



Contract Number

SAP Number

Real Estate Services Department

Department Contract Representative	Terry W. Thompson, Director
Telephone Number	(909) 387-5000
Contractor	Moss Colton Properties, LLC
Contractor Representative	Glenn L. Moss, Managing Member
Telephone Number	(951) 688-6200 x1111
Contract Term	Ten years; projected commencement date of 10/1/2023
Original Contract Amount	\$25,373,904
Amendment Amount,	
Total Contract Amount	\$25,373,904
Cost Center	7810001000
GRC/PROJ/JOB No.	63004169
Internal Order No.	

Briefly describe the general nature of the contract: The Lease Agreement is for a term of 10 years, commencing on the date the latest all of the following occurs: (i) LANDLORD has substantially completed the Improvements in accordance with the Improvement Specifications, subject only to minor punchlist items as mutually agreed by the Parties; (ii) COUNTY's receipt of a final certificate of occupancy for the Premises, and if applicable, the Building and the Property, issued by all relevant governmental authorities; and (iii) written acceptance by an authorized agent of COUNTY of the Improvements for COUNTY's intended use, subject to latent defects and the representations, warranties, and provisions of the Lease (projected period of October 1, 2023 through September 30, 2033), with two five-year options to extend the term of the lease, for approximately 51,753 square feet of office space located at 1930 West Valley Boulevard in Colton, CA.

FOR COUNTY USE ONLY

Approved as to Legal Form ► SEE SIGNATURE PAGE Agnes Cheng, County Counsel Date _____	Reviewed for Contract Compliance ► _____ Date _____	Reviewed/Approved by Department ► _____ Lyle Ballard, Real Property Manager, RESD Date _____
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LEASE AGREEMENT

BETWEEN

MOSS COLTON PROPERTIES, LLC

AS LANDLORD

AND

SAN BERNARDINO COUNTY

AS TENANT

for certain premises at

1930 WEST VALLEY BOULEVARD, COLTON, CA 92324

LEASE AGREEMENT

In consideration of the mutual covenants contained in the Lease Agreement (“Lease”) and for other good and valuation consideration, the receipt and sufficiency of which is hereby acknowledged by the parties, LANDLORD, as landlord, and COUNTY, as tenant, agree on the terms and conditions set forth in the Lease.

SECTION I – BASIC LEASE PROVISIONS

The following basic lease provisions (“Basic Lease Provisions”) are hereby made a part of the Lease and incorporated herein for the purposes of setting forth the meanings of certain terms in the Lease. In the event of any conflict between terms in the Basic Lease Provisions and the provisions in Section II – Lease Provisions, the provisions in Section II – Lease Provisions shall govern.

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|----|-------------------|---|
| A. | LANDLORD | MOSS COLTON PROPERTIES, LLC |
| B. | COUNTY | SAN BERNARDINO COUNTY |
| C. | PROPERTY | Certain real property, comprising the grounds and all improvements thereon (whether now or subsequently existing) located in the City of Colton, San Bernardino County, portions of APN 0254-181-07 and 0254-181-17 |
| D. | BUILDING | The existing building located on the Property with an address of 1930 West Valley Boulevard, Colton, CA 92324 |
| E. | PREMISES | A total of approximately 51,753 square feet located on the first floor of the Building, as the Premises are set forth in Exhibit “A” to the Lease. |
| F. | PERMITTED USE | General office use |
| G. | ALLOCATED PARKING | 207 unreserved parking spaces located at the parking areas on the Property |
| H. | LEASE TERM | Ten Years, commencing on the Commencement Date and expiring on the Expiration Date unless earlier terminated in accordance with the Lease |
| I. | COMMENCEMENT DATE | The date the latest all of the following occurs: (i) LANDLORD has substantially completed the Improvements in accordance with the Improvement Specifications, subject only to minor punchlist items as mutually agreed by the Parties; (ii) COUNTY’s receipt of a final certificate of occupancy for the Premises, and if applicable, the Building and the Property, issued by all relevant governmental authorities; and (iii) written acceptance by an authorized agent of COUNTY of the Improvements for COUNTY’s intended use, subject to latent defects and the representations, warranties, and provisions of the Lease. As of the date this Lease is executed, the Commencement Date is projected to occur on October 1, 2023 (“Projected Commencement Date”). |
| J. | EXPIRATION | Ten years from the Commencement Date |

DATE

K. MONTHLY RENT FOR PREMISES

Lease Year (based on Projected Commencement Date of October 1, 2023)	Monthly Rent		Monthly Amortization of Improvements		Total Monthly Payment
October 1, 2023 - September 30, 2024	\$131,970.00	+	\$60,020.00	=	\$191,990.00
October 1, 2024 – September 30, 2025	\$136,110.00	+	\$60,020.00	=	\$196,130.00
October 1, 2025 – September 30, 2026	\$140,251.00	+	\$60,020.00	=	\$200,271.00
October 1, 2026 – September 30, 2027	\$144,391.00	+	\$60,020.00	=	\$204,411.00
October 1, 2027 – September 30, 2028	\$148,531.00	+	\$60,020.00	=	\$208,551.00
October 1, 2028 - September 30, 2029	\$153,189.00	+	\$60,020.00	=	\$213,209.00
October 1, 2029 - September 30, 2030	\$157,847.00	+	\$60,020.00	=	\$217,867.00
October 1, 2030 - September 30, 2031	\$162,504.00	+	\$60,020.00	=	\$222,524.00
October 1, 2031 - September 30, 2032	\$167,162.00	+	\$60,020.00	=	\$227,182.00
October 1, 2032 - September 30, 2033	\$172,337.00	+	\$60,020.00	=	\$232,357.00

L. OPTION TO EXTEND LEASE TERM COUNTY shall have the right, at its option, to extend the Lease Term for two additional terms of five years each, subject to Paragraph 7 of the Lease

M. EARLY TERMINATION OPTION If the Term is extended beyond the initial 10-year Term, the COUNTY shall have the right to terminate this Lease at any time during any extended term whenever COUNTY, in its sole discretion, determines it would be in COUNTY’s best interests to terminate this Lease. COUNTY shall have the right, its option, to terminate the Lease as to the Premises or any portion thereof by providing not less than ninety (90) day prior written notice to LANDLORD, subject to Paragraph 8.

N. IMPROVEMENTS On or before the Projected Commencement Date, LANDLORD shall, at its sole cost and expense, Substantially Complete the Improvements in accordance with the Improvement Work Letter attached hereto and made a part hereof as Exhibit “B”, the Floor Plan attached hereto and made a part hereof as “Exhibit “B-1”, the Site Plan attached hereto and made a part hereof as “Exhibit “B-2”, the Elevations attached hereto and made a part hereof as “Exhibit “B-3”, the Improvement Specifications attached hereto and made a part hereof as “Exhibit “B-4”and the relevant provisions of the Lease.

O. LANDLORD’S NOTICE ADDRESS Moss Colton Properties, LLC
8146 Auto Drive
Riverside, CA 92504

P. COUNTY’S NOTICE ADDRESS San Bernardino County
Attn: Real Estate Services Department
385 N. Arrowhead Avenue, Third Floor
San Bernardino, CA 92415

Q. EXHIBITS Exhibit “A” Premises
Exhibit “B” Improvement Work Letter
Exhibit “B-1” Floor Plan
Exhibit “B-2” Site Plan

Exhibit "B-3"	Elevations
Exhibit "B-4"	Improvement Specifications
Exhibit "C"	Commencement Date Certificate
Exhibit "D"	Custodial Service Requirements
Exhibit "E"	Form of Estoppel Certificate
Exhibit "F"	Form of Subordination, Non-disturbance, and Attornment
Exhibit "G"	List of Former County Officials
Exhibit "H"	Prevailing Wage Requirements

SECTION II – LEASE PROVISIONS

1. **PARTIES.** The parties to the Lease are LANDLORD, as landlord, and COUNTY, as tenant (each a “Party” and collectively, “Parties”), as each Party is set forth in the Basic Lease Provisions. LANDLORD represents and warrants to COUNTY that LANDLORD is the legal owner with sole fee simple title to the Property, including, but not limited to, the Premises, and has the right to enter into the Lease without consent or approval from any other party or parties. In the event of a breach of the foregoing representation and warranty, COUNTY shall have the right to terminate the Lease with immediate effect upon written notice to LANDLORD and LANDLORD shall indemnify, defend (with counsel reasonably approved by COUNTY), and hold harmless COUNTY and its officers, employees, agents, and volunteers from any and all claims, actions, losses, damages and/or liability arising out of or related to said breach. LANDLORD’s indemnity shall survive the expiration or earlier termination of the Lease.

2. **PREMISES.** LANDLORD leases to COUNTY and COUNTY leases from LANDLORD the Premises as set forth in the Basic Lease Provisions for the duration of the Lease Term, including any extensions thereof. The Parties acknowledge and agree that the Premises shall not be re-measured during the Lease Term nor during any extensions thereof. Along with its lease of the Premises, COUNTY shall have the right to access and use the Allocated Parking at no additional cost or expense to COUNTY for the duration of the Lease Term and any extensions thereof. COUNTY shall further have the right to access and use all common areas meaning those areas located within the Building or on the Property (“Common Areas”) at no additional cost or expense to COUNTY for the duration of the Lease Term and any extensions thereof.

3. **TERM.** The Lease Term shall commence on the Commencement Date and expire on the Expiration Date as set forth in the Basic Lease Provisions unless earlier terminated in accordance with the terms of the Lease. In the event that the Commencement Date is subject to Improvements to be completed by a Projected Commencement Date, the Parties shall execute a Commencement Date Certificate substantially in the form of Exhibit “C,” attached hereto and incorporated herein by reference, to confirm the occurrence of the actual Commencement Date, the actual Expiration Date, and any other pertinent terms of the Lease. COUNTY shall prepare the Commencement Date Certificate and LANDLORD shall execute and return said certificate within ten (10) days after its receipt from COUNTY. If LANDLORD does not timely execute and return said certificate, LANDLORD shall be deemed to have accepted all of the terms of the Lease as confirmed in the Commencement Date Certificate prepared by COUNTY. COUNTY’s Director of the Real Estate Services Department (“RESD”) shall have the authority on behalf of COUNTY to execute said certificate but only if the occurrence of the actual Commencement Date does not exceed ninety (90) days from the Projected Commencement Date.

4. **RENT.** COUNTY shall pay to LANDLORD, in arrears on or before the last day of each calendar month during the Lease Term, the Monthly Rent for the Premises in accordance with the rent schedule set forth in the Basic Lease Provisions but subject to any deductions, offsets, and adjustments that are permitted under the Lease. Monthly Rent for the Premises during any partial calendar month during the Lease Term shall be pro-rated based on the actual number of days the Premises is occupied by COUNTY in said month. LANDLORD agrees to accept all Monthly Rent for the Premises and other payments due from COUNTY to LANDLORD under the Lease via electronic payments directly deposited to LANDLORD’s designed bank account. LANDLORD shall complete any and all COUNTY standard forms and provide all information required by COUNTY to process such electronic payments. In addition, on or before the date LANDLORD executes the Lease, LANDLORD shall register with COUNTY’s then current electronic procurement system.

5. **PERMITTED USE.** COUNTY shall have the right to use the Premises for the Permitted Use set forth in the Basic Lease Provisions and shall have access to the Premises, the Building, and the Property 24 hours a day and seven days a week.

6. **EXPANSION SPACE OPTIONS.**

A. **Right of First Refusal.** Subject to any pre-existing rights granted by LANDLORD, COUNTY shall have the recurring right of first refusal during the Lease Term and any extensions thereof to lease space that is

available or becomes available at the Building or any portion thereof ("Expansion Space"). Prior to LANDLORD's execution of any lease with a third party for the Expansion Space, LANDLORD shall provide written notice to COUNTY of LANDLORD's intent to lease the subject Expansion Space. If COUNTY opts to exercise its right of first refusal, COUNTY shall provide written notice to LANDLORD within thirty (30) days after receipt of LANDLORD's written notice as to all or a portion of the subject Expansion Space COUNTY intends to lease. The parties shall thereafter promptly execute an amendment to the Lease to add the subject Expansion Space to the Premises on the same terms and conditions as the Lease, provided that the Lease Term for the subject Expansion Space shall, at the option of COUNTY, be co-terminous with the then current Lease Term for the Premises.

B. Right of First Offer for Expansion Space. Subject to any pre-existing rights granted by LANDLORD, COUNTY shall have the recurring right of first offer during the Lease Term and any extensions thereof to lease the Expansion Space or any portion thereof on the same terms and conditions as the Lease, provided that the Lease Term for the subject Expansion Space shall, at the option of COUNTY, be co-terminous with the then current Lease Term for the Premises. If COUNTY opts to exercise its right of first offer, COUNTY shall provide written notice to LANDLORD for the subject Expansion Space and the parties shall thereafter promptly execute an amendment to the Lease to add the subject Expansion Space to the Premises.

7. **OPTION TO EXTEND LEASE TERM.**

A. COUNTY shall have the Option to Extend Lease Term as to the Premises or any portion thereof for the number of option terms ("Option Terms") and the period of time during each option term set forth in the Basic Lease Provisions on the same terms and conditions as the Lease, except the Monthly Rent for the Premises. COUNTY shall not be required to exercise the Option Terms one at a time and COUNTY may opt to exercise one or multiple Option Terms at once. To exercise Option Terms, COUNTY shall provide LANDLORD with written notice at any time on or prior to the expiration or earlier termination of the then current Lease Term or during any Holdover Period (as later defined).

B. The Monthly Rent for the Premises during each Option Term shall be adjusted by good faith negotiation of the Parties to the fair market monthly rental rate then prevailing based on the monthly rental rent ("FMV Rent") of comparable leased premises in the County of San Bernardino. If the Parties have been unable to agree on the FMV Rent for the Premises within five (5) months of COUNTY's exercise of its option, said FMV Rent shall be determined through arbitration conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association. During the period between the expiration of the then current Lease Term and the determination of the Monthly Rent for the Premises by arbitration, COUNTY shall continue to pay the Monthly Rent for the Premises in the amount due for the month immediately preceding expiration of the then current Lease Term. If the FMV Rent for the Premises is determined by arbitration and COUNTY does not, for any reason, agree with such determination, COUNTY shall have the right to terminate the Lease by providing LANDLORD with written notice not later than thirty (30) days after COUNTY's receipt of the arbitration-determined FMV Rent. In the event COUNTY does not so terminate the Lease, COUNTY shall commence paying the arbitration-determined FMV Rent for the month immediately following COUNTY's receipt of said rate determination and for the duration of the subject Option Term.

8. **EARLY TERMINATION OPTION.** If the Term is extended beyond the initial 10-year Term, The COUNTY shall have the right to terminate this Lease at any time during any extended term whenever COUNTY, in its sole discretion, determines it would be in COUNTY's best interests to terminate this Lease. The Director of the Real Estate Services Department (RESD) shall give LANDLORD notice of any termination pursuant to this paragraph at least ninety (90) days prior to the date of termination. In the event COUNTY terminates this Lease pursuant to this Paragraph 8, no termination fees, or other costs shall be due or payable to LANDLORD for exercising COUNTY's termination right, except that LANDLORD shall have the right to receive from COUNTY the rent which will have been earned under the Lease through the effective termination date.

9. **HOLDOVER.** In the event that COUNTY continues to occupy the Premises after the expiration or earlier termination of the Lease Term, COUNTY's tenancy shall be on a month-to-month term ("Holdover Period") on

the same terms and conditions as the Lease, including, but not limited to, the Monthly Rent for the Premises in effect as of the expiration or earlier termination of the Lease but excluding any Monthly Amortization of Improvements. Notwithstanding anything to the contrary in the Lease, either Party shall have the right to terminate the Lease during the Holdover Period by providing not less than ninety (90) days prior written notice to the other Party.

10. **TAXES.** LANDLORD shall, at its sole cost and expense, pay, prior to delinquency, any and all real property taxes and general and special assessments levied and assessed against the Premises, the Building, and the Property and all improvements thereon.

11. **UTILITIES.**

A. Subject to reimbursement by COUNTY for any Excess Electric Utility Expenses (as later defined), LANDLORD shall, at its sole cost and expense, furnish and pay for, prior to delinquency, the use charges and related taxes for any and all utilities, including, but not limited to, electric, gas, water, sewer, and trash for the Premises, the Building, and the Property.

B. **Excess Electric Utility Expenses.**

(1) **Electric Utility Expense.** LANDLORD shall pay for all direct charges and related taxes due to COUNTY's electric usage at the Premises ("Electric Utility Expenses"), which are invoiced to LANDLORD by the electric utility company on a monthly basis for each twelve month period during the Lease Term, commencing from the Commencement Date ("Lease Year"). LANDLORD shall deduct from the Electric Utility Expenses any and all credits, rebates, or other offsets given by the electric utility company to LANDLORD but LANDLORD shall not increase the Electric Utility Expense due to any late fees, penalties, or interest payable by LANDLORD to the electric utility company. All common area Electrical Utility Expenses shall be at LANDLORD'S sole expense and without reimbursement. On or before the Commencement Date, the parties shall jointly read the electric meter for the Premises to establish the point at which Electric Utility Expenses for the Premises start to accrue.

(2) **Electric Utility Expense Cap.** LANDLORD shall pay the Electric Utility Expenses for the Premises but in the event that the Electric Utility Expenses exceed. The term "Electric Utility Expense Cap," as used in this paragraph, shall mean the maximum amount payable by LANDLORD for the Electric Utility Expenses for a Lease Year. The Electric Utility Expense Cap for the initial Lease Year, commencing as of the Commencement Date, shall be Ninety-Nine Thousand Three Hundred Sixty-Five Dollars and no/100 (\$99,365.00), which cap shall increase annually by three percent (3%) at each anniversary of the Commencement Date.

(3) **Excess Electric Utility Expenses.** For each Lease Year where the Electric Utility Expenses for the subject Lease Year exceeds the Electric Utility Expense Cap for the subject Lease Year, COUNTY shall reimburse LANDLORD for such excess costs ("Excess Electric Utility Expenses").

(4) **Reconciliation Statement.** Not later than ninety (90) days following the end of each Lease Year or the earlier termination of the Lease, LANDLORD shall provide COUNTY with a written reconciliation statement, along with all supporting invoices and any other documents requested by COUNTY, setting forth the Electric Utility Expenses for the subject Lease Year, the Electric Utility Expense Cap for the subject Lease Year, and any Excess Electric Utility Expenses reimbursable by COUNTY for the subject Lease Year. In the event COUNTY approves said statement, COUNTY shall pay to LANDLORD the Excess Electric Utility Expenses. Failure by LANDLORD to provide a written reconciliation statement for Excess Electric Utility Expenses for any Lease Year or to provide COUNTY with invoices or other supporting documents to verify said excess shall be deemed to be LANDLORD's waiver of any and all Excess Electric Utility Expenses for the subject Lease Year. The provision of this paragraph shall survive the expiration or earlier termination of the Lease.

(5) **Audit Rights.** COUNTY shall have the right to audit LANDLORD's records concerning the Electric Utility Expenses and LANDLORD's calculation of the Excess Electric Utility Expense payable by

COUNTY for one or more Lease Years. If an audit demonstrates that a discrepancy of five percent (5%) or more between the Excess Electric Utility Expenses paid by COUNTY for the subject Lease Year(s) and the Excess Electric Utility Expense that should have been paid by COUNTY as demonstrated by the audit for the subject Lease Year(s), at COUNTY's option, LANDLORD shall reimburse COUNTY for such discrepancy and pay for the actual cost of said audit (including but not limited to the value of COUNTY's employee and staff time and equipment used) or COUNTY shall have the right to deduct the amount of said discrepancy and the actual cost of the audit (including but, not limited to, the value of COUNTY's employee and staff time and any equipment used) against the Monthly Rent payable for the Premises until such time that the amounts due to COUNTY have been fully reimbursed.

C. Interruptions. In the event of any interruption of any utilities provided to the Premises, the Building, or the Property and COUNTY determines, in its sole discretion, that COUNTY is unable access the Premises or the Allocated Parking or unable to conduct its operations at the Premises as a result of such interruption, LANDLORD shall immediately restore the affected utility service(s) and Monthly Rent shall be abated for the duration of the interruption in proportion to the Premises or portion thereof that is inaccessible or unusable by COUNTY to conduct its operation and COUNTY shall have the right to deduct the abated amount from the Monthly Rent and other sums next due for the period from the date the interruption commenced until such time that the affected utility is fully restored.

12. LEGAL COMPLIANCE.

A. Compliance with Laws. As a condition precedent to COUNTY's obligations under the Lease, (i) the Premises, the Building, and the Property comply with the applicable requirements of all municipal, county, state, federal, and regulatory laws, statutes, codes, ordinances, and regulations for public and government buildings then in effect, including, but not limited to, applicable Health, Safety, Fire and Building codes, notice of completion, certificate of occupancy, California Title 24, and the Americans with Disabilities Act (collectively, "Laws"); (ii) an accessible path of travel exists from public transportation to the Premises pursuant to California Title 24 requirements; (iii) all improvements in or on the Premises, the Building, and the Property (whether constructed by LANDLORD, prior tenants, or any third party) comply with all applicable covenants or restrictions of record for the Property and all applicable Laws; (iv) LANDLORD has not received any violations of Laws from any relevant government authority with respect to the Premises, the Building, or the Property; and (v) LANDLORD has no knowledge of any pending or threatened claims of any violations of Laws from any third party with respect to the Premises, the Building, or the Property. LANDLORD covenants that LANDLORD shall, at its sole cost and expense, maintain the Premises, the Building, and the Property in compliance with all applicable Laws for the duration of the Lease Term and any extensions thereof. LANDLORD represents and warrants to COUNTY that the forgoing is true and accurate as of the Commencement Date. In the event of a breach of the foregoing representations, warranties, or covenants herein, LANDLORD shall, at its cost and sole expense, promptly remedy any non-compliance with Laws and indemnify, defend (with counsel reasonably approved by COUNTY), and hold harmless COUNTY and its officers, employees, agents, and volunteers from any and all claims, actions, losses, damages and/or liability arising out of or related to said breach. LANDLORD's indemnity obligation shall survive the expiration or earlier termination of the Lease. In the event of that the Premises, the Building or the Property requires modifications due to changes in Laws during the Lease Term or any extensions thereof, LANDLORD shall, at its sole cost and expense, promptly complete such modification.

B. CASp Inspection. LANDLORD certifies to COUNTY that as of the Commencement Date, an inspection of the Premises, the Building, or the Property has not been performed by a Certified Access Specialist in conjunction with the Lease. Notwithstanding that an access inspection has not been performed, LANDLORD remains obligated for the compliance of the Premises, the Building, and the Property with Laws for the duration of the Lease Term including any extensions thereof. In the event that an access inspection is performed by LANDLORD at any time during the Lease Term including any extensions thereof, LANDLORD shall provide COUNTY with a copy of the inspection report and LANDLORD shall, at its sole cost and expense, promptly complete all required and recommended repairs and modifications to the Premises, the Building, or the Property identified in the inspection report.

13. **HAZARDOUS SUBSTANCES.**

A. LANDLORD hereby represents and warrants to COUNTY that, as of the Commencement Date: (i) the Premises, the Building, and the Property have not been exposed to Hazardous Substances and are free of all Hazardous Substances; (ii) neither LANDLORD nor any existing or former tenants or occupants at the Property were or are in violation of or subject to an existing, pending or threatened investigation by any governmental authority under any applicable local, state, and federal law, regulation, ordinance or other legislation pertaining to air, water, or soil quality or the handling, transportation, storage, treatment, usage or disposal of Hazardous Substances; (iii) any handling, transportation, storage, treatment, usage, or disposal of Hazardous Substances at the Premises, the Building, and the Property has been or are in compliance with applicable laws; and (iv) no reportable use has occurred on the Premises, the Building, and the Property and the vapor, groundwater and soil on or under the Premises, the Building, and the Property is free of Hazardous Substances.

B. LANDLORD shall indemnify, defend (with counsel reasonably approved by COUNTY), protect, and hold harmless COUNTY and its officers, employees, agents, and volunteers and the Premises, from any and all claims, actions, losses, damages, judgments, costs, expenses, penalties, and/or liability, including, but not limited to, attorneys' and consultant's fees, arising out of or related to the existence of any Hazardous Substances located in, on, under, or about the Premises, the Building, and the Property occurring: (i) prior to the Commencement Date and (ii) during the Lease Term to the extent not directly and solely caused by COUNTY. Additionally, the issuance of an order by any governmental authority directing LANDLORD or any of LANDLORD's other tenants or occupants on the Property to cease and desist any illegal action in connection with a Hazardous Substance, or to remediate a contaminated condition caused by LANDLORD or any person acting under LANDLORD's direct control and authority is a default of the Lease, and LANDLORD shall be responsible for all costs and expenses of complying with such order, including any and all expenses imposed on or incurred by COUNTY in connection with or in response to such order. LANDLORD's obligations under this paragraph shall include, but shall not be limited to, the effects of any contamination or injury to person, property or the environment created or suffered by COUNTY, and the cost of investigation, removal, remediation, restoration and/or abatement thereof. LANDLORD's obligations under this provision shall survive the expiration or early termination of the Lease. No termination, cancellation or release agreement entered into by COUNTY and LANDLORD shall release LANDLORD from its obligations under the Lease with regard to Hazardous Substances unless specifically agreed to by COUNTY in writing. LANDLORD's indemnity obligation shall survive the expiration or earlier termination of the Lease.

C. For the purposes of this paragraph, the following definitions shall apply:

(1) "Hazardous Substance," as used in the Lease, shall mean any product, substance, material, or waste whose presence, use, manufacture, disposal, transportation, or release, either by itself or in combination with other materials expected to be on the Premises, is either: (a) potentially injurious to the public health, safety or welfare, the environment or the Premises, the Building, or the Property; (b) regulated or monitored by any governmental authority; or (c) a basis for potential liability of LANDLORD or COUNTY under any applicable statute or common law theory.

(2) "Reportable use" shall mean: (a) the installation or use of any above- or below-ground storage tank; (b) the generation, possession, storage, use, transportation or disposal of a Hazardous Substance that requires a permit from, or with respect to which a report, notice, registration or business plan is required to be filed with any governmental authority and/or (c) the presence at the Premises, the Building, or the Property of a Hazardous Substance with respect to which any Applicable Requirements requires that a notice be given to persons entering or occupying the Premises, the Building, the Property or neighboring properties.

(3) The term "applicable requirements" shall be deemed to refer to all applicable laws, covenants or restrictions of record, building codes, regulations and ordinances.

14. **ALTERATIONS.** COUNTY shall not make any structural or exterior improvement or alterations to the Premises during the Lease Term without LANDLORD's prior written consent. If LANDLORD does not respond within thirty (30) days after COUNTY's request for consent for any structural or exterior improvements or alterations, LANDLORD shall be deemed to have approved COUNTY's request. Upon the expiration or earlier termination of the Lease, such improvements or alterations shall be surrendered along with the Premises and COUNTY shall have no removal or restoration obligation.

15. **FIXTURES.** COUNTY shall have the right to install shelving and fixtures and make interior, non-structural improvements or alterations in the Premises during the Lease Term without LANDLORD's prior consent. Such shelving, fixtures, improvements, and alterations shall remain the property of COUNTY during the Lease Term, and may, at COUNTY's option, in its sole discretion, either: (i) be removed during the Lease Term or upon the expiration or earlier termination of the Lease or within a reasonable time thereafter without the payment of Monthly Rent or other sums, provided that COUNTY restores any damage caused by such removal; or (ii) be surrendered along with the Premises, in which case, COUNTY shall have no removal or restoration obligation. COUNTY shall have the right, at its options to install at the Premises, telephone and data cabling, a security system, and vending machines.

16. **SIGNS.** As part of the Improvements to be completed by LANDLORD pursuant to this Lease, LANDLORD shall provide to COUNTY an exterior sign on the top fascia of the Building. Exterior sign placement and design to be mutually agreed by the parties. COUNTY will display from the windows and/or marquee of the Premises only such sign or signs as are not prohibited by law. At the end of the Lease term, LANDLORD at its cost shall be responsible for the removal and disposal of all COUNTY's signage.

17. **MAINTENANCE AND REPAIR.**

A. LANDLORD represents and warrants to COUNTY that as of the Commencement Date, the Premises, the Building, and the Property, including but not limited to all structural elements, the building systems, and other improvements thereon are in good working order, condition, and repair and water-tight. During the Lease Term, including any extensions thereof, LANDLORD shall, at its sole cost and expense, provide the following services and perform all inspections, maintenance, repairs, and replacements as is necessary or as reasonably requested by COUNTY to keep in good working order, condition, and repair and water-tight, all structural elements, the building systems, and other improvements thereon, including but not limited to the following:

(1) All structural and other elements of the Premises, Building, and the Property, inclusive of all components thereto and regardless of where situated on the Property, including, but not limited to, the roof; foundation; slab; sub-flooring; façade; exterior and load-bearing walls; eaves, gutters, and downspouts; exterior windows, frames, and glass; exterior doors; lobbies, elevators, and stairs and stairwells; in the event of water intrusion, LANDLORD shall repair any such intrusions and remediate any and all mold or other contaminants and perform all recommended repairs in a report provided by its third-party contractors; and,

(2) All systems of the Premises, the Building, and the Property inclusive of all components thereto and regardless of where situated on the Property, including, but not limited to, all mechanical, electrical, lighting, plumbing, water, and sewage and electric generators; plumbing maintenance shall include, but is not limited to, unclogging and repairing all drains, pipes, toilets, sinks, and other restroom fixtures and repairing water intrusion issues and remediation of mold and other contaminants regardless of cause; lighting maintenance shall include, but is not limited to, bulb and ballast replacements; and

(3) All heating, ventilation and air conditioning ("HVAC") systems of the Premises, the Building, and the Property, inclusive of all components thereto and regardless of where situated on the Property; HVAC maintenance shall include, but is not limited to, providing certified air balance and maintenance service (with a copy of the certificate to be delivered to COUNTY on the Commencement Date and on each second anniversary of the Commencement Date during the Lease Term) and replacing all filters on a quarterly basis; and

(4) All life-safety systems of the Premises, Building, and the Property, inclusive of all components thereto and regardless of where situated on the Property, including, but not limited to, fire suppression; fire sprinklers; fire alarms; fire extinguishers; and exit signage; and

(5) All grounds of the Property, inclusive of all components thereto, including, but not limited to, parking lot, parking structures, accessible parking spaces, drive lanes, and driveways; sidewalks; fences and gates; exterior lighting; exterior signage; and landscaping; parking maintenance shall include, but is not limited to cleaning, repaving, re-stripping, curb and pothole repairs, and replacements; landscaping maintenance shall include, but is not limited to grass, trees, shrubbery, and flora, which shall be kept in a green condition; and

(6) Interior non-structural elements of the Premises, the Building, and the Property, inclusive of all components thereto and regardless of where situated on the Property, including, but not limited to, walls and ceilings; windows, frames, and glass; doors; fixtures, restrooms, break rooms, drinking fountains, and hallways, including, but not limited to, due to vandalism;

(7) Custodial, janitorial, and pest control services for the Premises (in accordance with Exhibit "D", attached hereto and incorporated herein by reference), the Building, and the Property; including, but not limited to, due to vandalism; and

(8) At any time on or after the seventh (7th) anniversary of the Commencement Date, at COUNTY's election, and at COUNTY's sole cost to remove furniture for the replacement, in its sole discretion, LANDLORD shall either: (i) replace, at LANDLORD's sole cost and expense, the carpet throughout the entire Premises, meeting the same criteria as specified in Exhibit "B-4", Improvement Specifications, within One Hundred Twenty (120) days after COUNTY's election; or (ii) provide COUNTY with credit against the Monthly Rent ("Rent Credit") in the amount determined in accordance with this paragraph. In the event COUNTY opts to receive Rent Credit, LANDLORD shall, within thirty (30) days after COUNTY'S election, obtain three (3) competitive bids from licensed and bonded local carpet vendors approved by COUNTY and the amount of the Rent Credit shall be the amount of the lowest of the competitive bids received, which credit will be applied toward Monthly Rent next due to LANDLORD and each Monthly Rent due thereafter until such credit is exhausted. If LANDLORD fails to obtain said competitive bids with the timeframe stated in this paragraph, COUNTY shall have the right to obtain such bids, present said bids to LANDLORD to substantiate the total Rent Credit due to COUNTY, and apply such credit toward the Monthly Rent next due to LANDLORD and each Monthly Rent due thereafter until such credit is exhausted.

(9) At any time on or after the Fifth (5th) anniversary of the Commencement Date, at COUNTY's election, and at COUNTY's sole cost to remove furniture for the painting, in its sole discretion, LANDLORD shall either: (i) repaint, at LANDLORD's sole cost, the entire interior of the Premises, meeting the same criteria as specified in Exhibit "B-4", Improvement Specifications, within One Hundred Twenty (120) days after COUNTY's election; or (ii) provide COUNTY with Rent Credit in the amount determined in accordance with this paragraph. In the event COUNTY opts to receive Rent Credit, LANDLORD shall, within thirty (30) days after COUNTY'S election, obtain three (3) competitive bids from licensed and bonded local paint vendors approved by COUNTY and the amount of the Rent Credit shall be the amount of the lowest of the competitive bids received, which credit will be applied toward Monthly Rent next due to LANDLORD and each Monthly Rent due thereafter until such credit is exhausted. If LANDLORD fails to obtain said competitive bids with the timeframe stated in this paragraph, COUNTY shall have the right to obtain such bids, present said bids to LANDLORD to substantiate the total Rent Credit due to COUNTY, and apply such credit toward the Monthly Rent next due to LANDLORD and each Monthly Rent due thereafter until such credit is exhausted.

B. LANDLORD shall engage licensed and bonded contractors to perform LANDLORD's maintenance and custodial obligations in the Lease, which services shall be performed in a good and workmanlike manner. With respect to the Premises, LANDLORD's maintenance and custodial obligations shall be performed at times during COUNTY's regular business hours that are approved in writing by COUNTY. LANDLORD's service providers must be escorted by COUNTY staff while in the Premises and such services

shall be performed in a manner that will cause the least possible inconvenience, annoyance, or disturbance to COUNTY.

C. Without in any way affecting LANDLORD'S obligations in this paragraph and regardless of whether any specific notice of need for maintenance or repair is provided to LANDLORD by COUNTY, COUNTY may request specific maintenance. Any such request may be made in writing, or otherwise. If: (i) COUNTY requests maintenance and LANDLORD does not commence the performance of its maintenance obligations within ten (10) days of receiving such request or does not diligently prosecute its obligations to completion thereafter; or (ii) in the case of an emergency, whether or not COUNTY has given notice to LANDLORD, LANDLORD does not immediately perform its obligations, then in both instances, COUNTY may (but is not obligated to) perform LANDLORD'S obligations, in which case, LANDLORD shall reimburse COUNTY the sum actually expended by COUNTY (including but not limited to charges for COUNTY employees and equipment) in the performance of LANDLORD's obligations. The sum expended by COUNTY shall be due from LANDLORD to COUNTY within five (5) days of notice of COUNTY's invoice to LANDLORD along with documentation supporting the expended costs, and if paid at a later date, shall bear interest at the maximum rate COUNTY is permitted by law to charge from the date the sum was paid by COUNTY until COUNTY is reimbursed by LANDLORD. If LANDLORD fails to reimburse COUNTY as required by this paragraph, COUNTY shall have the right to deduct from future Monthly Rent or other sums due the amount COUNTY has paid until COUNTY is reimbursed in full for the sum and interest thereon. The remedies set forth in this paragraph are in addition to and do not in any manner limit other remedies set forth in the Lease.

D. In the event that any maintenance, repair, or replacement by LANDLORD causes, as determined by COUNTY in its sole discretion, the Premises or the Allocated Parking to be inaccessible or the Premises or any portion thereof to be unusable for COUNTY to conduct its operations, Monthly Rent and other sums due under the Lease shall be abated for the commencement of the need for maintenance, repair, or replacement until such time that said maintenance, repair, or replacement is fully completed in proportion to the Premises or portion thereof that is inaccessible or unusable by COUNTY.

E. At COUNTY's election, in its sole discretion, LANDLORD, shall, at LANDLORD's sole cost and expense, hire a licensed, bonded, and qualified property management company to manage the Property and perform LANDLORD'S maintenance and custodial obligations as set forth in the Lease. Within fourteen (14) days after the engagement of a property management company, the property manager of the property management company shall inspect the Premises, the Building, and the Property at least every other week to ensure compliance with LANDLORD'S maintenance obligations and daily to ensure compliance with LANDLORD'S custodial obligations.

F. Notwithstanding anything to the contrary in this Paragraph 17, in the event that any maintenance and repairs pursuant to this Paragraph 17, MAINTENANCE AND REPAIRS are required due to an event that: (i) occurred during the COUNTY's normal business hours at the Premises (excluding COUNTY closures and holidays); (ii) occurred entirely within the interior of the Premises; and (iii) was caused by the intentional misconduct of COUNTY's employees, agents, contractors, or invitees (collectively, a "Reimbursable Maintenance Event"), LANDLORD shall, no later than thirty (30) days after the occurrence of such event (but sooner in the event of an emergency) and prior to incurring any costs, deliver written notice to the COUNTY of the occurrence of a Reimbursable Maintenance Event, which notice shall include evidence substantiating that all elements of a Reimbursable Maintenance Event have occurred ("Notice of Reimbursable Maintenance Event"). If LANDLORD timely submits its Notice of Reimbursable Maintenance Event and COUNTY verifies that a Reimbursable Maintenance Event has occurred, LANDLORD and COUNTY shall mutually agree in writing on the scope of work, the costs, and the schedule, including any changes thereto, to complete any necessary maintenance and repairs. Thereafter, the LANDLORD shall promptly perform the agreed maintenance and repair work, and upon final completion of said work to the COUNTY's satisfaction, LANDLORD shall submit a copy of all invoices, receipts, and any other supporting documentation requested by COUNTY for said work and the COUNTY shall reimburse LANDLORD for the agreed costs incurred by LANDLORD for such work, provided that in no event shall the COUNTY's obligation to reimburse the LANDLORD exceed a total of Five Thousand Dollars (\$5,000.00) per verified Reimbursable Maintenance Event ("Reimbursement Cap"). For avoidance of doubt

regarding the Reimbursement Cap, a Reimbursable Maintenance Event shall include any occurrence or series of occurrences of maintenance and repair work, whenever performed, that arise out of or relate to the same, original verified Reimbursable Maintenance Event. If the LANDLORD does not timely submit its Notice of Reimbursable Maintenance Event and/or the COUNTY determines that a Reimbursable Maintenance Event has not occurred, LANDLORD shall promptly perform and complete the required maintenance and repairs at LANDLORD's sole cost and expense as part of LANDLORD's obligations under the Lease and without any reimbursement from the COUNTY. The parties acknowledge and agree that the COUNTY's determinations herein, including but not limited to, the verification of a Reimbursable Maintenance Event, the COUNTY's satisfaction with any completed work, and the limitation of the Reimbursement Cap shall be at the COUNTY's sole discretion and such determinations shall be conclusive. The parties further acknowledge and agree that the COUNTY shall not be deemed to be in default of the Lease during the period of time that COUNTY performs said determinations and/or processes any reimbursement payments for a verified Reimbursable Maintenance Event. The County's Director of Real Estate Services shall have the authority, on behalf of the COUNTY, to make determinations and exercise the COUNTY's rights herein.

18. **ASSIGNMENT AND SUBLEASE**. COUNTY shall have the right to assign the Lease or sublease the Premises or any portion thereof with LANDLORD's prior written consent, which consent shall not be unreasonably withheld, delayed, or conditioned. Notwithstanding anything to the contrary in the Lease, at any time during the Lease Term, COUNTY shall have the right, without LANDLORD's consent, to assign the Lease, sublease the Premises or any portion thereof, or share occupancy of the Premises or any portion thereof with any entity under common control with COUNTY, special districts of the COUNTY, and joint powers associations of which the COUNTY is a member; in which event, LANDLORD shall not have the right to share in any rents that exceed the Monthly Rent or to recapture the Premises or any portion thereof.

19. **INDEMNIFICATION**. LANDLORD agrees to indemnify, defend (with counsel reasonably approved by COUNTY) and hold harmless COUNTY and its officers, employees, agents and volunteers from any and all claims, actions, losses, damages, and/or liability arising out of the Lease from any cause whatsoever, including the acts, errors or omissions of any person and for any costs or expenses incurred by COUNTY on account of any claim except where such indemnification is prohibited by law. This indemnification provision shall apply regardless of the existence or degree of fault of Indemnities. LANDLORD's indemnification obligation applies to COUNTY's "active" as well as "passive" negligence but does not apply to COUNTY's "sole negligence" or "willful misconduct" within the meaning of Civil Code Section 2782. The provision of the Lease shall survive the expiration or earlier termination of the Lease.

20. **INSURANCE REQUIREMENTS AND SPECIFICATIONS**.

A. Reserved.

B. LANDLORD agrees to provide insurance set forth in accordance with the requirements herein. If LANDLORD uses existing coverage to comply with these requirements and that coverage does not meet the specified requirements, LANDLORD agrees to amend, supplement or endorse the existing coverage to do so.

Without in anyway affecting the indemnity herein provided and in addition thereto, LANDLORD shall secure and maintain throughout the Lease Term the following types of insurance with limits as shown:

(1) **Workers' Compensation/Employers Liability** – A program of Workers' Compensation insurance or a state-approved, self-insurance program in an amount and form to meet all applicable requirements of the Labor Code of the State of California, including Employer's Liability with \$250,000 limits covering all persons including volunteers providing services on behalf of LANDLORD and all risks to such persons under the Lease.

If LANDLORD has no employees, it may certify or warrant to COUNTY that it does not currently have any employees or individuals who are defined as "employees" under the Labor Code and the requirement for Workers' Compensation coverage will be waived by COUNTY's Director of Risk Management.

If LANDLORD is a non-profit corporation, organized under California or Federal law, volunteers for LANDLORD are required to be covered by Workers' Compensation insurance.

(2) Commercial/General Liability Insurance – LANDLORD shall carry General Liability Insurance covering all operations performed by or on behalf of LANDLORD providing coverage for bodily injury and property damage with a combined single limit of not less than one million dollars (\$1,000,000), per occurrence. The policy coverage shall include:

- (a) Premises operations and mobile equipment.
- (b) Products and completed operations.
- (c) Broad form property damage (including completed operations).
- (d) Explosion, collapse and underground hazards.
- (e) Personal injury
- (f) Contractual liability.
- (g) \$2,000,000 general aggregate limit.

(3) Commercial Property Insurance providing all risk coverage for the Premises, Building, fixtures, equipment and all property constituting a part of the Premises. Coverage shall be sufficient to insure One Hundred percent (100%) of the replacement cost.

(4) Automobile Liability Insurance – Primary insurance coverage shall be written on ISO Business Auto coverage form for all owned, hired and non-owned automobiles or symbol 1 (any auto). The policy shall have a combined single limit of not less than one million dollars (\$1,000,000) for bodily injury and property damage, per occurrence.

If LANDLORD is transporting one or more non-employee passengers in relation to the Lease, the automobile liability policy shall have a combined single limit of two million dollars (\$2,000,000) for bodily injury and property damage per occurrence.

If LANDLORD owns no autos, a non-owned auto endorsement to the General Liability policy described above is acceptable.

(5) Umbrella Liability Insurance - An umbrella (over primary) or excess policy may be used to comply with limits or other primary coverage requirements. When used, the umbrella policy shall apply to bodily injury/property damage, personal injury/advertising injury and shall include a "dropdown" provision providing primary coverage for any liability not covered by the primary policy. The coverage shall also apply to automobile liability.

C. If LANDLORD performs any construction of the Premises on behalf of COUNTY, LANDLORD shall also procure and maintain coverages as follows:

(1) For construction contracts for projects over One Million Dollars (\$1,000,000) and less than Three Million Dollars (\$3,000,000) require limits of not less than Three Million Dollars in General Liability and Auto Liability coverage.

(2) For construction contracts for projects over Three Million Dollars (\$3,000,000) and less than Five Million Dollars (\$5,000,000) require limits of not less than Five Million Dollars (\$5,000,000) in General Liability and Auto Liability coverage.

(3) For construction contracts for projects over Five Million Dollars (\$5,000,000) and less than Ten Million Dollars (\$10,000,000) require limits of not less than Ten Million Dollars (\$10,000,000) in General Liability and Auto Liability coverage.

(4) LANDLORD agrees to require all parties, subcontractors, or others, including, but not limited to, architects, it hires or contracts with in relation to the Lease to provide insurance covering the contracted operations with the requirements in this Paragraph 20, (including, but not limited to, waiver of subrogation rights) and naming COUNTY as an additional insured. LANDLORD agrees to monitor and review all such coverage and assumes all responsibility ensuring that such coverage is provided as required here.

(5) Course of Construction/Installation (Builder's Risk) property insurance providing all risk, including theft coverage for all property and materials to be used on the project. The insurance policy shall not have any coinsurance penalty.

D. Additional Insured – All policies, except for the Workers' Compensation, shall contain endorsements naming COUNTY and its officers, employees, agents and volunteers as additional insureds with respect to liabilities arising out of the Lease. The additional insured endorsements shall not limit the scope of coverage for COUNTY to vicarious liability but shall allow coverage for COUNTY to the full extent provided by the policy. Such additional insured coverage shall be at least as broad as Additional Insured (Form B) endorsement form ISO, CG 2010.11 85.

E. Waiver of Subrogation Rights – LANDLORD shall require the carriers of required coverages to waive all rights of subrogation against COUNTY, its officers, employees, agents, volunteers, contractors and subcontractors. All general or auto liability insurance coverage provided shall not prohibit LANDLORD and LANDLORD's employees or agents from waiving the right of subrogation prior to a loss or claim. LANDLORD hereby waives all rights of subrogation against COUNTY.

F. Policies Primary and Non-Contributory – All policies required herein are to be primary and non-contributory with any insurance or self-insurance programs carried or administered by COUNTY.

G. Severability of Interests – LANDLORD agrees to ensure that coverage provided to meet these requirements is applicable separately to each insured and there will be no cross liability exclusions that preclude coverage for suits between LANDLORD and COUNTY or between COUNTY and any other insured or additional insured under the policy.

H. Proof of Coverage – LANDLORD shall furnish Certificates of Insurance to COUNTY's RESD administering the Lease evidencing the insurance coverage at the time the Lease is executed, additional endorsements, as required, shall be provided prior to the commencement of performance of services hereunder, which certificates shall provide that such insurance shall not be terminated or expire without thirty (30) days written notice to COUNTY RESD, and LANDLORD shall maintain such insurance from the time the Lease is executed until the expiration or earlier termination of the Lease. Within fifteen (15) days of the Commencement Date, LANDLORD shall furnish a copy of the declaration page for all applicable policies and will provide complete certified copies of the policies and endorsements immediately upon request.

I. Acceptability of Insurance Carrier – Unless otherwise approved by COUNTY's Director of Risk Management, insurance shall be written by insurers authorized to do business in the State of California and with a minimum "Best" Insurance Guide rating of "A- VII".

J. Deductibles and Self-Insured Retention - Any and all deductibles or self-insured retentions in excess of \$10,000 shall be declared to and approved by COUNTY's Director of Risk Management.

K. Failure to Procure Coverage – All insurance required must be maintained in force at all times by LANDLORD. In the event that any policy of insurance required under the Lease does not comply with the requirements, is not procured, or is canceled and not replaced, COUNTY has the right but not the obligation or duty to cancel the Lease or obtain insurance if it deems necessary and any premiums paid by COUNTY will be promptly reimbursed by LANDLORD or COUNTY payments to LANDLORD will be reduced to pay for COUNTY purchased insurance.

L. Insurance Review – Insurance requirements are subject to periodic review by COUNTY. COUNTY's Director of Risk Management or designee is authorized, but not required, to reduce, waive or suspend any insurance requirements whenever COUNTY's Director of Risk Management determines that any of the required insurance is not available, is unreasonably priced, or is not needed to protect the interests of COUNTY. In addition, if COUNTY's Director of Risk Management determines that heretofore unreasonably priced or unavailable types of insurance coverage or coverage limits become reasonably priced or available, COUNTY's Director of Risk Management or designee is authorized, but not required, to change the above insurance requirements to require additional types of insurance coverage or higher coverage limits, provided that any such change is reasonable in light of past claims against COUNTY, inflation, or any other item reasonably related to COUNTY's risk.

Any change requiring additional types of insurance coverage or higher coverage limits must be made by amendment to the Lease. LANDLORD agrees to execute any such amendment within thirty (30) days of receipt.

Any failure, actual or alleged, on the part of COUNTY RESD or COUNTY to monitor or enforce compliance with any of the insurance and indemnification requirements will not be deemed as a waiver of any rights on the part of COUNTY RESD or COUNTY.

M. COUNTY shall have no liability for any premiums charged for such coverage(s). The inclusion of COUNTY as additional named insured is not intended to and shall not make a partner or joint venturer with LANDLORD in LANDLORD's operations.

N. LANDLORD agrees to require all parties, subcontractors, or others it hires or contracts with in relation to the Lease to provide insurance covering the contracted operation with the requirements in this Paragraph 20, (including, but not limited to, waiver of subrogation rights) and naming COUNTY as an additional insured.

21. DESTRUCTION OF PREMISES.

A. In the event the Premises, the Allocated Parking, the Building, the Property, or COUNTY's access thereto, or any portion thereof, is damaged or destroyed by any casualty, LANDLORD shall, at its sole cost and expense, promptly repair and restore the Premises, the Allocated Parking, the Building, the Property or COUNTY's access thereto to substantially the same condition as existing immediately prior to the damage or destruction, including, but not limited to: (i) all mechanical, electrical, and plumbing systems serving the Premises, the Building, and the Property; (ii) the heating, ventilation, and air conditioning systems serving the Premises and the Building; (iii) the roof, foundation, and all interior and exterior windows and walls of the Premises and the Building; and (iv) all Improvements constructed in the Premises (whether by LANDLORD or COUNTY) prior to the date of damage or destruction and the Lease shall continue in full force and effect. LANDLORD shall use any and all insurance proceeds received as a result of such casualty for the repair and restoration of the Premises, provided that LANDLORD's failure to carry any required insurances shall not relieve LANDLORD of its repair and restoration obligation. Notwithstanding the foregoing, Landlord shall have no obligation to repair any damage to, or to replace any of COUNTY's personal property, furnishings, fixtures, and equipment, unless such damage is caused by LANDLORD's negligence or intentional misconduct. LANDLORD shall commence the required repair and restoration in a substantial and meaningful way within thirty (30) days of the date of damage or destruction and shall thereafter diligently pursue such repair and restoration to completion within ninety (90) days of commencement of said repair and restoration. For the purposes of this paragraph, the phrase "commence . . . in a substantial and meaningful way" shall mean the unconditional authorization to prepare the plans required for repair and restoration work, the issuance of any required building permits from the relevant governmental authority, or the beginning of actual repair or restoration work. In the event that within thirty (30) days after the casualty date, COUNTY is notified by LANDLORD that the time required to restore the Premises, the Allocated Parking, the Building, the Property, or COUNTY's access thereto, or any portion thereof, is estimated by LANDLORD's licensed and qualified architect, in its professional opinion, to exceed ninety (90) days, COUNTY may, at its option, terminate this Lease immediately upon written notice to the LANDLORD without further obligation by COUNTY.

B. In the event: (i) the Premises, the Allocated Parking, the Building, the Property, or COUNTY's access thereto, or any portion thereof, is damaged or destroyed; (ii) LANDLORD fails to timely commence and complete the repair and restoration required in Paragraph 21.A above; and (iii) COUNTY determines, in its sole discretion, that COUNTY is unable to conduct its operations at the Premises as a result of such damage or destruction, COUNTY shall have the right, at its option, to terminate the Lease effective as of the date the damage or destruction occurred.

C. In the event the Premises, the Allocated Parking, the Building, the Property, or COUNTY's access thereto is damaged or destroyed by any casualty and COUNTY determines, in its sole discretion, that COUNTY is unable to conduct its operations at the Premises as a result of such damage or destruction, the Monthly Rent and any other sums due under the Lease shall be abated in whole or in proportion to the Premises, Allocated Parking, or access thereto that are not usable by COUNTY to conduct its business, which abatement shall commence on the date the damage or destruction occurred and shall continue until the date the such damage or destruction is fully restored. In the event undamaged space is available in the Building, LANDLORD shall provide COUNTY with temporary space during the restoration period at no cost to COUNTY.

22. **CONDEMNATION.**

A. Notice. In the event the Property or any portion thereof is taken under the power of eminent domain by a condemning authority or voluntarily transferred to such authority under the threat of the exercise of said power ("Condemnation"), within five (5) days of its receipt of a notice of Condemnation from a condemning authority ("Condemnation Notice"), LANDLORD shall provide COUNTY with a copy of said notice.

B. Total. In the event the entirety of Premises, the Allocated Parking, the Building the Property, or COUNTY's access thereto, is taken by Condemnation, the Lease shall terminate as of the date the condemning authority takes title or possession, whichever first occurs.

C. Partial. In the event that any portion of the Premises, the Allocated Parking, the Building, the Property, or COUNTY's access thereto, is taken by Condemnation and COUNTY determines, in its sole discretion, that COUNTY is unable to conduct its operations at the Premises as a result of such partial taking, COUNTY shall have right, at its option, to terminate the Lease by providing LANDLORD with notice to be given within thirty (30) days after COUNTY's receipt of the Condemnation Notice from LANDLORD, or if LANDLORD fails to provide COUNTY with a Condemnation Notice, within thirty (30) days after the date the condemning authority takes possession. If COUNTY does not exercise its right to terminate the Lease as provided herein, the Lease shall continue in full force and effect, except that if a portion of the Premises was taken, the Premises shall be reduced by the portion taken and the Monthly Rent and any other sums due under the Lease shall be reduced in the same proportion as the floor area of the Premises taken bears to the original floor area of the Premises and if the Allocated Parking, COUNTY's access, or other portions of the Property affecting COUNTY's use of the Premises was partially taken, the Monthly Rent and other sums due shall be equitably adjusted. In addition, LANDLORD shall within thirty (30) days make all repairs or alterations to the Premises, Building, and Property required as a result of the Condemnation to restore the remaining portions thereof to substantially the same conditions as existing immediately prior to the Condemnation and in accordance with the provisions of the Lease.

D. Awards. COUNTY shall be entitled to receive the following amounts of any award for the taking of the Premises or any portion thereof under Condemnation, whether from LANDLORD or by separate claim to the condemning authority, with COUNTY having the right to negotiate directly with the condemning authority for such award,: (i) one hundred percent (100%) of any amount attributable to any excess of the market value of the Premises for the remainder of the Lease Term over the present value as of the date the Lease is terminated of the Monthly Rent payable for the remainder of the Lease Term (commonly referred to as the "bonus value" of the Lease); (ii) the amortized or undepreciated value of any Improvements and trade fixtures owned by COUNTY and the removal and relocation costs of such Improvements and trade fixtures; (iii) relocation costs; (iv) loss of goodwill, and (v) any other permitted under condemnation law.

23. **LANDLORD'S DEFAULT.** Except where another time period is specifically provided, LANDLORD shall be in default of the Lease if LANDLORD fails or refuses to perform any material provisions of the Lease and such failure or refusal to perform is not cured within thirty (30) days following LANDLORD's receipt of written notice of default from COUNTY; provided however, if the nature of the default is such that it cannot reasonably be cured within thirty (30) days, LANDLORD shall not be in default of the Lease if LANDLORD commences to cure the default within the thirty (30) day period and thereafter diligently and in good faith prosecutes such cure to completion, provided that such completion shall not exceed sixty (60) days after LANDLORD's receipt of COUNTY notice.

24. **COUNTY'S REMEDIES ON LANDLORD'S DEFAULT.** COUNTY may, at any time after LANDLORD is in default beyond any applicable notice and cure period, terminate the Lease immediately upon written notice to LANDLORD without further liability. Alternatively, COUNTY may, at its option and in its sole discretion, after notice to LANDLORD, cure LANDLORD's default. If COUNTY elects to cure LANDLORD's default, LANDLORD shall reimburse COUNTY the sum actually expended by COUNTY (including but not limited to charges for COUNTY employees and equipment) in curing LANDLORD's default. The sum expended by COUNTY shall be due from LANDLORD to COUNTY within five (5) days of notice of COUNTY's invoice to LANDLORD along with documentation supporting the expended costs, and if paid at a later date, shall bear interest at the maximum rate COUNTY is permitted by law to charge from the date the sum was paid by COUNTY until COUNTY is reimbursed by LANDLORD. If LANDLORD fails to reimburse COUNTY as required by this paragraph, COUNTY shall have the right to withhold from future Monthly Rent and other sums due the amount COUNTY has paid until COUNTY is reimbursed in full for the sum and interest on it. The remedies set forth in this paragraph are in addition to and do not in any manner limit other remedies set forth in the Lease.

25. **COUNTY'S DEFAULT.** The occurrence of any one or more of the following events shall constitute a material default of the Lease by COUNTY: (i) vacating or abandoning the Premises for more than thirty (30) consecutive days while Monthly Rent is concurrently in arrears; or (ii) failure by COUNTY to perform any material provisions of the Lease to be performed by COUNTY, including the payment of Monthly Rent, where such failure is not cured within thirty (30) days following COUNTY's receipt of written notice of default from LANDLORD; provided, however, if the nature of the default is such that it cannot reasonably be cured within thirty (30) days, COUNTY shall not be in default of the Lease if COUNTY commences to cure the default within the thirty (30) day period and thereafter diligently and in good faith prosecutes such cure to completion. The purpose of this notice requirement is to extend the notice requirements of the unlawful detainer statutes of California.

26. **LANDLORD'S REMEDIES ON COUNTY'S DEFAULT.** LANDLORD may, at any time after COUNTY is in default beyond any applicable notice and cure period, exercise any and all remedies available pursuant to law or granted pursuant to the Lease; provided, however, that notwithstanding anything herein to the contrary, there shall be no right under any circumstances to accelerate the Monthly Rent or other sums due or otherwise declare any Monthly Rent or other sums due to be immediately payable. Each and every covenant hereof to be kept and performed by COUNTY is expressly made a condition and upon the default thereof LANDLORD may, at its option, terminate the Lease, provided that LANDLORD shall use reasonable efforts to mitigate its damages. In the event of such default beyond any applicable notice and cure period, COUNTY shall continue to remain liable for the payment of the Monthly Rent, other sums due, and/or damages for default of the Lease; in which case, such Monthly Rent, other sums, and/or damages shall be payable to LANDLORD only at the same time and in the same manner as provided for the payment of Monthly Rent.

27. **LANDLORD'S ENTRY TO PREMISES.** Upon not less than twenty-four (24) hours prior written notice to COUNTY and subject to Paragraph 32, LANDLORD and its authorized employees, contractors, and agents shall have the right to enter the Premises at all reasonable times during COUNTY's normal business hours, excluding any COUNTY holidays, for any of the following purposes: (i) to determine COUNTY's compliance with its obligations under the Lease; (ii) to perform any necessary maintenance, repair, and restoration of the Premises pursuant to the Lease; (iii) to serve, post, or keep posted any notices required by law; and (iv) to post "for sale" signs at any time during the Lease Term or to post "for rent" or "for lease" signs during the last three (3) months of the Lease Term, provided such signs do not unreasonably interfere with the conduct of COUNTY operations.

LANDLORD's entry shall be made in a manner that will cause the least possible inconvenience, annoyance, or disturbance to COUNTY.

28. **SURRENDER.** Upon the expiration or earlier termination of the Lease, COUNTY shall surrender the Premises in as good a condition as received on the Commencement Date, excluding reasonable wear and tear, LANDLORD's obligations pursuant to the Lease, casualty damages, and the removal of the Improvements and any other improvements or alterations in accordance with the Lease. In the event, COUNTY has pre-paid any Monthly Rent or other sums for the Premises, LANDLORD shall, within thirty (30) days after the expiration or earlier termination of the Lease, return to COUNTY any unearned Monthly Rent or other sums.

29. **ESTOPPEL CERTIFICATES.** In the event of a sale or financing of the Property by LANDLORD or an assignment of the Lease or leasehold financing by COUNTY, the LANDLORD or COUNTY, as the case may be, shall execute an estoppel certificate to the requesting party's purchaser, assignee, or lender, as the case may be, which estoppel certificate shall substantially be in the form of Exhibit "E", attached hereto and incorporated herein, to confirm those certain terms of the Lease. COUNTY's RESD Director shall have the authority on behalf of COUNTY to execute an estoppel certificate substantially in the form of Exhibit "E".

30. **SUBORDINATION AND ATTORNMENT.**

A. As a condition precedent to COUNTY's obligations under the Lease, LANDLORD shall obtain from each holder of a lien or encumbrance on the Premises which is senior to the Lease either an executed recordable subordination agreement which subordinates such lien or encumbrance to the Lease, or a non-disturbance agreement, substantially in the form of the attornment provisions in Exhibit "F", attached hereto and incorporated herein by reference.

B. If, after execution of the Lease, a subsequent lienor requires that the Lease be subordinate to any such encumbrance, the Lease shall be subordinate to that encumbrance if, and only if, LANDLORD first obtains from the subsequent lienor an executed subordination, nondisturbance and attornment agreement ("SNDA"), substantially in the form of Exhibit "F". COUNTY's RESD Director shall have the authority on behalf of COUNTY to execute a SNDA substantially in the form of Exhibit "F".

31. **PUBLIC RECORDS DISCLOSURE.** LANDLORD acknowledges and agrees that all information received by COUNTY from LANDLORD or any source concerning the Lease or the Property, including the Lease itself, may be treated by COUNTY as public information, subject to disclosure under the provisions of the California Public Records Act (Government Code Section 6250 *et seq.*), the Ralph M Brown Act, or any other open records laws ("Public Records Laws"). LANDLORD further acknowledges and agrees that, although all information received by COUNTY in connection with the Lease or the Property are intended for the exclusive use of COUNTY, such information is potentially subject to disclosure under Public Records Laws. In the event LANDLORD, at the time any information is provided to COUNTY, has reasonably requested in writing that certain information as to the Lease or the Property be held in confidence and a request for disclosure of such information is thereafter received by COUNTY, COUNTY shall endeavor to notify LANDLORD of said request and shall thereafter disclose the requested information unless LANDLORD, within five (5) days of COUNTY's notice of such disclosure request: (i) requests that the information not be disclosed; (ii) provides a legally sound basis for nondisclosure (as determined in COUNTY's sole discretion); and (iii) agrees in writing to indemnify, defend (with counsel reasonably approved by COUNTY), and hold harmless COUNTY and its officers, employees, agents, and volunteers from any and all claims, actions, losses, damages, and/or liability arising out of or related the required disclosure. Notwithstanding anything to the contrary in the Lease, if COUNTY does not notify LANDLORD of such disclosure request or if COUNTY does not deem LANDLORD's basis for nondisclosure to be legally sufficient, as determined by COUNTY in its sole discretion, COUNTY shall not be liable for any claims for damages, lost profits, or other injuries of any and all kinds and LANDLORD waives any and all such claims against COUNTY. LANDLORD's indemnity obligation shall survive the expiration or earlier termination of the Lease.

32. **CONFIDENTIALITY.** LANDLORD acknowledges that the Premises will be used by COUNTY for the processing and storage of confidential information that is protected from unlawful access and disclosure by

municipal, county, state, and federal laws ("Confidential Information"). LANDLORD and its officers, agents, volunteers, employees, contractors, and any third parties under LANDLORD's control (including, but not limited, to property management, maintenance, and custodial providers) hereby agree to comply with all applicable municipal, county, state, and federal laws pertaining to the security and protection of Confidential Information and will prevent and not permit any unlawful access to or disclosure of Confidential Information when entering the Premises as permitted by the Lease. Prior to any permitted entry of the Premises, except in the event of a life-threatening emergency or an imminent and substantial destruction of the Premises, LANDLORD and its officers, agents, volunteers, employees, contractors and any third parties under LANDLORD's control shall: (i) provide not less than twenty-four (24) hours prior written notice of its desired entry; (ii) enter only during COUNTY's normal business hours; (iii) be escorted by COUNTY during its entry; and (iv) remain in the Premises only for so long as reasonably necessary to complete LANDLORD's obligations under the Lease. Should it be necessary for LANDLORD to enter the Premises due to a life-threatening emergency or imminent and substantial destruction of the Premises, LANDLORD and its agents, volunteers, employees, contractors, and any third parties under LANDLORD's control shall: (a) immediately notify COUNTY of such entry, (b) remain in the Premises only for so long as reasonably necessary to abate such emergency or destruction, and (c) upon departure, secure the Premises in the same manner as the Premises were secured upon entry, (i.e., arming alarm system and locking entry points). During any permitted entry of the Premises, LANDLORD and its officers, agents, volunteers, employees or any third parties under LANDLORD's control shall not access, disclose, or remove any Confidential Information from the Premises, including but not limited to, access of file cabinets, locked storage rooms, and desks. Any entry of the Premises that does not comply with the requirements of this paragraph is unauthorized. LANDLORD agrees to include the entry requirements contained in this paragraph in its agreements with all third-party providers who may enter the Premises. LANDLORD acknowledges that any unlawful access to or disclosure of Confidential Information may result in the imposition of civil and criminal sanctions

33. **FORMER COUNTY OFFICIALS.** LANDLORD has set forth on Exhibit "G" of the Lease certain information on former COUNTY administrative officials (as defined below) who are employed by or represent LANDLORD. The information provided includes a list of the full names of former COUNTY administrative officials who terminated COUNTY employment within the last five years and who are now officers, principals, partners, associates or members of LANDLORD. The information should also include the title/description of the official's last position with COUNTY, the date the official terminated COUNTY employment, the official's current employment and/or representative capacity with LANDLORD, and the date the official entered LANDLORD's employment and/or representation. For purposes of this provision, "COUNTY administrative official" is defined as a member of the Board of Supervisors or such officer's staff, COUNTY Administrative Officer or member of such officer's staff, COUNTY department or group head, assistant department or group head, or any employee in the Exempt Group, Management Unit or Safety Management Unit.

34. **MATERIAL MISREPRESENTATION.** If during the Lease Term, COUNTY determines that LANDLORD has made a material misstatement or misrepresentation or that materially inaccurate information has been provided to COUNTY, COUNTY shall have the right, at its option, to terminate the Lease with immediately effect; in which case, COUNTY shall be entitled to pursue any available remedies under the Lease, at law, or in equity.

35. **NOTICES.**

A. Any notice, demand, request, consent, approval or communication that either party desires or is required to give to the other party, including but not limited to, notices required under the California unlawful detainer statutes, or any other person shall be in writing and either served personally, delivered by a reputable overnight courier service, or sent by postage prepaid, first-class United States mail, certified or registered, return receipt requested. Any notice, demand, request, consent, approval or communication that either party desires or is required to give to the other party shall be addressed to the other party at the addresses set forth in the Basic Lease Provisions. Either party may change its address by notifying the other party of the change of address. Notices shall be deemed delivered upon the earlier of: (i) actual receipt if such notice is personally delivered; (ii) the date of delivery if such notice is delivered by a reputable overnight courier service; or (iii) the date of delivery or refusal of the addressee to accept delivery if such notice is sent by postage pre-paid, first-

class United States mail, certified or registered, return receipt requested. Any notices received after 5 pm local time on a business shall be deemed delivered on the following business day.

B. If, at any time after the Commencement Date, LANDLORD intends to transfer its ownership interest (whether controlling or non-controlling) in the Property to a third party, LANDLORD shall notify COUNTY of such transfer at least fifteen (15) COUNTY working days prior to completion of such transfer. In the event of a transfer of controlling interest in the Property, LANDLORD and the new owner shall provide COUNTY with evidence of completion of transfer; in which case, the new owner and COUNTY shall document by written amendment said change of ownership. In addition, the new owner shall, within five (5) of acquiring the Property, provide COUNTY with evidence that it has obtained insurance in compliance with Paragraph 19, INDEMNIFICATION and Paragraph 20, INSURANCE REQUIREMENTS AND SPECIFICATIONS. The COUNTY's RESD Director shall have the authority on behalf of COUNTY to execute a COUNTY standard amendment to this Lease with any new LANDLORD solely for the purposes of reflecting any changes in the legal ownership of the Property and to update the LANDLORD's notice address in the Basic Lease Provisions. The new LANDLORD acknowledges and agrees new LANDLORD execution of such COUNTY standard amendment is a pre-requisite for Rents under this Lease to be paid to the new LANDLORD.

36. **BROKER'S COMMISSIONS.** LANDLORD is solely responsible for the payment of any commissions to any broker who has negotiated or otherwise provided services in connection with the Lease and shall indemnify, defend (with counsel reasonably approved by COUNTY) and hold harmless COUNTY and its officers, employees, agents, and volunteers from any and all claims, actions, losses, damages, and/or liability arising out of or related to LANDLORD's default of this obligation. LANDLORD's indemnity obligation under this Lease shall survive the expiration or earlier termination of the Lease.

37. **ATTORNEYS' FEES AND COSTS.** If any legal action is instituted to enforce or declare a Party's rights hereunder, each Party, including the prevailing Party, must bear its own attorneys' fees and costs. This paragraph shall not apply to those attorneys' fees and costs directly arising from any third-party legal action against COUNTY, including such attorneys' fees and costs payable under Paragraph 13, HAZARDOUS SUBSTANCES, Paragraph 19, INDEMNIFICATION, Paragraph 31, PUBLIC RECORDS DISCLOSURE; and Paragraph 32, CONFIDENTIALITY.

38. **NO PARTNERSHIP.** Neither Party shall, in any way or for any purpose, become a partner of the other Party in the conduct of its business, or otherwise, or joint venturer or a member of a joint enterprise with the other Party as a result of execution of the Lease.

39. **BINDING EFFECT.** The Lease is binding upon and inures to the benefit of the Parties and their respective successors, assigns, heirs, executors, and administrators.

40. **JOINT AND SEVERAL LIABILITY.** In the event that one or more individuals and/or entities comprise LANDLORD, all obligations of each individual and/or entity named as LANDLORD under the Lease are joint and several and may not be waived or apportioned except by written consent of COUNTY. COUNTY may recover monies due or remedies available from any one or all individuals and/or entities named as LANDLORD under the Lease at COUNTY's sole option.

41. **SURVIVAL.** The obligations of the Parties that, by their nature, continue beyond the term of the Lease, will survive the expiration or earlier termination of the Lease.

42. **QUIET ENJOYMENT.** Provided that COUNTY is not in default beyond any applicable notice and cure periods, COUNTY shall, at all times during the Lease Term, have quiet and peaceful possession and enjoyment of the Premises against any persons claiming by, through or under LANDLORD or any third parties.

43. **TIME OF ESSENCE.** Time is of the essence of each provision of the Lease which specifies a time within which performance is to occur. In the absence of any specific time for performance, performance may be made within a reasonable time.

44. **CONSENT**. Unless otherwise expressly provided otherwise in the Lease, whenever consent or approval of either Party is required, that Party shall not unreasonably withhold, condition, or delay such consent or approval.
45. **INTERPRETATIONS**. As the Lease was jointly prepared by the Parties, the language in all parts of the Lease shall be construed, in all cases, according to its fair meaning, and not for or against either party hereto.
46. **HEADINGS**. The headings of any paragraphs, sub-paragraphs, table of contents, and cover page of the Lease are for convenience and reference only and shall have no effect on its interpretation.
47. **PROVISIONS ARE COVENANTS AND CONDITIONS**. All provisions, whether covenants or conditions, on the part of either Party shall be deemed to be both covenants and conditions.
48. **LAW**. The Lease shall be governed by and construed in accordance with the laws of the State of California.
49. **VENUE**. The parties acknowledge and agree that the Lease was entered into and intended to be performed in the County of San Bernardino, California. The parties agree that the venue for any action or claim brought by any party to the Lease will be the Superior Court of California, County of San Bernardino. Each party hereby waives any law, statute (including but not limited to Code of Civil Procedure section 394), or rule of court that would allow them to request or demand a change of venue. If any third party brings an action or claim concerning the Lease, the parties hereto agree to use their best efforts to obtain a change of venue to the Superior Court of California, County of San Bernardino.
50. **EXHIBITS**. All exhibits referred to in the Lease are attached hereto and incorporated herein by reference.
51. **ENTIRE AGREEMENT**. The Lease contains the entire agreement of the Parties with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements and understandings, express or implied, oral or written, of any nature whatsoever with respect to the subject matter hereof.
52. **AMENDMENTS**. The Lease shall not be amended or modified except by written agreement executed by the Parties.
53. **WAIVERS**. No waiver by either Party of any provisions of the Lease shall be effective unless given in writing by such Party and a waiver given in one instance shall not be deemed to be a waiver of any other provision hereof or of any subsequent default by either party of the same or any other provisions.
54. **SEVERABILITY**. If any word, phrase, clause, sentence, paragraph, section, article, part or portion of the Lease is or shall be invalid for any reason, the same shall be deemed severable from the remainder hereof and shall in no way affect or impair the validity of the Lease or any other portion thereof.
55. **COUNTERPARTS**. The Lease may be executed in counterparts with the same effect as if the Parties hereto had executed the same document, and all such counterparts together shall constitute a single document.

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56. **AUTHORIZED SIGNATORS.** The Parties to the Lease represent that the signators executing this document are fully authorized to enter into this agreement.

IN WITNESS WHEREOF, the parties hereto have caused the Lease to be executed.

COUNTY:
SAN BERNARDINO COUNTY

LANDLORD:
MOSS COLTON PROPERTIES, LLC

By: _____
Curt Hagman, Chairman
Board of Supervisors

By: _____
Glenn L. Moss Sr.

Title: Managing Member

Date: _____

Date: _____

SIGNED AND CERTIFIED THAT A COPY OF
THIS DOCUMENT HAS BEEN DELIVERED TO
THE CHAIRMAN OF THE BOARD

Lynna Monell
Clerk of the Board of Supervisors
San Bernardino County

By: _____
Deputy

Date: _____

Approved as to Legal Form:

TOM BUNTON, County Counsel
San Bernardino County, California

By: _____
Agnese Cheng, Deputy County Counsel

Date: _____

EXHIBIT "A" - PREMISES

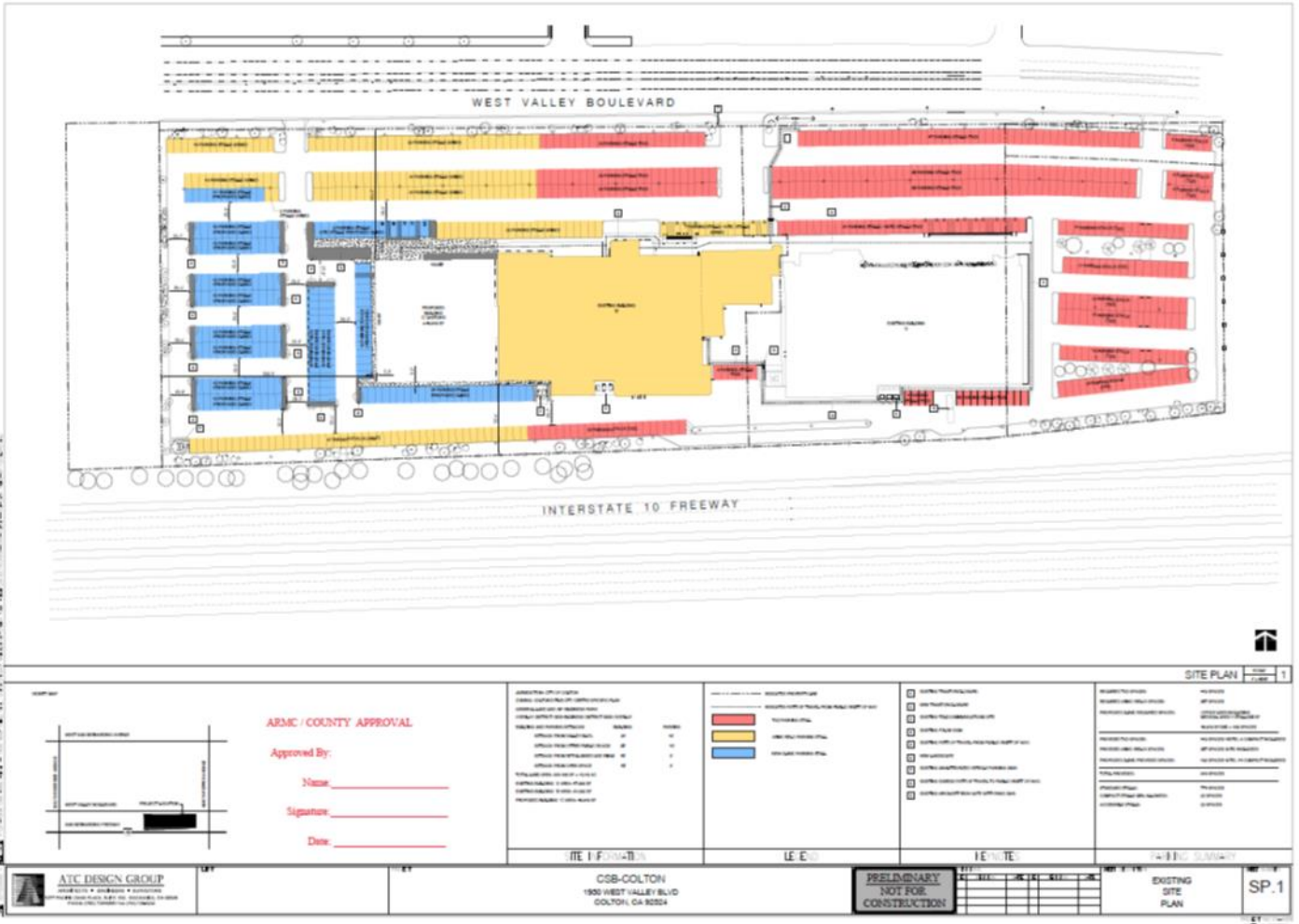


EXHIBIT "B"

IMPROVEMENT WORK LETTER

Concurrently with the execution of this Improvement Work Letter, LANDLORD and COUNTY have entered into the Lease for the Premises. All terms not defined herein have the same meaning as set forth in the Lease. To the extent applicable, the provisions of the Lease are incorporated herein by this reference.

1. LANDLORD shall, at its sole cost and expense, construct the improvements ("Improvements") at the Premises and, if applicable, at the Building and the Property in accordance with the plans and specifications set forth on Exhibit "B-1", "B-2", "B-3" and "B-4", attached hereto and incorporated herein by reference (the "Improvement Specifications"), this Improvement Work Letter, and the Lease, including but not limited to Paragraph 12, LEGAL COMPLIANCE, provided that the cost of the Improvements is amortized over the Lease Term and such amortized amount is payable monthly as set forth in the Basic Lease Provisions. Any increase in the cost of the Improvements after the mutual execution of the Lease shall be LANDLORD's sole responsibility regardless of cause except if such cost increase is due to a COUNTY Change Order (as later defined).

2. LANDLORD shall, at its sole cost and expense, furnish all of the design, material, labor and equipment required to construct the Improvements and shall apply for and obtain, all permits, licenses, certificates, and approvals necessary for the construction of the Improvements. LANDLORD shall provide all site plans for the Premises, the Building, and the Property, including Building elevations and exterior finishes, space design plans, construction plans, and a complete set of the bid drawings and specifications. The bid drawings shall be provided to COUNTY on reproducible transparent vellum with the architect's/engineer's professional stamp and signature and on a compact disc-recordable (CD-R) in an Adobe Acrobat file format (.pdf file extension) and on AutoCAD software (.dwg file extension). The plans and specifications for the Improvements shall be submitted as a reproducible hardcopy and copied on a CD-R with formats compatible with Microsoft Word.

3. LANDLORD shall not modify the Improvements without obtaining the prior written consent of the COUNTY's RESD representative, as the authorized COUNTY agent for the Improvements. In the event LANDLORD makes any modifications to the Improvements without COUNTY's prior written consent, COUNTY shall have no liability for any costs incurred and LANDLORD shall be solely responsible for said costs and for any costs incurred to return the affected portion of the Improvements to its original specifications. During construction of the Improvements, if COUNTY's authorized COUNTY RESD representative proposes any modifications to or additional work that are not set forth in Exhibit "B-1", "B-2", "B-3" and "B-4", Improvement Specifications, LANDLORD shall, prior to commencing any proposed work, promptly provide pricing and schedule impacts to COUNTY for the proposed work. If the parties mutually agree to proceed with the proposed modification or additional work to the Improvements ("COUNTY Change Order Work"), the authorized representatives of the Parties shall execute a change order document ("COUNTY Change Order") setting forth the agreed specifications, costs, and schedule impact, if any, for the COUNTY Change Order Work and LANDLORD shall promptly complete said COUNTY Change Order Work. In addition to the cost of the COUNTY Change Order Work, COUNTY shall pay LANDLORD an administrative fee calculated at ten percent (10%) of the cost of the COUNTY Change Order Work. Upon LANDLORD's Substantial Completion of the COUNTY Change Order Work and acceptance of the Improvements for COUNTY's intended use, subject to latent defects and the representations, warranties, and provisions of the Lease. COUNTY shall pay LANDLORD for the COUNTY Change Order Work by separate purchase order (and not by additional amortization into the rent) within ninety (90) days after COUNTY's receipt of an itemized invoice, proof of payment, lien releases, and any other documents requested by COUNTY for the COUNTY Change Order Work, provided that such payment shall in no event be due prior to the Commencement Date. The authorized COUNTY RESD representative may process one or more COUNTY Change Orders in accordance with this Paragraph 3, provided that, notwithstanding anything to the contrary in the Lease or this Improvement Work Letter, the cumulative total of all agreed COUNTY Change Orders shall not exceed \$100,000.00. Any proposed COUNTY Change Order(s) that cause the cumulative total of all agreed COUNTY Change Orders to exceed \$100,000.00 shall be processed by a mutually agreed amendment to the Lease that is executed by the parties.

4. In the event LANDLORD contracts for the construction of the Improvements or any portion thereof, LANDLORD shall comply with the provisions of the California Public Contract Code 22000 through 22045 regarding bidding procedures and Labor Code Section 1720.2 and 1770 et seq. regarding general prevailing wages, including, but not limited to, those requirements set forth on Exhibit “H”, attached hereto and incorporated herein by reference. LANDLORD shall indemnify, defend (with counsel reasonably approved by COUNTY) and hold harmless COUNTY and its officers, employees, agents, and contractors from any and all claims, actions, losses, damages and/or liability arising out of or related to the obligations set forth in this paragraph. LANDLORD’s indemnity obligations shall survive the expiration or earlier termination of the Lease and such obligations shall not be limited by the existence or availability of insurance.

5. Following the mutual execution of the Lease, Landlord shall promptly and diligently proceed with the construction of the Improvements and use reasonable speed, diligence and good faith efforts to Substantially Complete the Improvements on or prior to October 1, 2023 (“Projected Commencement Date”). The Improvements shall be deemed “Substantially Complete” upon the occurrence of all of the following: (i) LANDLORD has substantially completed the Improvements in accordance with the Specifications, subject only to minor punchlist items as mutually agreed by the Parties; (ii) COUNTY’s receipt of a certificate of occupancy for the Premises, and if applicable, the Building and the Property, issued by all relevant governmental authorities; and (iii) written acceptance by an authorized agent of COUNTY for the Improvement for COUNTY’s intended use, subject to latent defects and the representations, warranties, and provisions of the Lease.

6. All punchlist items shall be completed by LANDLORD within thirty (30) days after the Improvements are Substantially Completed. In the event that LANDLORD fails to complete said punchlist items within said thirty (30) days and the Commencement Date has occurred, for the period of time from the Commencement Date through the time that the punchlist items are all completed, COUNTY shall only pay eighty percent (80%) of the Monthly Rent and other sums due under the Lease with the remaining twenty percent (20%) of the Monthly Rent and other sums due to accrue but shall not be paid to LANDLORD until all such punchlist items have been completed and agreed by COUNTY. If COUNTY withholds Monthly Rent or other sums due under this paragraph, COUNTY shall not be in default of the Lease and no interest or service charges shall be added to the amounts due LANDLORD upon completion of the punchlist items.

7. In order to meet the Projected Commencement Date, the Parties agree on the following schedule for each of the construction milestones.

<u>Milestones</u>	<u>Projected Completion Date</u>	<u>Critical Completion Date</u>
Preparation and submittal of Building and site plans to the City of Colton (“City”)	6/1/2022	9/1/2022
Approval and permit Issuance of Building and site plans by City agencies	10/31/2022	1/31/2023
Improvement plan preparation and submittal to City	6/1/2022	9/1/2022
Permit Issuance for Improvements	10/31/2022	1/31/2023
Site work and Building construction	7/31/2023	11/30/2023
Construction of Improvements and Certified for Occupancy by City	10/1/2023	2/1/2024

8. LANDLORD shall provide COUNTY with a written progress report every Thirty (30) days during the construction of the Improvements. The report shall contain the most current information regarding progress, completions, and delays for each milestone of the construction schedule. LANDLORD shall further provide COUNTY with written notice upon LANDLORD's completion of each milestone of the above construction schedule. COUNTY and its representatives shall be given reasonable notice of and may attend all project meetings, including all design review meetings and construction meetings. At COUNTY's option, Landlord shall meet with COUNTY monthly (or more frequently if reasonably required by COUNTY) to provide detailed progress reports.

9. LANDLORD acknowledges and agrees that its failure to meet any of the above Projected or Critical Completion Date(s) for any Milestone will mean that LANDLORD will not be able to deliver the Premises with all Improvements Substantially Completed by the Projected Commencement Date. LANDLORD further acknowledges and agrees that late delivery to COUNTY of the Premises with all Improvements Substantially Completed will cause COUNTY to incur costs not contemplated by the Lease, the exact amount of such costs being extremely difficult and impracticable to fix. Therefore, if LANDLORD fails to meet any of the above Projected or Critical Completion Date(s) for any Milestones or fails to deliver the Premises with all Improvements Substantially Completed by the Projected Commencement Date, LANDLORD agrees to pay COUNTY liquidated damages in the amount of Five Hundred and 00/00 Dollars (\$500.00) for each day of delay, commencing on the day immediately following the Projected Commencement Date until the day the Projected Commencement Date occurs. The parties agree that this amount for liquidated damages represents a fair and reasonable estimate of the costs that COUNTY will incur by reason of late delivery. Acceptance of any amount of liquidated damages shall not constitute a waiver of LANDLORD's default or prevent COUNTY from exercising any of the other rights and remedies available to COUNTY at law or in equity.

10. In the event that LANDLORD fails to meet any of the above Projected or Critical Completion Date(s) for any Milestones or the does not deliver the Premises with all Improvement Substantially Completed by February 1, 2024 ("Critical Commencement Date"), COUNTY shall have the right to elect to terminate the Lease upon written notice to LANDLORD; in which event, neither Party shall have any further obligations to the other, except for those obligations that expressly survive the termination of the Lease. In the event that COUNTY elects to so terminate the Lease, COUNTY's election shall be in writing and shall be given after the subject Projected Completion Date for each Milestone, Critical Completion Date for each Milestone, or Critical Commencement Date has been missed but prior to LANDLORD's completion of the subject milestone completion and LANDLORD's notification of the same to COUNTY.

11. Notwithstanding Paragraphs 5, 7, and 9 of this Improvement Work Letter, in the event LANDLORD, after exercising all due diligence, is unable to meet any of the above mentioned Projected or Critical Completion Dates for each Milestone or the Projected or Critical Commencement Date(s) due to reasons not solely caused by the COUNTY, then the Projected or Critical Completion Dates(s) or the Projected or Critical Commencement Date(s) shall be extended for a period equivalent to the period of such delay, provided that as soon as LANDLORD becomes aware or should in the exercise of due diligence have become aware of any facts or circumstances that may or will cause such a delay, LANDLORD shall immediately provide written notice to COUNTY of any such delay or anticipated delay. In the event LANDLORD fails to timely notify COUNTY in writing of any such delay or anticipated delay, the provisions of this Paragraph 11 shall not apply to such delay or anticipated delay and the Projected or Critical Completion Dates for the Milestones or the Projected or Critical Commencement Date(s) shall remain unmodified.

12. Until the Improvements are Substantially Completed and all minor punchlist items have been completed, LANDLORD understands and agrees that LANDLORD shall not sell the Property, assign the Lease, or transfer a controlling interest in LANDLORD person or entity or the Premises to a third party ("Transfer") without COUNTY's prior review and written approval. In the event LANDLORD desires to make a Transfer, LANDLORD shall submit a written request to COUNTY along with all relevant documents regarding the proposed Transfer to COUNTY for its review and consent. COUNTY's consent shall be deemed denied in the event COUNTY does not respond to LANDLORD's Transfer request. In the event COUNTY consents to LANDLORD's Transfer request, the Parties shall execute an amendment to the Lease to confirm the Transfer.

13. During construction of the Improvements, LANDLORD shall allow COUNTY to: (i) have early access ("Early Access") to the Premises at no cost and at any time prior to the Commencement Date for the purpose of COUNTY or its representatives installing communications equipment, modular furniture, alarms and such other items that COUNTY may reasonably desire and to inspect the status of the construction of the Improvements, provided that nothing herein contained shall be construed as creating an obligation upon COUNTY to make such inspections, and it is Landlord's obligation to insure that the Improvements are completed in compliance with the plans and specifications COUNTY shall exercise its Early Access rights at a time and in a manner that will not unreasonably interfere with LANDLORD's construction of the Improvements and any such Early Access shall not affect the Commencement Date or the Expiration Date; and/or (iii) have early use ("Early Use") of the Premises or any portion thereof at any time prior to the Commencement Date. COUNTY shall exercise its Early Use rights at a time and in a manner that will not unreasonably interfere with LANDLORD's construction of the Improvements. If COUNTY exercises its Early Use rights as to the Premises or any portion thereof, the terms of the Lease shall be in effect, provided if COUNTY's Early Use is as to a portion of the Premises, Monthly Rent shall be pro-rated based on the area of COUNTY's Early Use and such Early Use or vacation thereof shall not constitute COUNTY's acceptance of the Premises or the Improvements or any portion thereof as Substantially Complete. Any such Early Use shall not affect the Commencement Date or the Expiration Date. All other terms of the Lease shall, however, be in effect during such period.

14. For a period of two (2) years from Substantial Completion, the Improvements shall be warranted by Landlord against defects in design, materials and workmanship. Without limiting Landlord's repair obligations to the extent expressly set forth in the Lease, Landlord shall, at Landlord's expense, promptly repair or replace any such defective Improvement evidenced by written notice from County to Landlord within such two (2) year period

15. During the Lease Term, Landlord warrants the Improvements against all latent defects and the failure of the Improvements to be completed in accordance with the plans and specifications. The warranties set forth in Paragraph 14 and Paragraph 15 herein cover all design, labor, materials and equipment required to perform any required repairs or other remediation resulting from the breach of any such warranty. Upon and following Substantial Completion, Landlord shall enforce for the benefit of County all such warranties and guarantees relating to the Improvements and all equipment and building systems comprising a portion of the Improvements. Landlord's failure to honor any such warranty made by Landlord shall be a default by Landlord under the Lease.

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IN WITNESS WHEREOF, LANDLORD and COUNTY have caused this Improvement Work Letter to be duly executed by their authorized representatives as of the date of the Lease.

COUNTY:
SAN BERNARDINO COUNTY

LANDLORD:
MOSS COLTON PROPERTIES, LLC

By: _____
Curt Hagman, Chairman
Board of Supervisors

By: _____
Glenn L. Moss Sr.

Title: Managing Member

Date: _____

Date: _____

SIGNED AND CERTIFIED THAT
A COPY OF THIS DOCUMENT
HAS BEEN DELIVERED TO THE
CHAIR OF THE BOARD

LYNNA MONELL, Clerk of the Board of
Supervisors

By: _____
Deputy

Date: _____

Approved as to Legal Form:

TOM BUNTON, County Counsel
San Bernardino County, California

By: _____
Agnes Cheng, Deputy County Counsel

Date: _____

EXHIBIT "B-1" – FLOOR PLAN

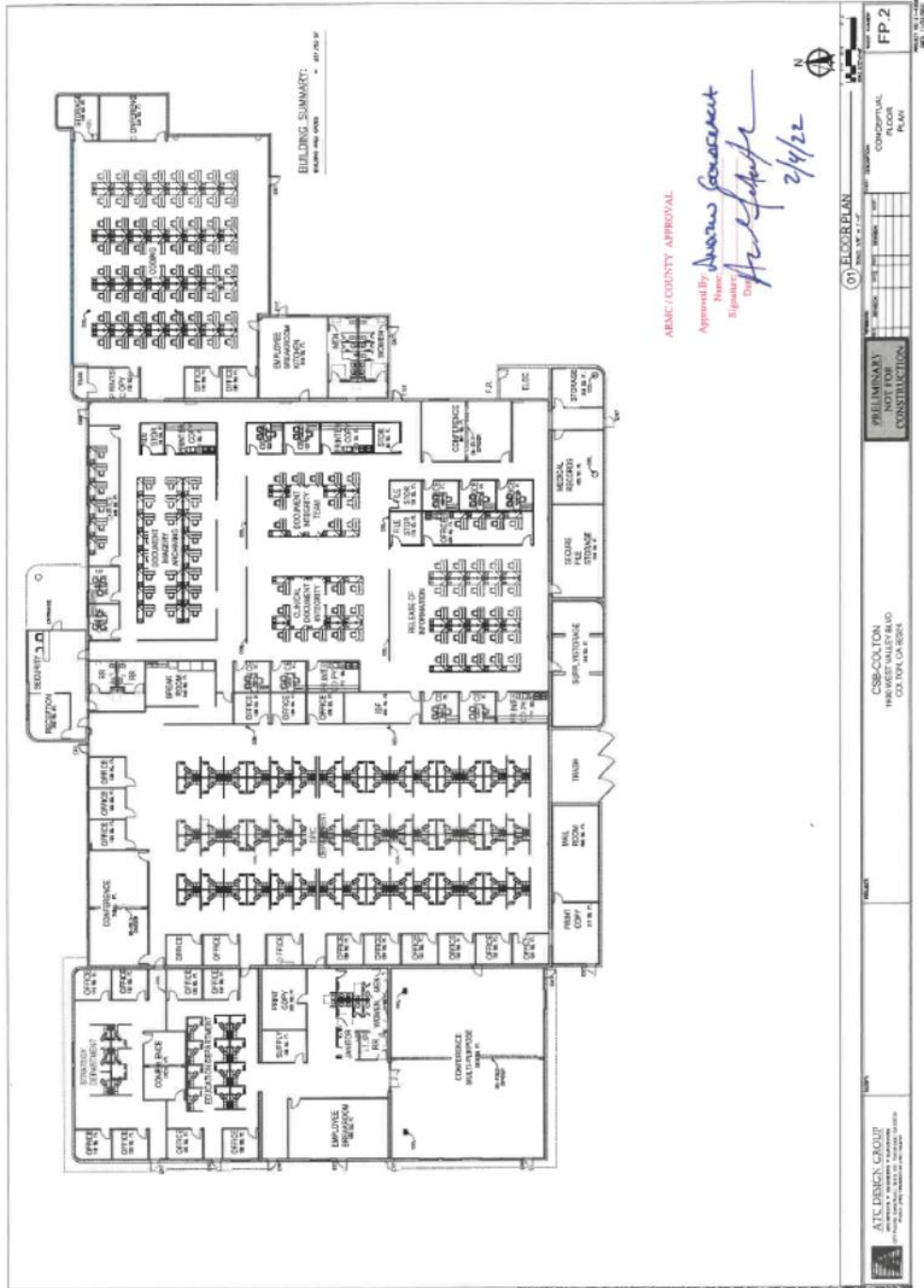


EXHIBIT "B-2" – SITE PLAN

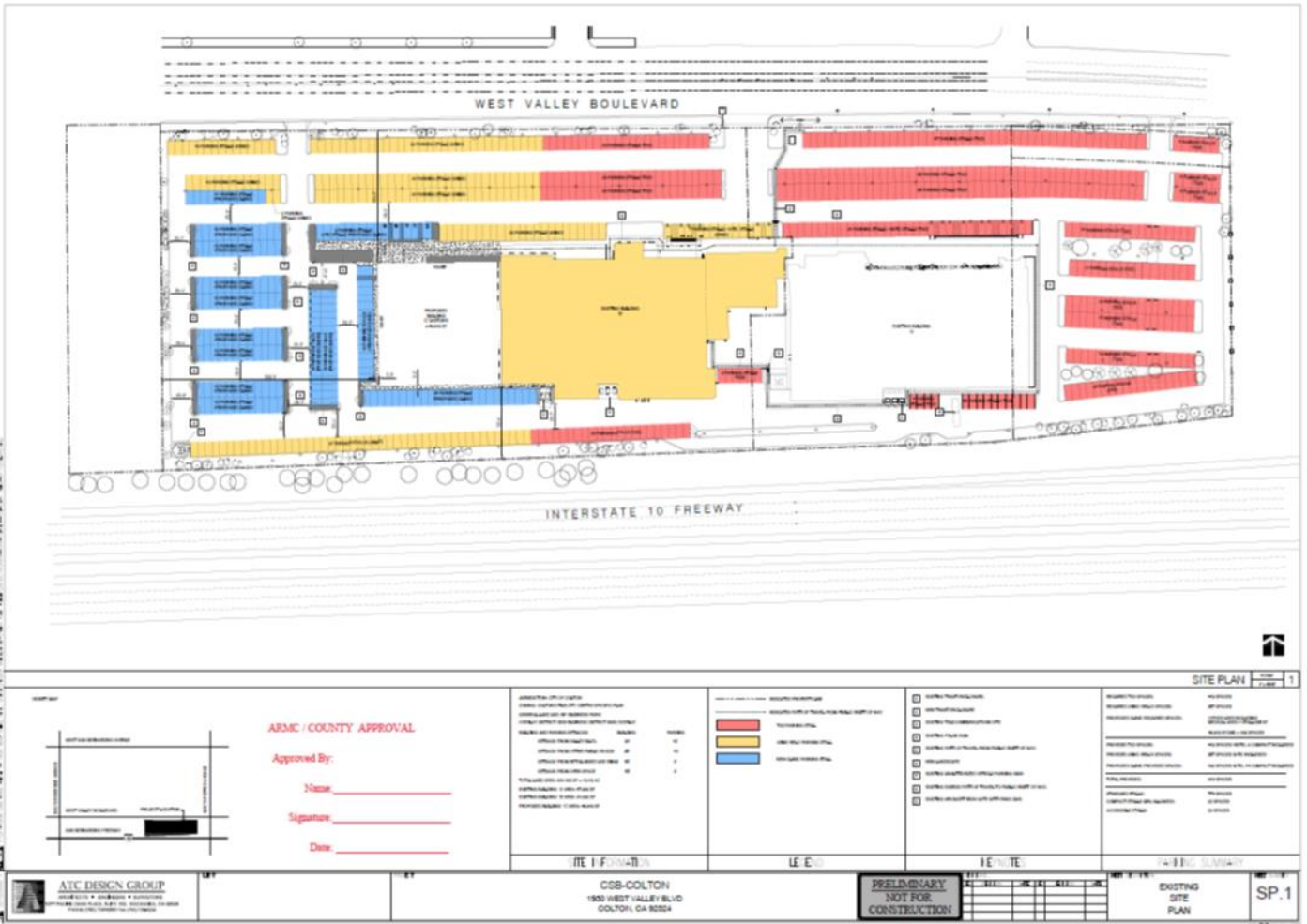


EXHIBIT "B-3" – ELEVATIONS

(A) NORTH ELEVATION
 (B) EAST ELEVATION
 (C) SOUTH ELEVATION
 (D) WEST ELEVATION

APPROVED BY: *Angela Gonzalez, CEO*
 SIGNATURE: *Angela Gonzalez*
 DATE: *2/4/22*

COUNTY OF SAN BERNARDINO - ARMC
 COUNTY OF SAN BERNARDINO - ARMC
 COUNTY OF SAN BERNARDINO - ARMC

PRELIMINARY
 NOT FOR
 CONSTRUCTION

COUNTY OF SAN BERNARDINO - ARMC
 COUNTY OF SAN BERNARDINO - ARMC
 COUNTY OF SAN BERNARDINO - ARMC

A4.0

EXHIBIT “B-4” –IMPROVEMENT SPECIFICATIONS

SEE ATTACHMENT

EXHIBIT "C"

COMMENCEMENT DATE CERTIFICATE

To: MOSS COLTON PROPERTIES, LLC
8146 Auto Drive
Riverside, CA 92504

Re: Lease Agreement No. _____

In accordance with the terms and conditions of the above referenced Lease, the parties hereby acknowledge and agree to the following:

- 1. The Commencement Date of the Lease Term is _____;
- 2. The Expiration Date of the Lease Term is _____.
- 3. Monthly Rent commenced to accrue on _____, 20____, and the rent schedule during the Lease Term is as follows:

_____ to _____	Monthly Rent of \$_____
_____ to _____	Monthly Rent of \$_____
_____ to _____	Monthly Rent of \$_____
_____ to _____	Monthly Rent of \$_____
_____ to _____	Monthly Rent of \$_____

- 4. All other provision and terms of the Lease Agreement, Contract No _____, shall remain the same and are hereby incorporated by reference. In the event of any conflict between the Lease, and this Commencement Date Certificate, the terms and conditions of this Commencement Date Certificate shall control.

LANDLORD:

COUNTY:

Date: _____

Date: _____

EXHIBIT "D"

CUSTODIAL SERVICE REQUIREMENTS

(Janitorial Service to provide/supply all sanitary and paper goods.)

The shift hours scheduled for the Day Janitor are to be reviewed and approved by COUNTY. Following are the services to be performed by a licensed janitorial contractor - Day Janitor:

DAILY SERVICES FIVE (5) DAYS PER WEEK:

1. Empty all waste baskets and other waste containers.
2. Dust mop all tiled/terrazzo floors.
3. Dust all desks, chairs, tables, filing cabinets and other office furniture.
4. Clean and sanitize rest room fixtures, mirrors, chrome pipes, etc.
5. Clean splash marks from walls of rest rooms.
6. Refill soap, towel and paper containers.
7. Clean and sanitize drinking fountains.
8. Damp clean table tops in coffee rooms.
9. Clean kitchen sinks and counters.
10. Remove papers and debris outside main entry.

TWICE-MONTHLY SERVICE:

1. Clean lobby directories and fire extinguisher glass.

The following services are to be performed by a licensed janitorial contractor - Evening Janitor:

WEEKLY SERVICE:

1. Wet mop all tiled/terrazzo floors.
2. Clean all desk tops that are cleared.
3. Clean hand marks from walls, doors and woodwork.
4. Vacuum all carpeting completely. All carpeted areas are to be vacuumed using a dual motor vacuum with a rotating cylindrical brush, rather than a beater bar.

TWICE-MONTHLY SERVICE:

1. Dust high areas, including window coverings.
2. Machine clean and seal all tiled floors.

EVERY THREE MONTHS:

1. Vacuum dust and dirt accumulation from air conditioning vents.
2. Brush down cobwebs inside building.
3. Replace cartridge in rest room automatic air fresheners.

DAILY SERVICES FIVE (5) DAYS PER WEEK:

1. Empty all waste baskets and other waste containers.
2. Dust mop all tiled/terrazzo floors.
3. Vacuum traffic lanes of carpeting. All carpeted areas are to be vacuumed using a dual motor vacuum with a rotating cylindrical brush, rather than a beater bar.
4. Dust all desks, chairs, tables, filing cabinets and other office furniture.
5. Damp clean lobby counters.
6. Clean and sanitize rest room fixtures, mirrors, chrome pipes, etc.
7. Clean splash marks from walls of rest rooms.
8. Wet mop and sanitize rest room floors.
9. Refill soap, towel and paper containers.
10. Clean and sanitize drinking fountains.
11. Clean hand marks off glass on entrance doors.

12. Damp clean table tops in coffee rooms.
13. Clean kitchen sinks and counters.
14. Sweep entryway.
15. Brush down steps of inside stairwells.
16. Vacuum elevator carpet. All carpeted areas are to be vacuumed using a dual motor vacuum with a rotating cylindrical brush, rather than a beater bar.
17. Spot clean all walls and doors including elevator.
18. Spot clean carpets of small spillage, footprints, etc.
19. Keep janitor closets clean and orderly.

The above are considered the minimum standard janitorial items, and are to be performed by a licensed janitorial contractor. Landlord is responsible for providing all services related to the health and cleanliness of the leased facility.

The following services are to be performed by a licensed maintenance contractor.

WEEKLY SERVICE:

1. Contract with a mat service to supply and replace interior entry mats with cleaned mats.
2. Replace light bulbs and tubes inside building when needed.

ONCE-MONTHLY SERVICE:

1. Licensed pest control.

EVERY SIX MONTHS:

1. Carpet to be cleaned by a professional carpet cleaning company using hot water extraction process
2. Wash exterior and interior windows and partitions.

EXHIBIT "F"

**FORM OF SUBORDINATION, NON-DISTURBANCE
AND ATTORNMENT AGREEMENT**

RECORDED AT REQUEST OF
AND TO BE RETURNED TO:

Attn: _____

SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT

THIS SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT ("Agreement") is entered into by and between San Bernardino County ("Tenant"), _____ ("Landlord") and, _____ ("Lender").
(Name and type of entity)

Recitals

A. Landlord, as landlord, and Tenant, as tenant, have entered into a certain Lease Agreement, County Contract No. ____-____ dated on _____, 20__ ("Lease") for the lease of certain premises, comprising approximately _____ square feet ("Premises") located at the building with an address of _____, _____, California _____ (zip code), which is situated on certain real property located in the County of San Bernardino, State of California, commonly known as APN _____ ("Property").

B. Landlord represents to County that it has executed and delivered or is about to execute and deliver to Lender a certain promissory note dated substantially contemporaneously herewith ("Note"), in the original principal sum of \$_____. The obligations evidenced by the Note shall be referred to as the "Loan". Landlord further represents to COUNTY that the Note is executed pursuant to the terms of a certain Construction Loan Agreement dated substantially contemporaneously herewith (the "Loan Agreement") between Lender and Landlord.

C. Landlord represents to County that has executed and delivered or is about to execute and deliver to Lender a certain Deed of Trust and Assignment of Rents dated substantially contemporaneously herewith ("Deed of Trust"), encumbering the Property to secure the Loan.

D. Landlord represents that it is a condition precedent to the Loan that the Deed of Trust shall remain at all times a lien upon the Property, prior and superior to the Lease.

E. Landlord represents that it is a condition precedent to the Loan that County will subordinate and subject the Lease, together with all rights and privileges of County thereunder, to the lien of the Deed of Trust.

Covenants

In consideration of the recitals set forth above, which are incorporated herein, and the covenants and agreements contained herein, the parties agree as follows:

1. Subordination: Tenant hereby subordinates all of Tenant's right, title, interest in the leasehold estate of the Premises to the Deed of Trust, subject to the terms of this Agreement.

2. Non-disturbance: Tenant's peaceful and quiet possession of the Premises shall not be disturbed and Tenant's rights and privileges under the Lease, including but not limited to the provisions of the Lease set forth under the headings "TERM," "OPTION TO EXPAND," "OPTION TO EXTEND TERM," "INSURANCE REQUIREMENTS AND SPECIFICATIONS," "DESTRUCTION OF PREMISES," "COUNTY'S EARLY TERMINATION RIGHT," and "CONDEMNATION," shall not be altered or diminished by Lender's foreclosure, acceptance of a deed in lieu of foreclosure, or any other exercise of Lender's rights or remedies under the Deed of Trust, the Note, the Loan Agreement, any other loan document, or the laws governing secured loans. In the event of any conflict among the Lease and the Deed of Trust, the Note, the Loan Agreement, any other loan document, or the laws governing secured loans, the Lease shall prevail. Tenant shall not be named or joined in any foreclosure, trustee's sale, or other proceeding or action to enforce the Deed of Trust, the Note, the Loan Agreement, or any other loan document, unless such joinder shall be legally required to perfect such foreclosure, trustee's sale, or other proceeding or action.

3. Attornment: If the Deed of Trust is foreclosed for any reason, or Landlord deeds the Property to Lender in lieu of foreclosure, the Lease shall not be extinguished and Tenant shall be bound to Lender under all the terms, covenants, and conditions of the Lease for the balance of the Lease Term, including any options to extend thereunder, with the same force and effect as if Lender was the landlord under the Lease. Tenant shall attorn to Lender as Tenant's landlord, and agrees to recognize Lender as the new landlord and promises to pay the Monthly Rent to Lender as landlord. Lender shall assume the interest of Landlord and fulfill all of Landlord's obligations thereunder. This attornment shall be effective and self-operative, without the execution of any other instruments on the part of any of the parties to this Agreement, immediately upon Lender succeeding to the interest of Landlord under the Lease.

4. Disbursements: Lender is under no obligation or duty to monitor the application of the proceeds of the Loan. Any application of such proceeds for purposes other than those provided for in the Loan Agreement or any of the other Loan Documents shall not defeat the effect of this Agreement in whole or in part.

5. Acknowledgment of Assignment: Tenant acknowledges the assignment of Landlord's rights to collect Monthly Rent due under the Lease to Lender pursuant to a certain Assignment of Leases (the "Assignment"). Tenant shall, without duty of inquiry or investigation, pay Monthly Rent to Lender upon receipt of written notice from Lender that Lender has revoked the waiver of Landlord's right to collect the Monthly Rent from the Premises pursuant to the Assignment, notwithstanding the fact that Lender has not foreclosed the Deed of Trust, nor succeeded to the interest of Landlord under the Lease. Landlord hereby releases Tenant and Tenant shall not be liable to Landlord for any payments made to Lender hereunder.

6. Assignment or Sublease: Tenant may assign the Lease or sublease the Premises or any portion thereof in accordance with the Lease, but no such assignment, transfer, or subletting shall relieve Tenant of any of its obligations under the Lease.

7. Notices: Any notice, demand, request, consent, approval or communication that either party desires or is required to give to the other party, or any other person shall be in writing and either served personally, delivered by a reputable overnight courier service, or sent by postage prepaid, first-class United States mail, certified or registered, return receipt requested. Any notice, demand, request, consent, approval or communication that either party desires or is required to give to the other party shall be addressed to the other party at the addresses set forth in the Basic Lease Provisions. Either party may change its address by notifying the other party of the change of address. Notices shall be deemed delivered upon the earlier of: (i) actual receipt

if such notice is personally delivered on a COUNTY business day; (ii) the date of delivery if such notice is delivered by a reputable overnight courier service on a COUNTY business day; otherwise on the next COUNTY business day; or (iii) the date of delivery or refusal of the addressee to accept delivery if such notice is sent by postage pre-paid, first-class United States mail, certified or registered, return receipt requested, if on a COUNTY business day; otherwise on the next COUNTY business day:

to Tenant: San Bernardino County
Attn: Director, Real Estate Services Department
385 North Arrowhead Avenue, Third Floor
San Bernardino, California 92415-0180

to Landlord: _____

Attn: _____

to Lender: _____

Attn: _____

Notwithstanding the foregoing, any notice under or pertaining to this Agreement, given and effective in accordance with applicable law, shall be effective for purposes hereof. Any party may change the address at which it is to receive notices hereunder to another business address within the United States (but not a post office box or similar mail receptacle) by giving notice of such change of address in accordance herewith.

8. Landlord's Default: Tenant hereby agrees that Tenant will notify Lender in writing, in accordance with Paragraph 7, Notices, above, of any default by Landlord under the terms of the Lease, provided that Lender shall have the same time period as Landlord is given under the Lease to remedy a remedy.

9. Binding Effect: This Agreement is binding upon and inures to the benefit of the Parties and their respective successors, assigns, heirs, executors, and administrators.

10 Attorneys' Fees and Costs: If any legal action is instituted to enforce or declare a party's rights hereunder, each party, including the prevailing party, must bear its own attorneys' fees and costs. This paragraph shall not apply to those attorneys' fees and costs directly arising from any third party legal action against COUNTY, including such attorneys' fees and costs payable under Paragraph 19, INDEMNIFICATION, Paragraph 13, HAZARDOUS SUBSTANCES, Paragraph 31 PUBLIC RECORDS DISCLOSURE, and Paragraph 32, CONFIDENTIALITY of the Lease.

11. Law: This Agreement shall be governed by and construed in accordance with the laws of the State of California.

12. Venue: The parties acknowledge and agree that the Agreement was entered into and intended to be performed in the County of San Bernardino, California. The parties agree that the venue for any action or claim brought by any party to the Lease will be the Superior Court of California, County of San Bernardino. Each party hereby waives any law, statute (including but not limited to Code of Civil Procedure section 394), or rule of

court that would allow them to request or demand a change of venue. If any third party brings an action or claim concerning the Lease, the parties hereto agree to use their best efforts to obtain a change of venue to the Superior Court of California, County of San Bernardino.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year written below.

LANDLORD:

COUNTY:

Date: _____

Date: _____

EXHIBIT "G"

LIST OF FORMER COUNTY OFFICIALS

INSTRUCTIONS: List the full names of former COUNTY Administrative Officials, the title/description of the Official's last position with COUNTY, the date the Official terminated COUNTY employment, the Official's current employment and/or representative capacity with LANDLORD, and the date the Official entered LANDLORD's employment and/or representation.

OFFICIAL'S NAME: REQUIRED INFORMATION

LANDLORD hereby certifies the information it has provided in this Exhibit "G" is true, complete, and accurate.

LANDLORD: MOSS COLTON PROPERTIES, LLC

By: _____
Glenn L. Moss Sr.

Title: Managing Member

Date: _____

EXHIBIT "H"
PREVAILING WAGE REQUIREMENTS

A. All or a portion of the Improvements in the Lease requires the payment of prevailing wages and compliance with the following requirements in this exhibit. As used in this exhibit, the term "Contractor" shall include Landlord and Landlord's contractors and/or subcontractors and the term "Improvements" shall include the improvements made by Landlord pursuant to the Lease:

1. Determination of Prevailing Rates:

Pursuant to Labor Code sections 1770, et seq., the County has obtained from the Director of the Department of Industrial Relations (DIR) pursuant to the California Labor Code, the general prevailing rates of per diem wages and the prevailing rates for holiday and overtime work in the locality in which the Improvements is to be performed. Copies of said rates are on file with the County, will be made available for inspection during regular business hours, may be included elsewhere in the specifications for the Improvements, and are also available online at www.dir.ca.gov. The wage rate for any classification not listed, but which may be required to execute the Improvements, shall be commensurate and in accord with specified rates for similar or comparable classifications for those performing similar or comparable duties. In accordance with Labor Code section 1773.2, the Contractor shall post, at appropriate and conspicuous locations on the job site, a schedule showing all applicable prevailing wage rates and shall comply with the requirements of Labor Code sections 1773, et seq.

2. Payment of Prevailing Rates

Each worker of the Contractor, or any subcontractor, engaged in the Improvements, shall be paid not less than the general prevailing wage rate, regardless of any contractual relationship which may be alleged to exist between the Contractor or any subcontractor, and such worker.

3. Prevailing Rate Penalty

The Contractor shall, as a penalty, forfeit two hundred dollars (\$200.00) to the County for each calendar day or portion thereof, for each worker paid less than the prevailing rates as determined by the Director of the DIR for such work or craft in which such worker is employed by the Contractor or by any subcontractor in connection with the Improvements. Pursuant to California Labor Code section 1775, the difference between such prevailing wage rates and the amount paid to each worker for each calendar day, or portion thereof, for which each worker was paid less than the prevailing wage rate, shall be paid to each worker by the Contractor.

4. Ineligible Contractors:

Pursuant to the provisions of Labor Code section 1777.1, the Labor Commissioner publishes and distributes a list of contractors ineligible to perform work as a contractor or subcontractor on a public works project. This list of debarred contractors is available from the DIR website at <http://www.dir.ca.gov/Public-Works/PublicWorks.html>. Any contract entered into between a contractor and a debarred subcontractor is void as a matter of law. A debarred subcontractor may not receive any public money for performing work as a subcontractor on a public works contract, and any public money that may have been paid to a debarred subcontractor by a contractor on the project shall be returned to the County. The Contractor shall be responsible for the payment of wages to workers as a debarred subcontractor who has been allowed to work on the Improvements.

5. Payroll Records:

a. Pursuant to California Labor Code section 1776, the Contractor and each subcontractor, shall keep accurate certified payroll records, showing the name, address, social security number, work classification, straight time and overtime hours worked each day and week, and the actual per diem wages paid to each journeyman, apprentice, worker or other employee employed by them in connection with the Improvements. The payroll records enumerated herein shall be verified by a written declaration made under penalty of perjury that the information contained in the payroll record is true and correct and that the Contractor or subcontractor has complied with the requirements of the California Labor Code sections 1771, 1811, and 1815 for any Improvements performed by his or her employees. The payroll records shall be available for inspection at all reasonable hours at the principal office of the Contractor on the following basis:

- i. A certified copy of an employee's payroll record shall be made available for inspection or furnished to such employee or his/her authorized representative on request;
- ii. A certified copy of all payroll records shall be made available for inspection or furnished upon request to the County, the Division of Labor Standards Enforcement of the DIR;
- iii. A certified copy of payroll records shall be made available upon request to the public for inspection or copies thereof made; provided, however, that a request by the public shall be made through either the County or the Division of Labor Standards Enforcement. If the requested payroll records have not been previously provided to the County or the Division of Labor Standards Enforcement,

the requesting party shall, prior to being provided the records, reimburse the cost of preparation by the Contractor, subcontractor and the entity through which the request was made; the public shall not be given access to such records at the principal office of the Contractor;

- iv. The Contractor shall file a certified copy of the payroll records with the entity that requested such records within ten (10) days after receipt of a written request; and
 - v. Copies provided to the public, by the County or the Division of Labor Standards Enforcement shall be marked or obliterated in such a manner as to prevent disclosure of an individual's name, address and social security number. The name and address of the Contractor or any subcontractor, performing a part of the Improvements shall not be marked or obliterated. The Contractor shall inform the County of the location of payroll records, including the street address, city and county and shall, within five (5) working days, provide a notice of a change of location and address.
- b. The Contractor shall have ten (10) days from receipt of the written notice specifying in what respects the Contractor must comply with the above requirements. In the event Contractor does not comply with the requirements of this section within the ten (10) day period, the Contractor shall, as a penalty to the County, forfeit one-hundred dollars (\$100.00) for each calendar day, or portion thereof, for each worker, until strict compliance is effectuated. Upon the request of the Division of Labor Standards Enforcement, such penalty shall be withheld from any portion of the payments then due or to become due to the Contractor.

6. Limits on Hours of Work:

Pursuant to California Labor Code section 1810, eight (8) hours of labor shall constitute a legal day's work. Pursuant to California Labor Code section 1811, the time of service of any worker employed at any time by the Contractor or by a subcontractor, upon the Improvements or upon any part of the Improvements, is limited and restricted to eight (8) hours during any one calendar day and forty (40) hours during any one calendar week, except as provided for under Labor Code section 1815. Notwithstanding the foregoing provisions, work performed by employees of Contractor or any subcontractor, in excess of eight (8) hours per day and forty (40) hours during any one week, shall be permitted upon compensation for all hours worked in excess of eight (8) hours per day at not less than one and one-half (1½) times the basic rate of pay.

7. Penalty for Excess Hours:

The Contractor shall pay to the County a penalty of twenty-five dollars (\$25.00) for each worker employed on the Improvements by the Contractor or any subcontractor, for each calendar day during which such worker is required or permitted to work more than eight (8) hours in any calendar day and forty (40) hours in any one calendar week, in violation of the provisions of the California Labor Code, unless compensation to the worker so employed by the Contractor is not less than one and one-half (1½) times the basic rate of pay for all hours worked in excess of eight (8) hours per day.

8. Senate Bill 854 (Chapter 28, Statutes of 2014) and Senate Bill 96 (Chapter 28, Statutes of 2017) Requirements:

- a. Contractor shall comply with Senate Bill 854 and Senate Bill 96. The requirements include, but are not limited to, the following:
 - i. No contractor or subcontractor may be listed on a bid proposal for a public works project unless registered with the DIR pursuant to Labor Code section 1725.5, with limited exceptions from this requirements for bid purposes only as allowed under Labor Code section 1771.1(a).
 - ii. No contractor or subcontractor may be awarded a contract for public work or perform work on a public works project unless registered with the DIR pursuant to Labor Code section 1725.5.
 - iii. This project is subject to compliance monitoring and enforcement by the DIR.
 - iv. As required by the DIR, Contractor is required to post job site notices, as prescribed by regulation, regarding compliance monitoring and enforcement by the DIR.
 - v. Contractors and all subcontractors must submit certified payroll records online to the Labor Commissioner for all public works projects.
 - 1) The certified payroll must be submitted at least monthly to the Labor Commissioner.
 - 2) The County reserves the right to require Contractor and all subcontractors to submit certified payroll records more frequently than monthly to the Labor Commissioner.
 - 3) The certified payroll records must be in a format prescribed by the Labor Commissioner.
 - vi. Registration with the DIR and the submission of certified payroll records to the Labor Commissioner are not required if the public works project is \$25,000 or less when the project is for construction, alteration, demolition, installation or repair work, or if the public works project is \$15,000 or less when the project is for maintenance work.

b. Labor Code section 1725.5 states the following:

“A contractor shall be registered pursuant to this section to be qualified to bid on, be listed in a bid proposal, subject to the requirements of Section 4104 of the Public Contract Code, or engage in the performance of any public work contract that is subject to the requirements of this chapter. For the purposes of this section, “contractor” includes a subcontractor as defined by Section 1722.1.

(a) To qualify for registration under this section, a contractor shall do all of the following:

(1) (A) Register with the Department of Industrial Relations in the manner prescribed by the department and pay an initial nonrefundable application fee of four hundred dollars (\$400) to qualify for registration under this section and an annual renewal fee on or before July 1 of each year thereafter. The annual renewal fee shall be in a uniform amount set by the Director of Industrial Relations, and the initial registration and renewal fees may be adjusted no more than annually by the director to support the costs specified in Section 1771.3.

(B) Beginning June 1, 2019, a contractor may register or renew according to this subdivision in annual increments up to three years from the date of registration. Contractors who wish to do so will be required to prepay the applicable nonrefundable application or renewal fees to qualify for the number of years for which they wish to preregister.

(2) Provide evidence, disclosures, or releases as are necessary to establish all of the following:

(A) Workers' compensation coverage that meets the requirements of Division 4 (commencing with Section 3200) and includes sufficient coverage for any worker whom the contractor employs to perform work that is subject to prevailing wage requirements other than a contractor who is separately registered under this section. Coverage may be evidenced by a current and valid certificate of workers' compensation insurance or certification of self-insurance required under Section 7125 of the Business and Professions Code.

(B) If applicable, the contractor is licensed in accordance with Chapter 9 (commencing with Section 7000) of the Business and Professions Code.

(C) The contractor does not have any delinquent liability to an employee or the state for any assessment of back wages or related damages, interest, fines, or penalties pursuant to any final judgment, order, or determination by a court or any federal, state, or local administrative agency, including a confirmed arbitration award. However, for purposes of this paragraph, the contractor shall not be disqualified for any judgment, order, or determination that is under appeal, provided that the contractor has secured the payment of any amount eventually found due through a bond or other appropriate means.

(D) The contractor is not currently debarred under Section 1777.1 or under any other federal or state law providing for the debarment of contractors from public works.

(E) The contractor has not bid on a public works contract, been listed in a bid proposal, or engaged in the performance of a contract for public works without being lawfully registered in accordance with this section, within the preceding 12 months or since the effective date of the requirements set forth in subdivision (e), whichever is earlier. If a contractor is found to be in violation of the requirements of this paragraph, the period of disqualification shall be waived if both of the following are true:

(i) The contractor has not previously been found to be in violation of the requirements of this paragraph within the preceding 12 months.

(ii) The contractor pays an additional nonrefundable penalty registration fee of two thousand dollars (\$2,000).

(b) Fees received pursuant to this section shall be deposited in the State Public Works Enforcement Fund established by Section 1771.3 and shall be used only for the purposes specified in that section.

(c) A contractor who fails to pay the renewal fee required under paragraph (1) of subdivision (a) on or before the expiration of any prior period of registration shall be prohibited from bidding on or engaging in the performance of any contract for public work until once again registered pursuant to this section. If the failure to pay the renewal fee was inadvertent, the contractor may renew its registration retroactively by paying an additional nonrefundable penalty renewal fee equal to the amount of the renewal fee within 90 days of the due date of the renewal fee.

(d) If, after a body awarding a contract accepts the contractor's bid or awards the contract, the work covered by the bid or contract is determined to be a public work to which Section 1771 applies, either as the result of a determination by the director pursuant to Section 1773.5 or a court decision, the requirements of this section shall not apply, subject to the following requirements:

(1) The body that awarded the contract failed, in the bid specification or in the contract documents, to identify as a public work that portion of the work that the determination or decision subsequently classifies as a public work.

(2) Within 20 days following service of notice on the awarding body of a determination by the Director of Industrial Relations pursuant to Section 1773.5 or a decision by a court that the contract was for public work as defined in this chapter, the contractor and any subcontractors are registered under this section or are replaced by a contractor or subcontractors who are registered under this section.

(3) The requirements of this section shall apply prospectively only to any subsequent bid, bid proposal, contract, or work performed after the awarding body is served with notice of the determination or decision referred to in paragraph (2).

(e) The requirements of this section shall apply to any bid proposal submitted on or after March 1, 2015, to any contract for public work, as defined in this chapter, executed on or after April 1, 2015, and to any work performed under a contract for public work on or after January 1, 2018, regardless of when the contract for public work was executed.

(f) This section does not apply to work performed on a public works project of twenty-five thousand dollars (\$25,000) or less when the project is for construction, alteration, demolition, installation, or repair work or to work performed on a public works project of fifteen thousand dollars (\$15,000) or less when the project is for maintenance work.”

c. Labor Code section 1771.1 states the following:

“(a) A contractor or subcontractor shall not be qualified to bid on, be listed in a bid proposal, subject to the requirements of Section 4104 of the Public Contract Code, or engage in the performance of any contract for public work, as defined in this chapter, unless currently registered and qualified to perform public work pursuant to Section 1725.5. It is not a violation of this section for an unregistered contractor to submit a bid that is authorized by Section 7029.1 of the Business and Professions Code or by Section 10164 or 20103.5 of the Public Contract Code, provided the contractor is registered to perform public work pursuant to Section 1725.5 at the time the contract is awarded.

(b) Notice of the requirement described in subdivision (a) shall be included in all bid invitations and public works contracts, and a bid shall not be accepted nor any contract or subcontract entered into without proof of the contractor or subcontractor's current registration to perform public work pursuant to Section 1725.5.

(c) An inadvertent error in listing a subcontractor who is not registered pursuant to Section 1725.5 in a bid proposal shall not be grounds for filing a bid protest or grounds for considering the bid nonresponsive, provided that any of the following apply:

(1) The subcontractor is registered prior to the bid opening.

(2) Within 24 hours after the bid opening, the subcontractor is registered and has paid the penalty registration fee specified in subparagraph (E) of paragraph (2) of subdivision (a) of Section 1725.5.

(3) The subcontractor is replaced by another registered subcontractor pursuant to Section 4107 of the Public Contract Code.

(d) Failure by a subcontractor to be registered to perform public work as required by subdivision (a) shall be grounds under Section 4107 of the Public Contract Code for the contractor, with the consent of the awarding authority, to substitute a subcontractor who is registered to perform public work pursuant to Section 1725.5 in place of the unregistered subcontractor.

(e) The department shall maintain on its Internet Web site a list of contractors who are currently registered to perform public work pursuant to Section 1725.5.

(f) A contract entered into with any contractor or subcontractor in violation of subdivision (a) shall be subject to cancellation, provided that a contract for public work shall not be unlawful, void, or voidable solely due to the failure of the awarding body, contractor, or any subcontractor to comply with the requirements of Section 1725.5 or this section.

(g) If the Labor Commissioner or his or her designee determines that a contractor or subcontractor engaged in the performance of any public work contract without having been registered in accordance with this section, the contractor or subcontractor shall forfeit, as a civil penalty to the state, one hundred dollars (\$100) for each day of work performed in violation of the registration requirement, not to exceed an aggregate penalty of eight thousand dollars (\$8,000) in addition to any penalty registration fee assessed pursuant to clause (ii) of subparagraph (E) of paragraph (2) of subdivision (a) of Section 1725.5.

(h)(1) In addition to, or in lieu of, any other penalty or sanction authorized pursuant to this chapter, a higher tiered public works contractor or subcontractor who is found to have entered into a subcontract with an unregistered lower tier subcontractor to perform any public work in violation of the requirements of Section 1725.5 or this section shall be subject to forfeiture, as a civil penalty to the state, of one hundred dollars

(\$100) for each day the unregistered lower tier subcontractor performs work in violation of the registration requirement, not to exceed an aggregate penalty of ten thousand dollars (\$10,000).

(2) The Labor Commissioner shall use the same standards specified in subparagraph (A) of paragraph (2) of subdivision (a) of Section 1775 when determining the severity of the violation and what penalty to assess, and may waive the penalty for a first time violation that was unintentional and did not hinder the Labor Commissioner's ability to monitor and enforce compliance with the requirements of this chapter.

(3) A higher tiered public works contractor or subcontractor shall not be liable for penalties assessed pursuant to paragraph (1) if the lower tier subcontractor's performance is in violation of the requirements of Section 1725.5 due to the revocation of a previously approved registration.

(4) A subcontractor shall not be liable for any penalties assessed against a higher tiered public works contractor or subcontractor pursuant to paragraph (1). A higher tiered public works contractor or subcontractor may not require a lower tiered subcontractor to indemnify or otherwise be liable for any penalties pursuant to paragraph (1).

(i) The Labor Commissioner or his or her designee shall issue a civil wage and penalty assessment, in accordance with the provisions of Section 1741, upon determination of penalties pursuant to subdivision (g) and subparagraph (B) of paragraph (1) of subdivision (h). Review of a civil wage and penalty assessment issued under this subdivision may be requested in accordance with the provisions of Section 1742. The regulations of the Director of Industrial Relations, which govern proceedings for review of civil wage and penalty assessments and the withholding of contract payments under Article 1 (commencing with Section 1720) and Article 2 (commencing with Section 1770), shall apply.

(j)(1) Where a contractor or subcontractor engages in the performance of any public work contract without having been registered in violation of the requirements of Section 1725.5 or this section, the Labor Commissioner shall issue and serve a stop order prohibiting the use of the unregistered contractor or the unregistered subcontractor on all public works until the unregistered contractor or unregistered subcontractor is registered. The stop order shall not apply to work by registered contractors or subcontractors on the public work.

(2) A stop order may be personally served upon the contractor or subcontractor by either of the following methods:

(A) Manual delivery of the order to the contractor or subcontractor personally.

(B) Leaving signed copies of the order with the person who is apparently in charge at the site of the public work and by thereafter mailing copies of the order by first class mail, postage prepaid to the contractor or subcontractor at one of the following:

(i) The address of the contractor or subcontractor on file with either the Secretary of State or the Contractors' State License Board.

(ii) If the contractor or subcontractor has no address on file with the Secretary of State or the Contractors' State License Board, the address of the site of the public work.

(3) The stop order shall be effective immediately upon service and shall be subject to appeal by the party contracting with the unregistered contractor or subcontractor, by the unregistered contractor or subcontractor, or both. The appeal, hearing, and any further review of the hearing decision shall be governed by the procedures, time limits, and other requirements specified in subdivision (a) of Section 238.1.

(4) Any employee of an unregistered contractor or subcontractor who is affected by a work stoppage ordered by the commissioner pursuant to this subdivision shall be paid at his or her regular hourly prevailing wage rate by that employer for any hours the employee would have worked but for the work stoppage, not to exceed 10 days.

(k) Failure of a contractor or subcontractor, owner, director, officer, or managing agent of the contractor or subcontractor to observe a stop order issued and served upon him or her pursuant to subdivision (j) is guilty of a misdemeanor punishable by imprisonment in county jail not exceeding 60 days or by a fine not exceeding ten thousand dollars (\$10,000), or both.

(l) This section shall apply to any bid proposal submitted on or after March 1, 2015, and any contract for public work entered into on or after April 1, 2015. This section shall also apply to the performance of any public work, as defined in this chapter, on or after January 1, 2018, regardless of when the contract for public work was entered.

(m) Penalties received pursuant to this section shall be deposited in the State Public Works Enforcement Fund established by Section 1771.3 and shall be used only for the purposes specified in that section.

(n) This section shall not apply to work performed on a public works project of twenty-five thousand dollars (\$25,000) or less when the project is for construction, alteration, demolition, installation, or repair work or to work performed on a public works project of fifteen thousand dollars (\$15,000) or less when the project is for maintenance work."

d. Labor Code section 1771.4 states the following:

“a) All of the following are applicable to all public works projects that are otherwise subject to the requirements of this chapter:

(1) The call for bids and contract documents shall specify that the project is subject to compliance monitoring and enforcement by the Department of Industrial Relations.

(2) The awarding body shall post or require the prime contractor to post job site notices, as prescribed by regulation.

(3) Each contractor and subcontractor shall furnish the records specified in Section 1776 directly to the Labor Commissioner, in the following manner:

(A) At least monthly or more frequently if specified in the contract with the awarding body.

(B) In a format prescribed by the Labor Commissioner.

(4) If the contractor or subcontractor is not registered pursuant to Section 1725.5 and is performing work on a project for which registration is not required because of subdivision (f) of Section 1725.5, the unregistered contractor or subcontractor is not required to furnish the records specified in Section 1776 directly to the Labor Commissioner but shall retain the records specified in Section 1776 for at least three years after completion of the work.

(5) The department shall undertake those activities it deems necessary to monitor and enforce compliance with prevailing wage requirements.

(b) The Labor Commissioner may exempt a public works project from compliance with all or part of the requirements of subdivision (a) if either of the following occurs:

(1) The awarding body has enforced an approved labor compliance program, as defined in Section 1771.5, on all public works projects under its authority, except those deemed exempt pursuant to subdivision (a) of Section 1771.5, continuously since December 31, 2011.

(2) The awarding body has entered into a collective bargaining agreement that binds all contractors performing work on the project and that includes a mechanism for resolving disputes about the payment of wages.

(c) The requirements of paragraph (1) of subdivision (a) shall only apply to contracts for public works projects awarded on or after January 1, 2015.

(d) The requirements of paragraph (3) of subdivision (a) shall apply to all contracts for public work, whether new or ongoing, on or after January 1, 2016.”

B. STATE PUBLIC WORKS APPRENTICESHIP REQUIREMENTS

1. State Public Works Apprenticeship Requirements:

a. The Contractor is responsible for compliance with Labor Code section 1777.5 and the California Code of Regulations, title 8, sections 230 – 230.2 for all apprenticeable occupations (denoted with “#” symbol next to craft name in DIR Prevailing Wage Determination), whether employed by the Contractor, subcontractor, vendor or consultant. Included in these requirements is (1) the Contractor’s requirement to provide notification (i.e. DAS-140) to the appropriate apprenticeship committees; (2) pay training fund contributions for each apprenticeable hour employed on the Contract; and (3) utilize apprentices in a minimum ratio of not less than one apprentice hour for each five journeyman hours by completion of Contract work (unless an exception is granted in accordance with Labor Code section 1777.5) or request for the dispatch of apprentices.

b. Any apprentices employed to perform any of the Improvements shall be paid the standard wage to apprentices under the regulations of the craft or trade for which such apprentice is employed, and such individual shall be employed only for the work of the craft or trade to which such individual is registered. Only apprentices, as defined in California Labor Code section 3077, who are in training under apprenticeship standards and written apprenticeship agreements under California Labor Code sections 3070 et seq. are eligible to be employed for the Improvements. The employment and training of each apprentice shall be in accordance with the provisions of the apprenticeship standards and apprentice agreements under which such apprentice is training.

2. Compliance with California Labor Code section 1777.5 requires all public works contractors to:

a. Submit Contract Award Information (DAS-140):

- i. Although there are a few exemptions (identified below), all Contractors, regardless of union affiliation, must submit contract award information when performing on a California public works project.
 - ii. The DAS-140 is a notification “announcement” of the Contractor’s participation on a public works project—*it is not a request for the dispatch of an apprentice.*
 - iii. Contractors shall submit the contract award information (you may use form DAS 140) within 10 days of the execution of the prime contract or subcontract, but in no event later than the first day in which the Contractor has workers employed on the public work.
 - iv. Contractors who are already approved to train apprentices (i.e. check “Box 1” on the DAS-140) shall only be required to submit the form to their approved program.
 - v. Contractors who are NOT approved to train apprentices (i.e. those that check either “Box 2” or “Box 3” on the DAS-140) shall submit the DAS-140 TO EACH of the apprenticeship program sponsors in the area of your public works project. For a listing of apprenticeship programs see <http://www.dir.ca.gov/Databases/das/pwaddrstart.asp>.
- b. Employ Registered Apprentices
- i. Labor Code section 1777.5 requires that a contractor performing work in an “apprenticeable” craft must employ one (1) hour of apprentice work for every five (5) hours performed by a journeyman. This ratio shall be met prior to the Contractor’s completion of work on the project. “Apprenticeable” crafts are denoted with a pound symbol “#” in front of the craft name on the prevailing wage determination.
 - ii. All Contractors who do not fall within an exemption category (see below) must request for dispatch of an apprentice from an apprenticeship program (for each apprenticeable craft or trade) by giving the program actual notice of at least 72 hours (business days only) before the date on which apprentices are required.
 - iii. Contractors may use the “DAS-142” form for making a request for the dispatch of an apprentice.
 - iv. Contractors who are participating in an approved apprenticeship training program and who did not receive sufficient number of apprentices from their initial request must request dispatch of apprentices from ALL OTHER apprenticeship committees in the project area in order to fulfill this requirement.
 - v. Contractor should maintain and submit proof (when requested) of its DAS-142 submittal to the apprenticeship committees (e.g. fax transmittal confirmation). A Contractor has met its requirement to employ apprentices only after it has successfully made a dispatch request to all apprenticeship programs in the project area.
 - vi. Only “registered” apprentices may be paid the prevailing apprentice rates and must, at all times work under the supervision of a Journeyman (Cal. Code Regs., tit 8, § 230.1).
- c. Make Training Fund Contributions
- i. Contractors performing in apprenticeable crafts on public works projects, must make training fund contributions in the amount established in the prevailing wage rate publication for journeymen and apprentices.
 - ii. Contractors may use the “CAC-2” form for submittal of their training fund contributions.
 - iii. Contractors who do not submit their training fund contributions to an approved apprenticeship training program must submit their contributions to the California Apprenticeship Council (CAC), PO Box 420603, San Francisco, CA 94142-0603.
 - iv. Training fund contributions to the CAC are due and payable on the 15th day of the month for work performed during the preceding month.
 - v. The “training” contribution amount identified on the prevailing wage determination shall not be paid to the worker, unless the worker falls within one of the exemption categories listed below.

3. Exemptions to Apprenticeship Requirements:

- a. The following are exempt from having to comply with California apprenticeship requirements. These types of contractors do not need to submit a DAS-140, DAS-142, make training fund contributions, or utilize apprentices:
 - i. When the Contractor holds a sole proprietor license (“Owner-Operator”) and no workers were employed by the Contractor. In other words, the contractor performed the entire work from start to finish and worked alone.
 - ii. Contractors performing in non-apprenticeable crafts. “Apprenticeable” crafts are denoted with a pound symbol “#” in front of the craft name on the prevailing wage determination.

- iii. When the Contractor has a direct contract with the Public Agency that is under \$30,000.
- iv. When the project is 100% federally-funded and the funding of the project does not contain any city, county, and/or state monies (unless the project is administered by a state agency in which case the apprenticeship requirements apply).
- v. When the project is a private project not covered by the definition of public works as found in Labor Code section 1720.

4. Exemption from Apprenticeship Ratios:

- a. The Joint Apprenticeship Committee shall have the discretion to grant a certificate, which shall be subject to the approval of the Administrator of Apprenticeship, exempting the Contractor from the 1-to-5 ratio set forth in this Section when it finds that any one of the following conditions are met:
 - i. Unemployment for the previous three-month period in such area exceeds an average of fifteen percent (15%); or
 - ii. The number of apprentices in training in such area exceeds a ratio of 1-to-5 in relation to journeymen; or
 - iii. The Apprenticeable Craft or Trade is replacing at least one-thirtieth (1/30) of its journeymen annually through apprenticeship training, either on a statewide basis or on a local basis; or
 - iv. If assignment of an apprentice to any work performed under the Contract Documents would create a condition which would jeopardize such apprentice's life or the life, safety or property of fellow employees or the public at large, or if the specific task to which the apprentice is to be assigned is of such a nature that training cannot be provided by a journeyman.
- b. When such exemptions from the 1-to-5 ratio between apprentices and journeymen are granted to an organization which represents contractors in a specific trade on a local or statewide basis, the member contractors will not be required to submit individual applications for approval to local Joint Apprenticeship Committees, provided they are already covered by the local apprenticeship standards.

5. Contractor's Compliance:

- a. The responsibility of compliance with this Section for all Apprenticeable Trades or Crafts is solely and exclusively that of the Contractor. All decisions of the Joint Apprenticeship Committee(s) under this Section are subject to the provisions of California Labor Code section 3081 and penalties are pursuant to Labor Code section 1777.7 and the determination of the Labor Commissioner.