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CEO/ALS/HCA-019-032
Health Care Agency
2801 Bristol Street
Costa Mesa, CA

LEASE

THIS IS A LEASE AGREEMENT (hereinafter referred to as "**Lease**") made September __, 2019, ("**Effective Date**"), by and between HEADWAY PROPERTIES, LLC, a California limited liability company (hereinafter referred to as "**Lessor**") and the COUNTY OF ORANGE, a political subdivision of the State of California (hereinafter referred to as "**County**") without regard to number and gender. The Lessor and County may individually be referred to herein as a "**Party**," or collectively as the "**Parties**."

1. DEFINITIONS (1.0 SA)

The following words in this Lease shall have the significance attached to them in this Clause 1 (DEFINITIONS), unless otherwise apparent from context:

"Board of Supervisors" means the Board of Supervisors of the County of Orange, a political subdivision of the State of California.

"Building" means the building commonly known as 2801 Bristol Street, Costa Mesa, California 92626 constituting a portion of the Premises.

"CEO/Office of Risk Management" means the Risk Manager, County Executive Office, Risk Management, County of Orange, or designee, or upon written notice to Lessor, such other person or entity as shall be designated by the County Executive Officer or the Board of Supervisors.

"Chief Real Estate Officer" means the Chief Real Estate Officer, County Executive Office, County of Orange, or upon written notice to Lessor, such other entity as shall be designated by the County Executive Officer.

"County Executive Officer" means the County Executive Officer, County Executive Office, County of Orange, or designee, or upon written notice to Lessor, such other person or entity as shall be designated by the Board of Supervisors.

"Health Care Agency" means the Health Care Agency, County of Orange, or designee, or upon written notice to Lessor, such other person or entity as shall be designated by the County Executive Officer or the Board of Supervisors.

"HCA/Facilities Operations Manager" means the Manager, Health Care Agency/Facilities Services, County of Orange, or designee, or upon written notice to Lessor, such other person or entity as shall be designated by the Director of the Health Care Agency.

2. PREMISES (1.1 SA)

Lessor leases to County that certain property described in Exhibit A and shown on Exhibit B, which exhibits are attached hereto and by reference made a part hereof, of approximately 15,518 rentable square feet ("**RSF**") in the building located at 2801 Bristol Street, Costa Mesa, California (the "**Premises**"), together with non-

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exclusive, in common use of elevators, stairways, washrooms, hallways, driveways for vehicle ingress and egress, pedestrian walkways, other facilities and common areas appurtenant to the Premises.

3. USE (1.2 SA)

County shall use the Premises for general administrative and office purposes or any other lawful purpose. County shall not use the Premises or any portion thereof for any illegal or unlawful purpose and will not cause or permit a nuisance to be created or maintained therein.

4. PARKING (1.3 SA)

Throughout the Term of the Lease and including any Extension Term(s) pursuant to Clause 7 (OPTION TO EXTEND TERM), County shall have the exclusive right without additional charge, to use all available parking stalls on the Premises and in the ancillary parking lot, approximately fifty-eighty (58) parking spaces, as shown on Exhibit B. County's use of said parking spaces shall be subject to all reasonable rules and regulations which are prescribed by Lessor from time to time for the efficient operation of the parking areas for the Building and provided to County in writing.

Lessor represents that a portion of said parking spaces have been allocated to provide parking for disabled persons ("ADA Spaces") in compliance with the Americans with Disabilities Act, Section 7102 of the California Uniform Building Code and the applicable codes and/or ordinances relating to parking for disabled persons as established by the local jurisdiction in which the Premises is located where the provisions of such local codes and/or ordinances exceed or supersede the State requirements.

5. TERMINATION OF PRIOR AGREEMENTS (1.4 SA) - *Intentionally Omitted*

6. TERM (1.5 SA)

The Term of this Lease shall be fifteen (15) year ("Term"), commencing May 1, 2020 ("Commencement Date").

7. OPTION TO EXTEND TERM (1.6 N)

Provided there is no current County Default under this Lease (as further defined in Clause 28 (DEFAULTS AND REMEDIES), either at the time of the exercise of the Option or upon commencement of the Extension Term, County shall have the option to extend the term (the "Option(s)") of this Lease for three (3) consecutive five (5) year periods (each an "Extension Term") beyond the initial fifteen (15) year term, exercised by the Chief Real Estate Officer and memorialized in an amendment, on the same terms and conditions of this Lease except as set forth in this Clause 7 and in Clause 10 (RENT ADJUSTMENT). The Rent during each Extensions Term shall be the Fair Market Rental Value, but no less than a three and a half percent (3.5%) nor more than five percent (5%) increase of the immediately preceding rent paid by County. The Fair Market Rental Value which shall be negotiated at the time of the Option(s) as set forth below. County shall give Lessor written notice of its intent to exercise its Option(s) to extend the Term no later than twelve (12) months prior to the Lease termination date. Time is of the essence in the exercise of the Option(s). The Option(s) shall be personal to County and shall not be exercised by any assignee or sublessee of County. "Term" as used in this Lease shall mean the initial Term and the Extension Term(s) if the Option(s) are duly exercised.

Mutual Agreement. Lessor and County shall have thirty (30) days after County exercises any Option to extend in which to agree on the Fair Market Rental Value, as defined below, for the Extension Term. If Lessor and

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County are unable to agree on the Fair Market Rental Value for the option period within such thirty (30) days, the provisions of the Appraisal section below shall apply.

Factors for Determining Fair Market Rental Value. The “**Fair Market Rental Value**” of the Premises (or applicable portion thereof) shall be the amount that a willing, comparable, new (i.e., non-renewal), non-equity tenant would pay, and that a willing landlord of a comparable space in Orange County would accept at arms’ length. Appropriate consideration shall be given to (A) the annual rental rate per rentable square foot; (B) the definition of rentable square feet for purposes of comparing the rate; (C) location, quality and age of the Premises; (D) the financial condition (e.g., creditworthiness) of County; (E) escalation (including type, base year and stop) and abatement provisions reflecting free rent and/or no rent during the period of construction; any termination rights of such tenant; (F) brokerage commissions, if any; (G) length of the lease Term; (H) size and location (including floor level) of the Premises; (I) building standard work letter and/or tenant improvement allowance, if any (taking into consideration the cost of anticipated tenant improvements as compared to market tenant improvement allowances), provided, however, the Fair Market Rental Value shall not include any tenant improvements or any alterations made by County; (J) condition of space; (K) lease takeover/assumptions; (L) moving expenses and other concessions; (M) extent of services to be provided; (N) distinctions between “gross” and “net” leases; (O) base year figures or expense stops for escalation purposes for both operating costs and ad valorem/real estate taxes; (P) the time the particular rental rate under consideration becomes or is to become effective; (Q) applicable caps on the amount of real estate taxes and assessments passed through to tenants; and (R) other generally applicable conditions of tenancy for the space in question. County shall obtain the same rent and other benefits that Lessor would otherwise give to any comparable prospective tenant.

Appraisal. If after the expiration of the thirty (30) day period described in the Mutual Agreement section above, the Parties have not mutually agreed on the Fair Market Rental Value for the Extension Term in question, then the Parties shall use the following method to determine the Fair Market Rental Value (the “**Three Broker Method**”): within ten (10) business days after the expiration of such thirty-day period, each Party shall give written notice to the other setting forth the name and address of a “**Broker**” (as hereinafter defined) selected by such Party who has agreed to act in such capacity, to determine the Fair Market Rental Value. If either Party has failed to select a Broker as aforesaid, the Fair Market Rental Value shall be determined by the Broker selected by the other Party. Each Broker shall thereupon independently make his or her determinations of the Fair Market Rental Value within twenty (20) days after the appointment of the second Broker. If the two Brokers’ determinations are not the same, but the higher of such two values is not more than one hundred five percent (105%) of the lower of them, then the Fair Market Rental Value shall be deemed to be the average of the two values. If the higher of such two values is more than one hundred five percent (105%) of the lower of them, then the two Brokers shall jointly appoint a third Broker within ten (10) days after the second of the two determinations described above has been rendered. The third Broker shall independently make his determination of the Fair Market Rental Value within twenty (20) days after his appointment. The highest and the lowest determinations of value among the three Brokers shall be disregarded and the remaining determination shall be deemed to be the Fair Market Rental Value.

Broker. For the purpose of this Clause 7, “**Broker**” shall mean a real estate broker or salesperson licensed in California, who has been regularly engaged in such capacity in the business of commercial office leasing in the Orange County market for at least ten (10) years immediately preceding such person’s appointment hereunder. Each Party shall pay for the cost of its Broker and one half of the cost of the third Broker.

8. OPTION TO TERMINATE LEASE (1.7 SA)

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During the initial Lease Term, County shall have a one-time option to terminate this Lease effective at the end of the one hundred forty fourth (144th) month of the Lease Term upon giving Lessor written notice at least nine (9) months prior to said termination date. Should County exercise the option to terminate the Lease, County shall pay Lessor, at the time of exercise of such termination, the unamortized costs of County improvement costs, including hard and soft costs and additional sums allocated towards FF&E, telecommunications, moving costs or cash, and commissions associated with County's leasing of the Premises ("**Termination Fee**"), which Termination Fee is set forth in Exhibit G attached hereto and by this reference made a part hereof.

9. RENT (1.8 SA)

County agrees to pay to Lessor as rent for the Premises the sum of twenty thousand one hundred seventy-three and 40/100 dollars (\$20,173.40) per month commencing on the Commencement Date and adjusted annually pursuant to the Rent Adjustment schedule in Clause 10 (RENT ADJUSTMENT) below.

To obtain rent payments and payment of any amounts hereunder Lessor (or Lessor's designee) shall submit to County's HCA/Facilities Operations Manager, in a form acceptable to said HCA/Facilities Operations Manager, a written claim for said rent payments.

Payment shall be due and payable within twenty (20) days after the later of the following:

- A. The first day of the month following the month earned; or
- B. Receipt of Lessor's written claim by the HCA/Facilities Operations Manager.

Should County occupy the Premises before the Commencement Date, Lessor shall be entitled to pro rata rent for the period of occupancy and the amount of space occupied prior to the beginning of the Lease Term based upon the monthly installment above. Said Rent shall be included in the rent claim submitted by Lessor for the first full month of the Lease Term and shall be paid by County at the time of payment for said month.

10. RENT ADJUSTMENT (1.9 SA)

The monthly rent payable by County for the Premises ("**Rent**") shall be automatically adjusted as follows:

<u>Period</u>	<u>Rent</u>
Months 1-12	\$20,173.40
Months 13-24	\$41,758.94
Months 25-36	\$43,220.50
Months 37-48	\$44,733.22
Months 49-60	\$46,298.88
Months 61-72	\$47,919.34
Months 73-84	\$49,596.52
Months 85-96	\$51,332.40
Months 97-108	\$53,129.03
Months 109-120	\$54,988.55
Months 121-132	\$56,913.15
Months 133-144	\$58,905.11
Months 145-156	\$60,966.78
Months 157-168	\$63,100.62

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Period
Months 169-180

Rent
\$65,309.14

11. ADJUSTMENT FOR COST OF LESSOR SERVICES (2.0 SA) – *Intentionally Omitted*

12. RIGHT OF FIRST OFFER (2.1 SA) – *Intentionally Omitted*

13. CONSTRUCTION (2.2 N)

A. Completion Schedule: Lessor agrees to provide turn-key tenant improvements (“**Work**”) as further defined and described in Exhibit C and to have the Premises ready for full occupancy and operation (“**Substantial Completion**” as further defined below in 13(D)) by April 10, 2020 (the “**Substantial Completion Date**”). If Lessor fails to reach Substantial Completion on or prior to the Substantial Completion Date AND is not diligently pursuing completion of the Work, the County shall have the option to terminate this Lease. Without limiting the foregoing termination right, if the Final Improvement Date (as defined in Clause 13(E) below) fails to occur on or prior to the Substantial Completion Date, other than a result of the actions (or inactions) of County or events of Force Majeure (as defined in Clause 49 (FORCE MAJEURE) below), County shall have the option, after notice to Lessor, to complete the Work and deduct the cost thereof, including labor, materials, contractor’s overhead and an administrative charge (equal to ten percent (10%) of the cost of the Work completed by County) from any Rent payable hereunder.

Lessor will provide a tenant improvement allowance in the amount of fifteen dollars (\$15.00) per RSF of the Premises (“**County Improvement Allowance**”). If, based upon plans and specifications reasonably acceptable to Lessor and County, the estimated combined costs for the Work, planning and design costs (see Clause 13(C) below), and the cost of the Project Manager (see Clause 13(K) below), (together, the “**Total Project Cost**”), exceed the amount of the County Improvement Allowance, the amount by which the Total Project Cost exceeds the County Improvement Allowance shall be County’s responsibility (“**County’s Improvement Obligation**”). County will reimburse Lessor within ten (10) business days after each submittal by Lessor of a written claim for such reimbursement to the HCA/Facilities Service Manager, which County acknowledges will be submitted periodically by Lessor during the construction of the Work.

B. County Remedies: If the Final Improvement Date (as defined in Clause 13(E)) fails to occur on or prior to the Substantial Completion Date, other than as a result of an event of Force Majeure (as defined in Clause 49 (FORCE MAJEURE), or a delay caused by County, Lessor shall be obligated to pay a penalty to County of five hundred dollars (\$500.00) per day for the period from the Substantial Completion Date through the day prior to the Final Improvement Date, which amount shall be applicable toward the first payments of Rent due under this Lease until the amount owing to the County under this Clause 13B is exhausted. County shall be entitled to pursue all available remedies at law or equity and pursuant to this Lease (as further defined in Clause 28 (DEFAULTS AND REMEDIES)).

C. Approvals: All planning and architectural/design costs required to accomplish the Work shall be Lessor’s responsibility and shall be approved by HCA/Facilities Service Manager. Such approvals will not be unreasonably withheld or delayed and if a written disapproval of any request by Lessor is not received within five (5) working days after submission, such request shall be deemed approved. Such approvals by the HCA/Facilities Service Manager shall not relieve Lessor of the responsibility for complying with all applicable codes and construction requirements, nor of obtaining necessary permits or approvals from the authorities of

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proper jurisdiction.

D. Punch List: Upon Substantial Completion (as defined below) of the Work, Lessor shall request the HCA/Facilities Service Manager approval and acceptance of such Work, which approval will not be unreasonably withheld or delayed. Said approval shall be manifested by letter from the HCA/Facilities Service Manager (the "**Work Acceptance Letter**"), and may be subject to completion of items on a "punch list," which shall be generated by County and included in the Work Acceptance Letter. County shall not be required to send the Work Acceptance Letter until County is satisfied that the Work has reached Substantial Completion (other than punch list items, if any) pursuant to this Lease, in County's sole and reasonable discretion. As used in this Clause 13(D), "**Substantial Completion**" means that the Work shall have been completed in accordance with the provisions of this Lease and any mutually approved plans and specifications, such that the Premises may be fully occupied and ready for operation by County for the intended purposes, evidenced by signed off permits for such Work, which have been issued in connection with such Work, subject to any "punch list" items, if any.

In the event County's approval and acceptance of the Work is given along with a punch list, Lessor shall complete all punch list items within twenty-one (21) days following receipt of the Work Acceptance Letter. Should the items on the punch list not be completed within twenty-one (21) days other than as a result of actions (or inactions) of County or events of Force Majeure, Lessor shall be obligated to pay a penalty to County of five hundred dollars (\$500.00) per day for the period from the Substantial Completion Date through the date that all punch list items have been completed or County shall have the option to complete the Work (which amount shall be applicable toward the first payments of Rent due under this Lease until the amount owing to the County under this Clause 13D is exhausted) and deduct the reasonable cost thereof, including labor, materials, and overhead from any rent payable.

E. Final Improvement Date: The "**Final Improvement Date**" means Lessor's completion of the Work as determined by County and as evidenced by the Work Acceptance Letter, and completion of the items set forth in the punch list set forth in the Work Acceptance Letter (if any). The determination of whether the Final Improvement Date has occurred will be made in County's reasonable discretion.

F. Project Management Oversight: County may, at County's option, select a project manager or construction manager, at County's sole discretion, cost and expense, to assist in County's oversight of the Work (the "**Project Manager**"). The Project Manager will represent the County's best interest during the construction of the Work to confirm that the Work is being performed pursuant to the terms of this Lease and will act as the liaison between Lessor and County in all items that are subject to approval by County as provided in Clause 13(C) above.

G. County Alterations to Work: Although the Premises will be delivered to County on a "turnkey" basis (subject to the County Improvement Allowance), the Parties agree that should County make alterations or revisions to the Work; ("**County Alterations**") and such County Alterations cause the cost of the Work to be less than the County Improvement Allowance, County - shall be entitled to use the remaining, unused County Improvement Allowance toward additional tenant improvements either concurrently with the Work; or as a credit toward future alterations that County may request to be constructed by Lessor during the Lease Term. County will reimburse Lessor for the cost of any County Alterations that cause the cost of the Work to increase in accordance with Clause 17 (COUNTY-REQUESTED ALTERATIONS). Further, County acknowledges that County Alterations may extend the Substantial Completion Date and/or the Final Improvement Date.

H. Performance of Work: Lessor agrees that any improvement being constructed by, or under the direction of, Lessor shall be constructed in substantial compliance with County approved plans and if and to the extent

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applicable, in compliance with the requirements of California Public Contract Code Section 22000 *et seq.*, which requires those improvements to be constructed as if such improvements had been constructed under the direction and supervision, or under the authority, of County. In partial satisfaction of the requirements of Section 22000 *et seq.*, if applicable: (a) Lessor shall be required to secure the faithful performance of construction and completion of construction of the improvement by appropriate contractor's bonds as required by the California Public Contracts Code and shall require its contractor or contractors to pay the prevailing rate of per diem wages for work of a similar character in the locality of the County and not less than the general prevailing rate of per diem wages for holiday and overtime work, as provided in Clause 29 (LABOR CODE COMPLIANCE) of this Lease; (b) Lessor shall publicly advertise for bids for such improvements, as provided in Orange County Codified Ordinances 1-8-1 *et seq.*, and shall provide County a list of all bids received for the contract; and (c) thereafter, with the prior written approval of County as to the winning bid, Lessor shall award the contract or contracts for such improvements.

I. Force Majeure Delay: The occurrence of an event of Force Majeure (as defined in Clause 49 (FORCE MAJEURE)) shall excuse the performance by that Party for a period equal to the prevention, delay or stoppage (except the obligations imposed with regard to the payment of Rent and other sums to be paid by County pursuant to this Lease), provided the affected Party gives the other Party notice within thirty (30) days of the event causing the prevention, delay or stoppage.

J. Lessor's Contractor: Lessor's contractor shall be the contractor selected pursuant to a procedure whereby the final plans of the Work are submitted to at least three (3) contractors. County shall have the right to include one contractor to the list of contractors bidding on the Work. Lessor and County, after adjustments for inconsistent assumptions to reflect an "apples to apples" comparison, shall select the most qualified bidder. The Premises shall be delivered to County upon Substantial Completion of the Work in first class condition and operating order and in compliance with all laws applicable to new construction, disregarding variances and grandfathered rights.

K. County Obligations: County may engage its own project manager, which cost may be paid from the County Improvement Allowance, but which cost shall be part of the Total Project Cost. Additionally, Lessor shall provide County the ability to straight-line amortize, at a rate of six percent (6%) per year, additional monies up to five dollars (\$5.00) per RSF towards the purchase and installation of FF&E, telecommunications, relocation costs or converted to cash (the "**County's FF&E Allowance**") which shall be used at County's sole discretion. County's FF&E Allowance shall be repaid to Lessor on a monthly basis during the Lease Term concurrent with County's payment of Rent. In the event of any termination of this Lease, any remaining unpaid portion of the County's FF&E Allowance shall immediately be repaid by County to Lessor.

L. Lessor's Warranty: Lessor shall warrant that all existing roof, HVAC RTU's, structural components, windows, and seals serving the Premises are of high-quality and in excellent working condition before the County Improvement Allowance is allocated or spent.

14. PAINTING BY LESSOR (2.3 N)

Within sixty (60) days after the eighth (8th) year of the Lease Term, upon receipt of written request from County, Lessor shall repaint all painted surfaces within the Premises. Said painting shall be accomplished during hours other than County's Normal Business Hours. Lessor shall be responsible for the movement and subsequent replacement of all furniture, window coverings, and fixtures necessary to repaint the Premises. Lessor shall provide County with boxes, so County may pack personal property and belongings during the painting of the

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Premises. Lessor shall ensure that the painting is completed consistent with industry standards, including, but not limited to, patching and sanding all blemishes, cracks, holes, etc. prior to painting. Additionally, said paint shall meet the specifications consistent with the paint as provided in the initial County Improvements or acceptable equivalent approved by the HCA/Facilities Service Manager. All costs incurred by Lessor with respect to this Clause 14 shall be paid by the County; however, such costs shall be amortized over the remaining Term of the Lease (i.e. the Rent payable hereunder shall be increased by such amortized amount); provided, however, that if this Lease is earlier terminated for any reason other than Lessor's default, the full remaining amount shall be due and payable on the date of such termination.

Should Lessor fail to comply with the provisions of this clause, County shall have the option to complete said re-painting.

15. CARPETING BY LESSOR (2.4 N)

Within sixty (60) days after the eight (8th) year of the Lease Term, Lessor shall re-carpet all carpeted surfaces within the Premises. Said re-carpeting shall be accomplished during hours other than County's normal working hours. Lessor shall be responsible for the movement and subsequent replacement of all furniture and fixtures necessary to re-carpet the Premises. Lessor shall provide County with boxes, so County may pack personal property and belongings during the re-carpeting of the Premises. County shall, at its own cost and expense, be responsible for the movement and subsequent replacement of all computer equipment, electronic equipment, any other communication equipment, and all otherwise sensitive equipment identified by the HCA/Facilities Service Manager. Lessor shall ensure that the carpet is installed consistent with industry standards and said carpet shall meet the specifications or acceptable equivalent approved by the HCA/Facilities Service Manager. All costs incurred by Lessor with respect to this Clause 15 shall be paid by the County; however, such costs shall be amortized over the remaining term of the Lease (i.e. the Base Rent payable hereunder shall be increased by such amortized amount); provided, however, that if this Lease is earlier terminated for any reason other than Lessor's default, the full remaining amount shall be due and payable on the date of such termination.

Should Lessor fail to comply with the provisions of this clause, County shall have the option to complete said re-carpeting.

16. ALTERATIONS (2.5 SA)

County may make non-structural improvements and changes in the Premises, including, but not limited to, the installation of fixtures, partitions, counters, shelving, and equipment as deemed necessary or appropriate by the County in its discretion. It is agreed that any such fixtures, partitions, counters, shelving, or equipment attached to or placed upon the Premises by County shall be considered personal property of County, as defined below in Clause 32 (COUNTY PROPERTY), who shall have the right, but not the obligation, to remove same. County agrees that the Premises shall be left in as good condition as when received, reasonable wear and tear exempted.

17. COUNTY-REQUESTED ALTERATIONS (2.6 SA)

County through HCA/Facilities Service Manager, may, during the Term of the Lease, request Lessor to make improvements and changes to the Premises. All plans and working drawings for the improvements and changes, as well as the final work, shall have the written approval of HCA/Facilities Service Manager. Subject to Lessor's approval of such alterations, which approval shall not be unreasonably withheld, all such improvements and changes shall be made by Lessor, at County's sole cost. Payment to Lessor of such costs

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shall be made with the next payment of monthly Rent; provided, however, that if the cost of such improvements exceed Ten Thousand Dollars (\$10,000.00), Lessor shall have the right to invoice County on a monthly basis, and in such case, County shall pay the invoiced amount to Lessor within twenty (20) days after delivery of such invoice. Lessor shall be entitled to an administrative fee of five percent (5%) of the cost of such alterations, payable with each payment made by County hereunder.

County shall have the right to audit said request for payment (but any such audit shall not delay payment of any undisputed amount) and require additional supporting documentation from Lessor prior to making reimbursement payment of the disputed amount. County shall evidence acceptance of such claim by written letter to Lessor. Once Lessor's claim has been accepted by County as complete and adequate, the claim amount shall be reimbursed by County to Lessor at the same time as the next scheduled monthly Rent payment following the date of written acceptance of said claim.

Lessor agrees that any improvement being constructed by, or under the direction of Lessor, shall be constructed in substantial compliance with city approved plans and to the extent applicable, in compliance with Federal, California and local laws, including by not limited to, the requirement of California Public Contract Code Section 22000 et seq., and shall require, to the extent applicable, its contractor or subcontractors to pay the prevailing rate of per diem wages for work of a similar character in the locality of the County and not less than the general prevailing rate of per diem wages for work of a similar character in the locality of the County and not less than the general prevailing rate of per diem wages for holiday and overtime work, as provided in Clause 29 (LABOR CODE COMPLIANCE) of this Lease.

Following the written approval to let a contract for improvements, Lessor shall, to the extent applicable, publicly advertise for bids for such improvements, as provided in Orange County Codified Ordinances 1-8-1 et seq., and shall provide County a list of all bids received for the contract. Thereafter, with the prior written approval of County as to the winning bid, Lessor shall award the contract or contracts for such improvements. County's approval of the bid shall be limited to the dollar value only, to ensure it is within County's budget.

18. ORANGE COUNTY TELECOMMUNICATIONS NETWORK (2.7 SA)

Lessor agrees that County may install, at County's sole cost and expense, telecommunication devices in, on, or around the Premises and Building in accordance with the relevant and applicable County telecommunications network plans and specifications, provided that the provisions of Clause 16 (ALTERATIONS), shall be applicable to such work. It shall be County's responsibility to obtain all governmental permits and/or approvals required for such installation; however, Lessor shall reasonably cooperate with County as necessary or appropriate, to obtain said permits and/or approvals. Additionally, County or County's subcontractor has the right to enter the Premises and/or Building to maintain, repair or replace the County telecommunications network consistent with said contract between County and service provider. County may, in its discretion, remove any cabling, conveyance systems or cabling conduit installed by County.

19. REPAIR, MAINTENANCE, AND JANITORIAL SERVICES (2.8 SA)

A. Lessor Services. Lessor shall provide, at its sole cost and expense (except as otherwise provided in this Lease) any and all necessary repair, maintenance and replacement for the Premises and Building (and systems therein) in good order, condition and repair and in compliance with all applicable laws, including, but not limited to, the replacement, repair and maintenance of the structural portions of the Building, the roof of the Building, the parking facilities and all Building systems including the Heating, Ventilation, Air Conditioning ("HVAC") system, the plumbing, electrical and mechanical systems, fire/life safety system, elevators, roof,

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paving, fire extinguishers, pest control, and whether capital or non-capital (the “**Services**”), consistent with Exhibit D, which is attached hereto and by reference made a part hereof. Upon request, Lessor shall provide County with a complete copy of the janitorial and any other contracts for Services of an ongoing nature. Any repairs or replacements performed by Lessor must be at least equal in quality and workmanship to the original work and be in accordance with all applicable laws and local permit regulations. The Services shall be made promptly to keep the Premises and the Building in the condition described in this Clause 19. Should Lessor default in its obligations under this clause, the County may exercise those remedies set forth in Clause 19(B) below.

B. County Remedies. If Lessor fails to provide the Services within fifteen (15) days after HCA/Facilities Service Manager provides written notice thereof to Lessor specifying any such default and affording Lessor such fifteen (15) day period to complete the cure of such default, provided, however, that if the cure cannot reasonably be completed within such time period, Lessor shall be afforded an additional reasonable amount of time to complete the cure, as long as Lessor commences the cure within such time period and diligently pursues same to completion, without limiting any available remedy to County (including, but not limited to, County Remedies as defined in Clause 28 (DEFAULTS AND REMEDIES)), County may (upon written notice to Lessor and Lessor’s lender, to the extent contact information for such lender has been provided in writing to County), and, at its sole discretion, perform or arrange for the performance of such Services, and deduct the cost thereof plus an administrative charge of ten percent (10%) of the cost from any Rent payable without further notice; or in the event that Lessor fails to provide required Services to the Premises sixty (60) days after the 15-day written notice, above, to Lessor, Lessor shall be obligated to pay a penalty to County of five hundred dollars (\$500.00) per day until such Services are provided by Lessor.

C. Warranties. Lessor shall initiate at purchase, and keep in force, all manufacturers’ warranties including extended warranties for all building equipment. When manufacturers’ warranties for the HVAC, roof and elevator expire, Lessor will contract with an industry standard maintenance company (“**Vendor**”) that specializes in the maintenance of such equipment (and for the roof) for regular and scheduled inspections as recommended by the manufacturer, and immediately authorize said Vendor to perform any and all recommended maintenance to the equipment and roof upon receipt of any inspection report. Lessor shall authorize Vendor(s) to provide County with copies of said report(s) upon County request. Should Lessor fail to comply with the provisions of this clause, County may exercise those remedies set forth in Clause 19(B) above.

In order for the County to comply with the California Code of Regulations, Title 8, Section 5142 (“**Regulation 5142**”), and as it may be subsequently amended, Lessor shall regularly inspect and maintain the HVAC system as required by Regulation 5142 and provide repair and maintenance accordingly. Inspections and maintenance of the HVAC system shall be documented in writing and Lessor shall retain such records for at least five (5) years. Lessor shall make all HVAC records required by this section available to County for examination and copying, within forty-eight (48) hours of a written request. Lessor acknowledges that County may be subject to fines and/or penalties for failure to provide said records to regulatory agencies within the given timeframes. Should County incur fines and/or penalties as a direct result of Lessor’s failure to provide said records to County in a timely manner and as set forth herein, Lessor shall reimburse County for said fines and/or penalties within thirty (30) days upon written notice. Should Lessor fail to reimburse County within thirty (30) days, County may deduct the amount of the fine and/or penalty from any Rent payable without further notice.

D. HVAC System. Air conditioning will be supplied to cause the temperature in the Premises and Building at a temperature consistent with other office buildings in Orange County, California, which are typically not less than 70° F nor greater than 75° F, during all Normal Business Hours as defined below in Clause 19(E).

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E. Normal Business Hours. County acknowledges that the HVAC services to the Building shall operate only from 8:00 a.m. to 6:00 p.m. Monday through Friday and Saturday from 7:00 a.m. to 12:00 p.m., excluding governmental holidays (“**Normal Business Hours**”). A list of government holidays shall be provided to Lessor on a yearly basis upon request to County.

F. Emergency Services. If County requires same day emergency repairs and/or services to remedy an emergency condition that poses imminent danger to persons or property which is Lessor’s obligation to repair (“**Emergency Services**”) and after making reasonable attempts to do so, Lessor cannot be contacted for such Emergency Services (as reasonably determined by the County), County may have the necessary repairs made and/or provide Emergency Services to remedy the emergency condition, and deduct the reasonable cost thereof, including labor, materials from any Rent payable without further notice; provided, however, that County shall provide written notice to Lessor of the nature of such repair and the cost thereof promptly after the repair thereof.

G. Operations Shutdown. Should County be forced to completely shut down its operations within the Premises and/or Building due to Lessor’s failure to provide Services or Emergency Services (subject to Clause 49 (FORCE MAJEURE)) required by this Clause 19 for a period of twenty four (24) consecutive hours, excluding weekends and holidays, Lessor shall be responsible for the actual cost to County of such shutdown and for replacement premises as necessary due to such shutdown. Should County incur costs as a result of a shut down due to Lessor’s failure to provide said Services and as set forth herein, Lessor shall reimburse County for said costs within thirty (30) days of written notice which shall include written documentation of said costs. Should Lessor fail to reimburse County within thirty (30) days, County may deduct the amount of the costs and/or replacement premises from any Rent payable without further notice.

20. UTILITIES (2.9 SA)

Lessor shall be responsible for and pay, prior to the delinquency date, all charges for utilities supplied to the Premises except internet and telephone, which shall be the obligation of County. Should Lessor fail to provide, or pay for (prior to delinquency date), utility services to the Premises, County may provide such services and deduct the cost thereof, including overhead, from any Rent payable. Lessor shall be responsible for any other costs, taxes, and/or assessments not provided for in this clause.

Should County require HVAC services at times other than during Normal Business Hours as defined in Clause 19(E) above, County shall provide Lessor with at least one (1) business day’s prior notice and County shall pay Lessor a reimbursement equal to seventy-five dollars (\$75.00) per hour for each hour HVAC services are used during times other than Normal Business Hours. Lessor shall provide County with a written statement of its monthly usage in the form of an invoice, which shall include a statement showing the date, time, location and duration of such usage, along with a summary of the County’s monthly charges. County shall pay Lessor for excess usage with the following month’s Rent.

21. INSURANCE (3.0 SA)

Commercial Property Insurance: Lessor shall obtain and keep in force during the Term of this Lease a policy or policies of commercial property insurance written on ISO form CP 00 10 10 12, or a substitute form providing coverage at least as broad, with all risk or special form coverage, covering the loss or damage to the Premises to the full insurable value of the improvements located on the Premises (including the full value of all improvements and fixtures owned by Lessor) at least in the amount of the full replacement cost thereof, and in no event less than the total amount required by any lender holding a security interest.

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Lessor agrees to and shall include in the policy or policies of commercial property insurance a standard waiver of the right of subrogation against the County of Orange, its elected and appointed officials, officers, agents and employees by the insurance company issuing said policy or policies. Lessor shall provide the County of Orange with a Certificate of Insurance as evidence of compliance with these requirements.

Commercial General Liability Insurance: Lessor shall obtain and keep in force during the Term of this Lease a policy or policies of commercial general liability insurance covering all injuries occurring within the building and the Premises. The policy or policies evidencing such insurance shall provide the following:

A. An Additional Insured endorsement using ISO form CG 20 26 04 13 or a form at least as broad naming the ***County of Orange, its elected and appointed officials, officers, agents and employees*** as an additional insured, or provide blanket coverage which will state, ***AS REQUIRED BY WRITTEN AGREEMENT***;

B. A primary and non-contributory endorsement using ISO form CG 20 01 04 13, or a form at least as broad evidencing that the Lessor's insurance is primary and any insurance or self-insurance maintained by the County of Orange shall be excess and non-contributing;

C. Lessor shall notify County in writing within thirty (30) days of any policy cancellation and ten (10) days for non-payment of premium and provide a copy of the cancellation notice to County. Failure to provide written notice of cancellation may constitute a material breach of the Lease, upon which the County may suspend or terminate this Lease.

D. Shall provide a limit of One Million Dollars (\$1,000,000) per occurrence with a Two Million Dollars (\$2,000,000) aggregate; and

E. The policy or policies of insurance must be issued by an insurer with a minimum rating of A- (Secure A.M. Best's Rating) and VIII (Financial Size Category as determined by the most current edition of the **Best's Key Rating Guide/Property-Casualty/United States or ambest.com**). It is preferred, but not mandatory, that the insurer be licensed to do business in the state of California (California Admitted Carrier).

If the insurance carrier does not have an A.M. Best Rating of A-/VIII, the CEO/Office of Risk Management retains the right to approve or reject a carrier after a review of the company's performance and financial ratings. Prior to the Commencement Date of this Lease and upon renewal of such policies, Lessor shall submit to County a Certificate of Insurance and required endorsements as evidence that the foregoing policy or policies are in effect.

If Lessor fails to procure and maintain the insurance required to be procured by Lessor under this Lease, County may, but shall not be required to, order such insurance and deduct the cost thereof plus any County administrative charges from the rent thereafter payable.

22. INDEMNIFICATION (3.1 SA)

Lessor hereby agrees to indemnify, hold harmless, and defend County, its elected and appointed officials, officers, agents, employees, and those special districts and agencies which the Board of Supervisors acts as the governing board, with counsel approved by County, against any and all claims, loss, demands, damages, cost, expenses or liability arising out of the ownership, maintenance or use of the Premises by Lessor, except for

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liability arising out of the negligence of County, its elected and appointed officials, officers, agents, or employees, including the cost of defense of any lawsuit arising therefrom. In the event County is named as co-defendant in such circumstances that arise out of Lessor's negligence, Lessor shall notify County of such fact and shall represent County, with counsel approved by County, in such legal action unless County undertakes to represent itself as co-defendant in such legal action, in which event Lessor shall pay County's litigation costs, expenses and attorneys' fees. In the event judgment is entered against County and Lessor because of the concurrent negligence of County and Lessor, their officers, agents, or employees, an apportionment of liability to pay such judgment shall be made by a court of competent jurisdiction. Neither Party shall request a jury apportionment.

County hereby agrees to indemnify, hold harmless, and defend Lessor, its officers, agents, and employees, against any and all claims, loss, demands, damages, cost, expenses or liability arising out of the use of the Premises by County, its elected and appointed officials, officers, agents, employees, customers and invite except for liability arising out of the negligence of Lessor, its officers, agents, or employees, including the cost of defense of any lawsuit arising therefrom. In the event Lessor is named as co-defendant, County shall notify Lessor of such fact and shall represent Lessor, with counsel approved by Lessor, in such legal action unless Lessor undertakes to represent itself as co-defendant, in which event County shall pay Lessor's litigation costs, expenses and attorneys' fees. In the event judgment is entered against Lessor and County because of the concurrent negligence of Lessor and County, their officers, agents, or employees, an apportionment of liability to pay such judgment shall be made by a court of competent jurisdiction. Neither Party shall request a jury apportionment.

23. TOXIC MATERIALS (3.2 SA)

County hereby warrants and represents that County will comply with all laws and regulations relating to the storage, use and disposal of hydrocarbon substances and hazardous, toxic or radioactive matter, including, but not limited to, those materials identified in Title 26 of the California Code of Regulations (collectively "**Toxic Materials**"). County shall be responsible for and shall indemnify and hold Lessor, its officers, directors, employees, agents, and representatives, harmless from and against all claims, costs and liabilities, including attorneys' fees and costs arising out of or in connection with the storage, use, and disposal of Toxic Materials on the Premises by County. If the storage, use, and disposal of Toxic Materials on the Premises by County results in contamination or deterioration of water or soil resulting in a level of contamination greater than maximum allowable levels established by any governmental agency having jurisdiction over such contamination, County shall promptly take any and all action necessary to clean up such contamination.

Likewise, Lessor hereby warrants and represents that Lessor has in the past and will hereafter comply with all laws and regulations relating to the storage, use and disposal of Toxic Materials. If the previous, current and future storage, use, and disposal of Toxic Materials on the Premises by Lessor results in contamination or deterioration of water or soil resulting in a level of contamination greater than maximum allowable levels established by any governmental agency having jurisdiction over such contamination (and such violation does not arise out of any acts or omissions of County, its agents, employees or contractors), Lessor shall promptly take any and all action necessary to clean up such contamination.

24. BUILDING AND SAFETY REQUIREMENTS (3.3 SA)

During the Term and Extension Term(s) of this Lease, Lessor, at Lessor's sole cost, agrees to maintain the Premises in compliance with all applicable laws, rules, regulations, building codes, statutes, and orders as they are applicable on the date of this Lease, and as they may be subsequently amended, including but not limited

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to the California Building Code, Title 24, Seismic Code, Fire and Life Safety requirements and, if applicable, California Green Building Standard Code.

Included in this provision is compliance with the Americans with Disabilities Act ("ADA") and all other federal, state, and local codes, statutes, and orders relating to disabled access as they are applicable on the dates of this Lease, and as they may be subsequently amended and all regulations issued by the U. S. Attorney General or other agencies under the authorization of the ADA. However, Lessor shall not be responsible for any ADA violations resulting from alterations made by County or the placement of County's furniture, fixtures or equipment by County.

Lessor shall use commercially reasonable efforts to repair and maintain the Premises as a "safe place of employment," as defined in the California Occupational Safety and Health Act (California Labor Code, Division 5, Part 1, Chapter 3, beginning with Section 6400) and the Federal Occupational Safety and Health Act, where the provisions of such Act exceed, or supersede, the California Act, as the provisions of such Act are applicable on the date of this Lease, and as they may be subsequently amended. County agrees to notify Lessor of any repair or maintenance necessary within the Premises or Building to comply with such Act and Lessor agrees to diligently act to repair or maintain appropriately so long as such repair or maintenance of the Premises is a Lessor expense as defined in Clause 19(A) (REPAIR MAINTENANCE, AND JANITORIAL SERVICES) above. In the event that such repair or maintenance is necessary and is the result of County negligence, provided that County approves a work order with associated expense estimate, Lessor agrees to perform such repair or maintenance and County agrees to reimburse Lessor within thirty (30) days.

In the event Lessor neglects, fails, or refuses to maintain said Premises as aforesaid, following thirty (30) days after written notice from County to Lessor providing notice of such neglect or failure or refusal County may, notwithstanding any other termination provisions contained herein:

A. Thirty (30) days following a second written notice of such neglect or failure or refusal, County may terminate this Lease with written notice to the Lessor; or

B. At County's sole option, cure any such default by performance of any act, including payment of money, and subtract the cost thereof plus reasonable administrative costs (ten percent (10%)) from the Rent.

Lessor agrees to reimburse and indemnify, and defend County for any expenses incurred because of the failure of the Premises to conform with any and all applicable laws, rules, regulations, building codes, statutes, and orders, including the costs of making any alterations, renovations, or accommodations required by the ADA, or any governmental enforcement agency, or any court, any and all fines, civil penalties, and damages awarded against County resulting from a violation or violations of the above-cited laws, rules, regulations, building codes, statutes, and orders and regulations, and all reasonable legal expenses incurred in defending claims made under the above-referenced laws, rules, regulations, building codes, statutes, and orders, including reasonable attorneys' fees. Should Lessor fail to comply with the provisions of this Clause, the County may also exercise those remedies set forth in Clause 19(B) (REPAIR MAINTENANCE, AND JANITORIAL SERVICES).

25. ASSIGNMENT AND SUBLETTING (3.4 N)

A. **General.** County shall not assign this Lease or sublet the Premises in whole or in part without Lessor's prior written consent, which consent shall not be unreasonably withheld. Lessor shall respond in writing to County's written request to assign this Lease or sublet all or any portion of the Premises

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within fifteen (15) days of County's request. In the event Lessor withholds consent to any such request by County, Lessor shall provide reasonable details of its reason for such withholding of consent. In any event, County may sublease up to twenty percent (20%) of the Premises without obtaining Lessor's prior written consent. In the event Lessor fails to timely respond to County's request, Lessor shall be deemed to have approved such request.

B. Justifications for Withholding Consent. By way of example and not limitation, Lessor shall be deemed to have reasonably withheld consent to a proposed assignment or sublease if in Lessor's reasonable opinion (i) the Premises are or may be in any way materially adversely affected thereby; (ii) the business reputation of the proposed assignee or subtenant is unacceptable; or (iii) the financial worth of the proposed assignee or subtenant is insufficient to meet the obligations of the subject sublease or assignment. Notwithstanding anything to the contrary contained herein, in no event shall it be reasonable for Lessor to withhold its consent on the basis that there is vacancy in the Building or based on the fact that the proposed assignee or sublessee currently leases space in the Building or has been or is currently in negotiations with Lessor to lease space at the Building.

C. Excess Profit. If County shall make any assignment or sublease, with Lessor's consent, for a rental in excess of the rent payable under this Lease, Lessor shall be entitled to fifty percent (50%) of such excess; provided, however, that Tenant may deduct from the excess the actual, reasonable and documented costs of the following to the extent paid by Tenant in connection with the transfer: (i) brokers' commissions, and (ii) any improvement allowance, planning allowance or moving expenses granted to the transferee by Tenant, which amounts shall be amortized over the term of the assignment or sublease.

26. SUBORDINATION, ATTORNMENT AND NON-DISTURBANCE (3.5 SA)

This Lease and all rights of the County hereunder are subject and subordinate to any mortgage or deed of trust which does now or may hereafter cover the Premises or any interest of Lessor therein, and to any and all advances made on the security thereof, and to any and all increases, renewals, modifications, consolidations, replacements and extensions of any such mortgage or deed of trust except, insofar as County is meeting its obligations under this Lease, any foreclosure of any mortgage or deed of trust shall not result in the termination of this Lease or the displacement of County.

In the event of transfer of title of the Premises, including any proceedings brought for foreclosure or in the event of the exercise of the power of sale under any mortgage or deed of trust, or by any other transfer of title covering the Premises, County shall attorn to and recognize any subsequent title holder as the Lessor under all terms, covenants and conditions of this Lease. County's possession of the Premises shall not be disturbed by the Lessor, or its successors in interest, and this Lease shall remain in full force and effect. Said attornment shall be effective and self-operative immediately upon succession of the current title holder, or its successors in interest, to the interest of Lessor under this Lease.

Notwithstanding the above, Lessor has obtained and delivered to County a *Subordination, Attornment and Non-Disturbance Agreement* from Lessor's Lender attached hereto in Exhibit E. Lessor shall use its good faith efforts to require all future lenders on the Premises, upon initiation of their interest in the Premises or within a reasonable time thereafter, to enter into a *Subordination, Attornment and Non-Disturbance Agreement* with County, thereby insuring County of its leasehold interests in the Premises. Accordingly, notwithstanding anything to the contrary herein, County's obligation to enter into an agreement to subordinate its interest under this Lease to a lien or ground lease not in existence as of the date of this Lease shall be conditioned upon the

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holder of such lien, or a ground Lessor, as applicable, confirming in writing that County's leasehold interest hereunder shall not be disturbed so long as no County Default exists under this Lease.

Foreclosure shall not extinguish this Lease, and any lender or any third party purchasing the Premises at foreclosure sale shall do so subject to this Lease and shall thereafter perform all obligations and be responsible for all liabilities of the Lessor under the terms of this Lease.

Upon default by Lessor of any note or deed of trust, County may, at its option, make all lease payments directly to Lender, and same shall be applied to the payment of any and all delinquent or future installments due under such note or deed of trust.

27. ESTOPPEL CERTIFICATE (3.6 SA)

County agrees that the HCA/Facilities Service Manager shall furnish upon receipt of a written request from Lessor or the holder of any deed of trust or mortgage covering the Premises or any interest of Lessor therein ("**Lessor Representative**"), County's standard form *Estoppel Certificate* (consistent with the form attached hereto in Exhibit F) or such other form that may be reasonably required by such lender or potential purchaser containing information as to the current status of the Lease. Said standard form *Estoppel Certificate* or other required estoppel certificate shall be completed by County in a timely manner, but in any event within twenty (20) days after receipt thereof.

28. DEFAULTS AND REMEDIES (3.7 SA)

County Default:

County shall be deemed in default of this Lease if: a) in the event of any monetary breach of this Lease by County, Lessor shall notify County in writing of such breach, and County shall have five (5) business days from such notice in which to cure said breach or b) in the event of any non-monetary breach of this Lease, County fails within fifteen (15) days after receipt by County of written notice specifying wherein such obligation of County has not been performed; provided however, that if the nature of County's obligation under Clause 28(b) is such that more than fifteen (15) days after such notice are reasonably required for its performance, then County shall not be in breach of this Lease if performance is commenced as soon as reasonably possible within such fifteen (15) day period and thereafter diligently pursued to completion (each, a "**County Default**").

Lessor Default:

Lessor shall be deemed in breach of this Lease if: a) in the event of any monetary breach of this Lease by Lessor, County shall notify Lessor in writing of such breach, and Lessor shall have five (5) business days from such notice in which to cure said breach or b) in the event of any non-monetary breach of this Lease, Lessor fails within fifteen (15) days after receipt by Lessor of written notice specifying wherein such obligation of Lessor has not been performed; provided however, that if the nature of Lessor's obligation is such that more than fifteen (15) days after such notice are reasonably required for its performance, then Lessor shall not be in breach of this Lease if performance is commenced as soon as reasonably possible within such fifteen (15) day period and thereafter diligently pursued to completion (each, a "**Lessor Default**").

County Remedies:

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If the Lessor Default is a result of a monetary breach by Lessor in the payment of any amounts due hereunder, County may withhold such amount from the next scheduled Rent payment. County's remedies as the result of Lessor Default for monetary or non-monetary breach shall be the right to damages, injunctive relief, and/or any other rights at law or in equity.

Lessor Remedies:

If the County Default is a result of a monetary breach by County in the payment of the Rent, pursuant to Clause 9 (RENT), Lessor may declare all rent payments to the end of County's current fiscal year to be due, including any delinquent rent from prior budget years. However, in no event shall Lessor be entitled to a remedy of acceleration of the total rent payments due over the Term of this Lease. Lessor's remedies as the result of County Default for monetary or non-monetary breach shall be the right to damages, injunctive relief, and/or any other rights at law or in equity.

29. LABOR CODE COMPLIANCE (3.8 SA)

Lessor acknowledges and agrees that all improvements or modifications required to be performed as a condition precedent to the Commencement Date of the Term of this Lease or any such future improvements or modifications performed by Lessor at the request of County shall be governed by, and performed in accordance with, the provisions of Article 2 of Chapter 1, Part 7, Division 2 of the Labor Code of the State of California (Sections 1770, et seq.), as applicable. These provisions may be applicable to improvements or modifications costing more than \$1,000, unless an exception applies, including but not limited to the exception to the definition of public works under § 1720.2.

Pursuant to the provisions of Section 1773 of the Labor Code of the State of California, Lessor shall comply with the general prevailing rate of per diem wages and the general prevailing rate for holiday and overtime work in the locality applicable to this Lease for each craft, classification, or type of workman needed to execute the aforesaid improvements or modifications. The rates are available at the following website: <http://www.dir.ca.gov/dlsr/DPreWageDetermination.htm> from the Director of the State Department of Industrial Relations. Lessor shall post a copy of such wage rates at the job site and shall pay the adopted prevailing wage rates at all times for all improvements or modifications to be completed for County within the Premises. Lessor shall comply with the provisions of Sections 1775 and 1813 of the Labor Code.

As required by applicable law, Lessor shall maintain payroll records for all workers that will be assigned to the improvements or modifications. Said payroll records shall contain, but not be limited to, the complete name, address, telephone number, social security number, job classification, and prevailing wage rate for each worker. Upon request, Lessor shall provide the HCA/Facilities Service Manager updated, certified payroll records for all workers that shall include, but not be limited to, the weekly hours worked, prevailing hourly wage rates, and total wages paid.

Except as expressly set forth in this Lease, nothing herein is intended to grant authority for Lessor to perform improvements or modifications on space currently leased by County or for which County has entered into a lease or lease amendment.

30. RIGHT TO WORK AND MINIMUM WAGE LAWS (3.9 SA)

In accordance with the United States Immigration Reform and Control Act of 1986, Lessor shall require its employees that directly or indirectly service the Premises or this Lease, in any manner whatsoever, to verify their identity and eligibility for employment in the United States. Lessor shall also require and verify that its

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contractors or any other persons servicing the Premises or terms and conditions of this Lease, in any manner whatsoever, verify the identity of their employees and their eligibility for employment in the United States.

Pursuant to the United States of America Fair Labor Standard Act of 1938, as amended, and State of California Labor Code, Section 1178.5, Lessor shall pay no less than the greater of the Federal or California Minimum Wage to all its employees that directly or indirectly service the Premises, in any manner whatsoever. Lessor shall require and verify that all its contractors or other persons servicing the Premises on behalf of the Lessor also pay their employees no less than the greater of the Federal or California Minimum Wage.

Lessor shall comply and verify that its contractors comply with all other Federal and State of California laws for minimum wage, overtime pay, record keeping, and child labor standards pursuant to the servicing of the Premises or terms and conditions of this Lease.

Notwithstanding the minimum wage requirements provided for in this clause, Lessor, where applicable, shall comply with the prevailing wage and related requirements, as provided for in Clause 29 (LABOR CODE COMPLIANCE) of this Lease.

31. DEBT LIMIT (4.0 SA)

Lessor acknowledges and agrees that the obligation of the County to pay rent under this Lease is contingent upon the availability of County funds which are appropriated or allocated by the County's Board of Supervisors for the payment of rent hereunder. In this regard, in the event that this Lease is terminated due to an uncured default of the County hereunder, Lessor may declare all rent payments to the end of County's current fiscal year to be due, including any delinquent rent from prior budget years. In no event shall Lessor be entitled to a remedy of acceleration of the total rent payments due over the Term of the Lease. The Parties acknowledge and agree that the limitations set forth above are required by Article 16, section 18, of the California Constitution. Lessor acknowledges and agrees that said Article 16, section 18, of the California Constitution supersedes any law, rule, regulation or statute, which conflicts with the provisions of this paragraph. Notwithstanding the foregoing, Lessor may have other rights or civil remedies to seek relief due to the County's Default under the Lease.

32. COUNTY PROPERTY (4.1 SA)

All trade fixtures, merchandise, inventory, telecommunications equipment, supplemental air conditioning equipment and all personal property placed in or about the Premises by, at the direction of or with the consent (express or implied) of the County, its employees, agents, licensees or invitees, shall be at the sole risk of the County, and Lessor shall not be liable for any loss of or damage to said property resulting from any cause whatsoever unless such loss or damage is the result of Lessor's negligence or willful misconduct and not otherwise waived pursuant to Clause 33 (LESSOR'S RIGHT OF ENTRY) below. Lessor hereby waives any and all lien rights, whether statutory or common law or established pursuant to this Lease, that Lessor may have as "landlord" with respect to any and all goods, wares, equipment, fixtures, furniture, improvements and other personal property of County presently or which may hereafter be situated within the Premises.

33. LESSOR'S RIGHT OF ENTRY (4.2 SA)

Upon reasonable verbal notice (which shall not be less than forty-eight (48) hours) to County (except in an emergency [which shall mean immediate risk of injury to person or property] in which case no notice shall be required, provided that Lessor shall first call County) and in the presence of County, Lessor, its agents,

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employees and contractors and any mortgagee of the Premises shall have the right to enter the Premises during regular business hours (a) to inspect the Premises; (b) to exhibit the Premises to prospective tenants during the last six (6) months of Term or any Extension Term, as applicable, or any time County is in material default hereunder, or purchasers of the Premises; (c) for any purpose which Lessor shall deem necessary for the operation and maintenance of the Premises; and (d) to abate any condition which constitutes a violation of any covenant or condition of this Lease.

34. SIGNAGE (4.3 N)

Lessor agrees to allow County, at County's sole expense, to install and maintain any sign or display including Building top signage, Building standard identification outside of the Premises, Building lobby directory and monument signage. Such signage shall comply with all applicable laws and zoning and site plan requirements. Upon the expiration or earlier termination of this Lease, County, at County's sole expense, shall remove all such signage and repair all damage caused by such removal.

35. AUTHORITY (4.4 SA)

The persons executing the Lease below on behalf of County or Lessor warrant that they have the power and authority to bind County or Lessor to this Lease.

36. LEASE ORGANIZATION (4.5 SA)

The various headings in this Lease, the numbers thereof, and the organization of the Lease into separate sections and paragraphs are for purposes of convenience only and shall not be considered otherwise.

37. SUCCESSORS IN INTEREST (4.6 SA)

Unless otherwise provided in this Lease, the terms, covenants, and conditions contained herein shall apply to and bind the heirs, successors, executors, administrators, and assigns of all the Parties hereto, all of whom shall be jointly and severally liable hereunder.

38. AMENDMENT (4.7 SA)

This Lease sets forth the entire agreement between Lessor and County and any modification must be in the form of a written amendment.

39. PARTIAL INVALIDITY (4.8 SA)

If any term, covenant, condition, or provision of this Lease is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired, or invalidated thereby.

40. WAIVER OF RIGHTS (4.9 SA)

The failure of Lessor or County to insist upon strict performance of any of the terms, conditions, and covenants in this Lease shall not be deemed a waiver of any right or remedy that Lessor or County may have, and shall not be deemed a waiver of any right or remedy for a subsequent breach or default of the terms, conditions, and covenants herein contained.

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41. HOLDING OVER (5.0 SA)

In the event County shall continue in possession of the Premises after the Term of this Lease, such possession shall not be considered a renewal of this Lease but a tenancy from month-to-month and shall be governed by the conditions and covenants contained in this Lease. County shall surrender possession of the Premises immediately if Lessor provides County with at least thirty (30) days' prior written notice of termination of such month-to-month tenancy. If County continues to occupy or possess the Premises after the expiration of such thirty (30) day period, then the Rent shall be immediately adjusted upward to an amount equal to one hundred fifty percent (150%) of the Rent for the Premises in effect under this Lease during the month which includes the day immediately prior to the date of the expiration until County vacates the Premises in accordance with this Lease.

42. EARTHQUAKE SAFETY (5.1 SA)

Lessor hereby confirms that to the best of Lessor's knowledge, the Premises was in compliance with all applicable seismic safety regulations and building codes at the time of construction.

43. QUIET ENJOYMENT (5.2 SA)

Lessor agrees that, subject to the terms, covenants and conditions of this Lease, County may, upon observing and complying with all terms, covenants and conditions of this Lease, peaceably and quietly occupy the Premises.

44. ADMINISTRATIVE COSTS (5.3 SA)

Lessor shall compensate County for the administrative costs absorbed by County which occur as a result of negotiating and administering documents (i.e., Non-Disturbance and Attornment Agreements and Estoppel Certificates) ninety (90) days after the commencement of this Lease if required to satisfy Lessor's Lender whether or not said Lender decides to grant a loan to Lessor. Said compensation amount shall be determined by multiplying the hourly rate of the HCA/Facilities Service Manager staff by the number of hours spent to negotiate, prepare and execute said documents, but in any event shall not exceed One Thousand and 0/100 Dollars (\$1,000.00) and shall be paid to County within thirty (30) days of Lessor's receipt of County's invoice for said administrative services. Should Lessor fail to compensate County within said thirty (30) days, County has the option to deduct the amount from Rent payable.

45. GOVERNING LAW AND VENUE (5.4 SA)

This agreement has been negotiated and executed in the State of California and shall be governed by and construed under the laws of the State of California. In the event of any legal action to enforce or interpret this agreement, the sole and exclusive venue shall be a court of competent jurisdiction located in Orange County, California, and the Parties hereto agree to and do hereby submit to the jurisdiction of such court, notwithstanding Code of Civil Procedure section 394.

46. ATTORNEYS' FEES (5.5 SA)

In the event of a dispute between Lessor and County concerning claims arising out of this Lease, or in any action or proceeding brought to enforce or interpret any provision of this Lease or where any provision hereof is validly asserted as a defense, each Party shall bear its own attorneys' fees and costs.

47. TIME (5.6 SA)

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Time is of the essence of this Lease.

48. INSPECTION OF PREMISES BY A CERTIFIED ACCESS SPECIALIST (5.7 SA)

In accordance with California Civil Code 1938(e), "A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or Lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The Parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises."

Pursuant to California Civil Code 1938, Lessor hereby represents that the Premises has not undergone an inspection by a certified access specialist and no representations are made with respect to compliance with accessibility standards. However, if it is determined that a violation of handicapped access laws (including the Americans with Disabilities Act) existed at the Premises as of the Commencement Date, Lessor shall correct such non-compliance at Lessor's cost.

49. FORCE MAJEURE (5.8 SA)

For purposes of this Lease, the term "**Force Majeure**" means any of the following events which are beyond the control of either Party: act of God, unavailability of equipment or materials (but only if such equipment and materials were ordered in a timely fashion), enemy or terrorist act, act of war, riot or civil commotion, strike, lockout or other labor disturbance, fire, earthquake, explosion, governmental delays (including nonstandard delays in issuance of any permit or other necessary governmental approval or the scheduling of any inspections or tests), nonstandard delays by third party utility providers, or any other matter of any kind or character beyond the reasonable control of the Party delayed or failing to perform under this Lease despite such Party's best efforts to fulfill the obligation. "**Best Efforts**" includes anticipating any potential force majeure event and addressing the effects of any such event (a) as it is occurring and (b) after it has occurred, to prevent or minimize any resulting delay to the greatest extent possible. Force Majeure shall not include inability to obtain financing or other lack of funds. Lessor and County shall be excused for the period of any delay in the performance of any obligation hereunder when such delay is occasioned by Force Majeure.

50. CONDEMNATION (5.9 SA)

If the Premises or any portion thereof are taken under the power of eminent domain or sold under the threat of the exercise of said power (collectively, "**Condemnation**"), this Lease shall terminate as to the part taken as of the date the condemning authority takes title or possession, whichever first occurs. If all or a material portion of the rentable area of the Premises are taken by Condemnation, County may, at County's option, to be exercised in writing within ten (10) days after Lessor shall have given County written notice of such taking (or in the absence of such notice, within ten (10) days after the condemning authority shall have taken possession) terminate this Lease as of the date the condemning authority takes such possession. Lessor shall also have the right to terminate this Lease if there is a taking by Condemnation of any portion of the Building or property which would have a material adverse effect on Lessor's ability to profitably operate the remainder of the Building. If neither Party terminates this Lease in accordance with the foregoing, this Lease shall remain in full force and effect as to the portion of the Premises remaining, except that the rent shall be reduced in proportion to the reduction in utility of the Premises caused by such Condemnation. Condemnation awards and/or

Attachment A

payments shall be the property of Lessor, whether such award shall be made as compensation for diminution in value of the leasehold, the value of the part taken or for severance damages.

51. CONSENT OR APPROVAL (6.0 SA)

Unless expressly stated otherwise, where the consent or approval of a Party is required, such consent or approval will not be unreasonably withheld, conditioned or delayed.

52. UNENFORCEABLE PROVISIONS (6.1 SA)

If any paragraph or clause hereof shall be determined illegal, invalid or unenforceable, it is the express intention of the Parties hereto that the remainder of the Lease shall not be affected thereby, and it is also the express intentions of the Parties hereto that in lieu of each paragraph or clause of this Lease which may be determined to be illegal, invalid or unenforceable, there may be added as a part of this Lease a paragraph or clause as similar in terms to such illegal or invalid or unenforceable paragraph or clause as may be possible and may be legal, valid and enforceable.

53. CIRCUMSTANCES WHICH EXCUSE PERFORMANCE (6.2 SA)

If either Party hereto shall be delayed or prevented from the performance of any act required hereunder by reason of Force Majeure as defined above in Clause 49 (FORCE MAJEURE), performance of such act shall be excused for the period of the delay; and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay. Financial inability shall not be considered a circumstance excusing performance under this Lease.

54. STATE AUDIT (6.3 SA)

Pursuant to and in accordance with Section 8546.7 of the California Government Code, in the event that this Lease involves expenditures and/or potential expenditures of State funds aggregating in excess of ten thousand dollars (\$10,000), Lessor shall be subject to the examination and audit of the Auditor General of the State of California for a period of three years after final payment by County to Lessor under this Lease. The examination and audit shall be confined to those matters connected with the performance of the contract, including, but not limited to, the costs of administering the contract.

55. DESTRUCTION OF OR DAMAGE TO PREMISES (6.4 SA)

"Partial Destruction" of the Premises shall mean damage or destruction to the Premises, for which the repair cost is less than twenty-five percent (25%) of the then replacement cost of the Premises (including tenant improvements), excluding the value of the land.

"Total Destruction" of the Premises shall mean damage or destruction to the Premises, for which the repair cost is twenty-five percent (25%) or more of the then replacement cost of the Premises (including tenant improvements), excluding the value of the land.

In the event of a Partial Destruction of the Premises, Lessor shall immediately pursue completion of all repairs necessary to restore the Premises to the condition which existed immediately prior to said Partial Destruction. Said restoration work (including any demolition required) shall be completed by Lessor, at Lessor's sole cost, within sixty (60) days of the occurrence of said Partial Destruction or within an extended time frame as may be authorized, in writing, by County; provided, however, that so long as Lessor is diligently pursuing the

Attachment A

restoration of the Premises, such time period shall be extended as is necessary for Lessor to complete such restoration. The Partial Destruction of the Premises shall in no way render this Lease and/or any option to purchase, granted herein, null and void; however, rent payable by County under the Lease shall be abated in proportion to the extent County's use and occupancy of the Premises is adversely affected by said Partial Destruction, demolition, or repair work required thereby. Should Lessor fail to complete necessary repairs, for any reason, within sixty (60) days (as extended), or other time frame as may be authorized by County, County may, at County's sole option and remedy, complete necessary repair work and deduct the cost thereof, including labor, materials, and overhead from any rent thereafter payable

In the event of Total Destruction of the Premises or the Premises being legally declared unsafe or unfit for occupancy, this Lease and/or any option granted herein shall in no way be rendered null and void; however, Lessor may elect by providing written notice to County, to terminate this Lease. In the event that Lessor does not elect to terminate this Lease and Lessor determines that the Premises can be restored within one (1) year, Lessor, at Lessor's expense shall restore the Premises (which shall not include any alterations or other improvements made to the Premises by County) to substantially the same condition that existed immediately prior to such Total Destruction. During this period, the Rent shall be abated until completion of such restoration.

If restoration to the Premises cannot, be substantially completed within one (1) year following the date of notice to Lessor of such Total Destruction, Lessor shall notify County of such determination and Lessor may, at Lessor's sole and absolute option, upon written notice to County given within sixty (60) days after notice to Lessor of the occurrence of such Total Destruction, elect to repair such damage or destruction at Lessor's expense, and in such event, this Lease shall continue in full force and effect but the Rent shall be abated until completion of such restoration. County, upon receipt of notice from Lessor that said restoration of Premises shall take more than one (1) year, shall have the sole option to terminate this Lease as of the date of the occurrence of such damage or destruction.

56. SECURITY SERVICES (6.5 SA)

During the Term (as the same may be extended), County may, at its sole cost and expense, engage its own security personnel to provide security to the Premises and to County's employees, personnel, agents, licensees and/or invitees going to and from the Premises. Such security personnel shall be solely for the benefit of County and shall not be relied on by Lessor. County shall indemnify, defend and hold Lessor harmless from any third-party claim (including reasonable legal defense costs) arising from or in connection with County's security personnel being present at the Premises or Building.

57. COMMISSION (6.6 SA)

County's obligations and responsibilities under this Lease are contingent upon the Lessor paying to County's broker, Jones Lang LaSalle ("JLL"), a commission as a result of this lease transaction consistent with a commission agreement between Lessor and JLL.

Should JLL not receive the commission amount within the specified time period in the commission agreement, County may pay such amount to JLL and deduct the commission amount paid from future Rent.

58. NOTICES (6.7 SA)

Attachment A

All written notices pursuant to this Lease shall be addressed as set forth below or as either Party may hereafter designate by written notice and shall be deemed received upon personal delivery, delivery by facsimile machine, electronic mail, or seventy-two (72) hours after deposit in the United States Mail.

To: Lessor

Jeremy Broderick
304 Prospect Street
Newport Beach, CA 92663

To: County

County of Orange Health Care Agency
405 W. 5th Street, Suite 203 Santa Ana, CA 92701
Attn: Director, Administrative Services

With a copy to:

County Executive Office
333 W. Santa Ana Blvd, 3rd Fl Santa Ana, CA 92701
Attention: Thomas A. Miller, Chief Real Estate Officer

59. ATTACHMENTS (6.8 S)

This Lease includes the following, which are attached hereto and made a part hereof:

I. EXHIBITS

Exhibit A - Description of Premises
Exhibit B - Depiction of Premises
Exhibit C - Work
Exhibit D - Janitorial Specifications
Exhibit E - Subordination, Attornment and Non-Disturbance Agreement
Exhibit F - Form of Estoppel Certificate
Exhibit G - Termination Fee Schedule

Attachment A

IN WITNESS WHEREOF, the Parties have executed this Agreement the day and year first above written.


APPROVED AS TO FORM:

OFFICE OF COUNTY COUNSEL
ORANGE COUNTY, CALIFORNIA

By: 
Deputy

LESSOR

HEADWAY PROPERTIES, LLC, a California limited liability company

By:  JEREMY BRODERICK, OWNER
Name, Title

By: _____
Name, Title

RECOMMENDED FOR APPROVAL:

Health Care Agency

By: 
Director of Administration

COUNTY EXECUTIVE OFFICE

By: 
Real Estate Manager

SIGNED AND CERTIFIED THAT A
COPY OF THIS DOCUMENT HAS BEEN
DELIVERED TO THE CHAIR OF THE BOARD
PER GC § 25103, RESO. 79-1535

Attest:

COUNTY

COUNTY OF ORANGE

ROBIN STIELER
Clerk of the Board of Supervisors
of Orange County, California

Chairwoman of the Board of Supervisors
Orange County, California

Attachment A

EXHIBIT A

DESCRIPTION OF PREMISES

PROJECT NO: CEO/ALS/HCA-019-032

DATE: August 7, 2019

PROJECT: 2801 Bristol Street, Costa Mesa, CA – HCA Lease

VERIFIED BY: Thania Trujillo

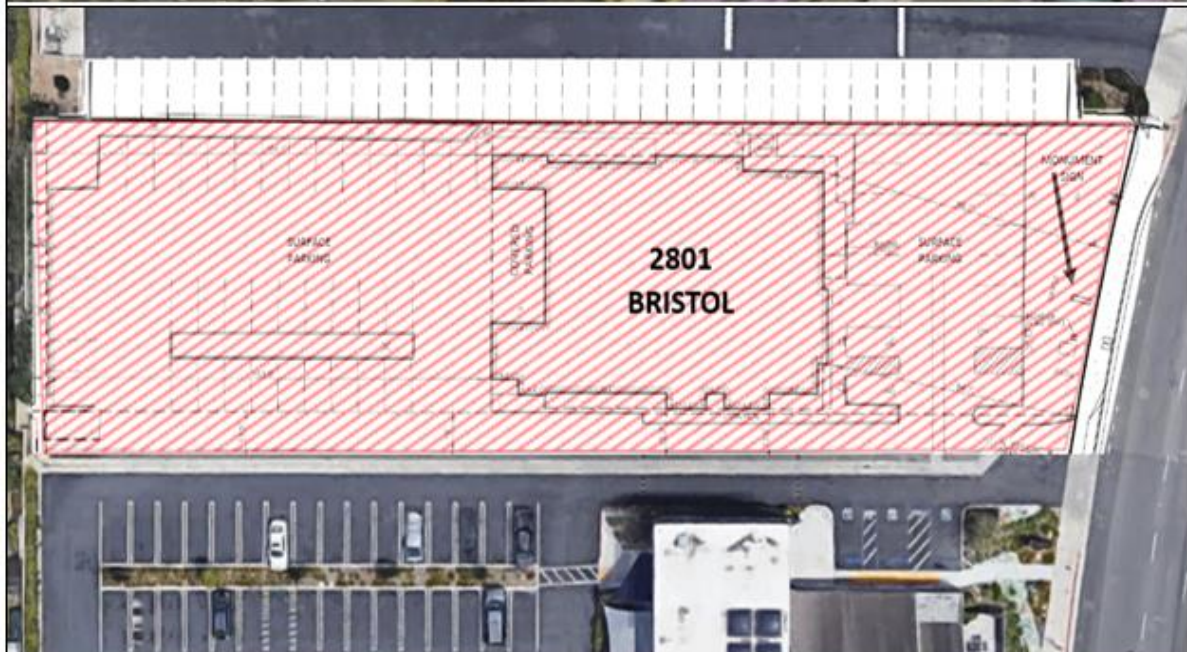
All the Premises shown crosshatched on a plot plan marked Exhibit B, attached hereto and made a part hereof, being the entire first (1st) and second (2nd) floors of that certain two-story building located at 2801 Bristol Street in the City of Costa Mesa, County of Orange, State of California, comprising approximately 15,518 rentable square feet, together with the free use of surface and covered parking spaces in the parking lot shown on Exhibit B.


NOT TO BE RECORDED

Attachment A

EXHIBIT B

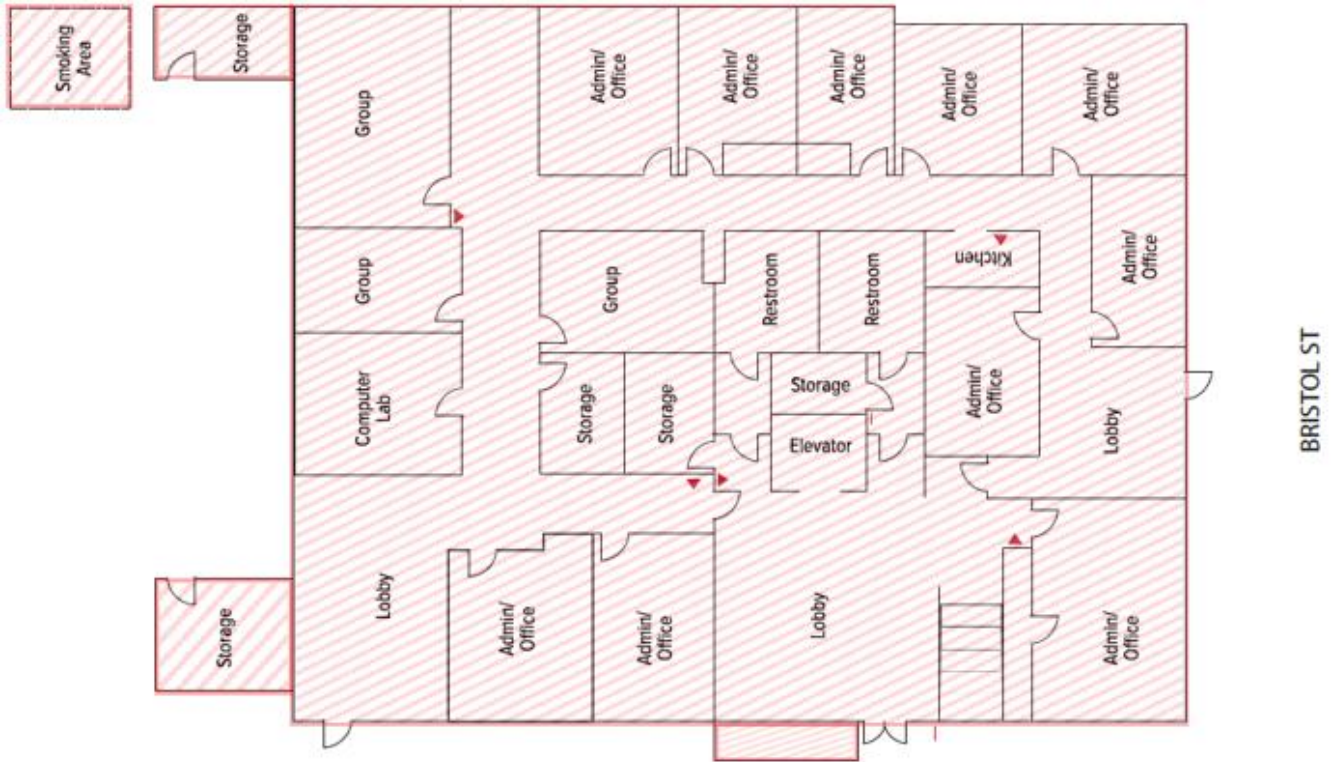
DEPICTION OF PREMISES



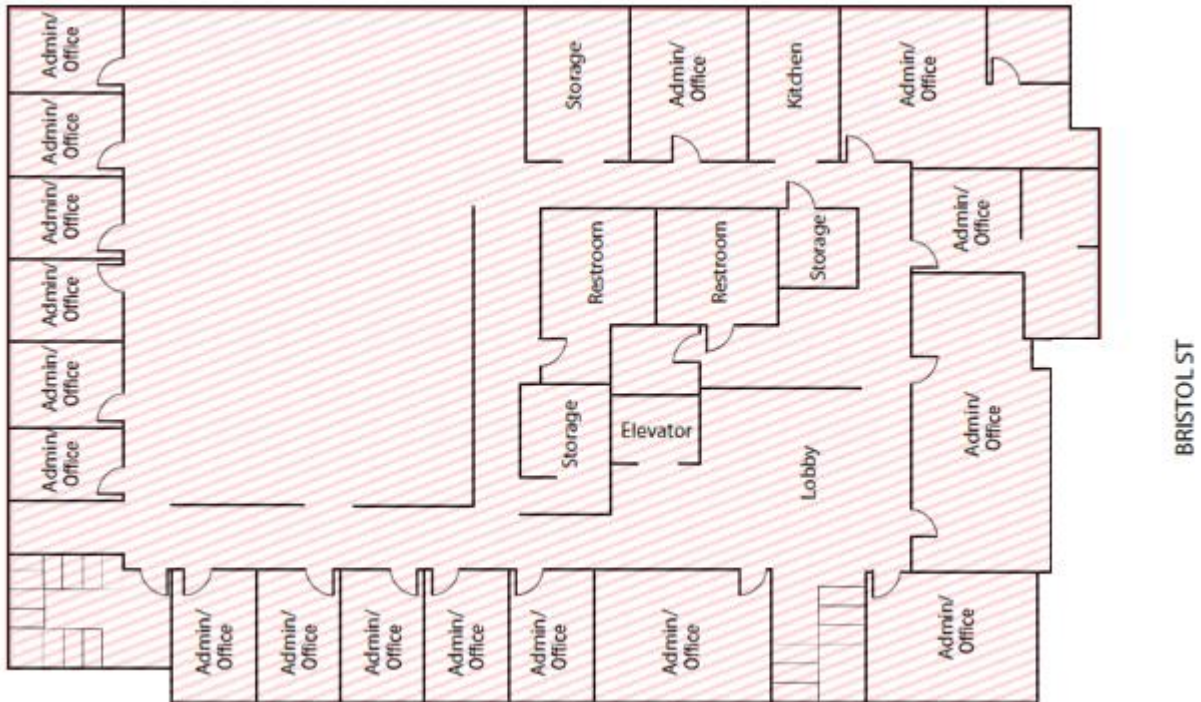
CEO/ALS/HCA-019-032 Health Care Agency 2801 Bristol Street Costa Mesa, CA	Prepared By: Thania Trujillo Date: August 7, 2019	 COUNTY OF ORANGE County Executive Office/ Real Estate
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Attachment A

1st Floor



2nd Floor



Attachment A

EXHIBIT C

WORK TO PREMISES

WORK: Lessor shall provide improvements per a mutually agreed upon space plan to be completed after the Effective Date.

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EXHIBIT D

JANITORIAL SPECIFICATIONS

It is the intent of this Exhibit to provide general guidelines for minimum janitorial service. Any absence of a specific janitorial service from this Exhibit does not relieve Lessor of the obligation to provide such service should it become necessary.

Janitorial service as required in Clause 19(A) Lessor Services (REPAIR, MAINTENANCE AND JANITORIAL SERVICE), of this Lease, shall be inclusive of, but not limited to, the services as detailed below:

OFFICE AREAS

NIGHTLY: Sunday through Thursday (County Holidays excepted).

1. Empty and clean all waste receptacles, supply liners for waste receptacles, replace light bulbs and fluorescent tubes, remove waste materials from the Premises and wash receptacles as necessary;
2. Mop all uncarpeted areas;
3. Vacuum all carpeted areas in offices, lobby and corridors;
4. Hand-dust all office furniture, fixtures and all other horizontal surfaces (no more than twice per week);
5. Remove all finger marks and smudges from doors, door frames, around light switches, private entry glass and partitions;
6. Wash, clean and polish water fountain;
7. Spot clean carpet as necessary;
8. Clean sink and wipe down tables and counter areas in all break areas and coffee bars and fill all soap and paper towel dispensers.

WEEKLY:

1. Wipe clean and polish all metal and bright work;
2. Mop and polish all resilient flooring;
3. Dust in place all picture frames, charts, graphs, and similar wall hangings;
4. Spot-clean all wall marks;
5. Sweep all sidewalks and ramps.

MONTHLY:

1. Dust all mini-blinds within the Premises;
2. Vacuum high moldings and other areas not reached by nightly or weekly cleaning;
3. Scrub and buff uncarpeted floors.

Attachment A

SEMI-ANNUALLY:

1. Clean ceiling light diffusers;
2. Clean interior walls, as needed;
3. All interior windows of the building are to be cleaned once per annum and all exterior windows of the building are to be cleaned semi-annually.

RESTROOMS

NIGHTLY:

1. Clean and damp-mop floors;
2. Wash all mirrors, bright work and enameled surfaces;
3. Wash and sanitize all basins, bowls, urinals, and toilet seats;
4. Dust, clean, and wash where necessary, all partitions, tile walls, dispensers, and receptacles;
5. Empty and sanitize all receptacles and sanitary napkin disposals;
6. Provide materials and fill all toilet tissue, towel, seat cover, sanitary napkin, and soap dispensers.

MONTHLY:

1. Machine strip restroom floors and apply finish/sealer where applicable (quarterly, not monthly);
2. Wash all partitions, tile walls, and enamel surfaces;
3. Vacuum all louvers, vents, and dust light fixtures.

MISCELLANEOUS SERVICES

1. Maintain building lobby, corridors, and other public areas in a clean condition;
2. Parking lot is to be cleaned on a monthly basis;
3. Scrub and buff uncarpeted floors as needed (estimated one time per quarter).

SUSTAINABILITY

County seeks to promote sustainability principles into its business operation by promoting responsible use of materials and equipment and encourages Lessor to adopt a similar business philosophy in maintaining the Premises. Some possible sustainability concepts and practices Lessor may promote in its sustainability plan include, but is not limited to the following:

1. Utilizing green suppliers/vendors
2. Recycling and resource recovery
3. Identify and utilize energy efficient products
4. Cost and value appropriately sustainability options

Attachment A

EXHIBIT E

SUBORDINATION, ATTORNMENT AND NON-DISTURBANCE AGREEMENT

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

SUNWEST BANK
2050 Main Street, Suite 300
Irvine, California 92614
Attn: Real Estate Group

Loan No.: _____

SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT

THIS SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT ("Agreement") is made as of _____, by and among SUNWEST BANK, a California banking corporation ("Lender"), _____ (hereinafter "Tenant" regardless of being referred to as "Lessee" in the Lease), and _____ ("Landlord" regardless of being referred to as "Lessor" in the Lease).

WITNESSETH:

A. Landlord owns or will own at the time this Agreement is recorded, that certain land described on **Exhibit A** attached hereto together with the buildings and related improvements located thereon (collectively, the "Real Property").

B. Under the terms of that certain unrecorded Standard Industrial/Commercial Lease dated _____ (the "Original Lease"), as amended by that _____ Lease dated _____ (collectively, the "Lease"), Landlord has leased the entire Real Property to Tenant.

C. Landlord has executed or is about to execute that certain Deed of Trust, Assignment of Leases and Rents, Security Agreement and Fixture Filing in favor of Lender (the "Deed of Trust") pursuant to which Landlord will encumber Landlord's interest in the Real Property, to secure, among other things, the obligations of Landlord to Lender, or its successors or assigns, under, among other things, that certain Loan Agreement (the "Loan Agreement") and that certain Deed of Trust Note which evidence a loan (the "Loan") being made by Lender to Landlord.

D. The parties hereto desire to have the Lease be subordinate to the Deed of Trust, which Deed of Trust is to be recorded prior hereto or concurrently herewith, to establish certain

Attachment A

rights of non-disturbance for the benefit of Tenant under the Lease, and further to define the terms, covenants and conditions precedent for such rights.

NOW THEREFORE, in consideration of the respective covenant made herein and other good and valuable consideration, receipt and sufficiency of which are hereby acknowledged, it is hereby mutually covenanted and agreed as follows:

1. Subordination. Subject to the terms of this Agreement, the Lease, and the terms and provisions thereof, are and at all times shall be subordinate to, the Deed of Trust, including any and all renewals, modifications, extensions and amendments thereof and thereto.

2. No Amendment or Termination. Landlord and Tenant each agree not to enter into any amendment or modification of the Lease which would have a material and adverse effect on Lender's security interest under the Deed of Trust, without the prior written consent of Lender which shall not be unreasonably withheld, conditioned or delayed, or to terminate or decrease the term of all or any portion of the Lease (except upon expiration of the term or pursuant to any circumstance contemplated in the Lease) at any time during the term of the Loan or any extension thereof.

3. Non-Disturbance. Provided Tenant is not in default (beyond any notice and cure periods) under the Lease, prior to any foreclosure or conveyance in lieu of foreclosure, Tenant shall have the right to remain in possession of the Real Property and enjoy all of its rights and privileges pursuant to the terms and conditions of the Lease. Notwithstanding any provision to the contrary herein or in the Deed of Trust, in the event of foreclosure of the Deed of Trust or conveyance in lieu of foreclosure, which foreclosure or conveyance occurs prior to the expiration of the term of the Lease, including any extensions and renewals of such term, and so long as Tenant is not in default (beyond any applicable notice and cure periods) under any of the terms, covenants and conditions of the Lease, Lender agrees on behalf of itself, its successors and assigns, including any purchaser at such foreclosure or other person succeeding to the interest of Landlord in the Real Property ("Transferee"), that Tenant shall have the right to remain in possession of the Real Property pursuant to the terms of the Lease.

4. Attornment; Bankruptcy of Landlord. In the event of foreclosure of the Deed of Trust or conveyance in lieu of foreclosure, which foreclosure or conveyance occurs prior to the expiration date of the term of the Lease, including any extensions and renewals of such term, Tenant shall attorn to Lender or Transferee, as the case may be, as its landlord under the Lease, and so long as Tenant is not in default (beyond any notice and cure periods) under any of the terms, covenants and conditions of the Lease, Lender or Transferee, as the case may be, shall recognize and accept Tenant as its tenant thereunder, whereupon the Lease shall continue, without further agreement, in full force and effect as a direct lease between Lender or Transferee and Tenant for the full term thereof, together with all extensions and renewals now provided thereunder or hereafter approved by Lender and agreed to by Landlord and Tenant, upon the same terms, covenants and conditions as therein provided, and Lender or Transferee shall thereafter assume and perform all of Landlord's obligations, as landlord under the Lease, with the same force and effect as if Lender or Transferee were originally named therein as Landlord, and Tenant shall thereafter make all rent or other payments due to Landlord under the Lease directly to either Lender

Attachment A

or Transferee, as the case may be. No bankruptcy or similar proceeding with respect to Landlord shall serve to terminate this Lease during the term of the Loan. If this Lease is deemed terminated by such proceeding, and Lender, its successor or Transferee becomes, or intends to become, the owner of the Real Property, then Tenant agrees that a new lease, containing the same terms and conditions of the Lease, shall be entered into between Tenant and Lender, its successor, or any Transferee as new landlord.

5. Limitation of Liability; Indemnification of Lender. Notwithstanding anything to the contrary contained herein or in the Lease, in the event of foreclosure of the Deed of Trust or conveyance in lieu of foreclosure, which foreclosure or conveyance occurs prior to the expiration date of the term of the Lease, including any extensions and renewals of such term now provided thereunder, the liability of Lender, its successors and assigns, or Transferee, as the case may be, under the Lease shall be limited to its interest in the Real Property; provided, further, however, that Lender or Transferee, as the case may be, and their respective successors and assigns, shall in no event and to no extent be:

(a) liable to Tenant for any past act, omission or default on the part of Landlord or any other prior landlord under the Lease, and Tenant shall have no right to assert the same or any damages arising therefore as an offset, defense or deficiency against Lender, Transferee or the successors or assigns of either of them; provided, however, that if such act, omission or default continues after Lender or Transferee, as the case may be, acquires fee title to the Real Property, Lender or Transferee shall be liable to Tenant, but only to the extent of damages to Tenant accruing after such acquisition;

(b) subject to any offsets or defenses which Tenant might have against Landlord to the extent arising from circumstances occurring prior to the date Lender or Transferee acquires fee title to the Real Property (except and only to the extent such circumstances continue after the date Lender or Transferee acquires fee title to the Real Property);

(c) liable to Tenant for any prepayment of rent more than thirty (30) days in advance of the due date thereof or any deposit, rental security or any other sums deposited with Landlord or any other prior landlord under the Lease and not delivered to Lender;

(d) bound by any material amendment or modification to the Lease reasonably interpreted to be materially adverse to Landlord to which Lender has not expressly consented;

(e) bound by any termination of the Lease or by the reduction of the Real Property or the term of the Lease to which Lender has not expressly consented;

(f) bound by any warranty or representation of Landlord or any other prior landlord under the Lease; or

(g) bound to perform any tenant improvement work required to be performed by Landlord under the Lease.

Attachment A

6. Consent to Assignment of Lease. Tenant hereby consents to the assignment by Landlord to Lender of all of Landlord's right, title and interest in and to the Lease and the Real Property. In the event that Lender notifies Tenant of a default under the Deed of Trust or the Loan secured thereby, and demands that Tenant pay its rent and all other sums due under the Lease to Lender pursuant to a remedy available under the terms of the Deed of Trust or any other document securing or evidencing the Loan, Tenant agrees that it will honor such demand and pay its rent and other sums due under the Lease directly to Lender or as otherwise required pursuant to such notice from Lender. Landlord consents to and agrees with the foregoing provision and agrees not to bring any action or claim against Tenant for non-payment of rent or other sums due under the Lease to the extent such rent or other sums has been paid to Lender pursuant to this Section 6.

7. Further Documents. The foregoing provisions shall be self-operative and effective without the execution of any further instruments on the part of any party hereto. Tenant agrees, however, to execute and deliver to Lender and/or Transferee such other instruments as such party shall reasonably request in order to effectuate the provisions of this Agreement, provided, that the execution and delivery of same shall not result in any material cost to Tenant.

8. Notice and Cure. Tenant agrees that if there occurs a default by Landlord under the Lease:

(a) A copy of each notice of default, demand to cure any default or potential default given to Landlord pursuant to the Lease shall also be given simultaneously to Lender or its successor, and no such notice shall be effective for any purpose under the Lease unless so given to Lender or its successor at the address in Section 9 below (as may be updated by Lender from time to time); and

(b) If Landlord shall fail to cure any default within the time prescribed by the Lease, Tenant shall give further written notice of such fact to Lender or its successor, and Lender shall have the rights and protections afforded to it by Section 30.2 of the Lease.

9. Tenant hereby states, declares and certifies to Lender:

(a) The Lease has been properly authorized by proper corporate action on behalf of Tenant;

(b) There have been no promises or representations made to Tenant by Landlord concerning the Lease or the Real Property not contained in the Lease; and

(c) Tenant has no right or option of any nature whatsoever, whether pursuant to the Lease or otherwise, to purchase the Real Property, or any portion thereof or any interest therein, and to the extent that Tenant has had or hereafter acquires any such right or option, the same is hereby acknowledged to be subject and subordinate to the Deed of Trust and is hereby waived and released with respect to, and shall not be asserted against, any Transferee; and

Attachment A

Whenever requested by Lender, Tenant shall, without charge, execute and deliver to Lender a written confirmation that the representations contained in this paragraph remain correct and complete (or specifying any matter to the contrary).

10. Notices. All notices, demands and requests given or required to be given hereunder shall be in writing and shall be deemed to have been properly given upon receipt when personally served or sent by private delivery service or upon the third (3rd) business day after mailing if sent by U.S. registered or certified mail, postage prepaid, addressed as follows:

Lender: Sunwest Bank
2050 Main Street, Suite 300
Irvine, California 92614
Attention: Real Estate Group

Landlord:

Tenant:

11. Binding Effect. The terms, covenants and conditions hereof shall inure to the benefit of and be binding upon the parties hereto, and their respective heirs, executors, administrators, successors and assigns.

12. Modification. This Agreement may not be modified orally or in a manner other than by an agreement signed by the parties hereto or their respective successors in interest.

13. Choice of Law. This Agreement shall be governed by the internal law (and not the law of conflicts) of the State of California.

14. Counterparts. This Agreement may be signed in counterparts, each of which shall be deemed an original and all of which together shall constitute one document.

[SIGNATURE PAGE FOLLOWS]

Attachment A

Signature page for SNDA

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first hereinabove written.

LENDER:

SUNWEST BANK, a
California banking corporation

By: _____

Name: _____

Title: _____

LANDLORD:

By: _____

By: _____

TENANT:

By: _____

Name: _____

Title: _____

Attachment A

FOR LENDER:

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss.
COUNTY OF ORANGE)

On _____, before me, _____, a Notary Public, personally appeared _____ who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

(Seal)

Attachment A

FOR LANDLORD ()::

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____, before me, _____, a Notary Public, personally appeared _____ who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

Attachment A

FOR LANDLORD ():

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____, before me, _____, a Notary Public,
personally appeared _____ who proved to me on the basis
of satisfactory evidence to be the person whose name is subscribed to the within instrument and
acknowledged to me that he/she executed the same in his/her authorized capacity, and that by
his/her signature on the instrument the person, or the entity upon behalf of which the person acted,
executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

Attachment A

FOR TENANT:

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss.
COUNTY OF _____)

On _____, before me, _____, a Notary Public,
personally appeared _____ who proved to me on the basis of satisfactory evidence
to be the person whose name is subscribed to the within instrument and acknowledged to me that
he/she executed the same in his/her authorized capacity, and that by his/her signature on the
instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____

(Seal)

Attachment A

EXHIBIT F

Project Name:

TO:

ESTOPPEL CERTIFICATE

As of the date of this Estoppel Certificate the undersigned, as a "tenant" under that lease dated _____, between _____ ("Lessor") and the County of Orange, a political subdivision of the State of California ("County"), does hereby acknowledge the following:

1. The aforesaid lease, subject to article 2 below, constitutes the entire agreement between Lessor and County and is in full force and effect.
2. (Check One)
☐ The aforesaid lease has not been modified, altered, or amended.
☐ The aforesaid lease has been modified pursuant to that document(s) attached hereto.
3. The term of the lease is _____ years. The lease commenced on _____ and will expire on _____.
4. The term of the lease is subject to County's option to terminate/extend as follows:

5. The lease rental rate is \$_____ per month, no rent has been paid in advance except as set forth in the lease, and County (in its capacity as "tenant," and not as a governmental agency) has received no notice of a prior assignment, hypothecation, or pledge of the lease from Lessor.
6. County has accepted and is now in possession of the leased premises.
7. The addresses for notices to be sent to County are set forth in Clause _____ (_____) of the lease.
8. County has no charge, lien, or claim of offset under this lease against rents or other charges due or to become due and, to the actual knowledge of County, Lessor is not now in default under the lease.

Attachment A

APPROVED AS TO FORM
OFFICE OF COUNTY COUNSEL

COUNTY
COUNTY OF ORANGE

By _____
Deputy

Date: _____

By: _____
Thomas A. Miller, Chief Real Estate Officer
County Executive Office/Real Estate

Certificate Date: _____

Attachment A

EXHIBIT G

Termination Fee Chart



HCA
2801 Bristol Street, Costa Mesa, CA



Termination Fee Schedule

Rentable Square Feet: 15,518 rsf
Lease Commencement: 3/1/2020
Lease Expiration: 2/28/2035 (180 months)
Earliest Possible Termination Date: 2/29/2032 (end of 144th month)

Transaction Costs	
Tenant Improvement Allowance (\$15.00 psf)	\$232,770
Commissions (6.0%/3.0%/1.5%)	\$288,696
Total Transaction Costs	\$521,466

Amortization Assumptions	
Amount to be Amortized:	\$521,436
Term (months):	180 months
Annual Rate:	0.0%

End of Month	Termination Fee
144	\$104,253

In addition to the Termination Fee outlined by the schedule herein, County shall be responsible for reimbursing Lessor the then unamortized value (amortized on a straight-line basis over the remaining Lease Term at a rate of 6% per annum) for the Additional Improvement Allowance (up to \$5.00 per RSF), as well as the unamortized value (amortized on a straight-line basis over the remaining Lease Term at a rate of 6% per annum) associated with the cost of painting and/or carpeting by Lessor, referred to collectively as the "Additional Improvement Costs".