential and may not be disclosed to the public, including, but not limited to, active and sensitive law enforcement investigations and prosecutions, or civil or criminal defense activities. Accordingly, Lessor and its agents shall take no action to learn of or disclose any such confidential information, materials, or activities.

17.16 Encumbrance of Premises

Lessor may encumber the Premises so long as County's quiet enjoyment of the Premises is not disturbed thereby.

17.17 Notices

Any notice, consent, request, demand, or other communication required or permitted under this Lease shall be given in writing in one or more of the ways described below and shall be deemed effective if provided as follows: (i) by personal delivery, which shall be effective on personal delivery to the recipient; (ii) by first-class mail to the recipient at its address set forth below, which shall be effective 3 mail-delivery days after deposit in a United States Postal Service office or mailbox; (iii) by certified mail, return receipt requested, to the recipient at its address set forth below, which shall be effective on delivery, provided that delivery is confirmed by a return receipt; (iv) by overnight delivery by Federal Express/United Parcel Service or other nationally or regionally recognized overnight carrier with charges prepaid or charged to the sender's account, to the recipient at its address set forth below, which shall be effective on delivery, provided that delivery is confirmed by the delivery service; (v) by email transmission to the recipient at its e-mail address set forth below, using an established provider of registered e-mail services with headquarters in the United States that furnishes unmodifiable proof, (x) that the message was sent, (y) that the message was delivered to the recipient's e-mail server, and (z) of the time and date the message was delivered to the recipient, along with a verifiable electronic record of the content of the message. Any notice given by e-mail shall be deemed received on the next business day if it is received after 5:00 p.m. (recipient's time) or on a nonbusiness day. The Parties' addresses for purpose of giving notice under this Agreement are as follows. Any Party may change its address or email address by giving the other Party notice of the change in any manner permitted by this Agreement

17.17.1. Notice to Lessor

Cornerstone Main Partners, L.P.
C/O Paynter Realty and Investment, Inc.
17671 Irvine Blvd, Ste. 204
Tustin, CA 92780

17.17.2. Notice to County

Regarding administrative matters concerning the Work under PART 1 of this Agreement, when delivered to, or when mailed by certified mail, postage prepaid, to:

Tulare County General Services Agency
Attention: Property Management
2637 W. Burrell Ave. Suite 200
Visalia, CA 93291

Regarding all other matters concerning PARTS 1 or 2 of this Agreement, when delivered to, or when mailed by certified mail, postage prepaid to:

**AGREEMENT FOR DESIGN, ALTERATION, AND LEASE OF PREMISES LOCATED AT NORTHEAST CORNER
OF MAIN ST. AND OLIVE AVE, PORTERVILLE**

Clerk, Tulare County Board of Supervisors
County Administration Building
County Civic Center
2800 W. Burrel Ave.
Visalia, CA 93291

With a copy to:
Tulare County General Services Agency
Attention: Property Management
2637 W. Burrel Ave. Suite 200
Visalia, CA 93291

17.18 Heirs and Successors

This Agreement is binding on and will inure to the benefit of the heirs, executors, administrators, successors and assigns of the Parties, but nothing in this section shall be construed as consent by Lessor to any sublease or assignment by County.

17.19 Triplicate Originals; Counterparts

This Agreement will be executed in Triplicate originals. The Parties may sign this Agreement in counterparts, each of which is an original and all of which taken together form one single document.

17.20 Time of the Essence

Time is of the essence of each provision of this Agreement.

17.21 Enforcement of Lease

In the event that any litigation is necessary to enforce any provisions of this Agreement, the prevailing party shall be entitled to recover court costs in such action, any appeal therefrom and the enforcement thereof, but not attorney's fees.

17.22 Acknowledgement & Right to Record Memorandum

Lessor and County will sign a Memorandum of Lease in the form set forth in Exhibit G, and cause their signatures to the Memorandum to be acknowledged before a Notary Public, and either Party may thereafter record the Memorandum, and give the other Party notice of such recording. Upon the expiration or earlier termination of the term, either Party upon request will execute a document for recordation to terminate such memorandum.

17.23 Disputes and Dispute Resolution

Each Party shall continue with its responsibilities under this Agreement during any dispute. If a dispute arises out of or relating to this Agreement, or the breach of the Agreement, and if the dispute cannot be settled through negotiation, then the Parties agree first to try in good faith to settle the dispute by non-binding mediation, to be held in Tulare County, California, before resorting to litigation or some other dispute resolution procedure, unless the Parties mutually agree otherwise. The Parties must mutually select the mediator, but in case of disagreement, then the Parties will select the mediator by lot from among two nominations provided by each Party. The Parties will split equally all costs and fees required by the mediator; otherwise each Party will bear its own costs of mediation. If mediation fails to resolve the dispute within thirty (30) days, or such other time period to which the Parties may agree, then either Party may pursue litigation to resolve the dispute.

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17.24 Force Majeure

If either Party hereto is delayed or hindered in or prevented from the performance of any obligation required hereunder by Force Majeure, the time for performance of such obligation shall be extended for the period of the delay, provided that Force Majeure shall not excuse prompt and timely payments when due under this Lease except when (A) the Commencement Date is delayed by reason of Force Majeure, or (B) such payment is excused pursuant to other provisions of this Lease. However, no delay shall be excused by this Paragraph unless (1) the delayed Party notifies the other Party in writing of the delay within three (3) business days of the event giving rise to such delay, (2) the delayed Party has exhausted all other resources available at reasonable costs to avoid such delay, and (3) the delayed Party diligently pursues completion of the activity which was delayed. "Force Majeure" means a material delay beyond the reasonable control of the delayed Party caused by labor strikes, lock-outs, industry-wide inability to procure materials, extraordinary restrictive governmental laws or regulations (such as gas rationing), mass riots, civil disturbance, war, military power, sabotage, material fire or other material casualty, Severe Weather, or an extraordinary and material act of God (such as a tornado or earthquake), but excludes inadequacy of insurance proceeds, litigation or other disputes, financial inability, lack of suitable financing, delays of the delayed Party's contractor and failure to obtain approvals or permits unless otherwise caused by an event of Force Majeure. "Severe Weather" means weather that a reasonable person would find unusual and unanticipated at the time of the scheduling of the activity based on recent weather patterns for the period in question in the vicinity of the Premises, provided that the delayed Party delivers to the other Party, upon request, reasonable documentation from an unbiased weather authority substantiating such claim. Notwithstanding anything to the contrary in this Agreement, Force Majeure delays are not applicable to County's payment of Rent or either Party's payment of other charges due under this Agreement.

17.25 Estoppel Certificate

The County, within fourteen (14) days of written request from Lessor, will sign and return to Lessor an estoppel certificate in a form as may be reasonably required by a lender that states that this Lease is unmodified and in full force and effect, or in full force and effect as modified, and stating the modifications. The certificate also shall state the amount of monthly Rent, the dates of which the Rent has been paid in advance, and the amount of any security deposit or prepaid Rent.

17.26 Signs

County, at its cost, shall have the right to place and maintain signage on the entry to the Premises, subject to the approval of Lessor within ten (10) days of a written request therefor from the County as to exact location, appearance and size, such approval not to be unreasonably withheld, delayed, or conditioned and shall comply with all applicable laws, codes, master sign programs, and ordinances. County shall not have the right to place, construct, or maintain any other sign, advertisement, awning, banner, or other exterior decoration without Lessor's consent.

17.27 Subordination

a. County agrees to subordinate this Lease to the lien of any first, second or blanket mortgage, provided in Section 17.16, placed on the Property, provided only that so long as this Lease is in full force and effect (i) County's tenancy will not be disturbed, nor will this Lease be affected by any default under such mortgage; (ii) the rights of County under this Lease shall expressly survive and shall not be cut off; and (iii) this Lease shall continue in full force and effect.

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b. SNDA. If Lessor is not in default of this Lease beyond the applicable cure period, County will, within fourteen (14) calendar days of written request from Lessor execute and deliver to Lessor a Subordination, Non-Disturbance and Attornment Agreement ("SNDA") necessary to effectuate such subordination and non-disturbance, in a form as may be reasonably required by a lender as provided in Section 17.16.

17.28 Brokers

Lessor and County agree no real estate brokers are involved in this transaction. Lessor and County agree to mutually indemnify and defend each other pursuant to Section 11 in the event a Claim is made by a third party.

17.29 Parking

Lessor, under separate written agreement with the City of Porterville, will provide County with Exclusive Use of parking lots outlined in orange, blue and maroon on Exhibit "A-1" from the hours of 8 am to 5 pm Monday through Friday except on recognized national and state holidays during the Lease Term and any Options Terms hereunder. Lessor shall provide County with an executed copy of said agreement.

17.30 Financing

Lessor shall arrange and record construction and/or permanent financing of the Property for the Premises on terms and conditions acceptable to Lessor in Lessor's sole and absolute discretion ("Lessor's Financing"), within ninety (90) days of the date of execution of this Lease. County agrees to reasonably cooperate with Lessor in securing Lessor's Financing, but at no cost to County. County shall subordinate this Agreement to any security instrument e.g., a deed of trust, in favor of such lender(s) as provided in section 17.26 above.

17.31 Independent Contractor

In performance of the work, duties and obligations assumed by Lessor under this Lease, if any, it is mutually understood and agreed that Lessor, including any and all of the Lessor's officers, agents, and employees, will at all times be acting and performing as an independent contractor, and shall act in an independent capacity and not as an officer, agent, servant, employee, joint venture, partner, or associate of the County. Furthermore, County shall have no right to control or supervise or direct the manner or method by which Lessor shall perform its work and function; provided; Lessor shall satisfy and comply with its obligations as set forth herein.

Lessor and County shall comply with all applicable provisions of law and the rules and regulations, if any, of governmental authorities having jurisdiction over matters the subject thereof.

Because of its status as an independent contractor, Lessor shall have absolutely no right to employment rights and benefits available to County's employees. Lessor shall be solely liable and responsible for providing to, or on behalf of, its employees all legally-required employee benefits. In addition, Lessor shall be solely responsible and save County harmless from all matters relating to payment of Lessor's employees, including compliance with Social Security withholding and all other law and regulations governing such matters. It is acknowledged that during the term of this Agreement, Lessor may be providing services to others unrelated to the County or to this Agreement.



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17.32 Authority

Each Party represents and warrants to the other that the individual(s) signing this Agreement on its behalf are duly authorized and have legal capacity to sign this Agreement and bind the Party to its terms. Each Party acknowledges that the other Party has relied upon this representation and warranty in entering into this Agreement.

SECTION 18. OPTION TO PURCHASE / RIGHT OF FIRST REFUSAL

18.1 Purchase Option

In consideration of the mutual covenants of the Parties to the Agreement, Lessor hereby grants to County the ongoing option ("Option") to purchase the property at any time after the end of the first ten (10) years of the Initial Term of the Lease, with at least six (6) months prior written notice, ("Notice of Exercise") at Fair Market Value to be mutually agreed upon by the Parties. The date of value for the determination of "Fair Market Value" shall be the date of the Notice of Exercise. Fair Market Value shall be determined by the opinion of value of a Member of the Appraisal Institute (MAI) with at least 10 years full time commercial real estate experience in the area of the Property mutually agreed upon by the Parties to appraise and set the Fair Market Value for the purchase price. If the Lessor or County disagree with the opinion of value, then either Party may hire a separate MAI appraiser to perform the same appraisal and provide an opinion of value. If the other Party disagrees with this second opinion of value, then it may hire a third MAI appraiser to evaluate the two appraisals, perform its own appraisal of the Property, and provide a final opinion of value which the Parties hereto agree shall be the actual purchase price of the Property. All costs relative to the fees and expenses of each appraiser shall be paid for by the requesting Party. The purchase price of the Property shall not be below the "Floor Fair Market Value". The Floor Fair Market Value shall be a variable amount equal to (i) the then unpaid principal balance of Lessor's secured loan(s) for the Property, plus (ii) any prepayment, defeasance or similar costs or expenses which may result from the prepayment of Lessor's secured loan or indenture, and (iii) all legal, accounting and other charges and expenses incurred by Lessor in connection with the prepayment of Lessor's secured loan(s) or indenture(s). Notwithstanding the foregoing, the Option shall terminate if the County's rights of occupancy to the Premises under this Agreement are lawfully terminated prior to the expiration of the Lease Term.

a. **Brokers:** Lessor and County agree that no real estate brokers will be used in the above referenced transaction. Lessor and County agree to mutually indemnify and defend each other pursuant to Section 11 in the event a Claim is made by a third party.

b. **Escrow.** Following the Notice of Exercise, the Parties shall open an Escrow with an Escrow Holder mutually agreed upon by Lessor and County. The Close of Escrow shall occur no later than six (6) months after the delivery of the Notice of Exercise. The following sets forth other material terms and conditions of the purchase of the Property:

- i. **Conveyance: Title Policy.** At the Close of Escrow, Lessor shall deliver title to the Property to County by grant deed subject solely to the following exceptions to title:
 1. Exceptions for a lien for local real estate taxes and assessments not yet due or payable;
 2. Those exceptions that existed when the Premises were conveyed to the Lessor, except as to those exceptions to which County objects. As to the exceptions to which County objects, the Parties shall attempt to remove the exceptions or otherwise satisfy County's concerns regarding those exceptions.

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- ii. **Title Policy.** At the Closing, Escrow Holder shall issue a standard CLTA owner's policy of title insurance in the amount of the Purchase Price, naming County as the insured with respect to the Premises, insuring County that County is vested with fee simple title to the Premises, subject only to the permitted exceptions to title as described above.
 - iii. **Closing Costs and Prorations.** The costs of the Title Policy, and other Escrow fees and closing costs, shall be paid by each of the Parties in accordance with the local practice in Tulare County.
- c. **Further Assurances.** In addition to the acts and deeds recited herein and contemplated to be performed, executed or delivered by Lessor or County, the Parties each hereby agree to perform, execute and deliver, or cause to be performed, executed and delivered, any and all such further acts, deeds, documents and assurances as Lessor or County, as the case may be, may reasonably require in order to carry out the terms of and consummate fully the transactions contemplated by this Option in accordance with commercially reasonable terms.

18.2 Right of First Refusal

Lessor grants to County the right of first refusal to purchase the Property, subject to the terms and conditions below:

- a. If Lessor receives a written offer to purchase the Property from a bona fide buyer which Seller is willing to accept, then Lessor shall notify County of the selling price and any terms of payment acceptable to Lessor ("Lessor's ROFR Notice").
- b. County shall have the right for a period of ten (10) business days (the "Exercise Period") after receiving the Lessor's notice to provide notice to Lessor of its intent to exercise its right to purchase on terms stated in the notice. If County provides notice of its intent to exercise first right of its refusal, then Lessor and County shall proceed to settlement of such purchase. Notwithstanding anything to the contrary, the closing of the sale to County will occur no later than the later of (1) the closing date specific in the Lessor's ROFR Notice or (ii) 30 days after County's exercise of right of first refusal.
- c. In the event County does not give notice of County's election to exercise the right to purchase within such period, then this Lease and all of the terms and conditions shall nevertheless remain in full force and effect.

[THIS SPACE LEFT BLANK INTENTIONALLY; SIGNATURES FOLLOW ON NEXT PAGE]




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THE PARTIES, having read and considered the above provisions, indicate their agreement by their authorized signatures below.

LESSOR

CORNERSTONE MAIN PARTNERS, L.P.

Date: 11-9-18

By: 
David H. Paynter, General Partner

COUNTY

COUNTY OF TULARE

Date: _____

By: _____
Chairman, Board of Supervisors

ATTEST: JASON T. BRITT
County Administrative Officer/
Clerk of the Board of Supervisors

By _____
Deputy Clerk

Approved as to form:
County Counsel

By _____
Deputy County Counsel

Matter No. 20171882

**AGREEMENT FOR DESIGN, ALTERATION, AND LEASE OF PREMISES LOCATED AT NORTHEAST CORNER
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**EXHIBIT A
The "Property"**

Legal description

That portion of the Northwest quarter of the Northwest quarter, Section 36, Township 21 South, Range 27 East, Mount Diablo Base and Meridian, in the City of Porterville, County of Tulare, State of California, more particularly described as follows:

Lots 11, 12, 17, 18, 19, 20, 21 and 22 in Block 54 of the City of Porterville, in the City of Porterville, County of Tulare, State of California, according to the map thereof recorded in Book 3, Page 18 of Maps, Tulare County Records.

**EXHIBIT A-1
The "Site Plan"**

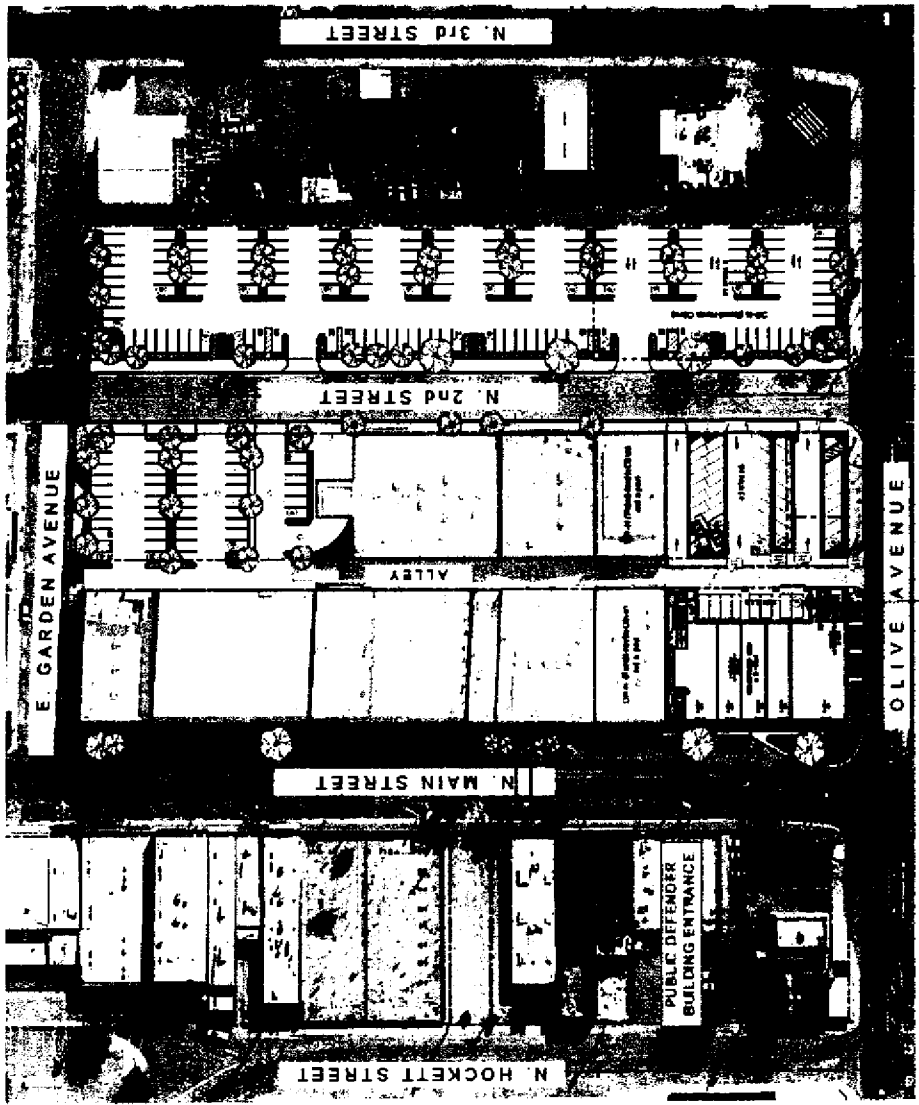
Exhibit "A"

<p>24 E. CH. N. MAIN STREET & OLIVE AVENUE & GARDEN AVENUE</p>		<p>VICINITY MAP SCALE: 1" = 100'</p>	<p>PROJECT DATA PROJECT NO.: 2015-001 DATE OF PLAN: 10/15/15 DATE OF MEETING: 10/15/15 PROJECT NAME: 24 E. CH. N. MAIN STREET & OLIVE AVENUE & GARDEN AVENUE PROJECT TYPE: 100% 1/12</p>	<p>PUBLIC DEFENDER EXCLUSIVE LOT 8:00 am - 7:00 pm Weekdays Only</p>	<p>DISTRICT ATTORNEY EXCLUSIVE LOT 8:00 am - 5:00 pm Weekdays Only</p>
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PROPOSED SITE PLAN

PROVISIONAL SITE PLAN SUBJECT TO CHANGE



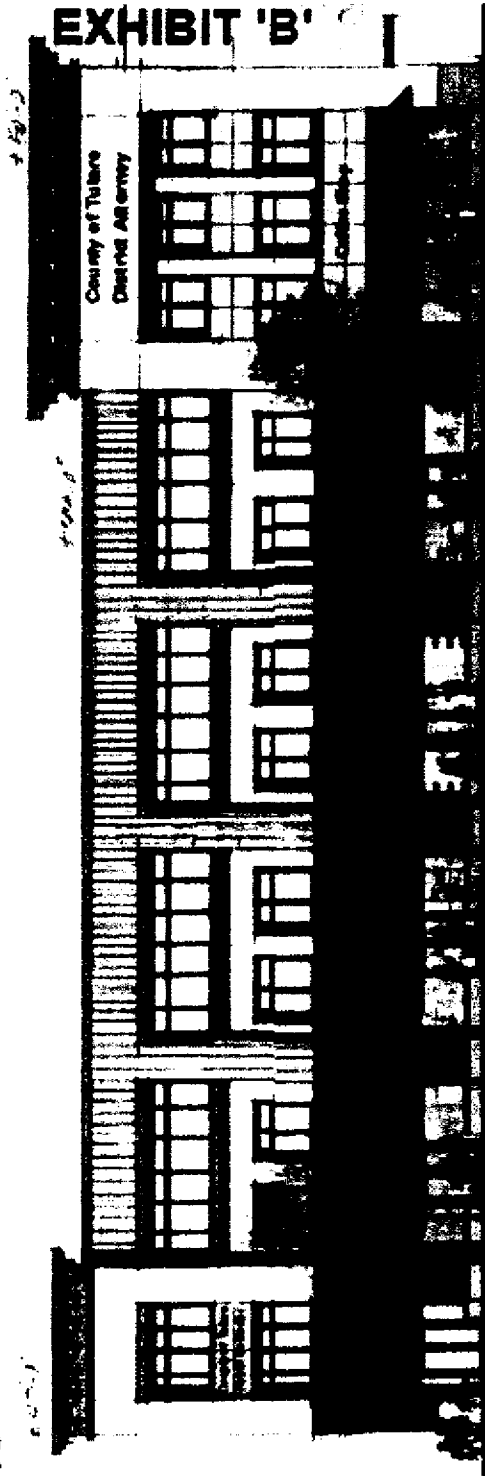
DISTRICT ATTORNEY BUILDING ENTRANCE



Exhibit "A"

EXHIBIT B
The "Building Elevations"

Exterior of Building shall look substantially the same as the following renderings:



PAGE
1 OF 2

A handwritten signature or set of initials, possibly "WMA", located in the bottom right corner of the page.

EXHIBIT 'B'



PAGE 2 OF 2

EXHIBIT C
CONSTRUCTION OF PREMISES

I. LESSOR'S WORK

The following work shall be performed by Lessor at Lessor's cost and expense:

A. Structure.

1. **Frame etc.** The Building may be of steel frame, reinforced concrete masonry block wall or wood as bearing walls or any combination thereof with construction design in accordance with governing building codes.
2. **Exterior Walls.** The exterior walls shall be of masonry, stucco, plaster or such other material or materials as selected by Lessor's architect or agent.
3. **Ceiling Heights.** Clear height between floor slab and ceiling shall be no less than eight feet (8') and shall otherwise be governed by structural design.
4. **Floor Construction.** First Floor shall be uncolored concrete slab on grade. Second and Third floors shall be uncolored concrete slab, metal deck or gypcrete over wood deck.
5. **Roof.** The roof shall be composition built up, tile or as otherwise specified by Lessor's architect or agent.
6. **Demising Partitions.** Between lease spaces demising partitions shall be of wood or metal stud covered with drywall or plywood or masonry walls. Fire walls between demising leased premises as required by code. Toilet room walls shall be carried to finished ceiling.
7. **Exits.** Exits shall be in accordance with governing codes.
8. **Dimensions.** Frontage Dimensions: Interior walls shall be measured from center line to center line of demising walls; Exterior walls shall be measured from center line of demising walls to outside face of exterior walls; Depth shall be measured from outside face of exterior walls.
9. **Door Frames.** Exterior rear service door frames shall be hollow metal construction; interior door frames shall be wood construction, or as otherwise specified by Lessor's architect or agent.
10. **Doors.** Interior doors shall be wood, hollow core; Exterior service doors shall be hollow metal. Locks shall be Schlage commercial grade 6 pin E.
11. **Parapets, Etc.** Lessor reserves the right to provide a 12' neutral strip between buildings, centered on the line defining leased premises.
12. **Windows.** All exterior windows shall be installed pursuant to California Building Code requirements. Each exterior and interior window shall have some form of interior window covering (i.e. blinds, drapes, etc.) as specified by Lessor's architect.

The second floor shall receive the following interior windows:

- a. One length of wall of the conference room #1
- b. One length of wall of the conference room #2
- c. Lobby entrance doors shall be 3'0" by 7'0" double doors

The third floor shall receive the following interior windows:

- a. One length of wall of the conference room #1
- b. One length of wall of the conference room #2
- c. One half of one wall of the D.A. Office



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- d. One length of wall of the child room within the CART office. This window shall be specialty 'two way' viewing glass.
- e. Lobby entrance doors shall be 3'0" by 7'0" double doors

B. INTERIOR FINISHES

- 1. **Floor Plan.** Lessor shall build out the interior of the Premises in substantial conformance with Exhibit 'D' attached hereto. Any changes to this floor plan shall be at the sole cost of County notwithstanding Lessor shall attempt to in good faith make the changes without additional cost.
- 2. **Ceilings.** Suspended 2' x 4' acoustical tile ceiling in all areas except for restrooms. Finished painted drywall ceiling in restrooms.
- 3. **Walls.** All walls shall be drywall, plywood or masonry, painted and ready for County's décor. All interior partition and curtain walls within the Premises including walking corridor, lobby, service areas.
- 4. **Floors.** Except as otherwise specified by the County, Patcraft Mid Century Mad Futura Orbital Modern #00550 in all offices, conference rooms and break rooms. Lobby, storage and corridor areas to be specified by Lessor and mutually agreed upon by County.

5. **Millwork.**

The second floor shall receive the following millwork:

- a. One (1) 20' right angle reception desk with plastic laminated countertop.
- b. One (1) 10' break room floor cabinet with sink, faucet and soap dispenser or as required by code.
- c. IT Room, Supply Room and Equipment Room to receive standard shelving for all equipment as needed per County specifications
- d. Walk-In Closet shall have standard hanging rods and shelving hanging clothes and other clothing storage

The third floor shall receive the following millwork:

- a. One (1) 16' curved reception desk with plastic laminated countertop on third floor.
- b. One (1) 10' break room floor cabinet with sink, faucet and soap dispenser or as required by code.
- c. It Room, Supply Room and Tier 1, 2 & 3 Rooms to receive standard shelving for all equipment as needed per County specifications

C. SANITARY FACILITIES. Each floor located as shown on floor plans in Exhibit D, with water closets, water lavatories, exhaust fans or windows, partitioned with doors, toilet room lights with switches, and insta-hot water heaters.

D. ELEVATORS. Lessor shall provide in locations shown on Exhibit 'D' stairways, service cores, and elevators as required by code and County's specifications. Any special key-pad entrance, employee access devices, etc. to be roughed-in by Lessor and to be installed by County.

E. UTILITIES

- 1. **Water and Sewer.** Lessor shall furnish water and sewer services as required for the Building pursuant to the amount of facilities shown in Exhibit 'D'. All water and sewer installation beyond the above stated facilities shall not be part of the Lessor's cost or responsibility.

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2. **Gas.** Lessor shall provide gas service. Cost of gas line from street to meter, from meter to fixtures, and all installation thereof, (including cost of gas meter) and gas used shall be paid by Lessor.
3. **Electricity.** Lessor will furnish electrical service to County's space and provide the following electrical improvements to the store space:
 - (a) Recessed LED lighting switched per California Building Code requirements.
 - (b) Electrical outlets to all offices, conference rooms, break rooms, and other specific rooms as shown in Exhibit 'D' to be located per California Building Code requirements.
 - (c) Telephone, data, and cable conduit from main building telephone room area to all area's pursuant to County specifications. -County shall confirm locations to -Lessor within twenty (20) days of written request.
 - (d) All additional plugs, lights, switches or other electrical items specified by -County above and beyond the California Building Code shall be at the sole cost of -County.
4. **Air Conditioning and Heating.** HVAC per -Lessor's design, adequate for the Building as shown on Exhibit 'D'. Any extraordinary requirements necessitated because of County's use of the Premises will be at the expense of County.
5. **Plumbing.** Lessor shall install and furnish all plumbing fixtures such as sinks, toilets, floor drains, janitorial sinks, as required by code.
6. **Data, TV and Telephone Wiring.** Lessor shall install all low voltage wiring for County based on County specifications attached hereto as "Exhibit C-1". Lessor and County agree that the cost of this work is difficult to ascertain. Therefore Lessor and County agree, should the specific cost of this work rise above \$150,000.00, County shall reimburse Lessor for the additional cost within thirty (30) days of completion of the work.

II COUNTY'S WORK

The following work, whether performed by Lessor or County, shall be at County's sole cost and expense:

- A. **Electrical Fixtures and Equipment.** All specific wiring for phone, TV, cable, data for County's fixtures, above, "Lessors Work"
- B. **Telephone and Data.** County shall be responsible for making all arrangements directly with the providers for telephone, data and internet service in the Premises.
- C. **Furniture and Fixtures.** All office fixtures, furniture, shelving, cubicles, etc. which shall be new and of first quality, and which shall be maintained in good order and repaired and replaced when necessary with equal or better quality furniture and fixtures during the entire time or extended term of the Lease.
- D. **Additional Millwork.** All additional millwork above and beyond what is to be provided by Lessor as stated above shall be performed by County.
- E. **Alarm Systems, Etc.** All alarm systems or other protective devices for fire, security, card access or theft. No warning signs shall be affixed to the exterior of the Premises without Lessor's consent.
- F. **Special Plumbing.** All extra plumbing, required for County's special needs, such as for a drug testing room
- G. **Special Ventilation.** All ventilation and related equipment including show window ventilation, if necessary.
- H. **Metal Detection/Glass.** County shall furnish and install any specific metal detection or bullet proof glass, beyond the standard glass used for windows and offices.

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- I. **Roof.** County and/or County's contractor shall not penetrate the roof of the Premises without the prior written approval of Lessor
- J. **Other.** Any other work required by County or required by governmental code, or ordinance not covered herein, including but not limited herein, fire exit and corridors.
- K. **County's Sign, Conduit, J. Box and Electrical Per or Lessor's Sign Criteria (Signs and/or Director Board).** County must follow the Downtown City of Porterville Sign Criteria and shall install the minimum signage set forth in the Sign Criteria. Electrical run for County sign must be installed by Lessor at Lessor's expense per Sign Criteria.
- L. **ANY IMPROVEMENTS DONE BY COUNTY SHALL MEET ALL GOVERNMENT CODES AND REQUIREMENTS AND BE DONE BY UNION CONTRACTORS AND TRADESMEN.**

II. LESSOR'S OPTIONAL WORK.

The following work may be performed by Lessor, but all at County's sole cost and expense:

- A. Roof platform, roof opening and/or roof equipment screens for additional air conditioning and equipment requirement to be installed by Lessor at County's expense; this applies to any roof equipment installed by County. Notice must be given thirty (30) days after the Lease has been executed. Approval of any roof installed equipment must be received in writing from Lessor, or Lessor's roofer to make final installation around all projections in roof, to insure overall roof guarantee.
- B. Any work ordered or required by County which is to be done by Lessor, is to be paid for by County before work begins.



EXHIBIT C-1

Tulare County Information & Communications Technology (TCiCT) Data Evaluations and Considerations

1 Primary Data Room Considerations

- Shall not be adjacent to any janitorial closet, bathroom or any room where water exists.
- Shall not be co-located with the Electrical Service room or with any equipment such as fire monitoring equipment, HVAC VAV controllers, etc...
- Preferred Minimum of 12 ft. L x 12 ft. W size room (144 sq ft.).
- TCiCT needs to evaluate any data room size if it does not meet the minimum preferred size, and will recommend other options.
- Dedicated 120V/208V electrical sub panel within data room for room power distribution.
- TCiCT needs to evaluate electrical needs within data room for proper sub panel sizing.
- All electrical outlets in room are to be isolated and dedicated circuits.
- Dedicated Air Conditioner with auto restart after power loss.
- Minimum 2-ton or 24,000 BTU cooling unit.
- TCiCT needs to evaluate proper cooling needs within the data room for proper sizing.
- Accessible Earth Ground connection with ground bus bar for additional equipment additions.
- VCT Flooring.
- Hard wall or non AI walls.
- ¾ inch plywood surrounding data room walls.
- Sufficient lighting.
- Emergency lighting.
- Conduit sleeves for data cabling entry from ceiling area to data room.
- Access controlled and locking door.
- Minimum two 19 inch. 2-Post stand up rack with Vertical and Horizontal wire management. Must connect to ground.
- 1 stand up rack will house all electronic equipment.
- 1 stand up rack will house high density patch panel, data connections.
- Minimum of 1 42U, 19 inch wide cabinet.
- TCiCT needs to evaluate need for any network storage or servers to be housed in data room.
- 12 in. wide overhead ladder rack system with support brackets and must be grounded.

2 Secondary Data Room Considerations

- Same as the Primary Data Room requirements with the following exception:
- Preferred Minimum of 10 ft. L x 8 ft. W size room (90 sqft.).
- TCiCT needs to evaluate any data room size if it does not meet the minimum preferred size, and will recommend other options.
- Wall mounted rack system may be used instead of two post rack.
- TCiCT needs to evaluate data capacity within data distribution area to determine wall rack size or two post rack setup based on data room size.
- Dedicated Air Conditioner with auto restart after power outage.

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- Minimum 1-ton or 12,000 BTU cooling.
- TCiCT needs to evaluate proper cooling needs within the data room for proper sizing.

3 Data Cable Considerations

- Analog connections. (ex. Fax, POS, Phones, etc.).
- TCiCT needs to evaluate analog cross connection between the data closets and/or MPOE (Minimum Point of Entry of Phone Service Company) for proper sizing.
- Minimum two data connection for each workstation terminal.
- TCiCT needs to evaluate existing wiring to determine if it meets minimum standards and is reusable.
- Each data location will have a primary data connection and a secondary data connection distinguished by data color jacks.
 - Primary Data connections – Orange
 - Secondary/Telephone Data connections - White
- Preferred usage of Category 6a UTP cable.
 - If CAT6a wiring is not feasible, contact TCiCT for possible options.
 - Plenum cabling will be used in plenum areas.
 - Non-Plenum cabling will be used in non-plenum areas.
 - Cubicle locations will need one set data location per user.
 - Office locations will need two set data location one on opposite walls per user based on work surface placement.
 - Printer/Copier locations will need two data connections.
 - TCiCT needs to evaluate any additional data connections needed in the following mentioned areas, as well as other considerations such as: wireless AP, access control, projector, digital signage, video conference, etc...
- Data cabling between data closets will be 12 strand single mode fiber, terminated into a rack mount LIU, angle polished, with SC connectors.
- Data cabling will be installed according to EIA/TIA 568-B .2-10 specs for UTP Category 6a, Commercial Building Telecommunications Cabling Standard #569, Commercial Building Telecommunications Pathways and Spaces #607, and Commercial Building Grounding and Bonding Requirements for Telecommunications and any current telecommunications bulletins.
- All cables shall be supported a minimum of 5" inches above or away from power, electronic lighting ballasts, or other EMF noise generating sources.
- Maximum of 300 ft. cable length from data distribution to end point.
- TCiCT needs to evaluate distance calculations to include patch cabling lengths.
- Data cables shall be terminated on snap in modular data jacks at both ends.
- For new Construction
 - Two, 4 inch conduits from the MPOE to the street. Each conduit is to have a 3/8 Inch pull rope and a 1 inch inner duct with pull rope.

4 Access Control Cable Considerations

- 12 volt electric strike.

**AGREEMENT FOR DESIGN, ALTERATION, AND LEASE OF PREMISES LOCATED AT NORTHEAST CORNER
OF MAIN ST. AND OLIVE AVE, PORTERVILLE**

- Minimum 18/2 stranded cable.
- HID Badge reader.
- Minimum 18/6 stranded cable.
- REX sensor (Request to Exit).
- Minimum 18/4 stranded cable.
- Magnetic door sensor.
- Minimum 18/2 stranded cable.
- TCICT to assess cable size based on distance and placement of Access Controllers from distribution points.
- Single gang box will be used if feasible.

5 Video Surveillance Considerations

- Category 6a data cabling
- Outdoor rated Category 6a cabling for external uses.
- Maximum of 300 ft. cable length from data distribution to end point.
- TCICT needs to evaluate distance calculations to include patch cabling lengths.

- Data cabling will be installed according to EIA/TIA 568-B .2-10 specs for UTP Category 6a, Commercial Building Telecommunications Cabling Standard #569, Commercial Building Telecommunications Pathways and Spaces #607, and Commercial Building Grounding and Bonding Requirements for Telecommunications and any current telecommunications bulletins.
- Video Surveillance to be mounted on light pole will need to have access pull points within the pole and must have separate pathway with shielding from power cables.
- Pull string from lower access point to upper access point.
- Minimum 18/2 stranded cable from distribution cabinet.
- TCICT to assess cable size based on distance and placement of IR emitters.
- Video Surveillance to be mounted on side of Building will need penetration hole for cable access.
- If feasible access to penetration hole within Building must not be obstructed.
- Accessible 1 inch sized conduit will be installed to direct cabling to the penetration point for camera.

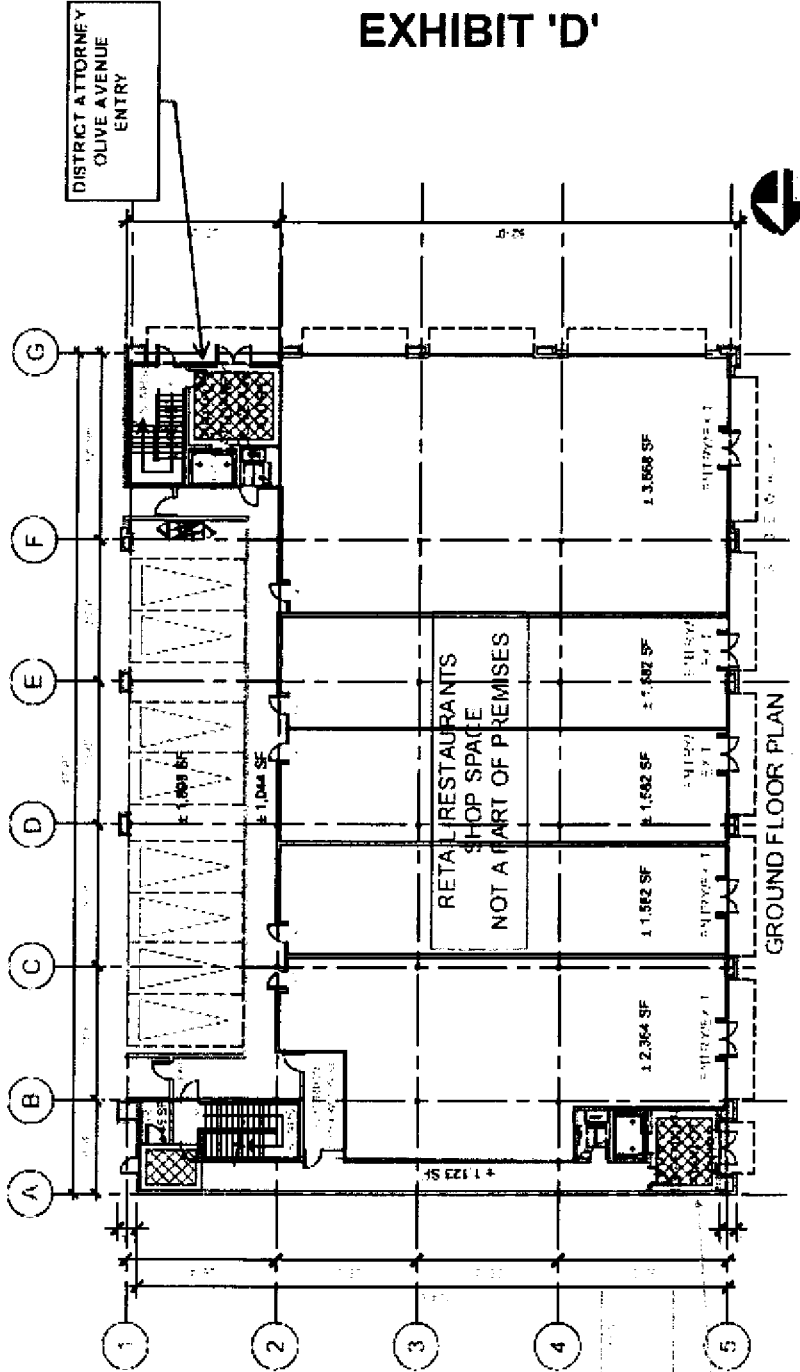
6 Workstation Considerations

- Provide TCICT with seating plan (floor plan).
- Workstations per electrical circuit ratio 5:1.
- Dedicated electrical circuits for each printers/Multi-Function copiers.
- Preferred dedicated electrical circuits for Video Conference/Digital Signage/Projectors.
- No furniture obstructing access to data ports or electrical outlets.



EXHIBIT D
The "Floor Plans"

EXHIBIT 'D'



NEC of N. Main Street & Olive Avenue
 Pasadena, California
 Paynter Realty Investments, Inc.
 10000 Wilshire Blvd., Suite 1000
 Los Angeles, CA 90024

PAYNTER
 REALTY INVESTMENTS, INC.

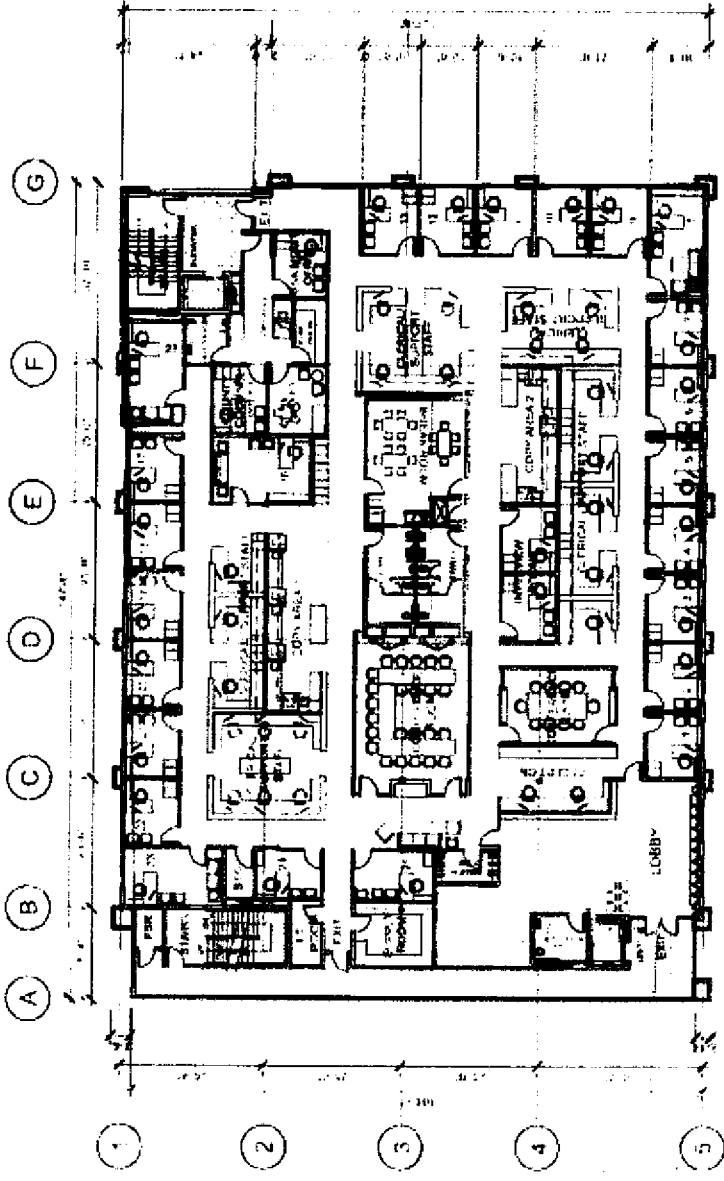
PREMISES
 MAIN AVENUE SERVICE CORE
 OLIVE AVENUE SERVICE CORE

McCarthy
 Malak
 Investments
 21500 Wilshire Blvd.
 Los Angeles, CA 90025

FORMERLY
 M.B.I.
 FP-04



EXHIBIT 'D'



SECOND FLOOR PLAN

McKenty
Katak
ARCHITECTS
PP-03h

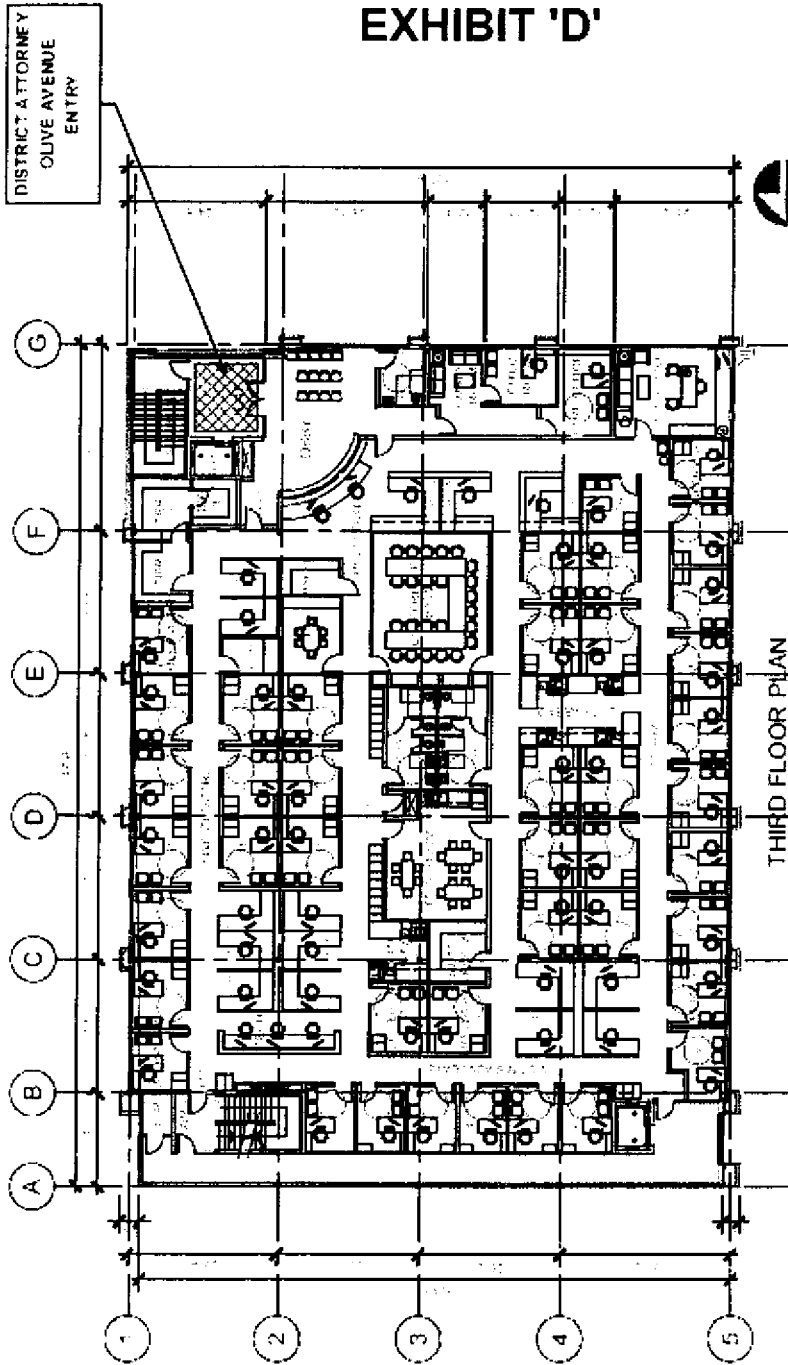
PREMISES:
PUBLIC DEFENDER
COUNTY COUNSEL
RISK MANAGEMENT



City of Porterville, California
City Manager
1000 Main Street, Porterville, CA 95257
(559) 484-1100

**AGREEMENT FOR DESIGN, ALTERATION, AND LEASE OF PREMISES LOCATED AT NORTHEAST CORNER
OF MAIN ST. AND OLIVE AVE, PORTERVILLE**

EXHIBIT 'D'



PAGE 3 OF 3

McKenzie
Muller
ATTORNEYS AT LAW
PORTERVILLE, CA
FP-03c

PREMISES
DISTRICT ATTORNEY
CART OFFICE



NEC of N. Main Street & Olive Avenue
Porterville, California
Cawzer Realty Investments, Inc.
PAINTER

EXHIBIT E
Operating Expenses Services

1. Lessor shall provide all of the following at County's expense, the costs of all of which are considered a part of the Fixed Common Area Rent:

Parking Lot Maintenance

a. Landscape

- i. Maintenance of all Landscaped areas within the parking lot
- ii. All Tree Maintenance
- iii. Plant replacement
- iv. Irrigation of all landscaping
- v. Backflow Inspection (fire, domestic, & irrigation)
- vi. Monthly contract

b. Parking Lot

- i. Contract Vacuuming
- ii. 1 x a month sweeping of all parking lot stalls
- iii. Resurfacing or repaving
- iv. Painting curbs and restriping as needed
- v. Maintaining all directional and parking signs
- vi. Maintaining trash pick-up area in parking lot
- vii. Annual Drain Servicing
- viii. Pressure Washing trash enclosure
- ix. Trash Service
- x. Maintain, repair, and replace, as needed, all parking lot lights, if not provided for by City

Exterior Building Maintenance

a. Pressure Washing

- i. Approximately 4 x year – window washing all floors
- ii. Approximately 1 x month – window washing for 1st floor windows only, sidewalk pressure washing, back alley, de-webbing awnings

b. Painting

- i. Graffiti removal and paint touch-up as needed

c. Pest Control

- i. 1 x month, exterior only – treat and spray the outside of the Building

d. Common Area Repairs

- i. Vandalism repairs as needed

e. Roof Repairs

f. Exterior Lighting

- i. Maintain and replace, as needed, all exterior Building lights



**AGREEMENT FOR DESIGN, ALTERATION, AND LEASE OF PREMISES LOCATED AT NORTHEAST CORNER
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Interior Building Maintenance

a. Elevator Contract Maintenance

- i. Cost shall be based on two elevators
- ii. Service to be performed annually or as needed
- iii. Elevators to be inspected and certified annually
- iv. Elevator phone line to allow access to make emergency calls in case of an entrapment

b. Fire Safety

i. Maintenance of Fire Alarm System

1. Testing system on quarterly, annually and 5 year basis per municipal regulations

ii. Fire System Phone Line

1. Phone line to ensure fire alarm system is active and able to communicate to central monitoring station

c. Electrical Repairs

- i. All interior lighting, outlet and electrical repairs including but not limited to stairways, elevator, lobby, and corridor wall lights

Utilities

- a. Building Electricity including exterior Building lights, electric and fire riser rooms.
- b. Water – parking lot irrigation only
- c. Telephone – fire alarm and elevator emergency line

Insurance

- a. Property Insurance based on then current Building value
- b. General Liability
- c. Other coverages, including earthquake insurance, including the requirements of Exhibit F of the Agreement

Property Taxes

- a. Real Property Taxes and assessments, if any, per Paragraph 3.2 of the Lease.

Repairs

- a. Lessor shall make any necessary repairs and replacements during the course of the life of the Lease of every kind and nature and which shall be considered an Operating Expense.
- b. All repairs, replacement, maintenance, restoration or operation of the Building and on any floor are considered as part of this Agreement and will be an Operating Expense whether paid or incurred and without any limitation.

HVAC

- a. Contract Maintenance
 - i. Routine Service Agreement

Property Management Overhead and Expenses

- a. A 10% property management fee of all Operating Expenses for property management overhead and expenses is included in the Fixed Common Area Rent.

**AGREEMENT FOR DESIGN, ALTERATION, AND LEASE OF PREMISES LOCATED AT NORTHEAST CORNER
OF MAIN ST. AND OLIVE AVE, PORTERVILLE**

Operating Expense Reserve

- a. Of the Fixed Common Area Rent and if there is a credit as described under Section 3.3, a maximum of \$0.05 shall be applied by Lessor to an Operating Expense Reserve over the term of the Lease. The Operating Expense Reserve shall be used by Lessor for any and all Operating Expenses which exceed the Fixed Common Area Rent paid by County within any given calendar year or for any major Operating Expense replacement or repair of any kind whatsoever during the term of the Lease. ("Operating Expense Reserve").

County shall provide all of the following within the Premises at County's expense:

Interior Building Maintenance

- a. County shall service all of its fire extinguishers, including those in lobby and corridors
- b. Plumbing
 - i. Service calls
 1. Urinal
 2. Toilet
 3. Fixture repairs
 4. Stoppages
 - ii. Annual jet cleaning of drains if necessary

Janitorial

- a. Daily, Monthly and as required:
 - i. Vacuum all carpeted areas
 - ii. Sweep, wet and/or dry mop floors
 - iii. Dust cleared desk, table surfaces, picture frames, countertops, partition tops, baseboards, blinds and sills
 - iv. Empty all waste baskets and dispose of trash
 - v. Clean smudges and unsightly appearances on interior walls, doors and surfaces
 - vi. Clean, sanitize all sinks, toilets and urinals
 - vii. Refill supplies in restrooms
 - viii. Clean interior windows and window coverings
 - ix. Clean interior of elevators
 - x. Custodial supplies and services

Interior Furnishings

- a. Maintenance of all Modular furnishings and Architectural Interiors Demountable furnishings.
- b. All interior furniture, doors, gates and equipment

Security and Surveillance Systems

- a. Audio/Visual Systems
- b. Door Security Systems
- c. Other Specialized County specific systems unknown to Lessor

Utilities

- a. County shall pay for all its utilities directly, including electricity, natural gas, telephone, internet, trash, water and sewer.

EXHIBIT F
COUNTY AS LESSEE
INSURANCE REQUIREMENTS

LESSOR shall procure and maintain insurance for the duration of this Agreement against claims for injuries to persons and damage to property which may arise from, or in connection with, performance under the Agreement by the LESSOR, his agents, representatives, employees and contractors, if applicable.

A. Minimum Scope & Limits of Insurance

1. Coverage at least as broad as Commercial General Liability Insurance of \$2,000,000 combined single limit per occurrence. If the annual aggregate applies it must be no less than \$4,000,000.
2. Comprehensive Automobile Liability Insurance (if applicable) of \$1,000,000 per occurrence. Insurance Service Office Form Number CA 00 01 (any auto).
3. Workers' Compensation Insurance as required by the State of California. Employers' Liability Insurance (for LESSORs with employees).
4. Property Insurance against all risks of loss an all real property being leased, that the LESSOR owns including improvements and betterment. Limits of full replacement cost with no coinsurance provision.

B. Specific Provisions of the Certificate

1. The General Liability, Comprehensive Automobile Liability and Property Insurance policies must contain the following provisions. LESSOR will provide endorsements reflecting the following requirements:
 - a. *The County, its officers, agents, officials, employees and volunteers ore to be covered as additional insureds with respect to liability arising out of ownership maintenance or use that part of the premises leased to the COUNTY.*
 - b. *The LESSOR's insurance coverage shall be primary insurance as respects the County, its officers, agents, officials, employees and volunteers. Any insurance or self-insurance maintained by the County, its officers, agents, officials, employees or volunteers shall be excess of the LESSOR's insurance and shall nor contribute with it.*
 - c. *Each insurance policy required by this Agreement shall be endorsed to state that coverage shall not be canceled, except after thirty (30) days prior written notice has been provided to the County.*
2. The Workers' Compensation policy shall be endorsed with a waiver of subrogation in favor of the County for all work performed by the LESSOR, its employees, agents and subcontractors:
 - a. *Waiver of Subrogation. The workers' compensation policy shall be endorsed with a waiver of subrogation in favor of the County for all work performed by the LESSOR, its employees, agents and subcontractors. LESSOR waives all rights against the County and its officers, agents, officials, employees and volunteers for recovery of damages to the extent these damages are covered by the workers compensation and employers liability.*

C. Deductibles and Self-Insured Retentions

LESSOR will eliminate self-insured retentions as respects this Agreement with County or provide a letter of credit or bond to satisfy the self-insured retention.

D. Acceptability of Insurance

Insurance must be placed with insurers with a current rating given by AM Best and Company of no less than A:VII and a Standard & Poor's rating (if rated) of at least BBB and from a company authorized to do business in California. Any waiver of these standards is subject to approval by the County Risk Manager.

E. Verification of Coverage

Prior to approval of this Agreement by the COUNTY, the LESSOR shall file with the submitting department, certificates of insurance with original endorsements effecting coverage and a copy of the declarations page from the policy in effect in a form acceptable to the COUNTY. Endorsements must be signed by persons authorized to bind coverage on behalf of the insurer. The COUNTY reserves the right to require certified copies of all required insurance policies at any time.

EXHIBIT G

Recording Requested by:
County of Tulare,
CAO / General Services

When recorded, mail to:
County of Tulare
Clerk of the Board of Supervisors
2800 Burrel Street
Visalia, CA 93291

(This space for Recorders use only.)

This Memorandum of Lease ("Memorandum") dated as of _____ is entered into between Paynter Realty & Investments Inc, and the County of Tulare (County).

- A. On or about _____, Lessor and County entered into an agreement for the Design, Alteration and Lease of Premises ("Agreement") on file with the Clerk of the Board of Supervisors of the County of Tulare as Agreement No. _____ pursuant to which Lessor leased to County and County leased from Lessor real Property more particularly described in attached Exhibit 1 and incorporated by reference ("Premises");
- B. Lessor and County desire to execute this Memorandum to provide constructive notice of the rights of the Parties under the Agreement to all third parties.

For good and valuable consideration, receipt of which is hereby acknowledged, the Parties agree as follows:

- 1. **Term:** Lessor leases the Premises to County for the term set forth in the Agreement.
- 2. **Lease Terms:** This Lease of Premises to County is pursuant to the terms of the Agreement, which is incorporated in this memorandum by reference, as amended from time to time.
- 3. **Successors and Assigns:** This Memorandum and Agreement shall bind and inure to the benefit of the Parties and their respective heirs, successors, and assigns.

[Signatures on Next Page]



**AGREEMENT FOR DESIGN, ALTERATION, AND LEASE OF PREMISES LOCATED AT NORTHEAST CORNER
OF MAIN ST. AND OLIVE AVE, PORTERVILLE**

THE PARTIES, having read and considered the above provisions, indicate their agreement by their authorized signatures below.

**LESSOR
CORNERSTONE MAIN PARTNERS, L. P.**

Date: _____

By: _____
David H. Paynter
General Partner

**COUNTY
COUNTY OF TULARE**

Date: _____

By: _____
Chairman, Board of Supervisors

ATTEST: JASON T. BRITT
County Administrative Officer/
Clerk of the Board of Supervisors

By: _____
Deputy Clerk

Approved as to form:
County Counsel

By: _____
Deputy County Counsel

Page 2 of 2

Tulare County Agreement No. _____

