

GA 1254-197

RCA/Environmental Health

LEASE

THIS IS A LEASE, hereinafter referred to as "Lease," made **J** .;l/ , 2004, by and between PS BUSINESS PARKS, L.P., a California limited partnership, hereinafter referred to as "LESSOR," and the COUNTY OF ORANGE, hereinafter referred to as "COUNTY," without regard to number and gender. The term "COUNTY" shall mean the Board of Supervisors of the political body that executed this agreement or its authorized representative.

1. DEFINITIONS (1.2 S)

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

"Director of Health Care Agency" means the Director, 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.

"Manager, RCA/Facilities Acquisition and Management" means the Manager, Health Care Agency, Facilities Acquisition and Management, County of Orange, or designee, or upon written notice to LESSOR, such other person or entity as shall be designated by the Director of Health Care Agency, or designee.

"Auditor-Controller" means the Auditor-Controller, 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.

"County Counsel" means the County Counsel, 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.

"CEO/Real Estate" means the County Executive Office, Real Estate for the County of Orange, or upon written notice to LESSOR, such entity shall be designated by the County Executive Officer or the Board of Supervisors.

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"Property" means that certain office campus consisting of any of five two-story buildings located at 1221, 1231, 1241, 1251 and 1261 East Dyer Road, Santa Ana, California, with adjacent pedestrian walkways, landscape and surface parking, owned by LESSOR.

2. PREMISES (1.3 S)

~~LESSOR leases to COUNTY that certain property hereinafter referred to as "Premises," described in "Exhibit A" and shown on "Exhibit B," which exhibits are attached hereto and by reference made a part hereof, together with non-exclusive, in common use of LESSOR's elevators, stairways, washrooms, hallways, driveways for vehicle ingress and egress, pedestrian walkways, other facilities and common areas appurtenant to COUNTY's Premises created by this Lease.~~

LESSOR leases to COUNTY that certain property hereinafter referred to as "Premises," described in Revised Exhibit A" and shown on "Revised Exhibit B" which exhibits are attached hereto and by reference made a part hereof, together with non-exclusive, in common use of LESSOR's elevators, stairways, washrooms, hallways, driveways for vehicle ingress and egress, pedestrian walkways, other facilities and common areas appurtenant to COUNTY's Premises created by this Lease.

3. PARKING (1.4 N)

LESSOR, throughout the term of this Lease, shall provide 230 parking spaces for COUNTY's free use. Said parking spaces are to be located in the parking area shown on "Exhibit B."

Of the aforementioned parking spaces:

A. LESSOR shall construct and provide seven (7) secured enclosed parking spaces clearly signed as "County Only" on the east side of the Premises. Included in these seven (7) parking spaces, LESSOR shall provide a one (1) vehicle completely enclosed garage. These parking spaces will be dedicated and reserved exclusively for COUNTY use;

B. LESSOR shall provide ten (10) exclusive parking spaces adjacent to the front entrance of the building clearly signed as "County Only-Reserved," and

C. LESSOR shall provide Two Hundred Thirteen (213) non-exclusive parking spaces for COUNTY's use. Included in these Two Hundred Thirteen (213) parking spaces, LESSOR shall mark ten (10) spaces in front of the building as a two (2) hour maximum "County Visitor" parking area.

D. LESSOR shall provide an inspection area on the East side of the Premises ("Inspection Area") for purpose of inspecting hot trucks. Inspections shall take place only in the Inspection Area. COUNTY shall use best efforts to direct said hot trucks to use the Hotel Terrace entrance for ingress and egress from the Property. LESSOR shall provide all necessary signage to direct hot trucks to the Inspection Area.

1 In addition to said parking spaces, LESSOR shall also provide parking for disabled persons i:
 2 accordance with the Americans with Disabilities Act, Section 7102 of the California Uniform BuildinJ
 3 Code and the applicable codes and/or ordinances relating to parking for disabled persons as establishe<
 4 by the local jurisdiction in which the Premises is located where the provisions of such local codes and/o:
 5 ordinances exceed or supersede the State requirements.

6
 7 4 USE (2.1 S)

8
 9 COUNTY shall use the Premises for administrative purposes or any other lawful purpose.

10
 11 5 TERM (2.2 S)

12
 13 ~~The term of this Lease shall be ten (10) years, commencing the first day of the first full calendar month~~
 14 ~~following the date of execution by COUNTY, or commencing the first day of the first full calendar~~
 15 ~~month following the completion by LESSOR of the work set out in clause entitled (CONSTRUCTION),~~
 16 ~~below, whichever date is later ("Commencement Date").~~

17
 18 ~~Parties agree that the Commencement Date of this Lease will be confirmed in writing by either party~~
 19 ~~upon demand by the other.~~

20 This Lease commenced on December 1, 2004. The term of this Lease shall be extended by
 ten (10) years, commencing the first day of the first full calendar month following the completion by
 LESSOR of the work set out in clause 11 of the First Amendment to Lease, entitled [REDACTED]
 'CONSTRUCTION,' below ("Commencement Date"). County shall continue paying rent as is, on a
 month to month basis until this First Amendment commences as noted above.

Parties agree that the Commencement Date of this Lease will be confirmed in writing by either party
 upon demand by the other.

21 6. ~~OPTION TO EXTEND TERM (2.3 N)~~

22
 23 ~~COUNTY shall have the option to extend the term of this Lease for two (2) five (5) year periods at the~~
 24 ~~then Fair Market Rental Rate for similar office space in the area of the Premises and as agreed to by~~
 25 ~~COUNTY and LESSOR. COUNTY shall notify LESSOR in writing of its exercise of said option no~~
 26 ~~more than twelve (12) months and no less than six (6) months prior to the lease termination date and~~
 27 ~~COUNTY and LESSOR shall mutually agree upon the Fair Market Rental Rate within thirty (30) days~~
 28 ~~following COUNTY's exercise of the applicable option. If the parties fail to agree upon the Fair Market~~
 29 ~~Rental Rate within such time period, COUNTY shall be deemed to have not exercised the applicable~~
 30 ~~option.~~

31
 32 7. OPTION TO TERMINATE LEASE (2.4A N)

33
 34 ~~COUNTY shall have the option to terminate this Lease at any time after the fifth year of the lease term~~
 35 ~~upon giving LESSOR written notice at least six (6) months prior to said termination date.~~

36 //

37 //

1 ~~Should COUNTY exercise said option, LESSOR may, within sixty (60) days after the Lease termination~~
 2 ~~date, make a claim for reimbursement of the unamortized cost of COUNTY required improvements and~~
 3 ~~commissions associated with COUNTY's leasing of the Premises (the "Reimbursement Amount"). The~~
 4 ~~amount of said reimbursement shall be determined as follows:~~

5 _____ (120 months less the
 6 _____ Reimbursement Amount = \$16,213 x _____ number of months of
 7 _____ lease term elapsed)

8 ~~If no claim is received by COUNTY within said sixty day (60 day) period, LESSOR's right to~~
 9 ~~reimbursement shall be deemed waived. COUNTY shall have sixty (60) days after receipt of the claim~~
 10 ~~by LESSOR to pay said claim.~~

11 COUNTY shall have the option to terminate this Lease at any time after the fifth (5th) year of the First
 Amendment to Lease term upon giving LESSOR written notice at least one hundred twenty (120) days
 prior to said termination date.

Should COUNTY exercise said option, LESSOR may, within ninety (90) days after the Lease
 termination date, make a claim for reimbursement of the unamortized cost of COUNTY required
 improvements. The amount of said reimbursement shall be determined as follows:

See Exhibit H entitled 'Schedule of Unamortized Cost Recapture.'

If no claim is received by COUNTY within said one hundred eighty (180) day period, LESSOR's right
 to reimbursement shall be deemed waived. COUNTY shall have sixty (60) days after receipt of the
 claim by LESSOR to pay said claim.

12 8. COUNTY'S RIGHT TO LEASE ADDITIONAL SPACE (2.5 S)

13

14 ~~Should additional space become available within LESSOR's building described in "Exhibit A," either as~~
 15 ~~a result of the termination of occupancy of another building tenant, or construction by LESSOR of~~
 16 ~~additional space onto LESSOR's building, COUNTY shall have the right of first refusal to lease such~~
 17 ~~additional space. COUNTY's right of first refusal shall extend for a period of twenty (20) days~~
 18 ~~following COUNTY's receipt of LESSOR's written notice of the availability of said space. COUNTY's~~
 19 ~~occupancy of said space shall be subject to the terms and conditions of this Lease and rental for said~~
 20 ~~space shall be based upon the rental rate which COUNTY is paying for the Premises at the time~~
 21 ~~COUNTY's occupancy of the additional space commences.~~

22

23 9. RENT (3.1 N)

24

25 ~~COUNTY agrees to pay to LESSOR as rent for the Premises the sum of Fifty Two Thousand One~~
 26 ~~Hundred Ninety Eight Dollars (\$52,198) per month.~~

27

28 ~~To obtain rent payments LESSOR (or LESSOR's designee) shall submit to COUNTY's Manager,~~
 29 ~~RCA/Facilities Acquisition and Management, in a form acceptable to said Manager, RCA/Facilities~~
 30 ~~Acquisition and Management, a written claim for said rent payments.~~

31

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

33

34 ~~A. The first day of the month following the month earned; or~~

35

36 ~~B. Receipt of LESSOR's written claim by COUNTY's Manager, RCA/Facilities Acquisition and~~
 37 ~~Management.~~

1 ~~Should COUNTY occupy the Premises before the first day of the lease term, LESSOR shall be entitled~~
 2 ~~to pro rata rent for the period of occupancy and the amount of space occupied prior to the beginning of~~
 3 ~~the lease term based upon the monthly installment above. Said rent shall be included in the rent claim~~
 4 ~~submitted by LESSOR for the first full month of the lease term and shall be paid by COUNTY at the~~
 5 ~~time of payment for said month.~~

6

7 ~~COUNTY shall pay any Additional Rent in accordance with this clause. Additional Rent consists of~~
 8 ~~additional utility charges under the clause entitled UTILITIES below.~~

9 COUNTY agrees to pay to LESSOR as rent for the Premises the sum of Seventy Six Thousand
 Eighty Nine Dollars and Sixty Cents (\$76,089.60) per month. Rent shall be fixed for first two (2)
 years.

To obtain rent payments LESSOR (or LESSOR's designee) shall submit to COUNTY's Manager,
 HCA/Facilities Operations, in a form acceptable to said Manager, HCA/Facilities Operations, 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 COUNTY's Manager, HCA/Facilities
 Operations.

10 10. RENT ADJUSTMENT (3.3 S)

11

12 ~~The monthly rental payable by COUNTY for the Premises shall be automatically adjusted as follows:~~

<u>Months</u>	<u>Monthly Rental</u>
13 13-24	\$57,280
14 25-36	\$61,900
15 37-48	\$67,440
16 49-60	\$72,525
17 61-72	\$74,370
18 73-84	\$78,990
19 85-96	\$83,610
20 97-108	\$86,845
21 109-120	\$89,150

21

22 The monthly rental payable by COUNTY for the Premises shall be automatically adjusted as follows:

	Months	Monthly Rental
	25-36	\$78,308.88
	37-48	\$80,316.80
	49-60	\$82,853.12
	61-72	\$85,389.44
	73-84	\$87,925.76
	85-96	\$90,462.08
	97-108	\$92,998.40
	109-120	\$95,112.00

11. CONSTRUCTION (4.1 N)

23

24 ~~LESSOR hereby agrees to complete, at LESSOR'S expense, within one hundred fifty (150) calendar~~
 25 ~~days after the date first written above, alterations, repairs, and other work (the "Work") in accordance~~
 26 ~~with Plans and Specifications dated July 6, 2004, attached hereto and made a part hereof as "Exhibit C."~~

27

28 ~~The Work shall be completed at LESSOR's sole cost and with COUNTY's contribution as provided~~
 29 ~~below. Within thirty (30) days after the Commencement Date of the term of this Lease, COUNTY shall~~
 30 ~~reimburse LESSOR Three Hundred Sixty-six Thousand Dollars (\$366,000). LESSOR and COUNTY~~
 31 ~~hereby agree that said payment of \$366,000 shall cover COUNTY's share of the cost of tenant~~
 32 ~~improvements.~~

33

34 ~~Should LESSOR fail to complete the Work within one hundred fifty (150) calendar days after execution~~
 35 ~~of the Lease by COUNTY, COUNTY shall reduce subsequent rent due LESSOR by One Thousand~~
 36 ~~Seven Hundred Forty Dollars (\$1,740) for each day the completion date of the Work exceeds the above~~
 37 ~~mentioned one hundred fifty day (150-day) period. Said amount shall be considered as liquidated~~

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~~1 damages to compensate COUNTY for costs incurred as a result of such LESSOR caused delay. In
2 addition to the amount stated above, and provided LESSOR has failed to complete the Work within one
3 hundred fifty (150) days, COUNTY may, at COUNTY's sole option, upon giving thirty (30) days' prior
4 written notice to LESSOR, complete the Work, and deduct all associated construction costs incurred by
5 COUNTY, including fees and administrative expenses, from the future rent payable hereunder.~~

~~6
7 All planning and architectural/design costs required to accomplish the Work shall be LESSOR's
8 responsibility. All plans and working drawings for the Work shall have the approval of Manager,
9 RCA/Facilities Acquisition and Management. Approval by COUNTY of said plans and work drawings
10 shall not relieve LESSOR of the responsibility for complying with all applicable codes and construction
11 requirements, nor of obtaining necessary permits or approvals from the authorities of proper jurisdiction.~~

~~12
13 Subsequent to the completion of the Work, and prior to occupancy by COUNTY, LESSOR shall obtain
14 Manager, RCA/Facilities Acquisition and Management, approval and acceptance of the Work. Said
15 approval shall be manifested by letter from Manager, RCA/Facilities Acquisition and Management, and
16 may be subject to completion of "punch list" items. Said punch list will be generated by Manager,
17 RCA/Facilities Acquisition and Management.~~

~~18
19 In the event Manager, RCA/Facilities Acquisition and Management approval and acceptance of the
20 Premises is given prior to the completion of a punch list, LESSOR shall have twenty one (21) working
21 days following receipt of said punch list to complete all remaining work contained therein. Should the
22 items on punch list not be completed within twenty one (21) working days, COUNTY shall have the
23 option to complete the Work and deduct the cost thereof, including labor, materials, and overhead from
24 any rent payable, provided COUNTY gives prior written notice to LESSOR and LESSOR fails to
25 complete such Work within three (3) working days thereafter.~~

26 LESSOR hereby agrees to complete, at LESSOR's expense, within one hundred eighty (180) calendar days after the FIRST AMENDMENT date first written above and tenant approved space plan, alterations, repairs, and other work (the "Work") in accordance with space plans and the Specifications prepared by Lessor's architect and approved by Manager, HCA/Facilities Operations, attached hereto and made a part hereof as "Exhibit C"

Should LESSOR fail to complete the Work within 120 calendar days after execution of the Lease by COUNTY, COUNTY shall reduce subsequent rent due LESSOR by \$2,536.32 for each day the completion date of the Work exceeds the above mentioned 120-day period. Said amount shall be considered as liquidated damages to compensate COUNTY for costs incurred as a result of such LESSOR caused delay. However, tenants right to abate rent due to late completion of said work by Lessor, shall be subject to (i) the acts or omissions of Tenant which cause any delay, and (ii) any delay due to force majeure.

LESSOR to move all furniture systems, cubicles, and cubicle content which content may consist of files, cabinets and chairs to the second floor where LESSOR is redesigning said space for County's relocation of staff. LESSOR to move file cabinets into adjacent warehouse. LESSOR will not be responsible for any lost or broken property. LESSOR to provide boxes or should LESSOR retain a moving company, LESSOR shall cause moving company to provide boxes to store any cubicle content which needs to be moved to the second floor. The cost of moving and any related materials to be included in total furniture cost which cost ceiling is better described in Clause 36 entitled,

'FURNITURE. All computers, printers, computer monitors, phone system and copiers shall be COUNTY's responsibility to move.'"

All planning and architectural/design costs required to accomplish the Work shall be LESSOR's responsibility. All plans and working drawings for the Work shall have the approval of COUNTY's OC Public Works/Architecture and Engineering. Approval by COUNTY of said plans and work drawings 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 proper jurisdiction.

Subsequent to the completion of the Work, and prior to occupancy by COUNTY, LESSOR shall obtain OC Public Works/Architecture and Engineering's approval and acceptance of the Work. Said approval shall be manifested by letter from COUNTY's Manager, HCA/Facilities Operations, and may be subject to completion of items on a "punch list". Said punch list will be generated by COUNTY.

In the event COUNTY's approval and acceptance of the Premises is given prior to the completion of a punch list, LESSOR shall have thirty (30) working days following receipt of said punch list to complete all remaining work contained therein. Should the items on the punch list not be completed within thirty (30) working days, COUNTY shall give Lessor fifteen (15) day notice it will exercise its option to complete the Work itself and deduct the cost thereof, including labor, materials, and overhead from any rent payable.

27 12. PAINTING BY LESSOR (4.2 S)

28

29 ~~Within sixty (60) days after commencement of the fifth, tenth and fifteenth (provided COUNTY~~
 30 ~~exercises its options to extend) years of the lease term, LESSOR shall repaint, at LESSOR'S sole~~
 31 ~~expense, all painted surfaces within the Premises. Said painting shall be accomplished during hours~~
 32 ~~other than COUNTY'S normal working hours. LESSOR shall be responsible for the movement and~~
 33 ~~subsequent replacement of all furniture, window coverings, and fixtures necessary to repaint the~~
 34 ~~Premises. Said paint shall be of a kind and quality in accordance with "Exhibit C."~~

35

36 ~~At COUNTY'S sole option, COUNTY may elect to defer said repainting. Said deferral shall not release~~
 37 ~~LESSOR from the obligation to repaint. Should COUNTY elect to defer said repainting, the Manager,~~

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~~1 HCA/Facilities Acquisition and Management at least thirty (30) days prior to the scheduled repainting~~
~~2 date, shall notify LESSOR in writing of COUNTY'S decision to defer said repainting. This notice shall~~
~~3 include the date COUNTY wishes the repainting to take place.~~

~~4~~

~~5 Should LESSOR fail to comply with the provisions of this clause, COUNTY shall have the option to~~
~~6 complete said repainting and deduct the cost thereof, including overhead, from any rent payable.~~

7 Within one hundred eighty (180) days after Commencement Date of the First Amendment to Lease and within ninety (90) days of the anniversary date of the sixth (6th) year of the First Amendment to Lease term, LESSOR shall repaint, at LESSOR's sole expense, all painted surfaces within the Premises. Said painting 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, window coverings, and fixtures necessary to repaint 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, all otherwise sensitive equipment or files and for the personal effects of the COUNTY's employees. Said paint shall be of a kind and quality of Dunn-Edwards® semi-gloss paint or acceptable equivalent approved by COUNTY. The cost of said repainting shall not be included in the operating costs for the building for the purpose of operating cost adjustments.

At COUNTY's sole option, COUNTY may elect to defer said repainting. Said deferral shall not release LESSOR from the obligation to repaint. Should COUNTY elect to defer said repainting, the Manager, HCA/Facilities Operations at least thirty (30) days prior to the scheduled repainting date, shall notify LESSOR in writing of COUNTY's decision to defer said repainting. This notice shall include the date that the COUNTY wishes the repainting to take place.

Should LESSOR fail to comply with the provisions of this clause, COUNTY shall have the option to complete said repainting and deduct the cost thereof, including overhead, from any rent payable.

8 13. CARPETING BY LESSOR (4.3 S)

~~9~~

~~10 Within sixty (60) days after commencement of the fifth, tenth and fifteenth (provided COUNTY~~
~~11 exercises its options to extend) years of the lease term, LESSOR shall recarpet, at LESSOR'S sole~~
~~12 expense, all carpeted surfaces within the Premises. Said recarpeting shall be accomplished during hours~~
~~13 other than COUNTY'S normal working hours. LESSOR shall be responsible for the movement and~~
~~14 subsequent replacement of all furniture and fixtures necessary to recarpet the Premises. Said carpet shall~~
~~15 be of a kind and quality in accordance with "Exhibit C."~~

~~16~~

~~17 At COUNTY'S sole option, COUNTY may elect to defer said recarpeting. Said deferral shall not~~
~~18 release LESSOR from the obligation to recarpet. Should COUNTY elect to defer said recarpeting, the~~
~~19 Manager, RCA/Facilities Acquisition and Management at least thirty (30) days prior to the scheduled~~
~~20 recarpeting date, shall notify LESSOR in writing of COUNTY'S decision to defer said recarpeting. This~~
~~21 notice shall include the date COUNTY wishes the recarpeting to take place.~~

~~22~~

~~23 Should LESSOR fail to comply with the provisions of this clause, COUNTY shall have the option to~~
~~24 complete said recarpeting and deduct the cost thereof including overhead, from any rent payable.~~

~~25~~

Within one hundred eighty (180) days after Commencement Date of the First Amendment to Lease and within ninety (90) days of the anniversary date of the sixth (6th) year of the First Amendment to Lease term, LESSOR shall re-carpet, at LESSOR's sole expense, 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. 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, all otherwise sensitive equipment or files and for the personal effects of the COUNTY's employees. Carpet shall Calypso (Mar 1-RS), Powerbond Plus (1/4" foam back) manufactured by Collins & Aikman carpet squares or equivalent carpet with at least a 15 year wear guarantee.

At COUNTY's sole option, COUNTY may elect to defer said re-carpeting. Said deferral shall not release LESSOR from the obligation to re-carpet. Should COUNTY elect to defer said re-carpeting, the Manager, HCA/Facilities Operations, at least thirty (30) days prior to the scheduled re-carpeting date, shall notify LESSOR in writing of COUNTY's decision to defer said re-carpeting. This notice shall include the date that the COUNTY wishes the re-carpeting to take place.

Should LESSOR fail to comply with the provisions of this clause, COUNTY shall have the option to complete said re-carpeting and deduct the cost thereof including overhead, from any rent payable.

26 14. ALTERATIONS (4.4 N)

27

28 COUNTY may, at COUNTY's sole cost and expense, make improvements and changes in the Premises,
 29 including but not limited to the installation of fixtures, partitions, counters, shelving, and equipment as
 30 deemed necessary or appropriate, but subject to LESSOR's prior written consent, which shall not be
 31 unreasonable withheld, conditioned or delayed, however, LESSOR's failure to deliver notice to
 32 COUNTY of LESSOR's refusal to consent within ten (10) days of COUNTY's notice to make
 33 improvements shall be deemed consent. Notwithstanding the foregoing, COUNTY may, without
 34 LESSOR's prior written approval, make non-structural improvements and changes to the interior of the
 35 Premises provided such improvements and/or changes do not exceed Twenty-Five Thousand Dollars
 36 (\$25,000) individually or One Hundred Thousand Dollars (\$100,000) per annum in the aggregate. It is
 37 agreed that any such fixtures, partitions, counters, shelving, or equipment attached to or placed upon the

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Premises by COUNTY shall be considered as personal property of COUNTY, who shall have the right to remove same. COUNTY agrees that the Premises shall be left in as good condition as when received, reasonable wear and tear excepted.

15. ORANGE COUNTY TELECOMMUNICATIONS NETWORK (OCTNET) (4.5 N)

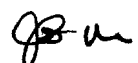
LESSOR agrees that COUNTY may install, at COUNTY's sole cost and expense, telecommunication devices in the Premises and LESSOR's building in accordance with COUNTY's OCTNET plans and specifications provided that the provisions of the clause entitled (ALTERATIONS) above shall be applicable to such work. 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.

16. REPAIR, MAINTENANCE, AND JANITORIAL SERVICES (5.1 N)

LESSOR shall provide at its own cost and expense all repair, maintenance (including fire extinguishers), and janitorial supplies and services to Premises (including but not limited to the repair and maintenance of the HVAC system). Janitorial supplies and services shall be provided on a five-day-per-week basis in accordance with "Exhibit D" (JANITORIAL SPECIFICATIONS) attached hereto and made a part hereof.

If LESSOR fails to provide satisfactory repair, maintenance, and janitorial services to the Premises, Manager, HCA/Facilities Acquisition and Management, may notify LESSOR in writing; and if LESSOR does not instigate measures to provide satisfactory service and/or to remedy the unsatisfactory conditions within four (4) days after COUNTY has placed such notice in the mail to LESSOR directed to the address shown for LESSOR in the clause entitled (NOTICES) below, or has personally delivered such notice to LESSOR, COUNTY may provide the repair, maintenance, and/or janitorial service necessary to remedy the unsatisfactory condition and assure satisfactory service or have others do so. An invoice for such repair, maintenance and/or janitorial service, including labor, materials, and overhead shall be submitted to LESSOR for payment, and if LESSOR shall fail to pay said invoice within thirty (30) days following LESSOR's receipt of the same, COUNTY may deduct the amount invoiced from any rent payable.

If LESSOR fails to provide satisfactory janitorial supplies to Premises, Manager, RCA/Facilities Acquisition and Management, may notify LESSOR verbally and in writing; and if LESSOR does not provide janitorial supplies within twenty-four (24) hours after LESSOR has received such notice from COUNTY, COUNTY may provide the janitorial supplies necessary or have others do so. An invoice for



such janitorial supplies including labor, materials, and overhead, shall be submitted to LESSOR for payment, and if LESSOR shall fail to pay said invoice within thirty (30) days following LESSOR's receipt of the same, COUNTY may and deduct amount invoiced from any rent payable.

If LESSOR or its representative cannot be contacted by the Manager, HCA/Facilities Acquisition and Management, for emergency repairs and/or services the same day any emergency repairs and/or services are necessary to remedy the emergency condition, or if LESSOR following such contact by Manager, RCA/Facilities Acquisition and Management, is unable or refuses to make the necessary repairs or provide the necessary services, COUNTY may at its option have the necessary repairs made and/or provide services to remedy the emergency condition. An invoice for such emergency repairs and/or services including labor, materials, and overhead, shall be submitted to LESSOR for payment along with a detailed description of the steps taken to contact LESSOR or its representative and of the emergency repair. If LESSOR shall fail to pay said invoice within thirty (30) days following LESSOR's receipt of the same, COUNTY may and deduct amount invoiced from any rent payable. LESSOR reserves the right to dispute payment of said invoice if it determines that the proper procedures were not followed by COUNTY and the emergency repair did not constitute an emergency.

LESSOR shall provide Manager, HCA/Facilities Acquisition and Management, with a complete copy of the janitorial contract covering the Premises, including the janitorial schedule and any other exhibits.

17. UTILITIES (5.2 N)

LESSOR shall be responsible for and pay, prior to the delinquency date, all charges for utilities supplied to the Premises except telephone, which shall be the obligation of COUNTY. Should LESSOR fail to provide utility service to the Premises, COUNTY may provide such service. An invoice for such utility services, including overhead, shall be submitted to LESSOR for payment, and if LESSOR shall fail to pay said invoice within thirty (30) days following LESSOR's receipt of the same, COUNTY may deduct the amount invoiced from any rent payable.

Should COUNTY require utility services at times other than during normal business hours, COUNTY shall pay LESSOR at an initial cost of forty-five dollars (\$45.00) per hour (two hour minimum), per floor; cost increases shall not exceed 10% per hour per year. 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 COUNTY's monthly charges. COUNTY shall pay LESSOR for excess usage with the following month's rent as Additional Rent in accordance with the clause entitled RENT above.

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1 18. INSURANCE (5.3 N)

2
 3 **Property/Fire Insurance:** LESSOR shall obtain and keep in force during the term of this Lease a
 4 policy or policies of property and fire insurance with extended coverage, covering the loss or damage to
 5 the Premises to the full insurable value of the improvements located on the Premises, (excluding
 6 COUNTY's personal property and alterations as defined in the clause entitled ALTERATIONS above.
 7 COUNTY will not do or permit anything to be done within or about the Premises or the Property which
 8 will increase the existing rate of any insurance on any portion of the Property or cause the cancellation of
 9 any insurance policy covering any portion of the Property. If COUNTY changes from an administrative
 10 use, COUNTY will, at its sole cost and expense, comply with any requirements of any insurer of
 11 LESSOR to remove, modify or alter COUNTY's alterations.

12
 13 LESSOR's insurance (a) shall provide that such policies shall not be subject to cancellation without at
 14 least ten (10) days prior written notice to COUNTY, and (b) shall be primary, and any insurance carried
 15 by COUNTY shall be non-contributing. LESSOR's policy or policies, or duly executed certificates for
 16 them, shall be deposited with COUNTY prior to the Commencement Date of this Lease and prior to
 17 renewal of such policies. If LESSOR fails to procure and maintain the insurance required to be procured
 18 by LESSOR under this Lease, COUNTY may, but shall not be required to, order such insurance. An
 19 invoice for such insurance plus any COUNTY administrative charges shall be submitted to LESSOR for
 20 payment, and if LESSOR shall fail to pay said invoice within thirty (30) days following LESSOR's
 21 receipt of the same, COUNTY may deduct the amount invoiced from the rent thereafter payable.

22
 23 To the extent permitted by law and without affecting the coverage provided by insurance to be
 24 maintained hereunder or any other rights or remedies, LESSOR and COUNTY each waive any right to
 25 recover against the other for: (a) damages for injury to or death of persons; (b) damages to property,
 26 including personal property; (c) damages to the Premises or any part thereof; and (d) claims arising by
 27 reason of the foregoing due to hazards covered by insurance maintained or required to be maintained
 28 pursuant to this Lease to the extent of proceeds recovered therefrom, or proceeds which would have
 29 been recoverable therefrom in the case of the failure of any party to maintain any insurance coverage
 30 required to be maintained by such party pursuant to this Lease. This provision is intended to waive
 31 fully, any rights and/or claims arising by reason of the foregoing, but only to the extent that any of the
 32 foregoing damages and/or claims referred to above are covered or would be covered, and only to the
 33 extent of such coverage, by insurance actually carried or required to be maintained pursuant to this Lease
 34 by either LESSOR or COUNTY. This provision is also intended to waive fully, and for the benefit of
 35 each party, any rights and/or claims which might give rise to a right of subrogation on any insurance
 36 carrier. Subject to all qualifications of this clause entitled INSURANCE, LESSOR waives its rights as
 37 specified in this clause *entitled* INSURANCE with respect to any subtenant that it has approved pursuant

1 to the clause of this Lease entitled SUBLEASE below but only in exchange for the written waiver of
 2 such rights to be given by such subtenant to LESSOR upon such subtenant taking possession of the
 3 Premises or a portion thereof. Each party shall cause each insurance policy obtained by it to provide that
 4 the insurance company waives all right of recovery by way of subrogation against either party in
 5 connection with any damage covered by any policy.

6
 7 **Liability Insurance:** LESSOR shall obtain and keep in force during the term of this Lease a policy or
 8 policies of public liability insurance covering all injuries occurring within the building and the Premises.
 9 The policy or policies evidencing such insurance shall name COUNTY as an additional insured, shall
 10 provide that same may not be cancelled without ten (10) days prior written notice to COUNTY, and
 11 shall provide for a combined coverage of bodily injury and property damage in the amount of not less
 12 than One Million Dollars (\$1,000,000). Such policy or policies shall be issued by an insurance company
 13 licensed to do business in the State of California. Prior to the Commencement Date of this Lease and
 14 upon renewal of such policies, LESSOR shall submit to COUNTY suitable evidence that the foregoing
 15 policy or policies are in effect.

16
 17 19. LIABILITY (5.4 S)

18
 19 LESSOR and COUNTY each agree to assume sole responsibility to defend against any and all claims
 20 for injuries to persons or damage to property which may arise, in whole or in part, from the imposition
 21 of legal liability for the acts, omissions and conduct of the LESSOR on the one hand or COUNTY on
 22 the other, and specifically agree that neither LESSOR nor COUNTY shall be obligated to defend or
 23 indemnify the other for claims which create potential legal liability arising out of the acts, omissions or
 24 conduct of the other party to this Lease.

25
 26 20. TAXES AND ASSESSMENTS (5.6 N)

27
 28 All taxes and assessments which become due and payable upon the Premises shall be the full
 29 responsibility of LESSOR, and LESSOR shall cause said taxes and assessments to be paid on or prior to
 30 the due date. Should LESSOR fail to pay taxes and assessments due upon the Premises, COUNTY may
 31 pay such amount due. An invoice for those taxes and/or assessments, including overhead, shall be
 32 submitted to LESSOR for payment, and if LESSOR shall fail to pay said invoice within thirty (30) days
 33 following LESSOR's receipt of the same, COUNTY may and deduct the amount invoiced from the rent
 34 thereafter payable.

35 //

36 //

37 //

21. BUILDING AND SAFETY REQUIREMENTS (5.7 N)

During the full term 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 pursuant to government regulations.

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 date of this Lease, and as they may be subsequently amended pursuant to government regulations.

LESSOR further agrees to 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 pursuant to government regulations.

In the event LESSOR neglects, fails, or refuses to maintain said Premises pursuant to this clause entitled BUILDING AND SAFETY REQUIREMENTS, COUNTY may, notwithstanding any other termination provisions contained herein:

A. Terminate this Lease; 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 from the rent.

22. CONCESSIONS (5.8 S)

COUNTY may, at COUNTY's option, contract with and receive fees from outside vendors that provide service within the Premises.

23. TOXIC MATERIALS (5.9 N)

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 defend,

1 indemnify and hold LESSOR, its officers, directors, employees, agents, and representatives, harmless
 2 from and against all claims, costs and liabilities, including attorneys' fees and costs arising out of or in
 3 connection with the storage, use, and disposal of Toxic Materials on the Premises by COUNTY. If the
 4 storage, use, and disposal of Toxic Materials on the Premises by CO TY results in contamination or
 5 deterioration of water or soil resulting in a level of contamination greater than maximum allowable
 6 levels established by any governmental agency having jurisdiction over such contamination, COUNTY
 7 shall promptly take any and all action necessary to remediate such contamination.

8
 9 Likewise, LESSOR hereby warrants and represents that LESSOR has in the past and will hereafter
 10 comply with all laws and regulations relating to the storage, use and disposal of hydrocarbon substances
 11 and hazardous, toxic or radioactive matter, including, but not limited to, those materials identified in
 12 Title 26 of the California Code of Regulations (collectively "Toxic Materials"). LESSOR shall be
 13 responsible for and shall defend, indemnify and hold COUNTY, its officers, directors, employees,
 14 agents, and representatives, harmless from and against all claims, costs and liabilities, including
 15 attorneys' fees and costs arising out of or in connection with the previous, current and future storage, use
 16 and disposal of Toxic Materials on the Premises (or building if the Premises comprises only a portion of
 17 said building) by LESSOR. If the previous, current and future storage, use, and disposal of Toxic
 18 Materials on the Premises by LESSOR results in contamination or deterioration of water or soil resulting
 19 in a level of contamination greater than maximum allowable levels established by any governmental
 20 agency having jurisdiction over such contamination, LESSOR shall promptly take any and all action
 21 necessary to remediate such contamination.

22
 23 LESSOR retains the right to participate, at LESSOR's sole cost and expense, in any legal actions
 24 affecting the Premises involving toxic materials. All provisions of this clause shall survive the
 25 expiration of this Lease and any termination of this Lease or of COUNTY's right of possession.

26
 27 24. SUBLEASE (6.2 N)

28
 29 COUNTY shall not sublet all or any part of the Premises without the prior written consent of LESSOR,
 30 which consent shall not unreasonably be withheld. Consent by LESSOR to any sublease shall not
 31 relieve COUNTY from obtaining written consent to any subsequent sublease.

32
 33 In the event COUNTY desires to sublet this Lease, COUNTY shall deliver all documents relating to
 34 subletting to LESSOR and LESSOR shall respond within fifteen (15) days after receipt of all documents
 35 relating to such subletting that it consents or does not consent to such sublease on the same terms as
 36 those proposed. LESSOR's failure to respond within said time period shall be deemed an approval by
 37 LESSOR.



1 Any consideration paid to COUNTY for assignment of this Lease, less any reasonable brokerage
2 commission paid by COUNTY with respect to such assignment, shall be immediately paid to LESSOR.
3 In the event of a sublease of all or a portion of the Premises, all rents payable by the subtenant in excess
4 of rents payable hereunder (allocated on a per square foot basis in the event of a partial sublease) shall be
5 immediately due and payable to LESSOR; provided, excess rental shall be calculated taking into account
6 straight-line amortization, without interest, of any reasonable brokerage commission paid by COUNTY
7 in connection with the sublease transaction.

8

9 25. SUBORDINATION, ATTORNMENT AND NON-DISTURBANCE (6.4 S)

10

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

17

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

26

27 Notwithstanding the above, this Lease is contingent upon LESSOR's obtaining a Subordination,
28 Attornment and Non-Disturbance Agreement from LESSOR's lender, within thirty (30) days of
29 LESSOR's execution of this Lease. LESSOR shall require all future lenders on the Premises upon
30 initiation of their interest in the Premises, to enter into a Subordination, Attornment and Non-
31 Disturbance Agreement with COUNTY thereby insuring COUNTY of its leasehold interests in the
32 Premises. Said Subordination, Attornment and Non-Disturbance Agreement shall be in the form of
33 COUNTY's standard form Subordination, Attornment and Non-Disturbance Agreement attached hereto
34 as "Exhibit E" or in a form approved by Director of Health Care Agency, CEO/Real Estate, and County
35 Counsel.

36 //

37 //

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.

26. ESTOPPEL CERTIFICATE (6.5 S)

COUNTY agrees that its Director of Health Care Agency shall furnish from time to time 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, COUNTY's standard form Estoppel Certificate in the form attached hereto as "Exhibit F" and containing information as to the current status of the Lease. The Estoppel Certificate shall be approved by Director of Health Care Agency, CEO/Real Estate, and County Counsel.

27. DEFAULTS AND REMEDIES (6.8 S)

The occurrence of any of the following shall constitute an event of default:

- Failure to pay any installment of any monetary amount due and payable hereunder;
- Failure to perform any obligation, agreement or covenant under this Lease.

In the event of any non-monetary breach of this Lease by COUNTY, LESSOR shall notify COUNTY in writing of such breach, and COUNTY shall have fifteen (15) days in which to initiate action to cure said breach.

Except as otherwise provided *in* this Lease, *in* the event of any non-monetary breach of this Lease by LESSOR, COUNTY shall notify LESSOR in writing of such breach and LESSOR shall have fifteen (15) days in which to initiate action to cure said breach.

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 fifteen (15) days in which to cure said breach, unless specified otherwise within this Lease.

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1 Except as otherwise provided in this Lease, in the event of any monetary breach of this Lease by
 2 LESSOR, COUNTY shall notify LESSOR in writing of such breach, and LESSOR shall have fifteen
 3 (15) days in which to cure said breach, unless specified otherwise within this Lease.

4

5 28. DEBT LIMIT (6.9 N)

6

7 LESSOR acknowledges and agrees that the obligation of the COUNTY to pay rent under this Lease is
 8 contingent upon the availability of COUNTY funds which are appropriated or allocated by the
 9 COUNTY's Board of Supervisors for the payment of rent hereunder. In this regard, in the event that this
 10 Lease is terminated due to an uncured default of the COUNTY hereunder, LESSOR may declare all rent
 11 payments to the end of COUNTY's current fiscal year to be due, including any delinquent rent from
 12 prior budget years. In no event shall LESSOR be entitled to a remedy of acceleration of the total rent
 13 payments due over the term of the Lease. The parties acknowledge and agree t at the limitations set
 14 forth above are required by Article 16, Section 18, of the California Constitution. LESSOR
 15 acknowledges and agrees that said Article 16, Section 18, of the California Constitution supersedes any
 16 law, rule, regulation or statute, which conflicts with the provisions of this paragraph. Notwithstanding
 17 the foregoing, LESSOR may have other rights or civil remedies to seek relief due to the COUNTY's
 18 default under the Lease.

19

20 29. LABOR CODE COMPLIANCE (6.10 S)

21

22 LESSOR acknowledges and agrees that all improvements or modifications required to be performed as a
 23 condition precedent to the commencement of the term of this Lease or any such future improvements or
 24 modifications performed by LESSOR at the request of COUNTY shall be governed by, and performed
 25 in accordance with, the provisions of Article 2 of Chapter 1, Part 7, Division 2 of the Labor Code of the
 26 State of California (Sections 1770, et seq.). These provisions are applicable to improvements or
 27 modifications costing more than \$1,000.

28

29 Pursuant to the provisions of Section 1773 of the Labor Code of the State of California, the Orange
 30 County Board of Supervisors has obtained the general prevailing rate of per diem wages and the general
 31 prevailing rate for holiday and overtime work in the locality applicable to this Lease for each craft,
 32 classification, or type of workman needed to execute the aforesaid improvements or modifications from
 33 the Director of the State Department of Industrial Relations. Copies of said prevailing wage rates may
 34 be obtained from the State of California, Department of Industrial Relations or Manager, RCA/Facilities
 35 Acquisition and Management.

36 //

37 //

LESSOR hereby agrees to pay or cause its contractors and/or subcontractors to pay said prevailing wage rates at all times for all improvements or modifications to be completed for COUNTY within the Premises, and LESSOR herein agrees that LESSOR shall post, or cause to be posted, a copy of the most current, applicable prevailing wage rates at the site where the improvements or modifications are performed.

Prior to commencement of any improvements or modifications, LESSOR shall provide Manager, RCA/Facilities Acquisition and Management, with the applicable certified 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. LESSOR shall provide, Manager, RCA/Facilities Acquisition and Management, bi-weekly updated, certified payroll records for all workers that include, but not be limited to, the weekly hours worked, prevailing hourly wage rates, and total wages paid.

If LESSOR neglects, fails, or refuses to provide said payroll records to Manager, HCA/Facilities Acquisition and Management, such occurrence shall constitute an event of default of this Lease and COUNTY may, notwithstanding any other termination provisions contained herein:

A. Terminate this Lease; or

B. At COUNTY's sole option, COUNTY may deduct future rent payable to LESSOR by COUNTY as a penalty for such non-compliance of paying prevailing wage, which rent deduction would be COUNTY's estimate, in its sole discretion, of such prevailing wage rates not paid by LESSOR.

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. COMMISSION (6.11 N)

COUNTY's obligations and responsibilities under this Lease are contingent upon the LESSOR paying to COUNTY the sum of Two Hundred Forty-Eight Thousand Five Hundred Fifty-Five Dollars (\$248,555) commission as a result of this lease transaction. Said commission shall be paid to COUNTY one-half (1/2) within twenty (20) working days after execution of this Lease by COUNTY and one-half (1/2) within twenty (20) working days after the Commencement Date of this Lease. Said commission

1 payment shall be made payable to the "County of Orange" and delivered to Manager, HCA/Facilities
2 Acquisition and Management, at the address provided herein.

3
4 Should COUNTY not receive the above amount within the specified time period, COUNTY, at
5 COUNTY's sole option, may terminate this Lease without further obligation to LESSOR, or at
6 COUNTY's sole option, COUNTY may deduct any unpaid amount from future rent payable to LESSOR
7 by COUNTY.

8
9 **31. CHILD SUPPORT ENFORCEMENT REQUIREMENTS (6.12 S)**

10
11 In order to comply with child support enforcement requirements of the County of Orange, within thirty
12 (30) days after COUNTY's execution of this Lease agreement, LESSOR agrees to furnish Director of
13 Health Care Agency, COUNTY's standard form, Child Support Enforcement Certification
14 Requirements, which includes the following information:

15
16 A. In the case where LESSOR is doing business as an individual, LESSOR's name, date of birth,
17 Social Security number, and residence address;

18
19 B. In the case where LESSOR is doing business in a form other than as an individual, the name,
20 date of birth, Social Security number, and residence address of each individual who owns an
21 interest of ten (10) percent or more in the contracting entity;

22
23 C. A certification that the LESSOR has fully complied with all applicable federal and state
24 reporting requirements regarding its employees; and

25
26 D. A certification that the LESSOR has fully complied with all lawfully served Wage and Earnings
27 Assignment Orders and Notices of Assignment, and will continue to so comply.

28
29 Failure of LESSOR to timely submit the data and/or certifications required above or to comply with all
30 federal and state reporting requirements for child support enforcement, or to comply with all lawfully
31 served Wage and Earnings Assignment Orders and Notices of Assignment, shall constitute a material
32 breach of this Lease. Failure to cure such breach within sixty (60) calendar days of notice from Director
33 of Health Care Agency shall constitute grounds for termination of this Lease.

34
35 It is expressly understood that this data will be transmitted to governmental agencies charged with the
36 establishment and enforcement of child support orders and will not be used for any other purpose.

37 //

32. RIGHT TO WORK AND MINIMUM WAGE LAWS (6.13 S)

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 terms and conditions of 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 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 the Clause LABOR CODE COMPLIANCE of this Lease.

33. NOTICES (8.1 S)

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 delivered upon personal delivery, delivery by facsimile machine, or seventy-two (72) hours after deposit in the United States Mail.

TO: LESSOR

PS Business Parks, L.P.

1231 East Dyer Road, Suite 250

Santa Ana, California 92705

Attention: Manager

TO: COUNTY

County of Orange Health Care Agency

RCA/Facilities Acquisition and Management

Attention: Manager

405 West 5th Street, Suite 610

Santa Ana, California 92701

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|

- A.
- B.
- C.
- D.
- E.
- F.
- G.

|

JB a

1 34. ATTACHMENTS (8.2 S)

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

I. GENERAL CONDITIONS

2. EXHIBITS

A. Revised Description - Premises

B. Revised Plot Plan – Premises

H. Revised Schedule of Unamortized Cost Recapture

35 TENANT IMPROVEMENTS

Lessor shall be responsible for all design and construction cost incurred in connection with installing a demising wall between the COUNTY's revised space and the original remaining portion of the Premises, including necessary modification of the electrical, mechanical, life safety and other building systems serving such areas, so that each space complies with applicable building codes and otherwise can be treated as a separate leasable space.

36 FURNITURE (N)

LESSOR to provide to COUNTY, COUNTY required furniture which meets minimum COUNTY specifications, which may be refurbished or new. Lessor to provide at Lessors sole cost and expense, a furniture plan in conjunction with a space plan of which both plans must be approved in writing by the Manager, HCA/Facilities Operations. The cost of said furniture is not to exceed Eighty Thousand Dollars (\$80,000.00).

37 COUNTY REQUESTED ALTERATIONS (N)

COUNTY may, during the term of the Lease, request LESSOR to make tenant improvements to the Premises. All plans, working drawings, and cost proposals for said improvements, as well as the final work product, require approval from COUNTY Health Care Agency. All such improvements or changes shall be made by LESSOR, at LESSOR's sole cost, and reimbursed in a lump sum as additional rent by COUNTY upon receipt from LESSOR of a written claim for such reimbursement. All work shall be permitted and executed in a professional workmanlike manner using standard building materials and practices. As noted in the Lease, payment of prevailing wages is required for any publicly leased or operating facility.

COUNTY shall the right to audit said claim and require additional support documentation from LESSOR prior to making reimbursement payment. 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, additional rental amount shall be reimbursed by COUNTY to LESSOR at the same time as the next scheduled monthly rental payment following the date of written acceptance of said claim.

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

3

4 APPROVED AS TO FORM:

5 OFFICE OF THE COUNTY COUNSEL

6 ORANGE COUNTY, CALIFORNIA

7

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BY:

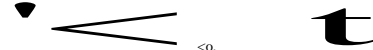
BY:

Real Property Agent

LESSOR

PS BUSINESS PARKS, L.P.

A California limited partnership



Robin Mather, Vice President

BY: _____

BY: _____

Deputy

DATE: _____

7/2/04

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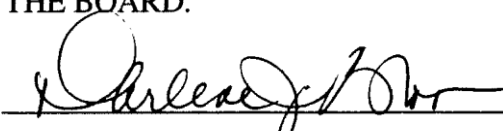
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SIGNED AND CERTIFIED THAT A
COPY OF THIS DOCUMENT HAS BEEN
DELIVERED TO THE CHAIRMAN OF
THE BOARD.



DARLENE J. BLOOM

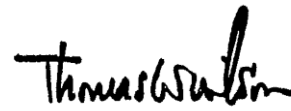
Clerk of the Board of Supervisors
of Orange County, California

COUNTY

COUNTY OF ORANGE



BY: _____



Chairman, Board of Supervisors