

EMPLOYMENT AND ECONOMIC DEVELOPMENT DEPARTMENT  
SAN JOAQUIN COUNTY  
OFFICE BUILDING LEASE  
~~A-03-878~~

LEASE AMENDMENT 02  
TO LEASE A-03-878

The Triple Net Lease dated October 23, 2003 between the County of San Joaquin as "LESSEE" and Regent Weber, LLC as "LESSOR" and the Lease Amendment 01 thereto dated September 14, 2004, are hereby amended as follows:

Recitals

A. On October 23, 2003, the parties entered into that certain Triple Net Lease designated A-03-878 (the "Original Lease") which provided for the construction and possession of an office building.

B. Under the Original Lease, the LESSOR was to provide a tenant improvement allowance of \$45 per net useable square foot, or \$2,131,875 for the construction of the LESSEE's tenant improvements in the Premises.

C. On September 14, 2004, the parties entered into that certain Lease Amendment 01 to the Original Lease designated A-04-831 (the "First Amendment") which, among other things, provided for additional improvements over and above the amount provided for in the Original Lease.

D. The LESSEE desires to increase the tenant improvement allowance and have LESSOR finance a portion of the increase, and LESSOR desires to provide the needed financing.

Based upon the above recitals, LESSOR and LESSEE expressly agree as follows:

1. The first sentence of Paragraph 2(a) of the First Amendment, which was a restatement of Section 2(a) BASE RENT of the Original Lease, is hereby stricken and replaced with the following:

(a) Base Rent. Rent for the Premises shall be \$52,016.75 per month (the "Rent" or "Base Rent"), due and payable in arrears on the last day of each month, without deduction or setoff.

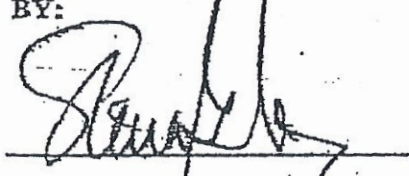
2. Paragraph 3(g) of the First Amendment, which was an addition to the Original Lease under Section 3 TENANT IMPROVEMENTS, is hereby stricken in its entirety and replaced with the following:

(g) Additional Improvements. The Tenant Improvement Allowance shall be increased by the amount of \$672,144 (the "Total"). ~~Of the Total, the LESSEE shall pay the sum of \$151,043.~~ Said sum shall be paid to LESSOR on or before August 1, 2005, without demand, invoice or other administrative precondition. LESSOR shall apply a credit to the Total of \$96,759 for reduction in the Tenant Improvement Allowance. The balance of the Total, or \$224,342 shall be financed by LESSOR and amortized over the Term of the Lease, all as set forth on Exhibit A attached hereto.

Except as herein specifically indicated, all other terms and conditions of the Original Lease and the First Amendment remain unchanged and in full force and effect. In the event of any inconsistency or conflict between this Lease Amendment 02 and either the Original Lease or the First Amendment, the terms of this Lease Amendment 02 shall control.

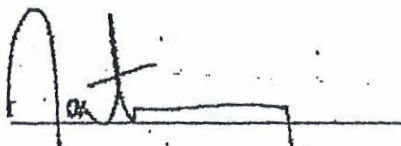
APPROVED:

LESSEE:  
COUNTY of SAN JOAQUIN  
BY:



STEVE GUTIERREZ, CHAIRMAN  
Board of Supervisors

LESSOR  
REGENT WEBER, LLC  
BY:



DARRELL PETRAY  
Managing member

ATTEST: LOIS M. SAHYOUN  
Clerk of the Board of Supervisors  
of the County of San Joaquin,  
State of California

By Carlingford SEAL "COUNTY"



APPROVED AS TO FORM  
TERRANCE R. DERMODY  
County Counsel

By   
David Woolen, Assistant County Counsel



Kenny

9/14/04

EMPLOYMENT and ECONOMIC DEVELOPMENT DEPARTMENT  
SAN JOAQUIN COUNTY  
OFFICE BUILDING LEASE

A-04-831

SEP 14 2004

LEASE AMENDMENT 01  
TO LEASE A-03-878

The Triple Net Lease dated October 21, 2003 between County of San Joaquin "LESSEE" and Regent Weber, LLC "LESSOR" is hereby amended as follows:

1. Under Recitals, page 1, paragraph B amend from "minimum of 200 parking spaces" to "minimum of 186 parking spaces".

2. Under Section 2 BASE RENT to read:

(a) Base Rent. Rent for the entire Premises shall be \$49,743.75 per month (the "Rent" or "Base Rent"), due and payable in arrears on the last day of each month, without deduction or off-set. The Rent shall increase on each annual anniversary of the Commencement Date by an amount equal to the lower of three percent (3%) or the percentage change in the Consumer Price Index for all Urban Consumers (All Items), San Francisco-Oakland-San Jose Average, (1982-84=100), as published by the United States Department of Labor, Bureau of Labor Statistics, for the month prior to the Commence Date; provided, however, that in no event shall the Base Rent be adjusted lower than the amount of the Base Rent in effect during the last month of the immediately preceding year.

"Premises", as used herein, shall mean the new building, to be 49,066 square feet, located at APN # 137-36-018, Stockton, California. The Premises are more particularly depicted on the Site Map and Premises attached Employment and Economic Development Department Office Building Lease Agreement A-03-878 as Exhibit A.

(b) The Base Rent and the Operating Expenses (as hereinafter defined) coming due and payable during each month of the Term, as such Term may be extended, constitute the total rental for the Premises for each such month and shall be paid by LESSEE in each month for and in consideration of the right of the use and occupancy, and for the continued quiet use and enjoyment, of the Premises during each month.

3. Under Section 3 TENANT IMPROVEMENTS add:

(f) Square Footage. The lease agreement provides for a Tenant Improvement allowance of \$45/sf of rentable area calculated on originally 47,375 square feet. Actual rentable area is 49,066 square feet based on the approved set of program design documents dated January 09, 2004. For consideration of the amendment to Section 2 above and no increase in the Base Rent the LESSEE agrees that the LESSOR will only provide \$2,131,875 for Tenant Improvement allowance. LESSEE acknowledges a net gain of 1,691 square feet in building area and LESSOR acknowledges no increase in Current or any Future Rent for the increased area.

(g) Additional Improvements. LESSOR will also provide administration and coordinate the installation of the audio/visual system, security, and data/telephone wiring required by the LESSEE during the initial phase of construction per Exhibit B. LESSOR will select the appropriate vendors through open competitive process and secure the best possible price in accordance with the Workforce Investment Act Directive Number WIAD00-2 (Exhibit F). LESSOR will also maintain and provide all documents pertaining to the competitive selection of said vendors. LESSOR AND LESSEE shall agree on all cost prior to acquisition and installation. LESSEE shall reimburse LESSOR on a cost plus fee basis. The costs of additional improvements shall not exceed \$492,000, inclusive of LESSOR'S fee. LESSOR'S fee is five percent (5%) of the actual expense, which is inclusive of all administrative and contractor's fees associated with the additional improvements. All requests for payment must be accompanied with vendor's invoice. Payment due date will be 30 days after approved invoice.

Except as herein specifically indicated, all other terms and conditions of the Lease (A-03-878) remain unchanged.

**APPROVED:**

**LESSEE:**

**COUNTY of SAN JOAQUIN**

**BY:**

LEROY ORNELLAS

**LEROY ORNELLAS, CHAIRMAN**  
**Board of Supervisors**

**ATTEST: LOIS M. SAHYOUN**  
**Clerk of the Board of Supervisors**  
**of the County of San Joaquin,**  
**State of California**

**LOIS M. SAHYOUN**

**By**



**APPROVED AS TO FORM**  
**TERRANCE R. DERMODY**  
**County Counsel**

**By**

David Wooten, Assistant County Counsel

**LESSOR:**

**REGENT WEBER, LLC**

**BY:**

Darrell Petray

**DARRELL PETRAY**  
**Managing Member**

[All signatures must be acknowledged]



19454

EE.DD

EMPLOYMENT AND ECONOMIC DEVELOPMENT  
DEPARTMENT  
OFFICE BUILDING LEASE AGREEMENT

TRIPLE NET LEASE

A-03- 878

This Lease is made and entered into on this 21 day of Oct 21, 2003, (the "Execution Date") by and between COUNTY OF SAN JOAQUIN, a political subdivision of the State of California, hereinafter called "LESSEE", and, REGENT WEBER, LLC, a California Limited Liability Company, hereinafter called "LESSOR".

Recitals

A. It is the intent of the parties to produce a finished leasehold within the building described in Exhibit A, with the building's core and building shell, tenant improvements, construction and design services to be financed by the LESSOR and recouped through the rental structure of the triple net (NNN) lease.

B. The obligations of this Lease are expressly conditioned upon: the obtaining of the land where the building and leased premises will be situated and, construction of off site improvements which have not been taken into account in establishing the rent payable by LESSEE hereunder.

Based on the above recitals IT IS EXPRESSLY AGREED between LESSOR and LESSEE that LESSOR hereby leases to LESSEE, and LESSEE leases from LESSOR, that certain office space, together with a minimum of 200 parking spaces, within a new building to be constructed by LESSOR on San Joaquin County APN # 13736018 located at the corner of Lincoln Street and Market Street, Stockton, California, (the "Premises") described more particularly by Exhibit A, attached hereto and incorporated herein by reference, under the following terms and conditions:

Terms and Conditions

I. TERM

This Lease shall have an expiration date that is the last day of the calendar month in which the Fifteenth (15th) anniversary of the Commencement Date occurs (the "Term"). The "Rent Commencement Date" will be the first day of the calendar month following the beneficial occupancy of the Premises by LESSEE (as evidenced by the City of Stockton's issuance of a Temporary Certificate of Occupancy). Within ten (10) days following the Rent Commencement Date, LESSOR and LESSEE shall execute a Memorandum of Rent Commencement Date to

memorialize the commencement and expiration dates of the Term of this Lease.

## 2. RENT

(a) Base Rent Rent for the entire Premises shall be \$1.05 per gross rentable square foot per month (the "Rent" or "Base Rent"), due and payable in arrears on the last day of each month, without deduction or off-set. The total monthly Rent payment is estimated at \$49,743.75 per month, based on 47,375 gross rentable square feet, which shall be adjusted for actual number of gross square feet of the building being constructed at the Premises for LESSEE's use. The Rent shall increase on each annual anniversary of the Commencement Date by an amount equal to the lower of three percent (3%) or the percentage change in the Consumer Price Index for All Urban Consumers (All Items), San Francisco-Oakland-San Jose Average, (1982-84=100), as published by the United States Department of Labor, Bureau of Labor Statistics, for the month prior to the anniversary of the Commencement Date; provided, however, that in no event shall the Base Rent be adjusted lower than the amount of the Base Rent in effect during the last month of the immediately preceding lease year. "Premises," as used herein, shall mean that area within the new building, estimated to be 47,375 gross rentable square feet, located at APN # 137-36-018, Stockton, California. The Premises are more particularly depicted on the Site Map and Premises attached hereto as Exhibit A and incorporated herein by reference.

The Base Rent and the Operating Expenses (as hereinafter defined) coming due and payable during each month of the Term, as such Term may be extended, constitute the total rental for the Premises for each such month and shall be paid by LESSEE in each month for and in consideration of the right of the use and occupancy, and for the continued quiet-use and enjoyment, of the Premises during each month.

## 3. TENANT IMPROVEMENTS

(a) Tenant Improvements LESSOR will provide an allowance of \$45 per net usable square foot (the "Tenant Improvement Allowance") for the construction of the LESSEE's tenant improvements in the Premises (the "Tenant Improvements"). Within forty-five (45) days after the Execution date, LESSOR and LESSEE shall agree upon the Tenant Improvements to be constructed by LESSOR and the cost thereof. LESSOR and LESSEE shall work cooperatively and diligently to agree upon the extent and nature of the Tenant Improvements and the cost thereof during said forty-five (45) day period. In the event LESSOR and LESSEE cannot agree upon the extent of the Tenant Improvements to be provided for the Tenant Improvement Allowance, then either party, within ten (10) days after the expiration of said forty-five (45) day period, may elect to terminate this Lease by giving written notice to the other party. Upon any such termination, the parties shall have no further obligation to each other. In the event the Tenant Improvements agreed upon by the parties can be constructed for less than the Tenant Improvement Allowance, then LESSOR shall provide a credit against the future monthly Base Rent payable following the Rent Commencement Date of this Lease according to the formula set forth in Exhibit "D" attached hereto and incorporated herein by reference. In the event the cost of



the Tenant Improvements exceeds the Tenant Improvement Allowance, the excess shall be paid to LESSOR by LESSEE as increased Base Rent using the formula specified in Exhibit D. LESSOR shall have no obligation to commence the construction phase for the building that will contain the Premises until LESSOR and LESSEE have agreed upon the Tenant Improvements and the cost thereof.

(b) Alterations and Improvements by LESSEE. During the Term of this Lease, LESSEE may, at its own expense, make such alterations and interior improvements as it may deem necessary only with the prior written approval of LESSOR, whose approval shall not unreasonably be withheld. Alterations shall be constructed in a good and workmanlike manner using materials of a quality that is at least equal to the quality designated by LESSOR as the minimum standard for the building containing the Premises. LESSOR may designate reasonable rules, regulations and procedures for the performance of work in the building in order to avoid disruption to other occupants of the building.

(c) Payments in Connection with Change Orders. No Change Order shall be made in the work required by this Lease unless both LESSOR and LESSEE approve such changes and the cost thereof in writing. In the event of changes requested by LESSEE during the course of construction or in the final plans and specifications, LESSEE shall have the option of reimbursing LESSOR for the additional costs and expenses caused by such changes: (i) In cash within 30 days after LESSOR's contractor completes such change; or (ii) by adjusting the monthly Rent for the amount of the Change Order as hereinafter provided. LESSEE shall indicate how it desires to pay for each Change Order at the time the Change Order is approved by the parties.

(d) Force Majeure. In the event that a Force Majeure Event (as hereinafter defined) occurs, LESSOR shall be provided with an additional period of time to complete the construction of the building or the Tenant Improvements. The term "Force Majeure" as used in this Lease is defined as an act of god or a public enemy, whether the occurrence is caused by war, riot, terrorism, flood, storm, weather, earthquake or other natural forces, moratoriums, government agencies, quasi-government agencies, unavailability of material or labor, fuel shortages or rationing, or the acts of anyone not a party to this Lease. As a precondition of LESSOR claiming an extension of time due to a Force Majeure Event, LESSOR shall deliver to LESSEE written notice setting forth the estimated length of the delay, the reason for the delay and the total Force Majeure Event days of delay accrued to date. Each day of Force Majeure Event delay shall extend the Rent Commencement Date by one business day.

(e) Liens. LESSEE shall not permit mechanic's liens or stop work notices to be placed upon the Premises and the real property where they are located in connection with any work or service done or purportedly done by or for the benefit of LESSOR. If a lien is so placed, LESSEE shall, within ten (10) days of notice from LESSOR of the filing of the lien, fully discharge the lien by settling the claim which resulted in the lien or stop work notice or by bonding or insuring over the lien or stop work notice in the manner prescribed by law. If

LESSEE fails to discharge the lien or stop work notice, then, in addition to any other right or remedy of LESSOR, the LESSOR may bond or insure over the lien or otherwise discharge the lien or stop work notice. In such an event, LESSEE shall reimburse LESSOR for any amount paid by LESSOR to bond, discharge or insure over the lien or stop work notice, including, without limitation, reasonable attorneys' fees within thirty (30) days after receipt of an invoice from LESSOR.

#### 4. OPERATING EXPENSES

As additional rent, LESSEE shall pay its pro rata share of the building's "Operating Expenses" (as defined below). LESSOR shall provide all services described below except as otherwise provided in this Lease and LESSEE shall reimburse LESSOR for all Operating Expenses either: (a) within 15 days after receipt of a written bill therefore from LESSOR, or (b) in advance in estimated monthly installments, in accordance with the following: (i) LESSOR shall deliver to LESSEE the LESSOR's reasonable estimate of the Operating Expenses it anticipates will be paid or incurred for the calendar year in question; (ii) during such year LESSEE shall pay LESSEE's Share of the estimated Operating Expenses in advance in monthly installments at the time installments of Base Rent are due; and (iii) within 90 days after the end of each year, LESSOR shall furnish to LESSEE a statement in reasonable detail of the actual Operating Expenses paid or incurred by LESSOR during the previous year and there shall be an adjustment between LESSOR and LESSEE, with payment to LESSOR or a credit to the next installment of LESSEE's Base Rent due (or cash payment to LESSEE, if the Lease has terminated), within 10 days after delivery by LESSOR to LESSEE of said statement, so that LESSOR shall receive the entire amount of LESSEE's Share of all Operating Expenses for such year and no more. LESSEE shall have the right once each calendar year, at its expense, exercisable upon written notice to LESSOR within sixty (60) days of LESSEE's receipt of LESSOR's annual statement, to audit, at LESSOR's office during normal business hours, LESSOR's books and records as they relate to Operating Expenses. If the amount demanded by LESSOR for Operating Expenses differs from the actual amount thereof by more than 10% of the demanded amount, then LESSOR shall pay the cost of such audit. This Lease is a "net-net-net lease" and the LESSEE hereby agrees that the Rent is an absolute net return to the LESSOR, free and clear of any expenses, charges or set-offs whatsoever.

The term "Operating Expenses" shall include LESSOR's costs and expenses to perform the LESSOR's repair and maintenance obligations as specified in Exhibit "C" attached hereto and incorporated herein by reference, as well as the Real Property Taxes (as defined below) and insurance costs incurred by LESSOR to insure the building against loss or damage and to maintain liability insurance. LESSEE shall be responsible for performing all other maintenance and repairs to the Premises and to the building which contains them.

Notwithstanding the foregoing, Operating Expenses shall not include, and LESSEE shall not be responsible for the payment of, the following costs and expenses: (1) Costs incurred for the initial construction of the site improvements, parking lot, and building core/shell improvements.



as described in Exhibit B attached hereto; (ii) Costs incurred for repair of the structural parts of the building (including foundation, floor, slab and load-bearing walls), capital improvements and replacements to the site improvements, parking lot and the building not listed above, unless such costs are the result of LESSEE's failure to maintain the building, and provided further that the maintenance of the site improvements shall be the responsibility of LESSEE from and after the Rent Commencement Date; (iii) Costs incurred to correct any defects in design, materials or construction of the building and parking lot.

LESSEE hereby acknowledges that LESSOR shall have no obligation whatsoever to provide guard service or other security measures for the benefit of the Premises or the building where they are situated. LESSEE assumes all responsibility for the protection of LESSEE, its officers, agents, and invitees and the property of LESSEE and of LESSEE's agents and invitees from acts of third parties.

LESSEE shall be responsible for all tenant services and utilities listed on Exhibit "C". LESSEE will pay no management fee.

## 5. TAXES

(a) Real Property Taxes Real Property Taxes shall include all real estate taxes and assessments, general or special, ordinary or extraordinary, of every name, nature and kind whatsoever, and any possessory interest tax, which may be levied, assessed, charged or imposed, or may be or become a lien or charge upon the building and real property that contains the Premises or any part thereof or upon any of the improvements upon the Premises, or upon LESSEE's leasehold interest under this Lease commencing as of the Rent Commencement Date and continuing throughout the Term. LESSEE shall not be required to pay (i) any franchise, gift, estate, inheritance, succession, capital stock, or capital levy imposed upon LESSOR in connection with this Lease or LESSOR's rights in the building that contains the Premises, or (ii) any income, excess profits or revenue tax, or any other similar tax, charge or levy against LESSOR upon either the rentals provided for herein or LESSOR's right to receive such rentals. All of the aforesaid taxes and assessments as set forth above (except those, if any, payable solely by LESSOR) which shall relate to a year during which the obligation of LESSEE to make such payments commences or terminates shall be prorated between LESSOR and LESSEE. LESSOR and LESSEE acknowledge that LESSEE is negotiating an agreement with the City of Stockton's Redevelopment Agency for property tax reimbursement/relief for the Premises. LESSEE shall have the one time right to terminate this Lease if it cannot successfully conclude such agreement with the City of Stockton's Redevelopment Agency prior to the date LESSOR plans to commence construction of the building that will contain the Premises. LESSOR shall give LESSEE at least thirty (30) days advance written notice of the date LESSOR intends to commence construction. If LESSEE determines that it is going to exercise the foregoing right of lease termination, then LESSEE shall give LESSOR written notice of lease termination within ten (10) days after receipt of LESSOR's notice of the intended date of construction commencement or such right shall be void and of no further force and effect, not withstanding, section 20.

(b) Assessment Districts. If at any time during the Term any governmental authority shall undertake to create an improvement district, parking district or special assessment district the proposed boundaries of which shall include the building that contains the Premises, LESSEE shall be entitled to appear in any proceeding relating thereto and to exercise all rights of LESSEE or LESSOR to have the building that contains the Premises excluded from such district or to determine the degree of benefit to the building that contains the Premises resulting there from. If any tax, assessment, charge, levy or impost made against the building that contains the Premises to finance any such public improvement shall be payable in installments over a period of time extending beyond the Term, LESSEE shall only be required to pay such installments thereof as shall become due and payable during the Term, subject to proration as provided above.

(c) Personal Property Taxes. LESSEE shall pay all taxes charged against trade fixtures, furnishings, equipment or any other personal property belonging to LESSEE at least ten (10) days prior to the delinquency date of the taxes. LESSEE shall attempt to have personal property taxed separately from the Premises. In the event that any of LESSEE's personal property shall be assessed with LESSOR's real property, LESSEE shall pay LESSOR the personal property taxes attributable to LESSEE within ten (10) days after receipt of a written statement from LESSOR setting forth the taxes applicable to LESSEE's personal property.

## 6. DESTRUCTION OF PREMISES

(a) Partial Damage/Destruction. If the Premises shall be partially damaged or destroyed, LESSOR shall promptly restore the Premises to their previous condition and make the same safe for LESSEE's use and occupancy. In such case, a proportionate amount of the Rent shall abate until the Premises shall be so restored; provided, however, that if the time needed to complete restoration is greater than six (6) months from the date the damage occurred, LESSEE shall have the option to terminate this Lease by delivery to LESSOR of a written notice of election to terminate within thirty (30) days after LESSEE receives from LESSOR the estimate of the time needed to complete such restoration. If the damage occurs during construction of the Tenant Improvements, then LESSEE's right to terminate may only be utilized if the time to complete restoration would cause Substantial Completion of the Tenant Improvements to be delayed by at least one hundred eighty (180) days, in which case the provisions of this Section 6 herein would apply. Should the Premises and Tenant Improvements not be so restored within the allotted time, LESSEE may, at its option, cancel and terminate this Lease. If so terminated, Rent paid in advance by LESSEE shall be refunded to it.

(b) Total Damage/Destruction. If the Premises shall be completely damaged or destroyed, this Lease Agreement shall terminate on the date of such damage or destruction. If so terminated, any Rent paid in advance by LESSEE shall be refunded to it.

(c) Total Taking. In the event, during the Lease Term, the whole of the Premises shall be taken for any public or quasi-public purpose by any lawful power or authority by



exercise of the right of appropriation, condemnation or eminent domain, or sold to prevent such taking, LESSEE or LESSOR may terminate this Lease effective as of the date possession is required to be surrendered to said authority. The condemnation proceeds allocable to the Site Improvements, Tenant Improvements, and the Premises shall be allocated to LESSOR, and any other proceeds shall be allocated between LESSOR and LESSEE as their interests may appear. In such event, each party shall bear its own costs, notwithstanding any work that may have been performed or sums expended by LESSOR at such time.

(d) Partial Taking. In the event, during the Lease Term, of a partial taking of the Premises for any public or quasi-public purpose by any lawful power or authority by exercise of the right of appropriation, condemnation or eminent domain, or sold to prevent such taking, then LESSEE may elect to terminate this Lease if such taking is of material detriment to, and substantially interferes with, LESSEE's use and occupancy of, and conduct of its business from the Premises. In no event shall this Lease be terminated when such a partial taking does not have a material adverse effect upon LESSOR or LESSEE or both. Termination pursuant to this Section shall be effective as of the date possession is required to be surrendered to said authority. In the event of a partial taking, and whether or not LESSEE terminates this Lease, LESSEE and LESSOR shall be entitled to those condemnation proceeds attributable to those items for which they are entitled to compensation pursuant to the immediately preceding section.

#### 7. ASSIGNMENT AND SUBLETTING

LESSEE shall not assign or transfer any interest therein, nor sublet whole or part of the Premises without first having obtained the written consent of LESSOR. Such consent shall not be unreasonably withheld. LESSOR's consent to any such assignment, transfer or sublease shall not relieve or release LESSEE from any of its obligations under this Lease and LESSEE shall continue to remain obligated for the faithful performance of the terms and provisions of this Lease. Any such assignment, transfer or sublease may only be for an office use as allowed under this Lease.

#### 8. ENTRY BY LESSOR

LESSOR may enter the Premises with consent of LESSEE or upon written notice to LESSEE (twenty-four (24) hours shall be deemed reasonable advance notice) for the purposes of reasonable inspection, making repairs, alteration or additions, to show the Premises to prospective purchasers, or mortgagees, or any other valid and reasonable business purpose. Entry shall be made during regular business hours. In the event of any emergency such as a fire, LESSOR may enter the leased Premises without consent or prior notice.

#### 9. LEGAL FEES



In the event of any legal action by the parties arising out of this Lease agreement, the losing party shall pay the prevailing party reasonable attorney's fees and court costs to be fixed by the court hearing the suit, including any attorneys' fees and costs incurred on any appeals.

#### 10. WAIVER AND SEVERABILITY

No waiver by either party at any time of any of the terms, conditions, covenants, or agreements of this Lease shall be deemed or taken as a waiver at any time thereafter of any of the same, nor of the strict and prompt performance thereof by the other party. If a court of competent jurisdiction shall adjudge any provision of this Lease invalid or unenforceable, the remaining provisions of this Lease shall not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.

#### 11. SURRENDER OF PREMISES

LESSEE agrees at the expiration of this Lease, lease option or upon the earlier termination thereof for any reason, to quit and surrender the Premises to LESSOR in as good state and condition as the Premises are in when possession thereof is given to LESSEE, reasonable wear and tear and damage by the elements and acts of God excepted, and LESSEE agrees at the expiration of the lease term, option period, or earlier termination thereof to remove any and all signs that have been placed upon, in or about the Premises by LESSEE and to repair and restore the Premises to the same condition prior to the time of placing of said signs upon the Premises, reasonable wear and tear and damage by the elements excepted. LESSEE agrees that at any time after ninety (90) days prior to the termination of this Lease or lease option period, LESSOR may place thereon any usual or ordinary "To Let" or "To Lease" or "For Sale" signs.

#### 12. DEFAULT AND RE-ENTRY

If the Rent or Operating Expenses shall be unpaid for five (5) days after the date on which the same become due, or if LESSEE defaults in any of the agreements herein, LESSOR shall have the right to cure default within five (5) days of LESSOR'S notice. Should LESSEE fail to cure default LESSOR shall have the option to declare this Lease forfeited and it shall be lawful for LESSOR to re-enter and take possession of said Premises, and LESSOR may, after taking possession as aforesaid, at LESSOR'S option, re-let the Premises, all without prejudice to LESSOR of any remedies which might otherwise be used for the collection of the rents specified. It is understood that each of the remedies given LESSOR hereunder are cumulative and that the exercise of one right or remedy by LESSOR shall not impair its right to any other remedy. Upon material breach of this Lease or default by LESSEE, LESSOR reserves the right to re-entry pursuant to legal proceedings required by the prevailing laws of the State of California.

#### 13. NOTICES



Any demand or notice which either party shall be required or may desire to make upon or give the other shall be in writing and shall be delivered personally to the other or sent by certified mail/return receipt requested addressed to the respective parties, as follows:

LESSOR: Regent Weber, LLC  
Attn: Darrell Petray  
798 University Avenue  
Sacramento, CA 95825

With a copy to:

Law Offices of Gregory D. Thatch  
1730 I Street, Suite 220  
Sacramento, California 95814

LESSEE: San Joaquin County  
222 E. Weber Avenue, Room 707  
Stockton, CA 95202

With copy to:

San Joaquin County  
Facilities Management Division  
212 N. San Joaquin Street, Suite A  
Stockton, CA 95202

Notice by certified mail/return receipt requested shall be deemed to have been communicated three business days after the date of mailing. No party shall evade or refuse delivery of any notice.

#### 14. INSURANCE

(a) LESSOR and LESSEE shall indemnify, hold harmless, reimburse and defend the other from all liability, damages, loss, costs, and obligations, including court costs and reasonable attorneys' fees, arising out of any claim, suit, judgment, loss or expense occasioned by, but not limited to, injury or death of any person or persons, or loss or damage to any property, arising from the act or omission of the indemnitor.

(b) During the construction phase of this lease, LESSOR shall provide and maintain commercial general liability and property damage policies in standard form in the minimum amount of One Million Dollars (\$1,000,000) single limit, such policy to include completed operations and products liability.

(c) Commencing with the Rental Commencement Date, LESSEE shall at all time thereafter maintain commercial general liability insurance in an amount of not less than Five Million Dollars (\$5,000,000) per occurrence for bodily or personal injury, death, and property damage, and shall furnish to LESSOR a certificate of such insurance providing for not less than thirty (30) days written notice of any cancellation or material change in coverage. LESSOR shall be named as an additional insured on such liability insurance policy. LESSEE shall require its insurance carriers to waive any and all rights of subrogation against the LESSOR. All insurance required to be carried by LESSEE shall be primary with any insurance carried by LESSOR being excess and non-contributing. Notwithstanding the foregoing, LESSEE may self insure for the first One Million Dollars (\$1,000,000) of insurance coverage, in which event LESSEE shall provide LESSOR with a copy of any certificate of self-insurance for LESSOR's approval, such approval not to be unreasonably withheld.

(d) Commencing with the Rental Commencement Date, LESSEE shall at all times during the Term of the Lease keep the Tenant Improvements insured against loss or damage by fire, flood, lightning, vandalism, theft, malicious mischief, and any and all other risks and hazards as LESSEE may reasonably deem necessary, including those ordinarily defined as "extended coverage", to an amount or amounts equal to 100% of the full insurable value of said Tenant Improvements (less usual exclusions), such insurance to include replacement cost endorsements. LESSOR shall be named as co-insured thereon. Upon request, any lender of LESSOR with respect to the building that contains the Premises shall be named co-insured as loss payee as its interest shall then appear. LESSEE shall not be relieved from the obligation of supplying any additional funds for replacement of the Tenant Improvements in the event of destruction where LESSEE's fire and casualty insurance does not cover actual full replacement costs.

(e) Except as may be specifically provided for elsewhere in this Lease Agreement, LESSOR and LESSEE hereby each mutually waive any right of recovery from the other in the event of damage to the Premises or property of either caused by acts of God, perils of fire, lightning, and the extended coverage perils as defined in insurance policies and forms approved for use in the State of California.

(f) No use shall be made of the Premises which will increase the commercial rate of insurance upon the building or cause a cancellation of any insurance policy covering said building, nor shall LESSEE keep on the Premises any articles which may be prohibited by the standard form fire insurance policies. In recognition of the self insurance right of the LESSEE, this Lease shall not require LESSEE to obtain commercially available insurance for activities arising out of LESSEE'S use of the Premises, provided such self insurance has fully funded reserves equal to the amount of the insurance coverages required hereunder.

## 15. INDEMNITY



This Lease is made upon the express condition that LESSOR is to be free from all liability, including strict liability in tort and claims for damages by reason of any injury to any persons or persons, including LESSEE, or property of any kind and to whomever belonging, including LESSEE, from any cause or causes whatsoever, other than the negligence or willful misconduct of LESSOR or its agents, employees and contractors, and LESSEE hereby covenants and agrees to indemnify, defend (with legal counsel reasonably acceptable to LESSOR) and save harmless LESSOR from all liability, loss, costs, and obligations on account of or arising out of any such injuries or losses not caused by the negligence or willful misconduct of LESSOR or its agents, employees and contractors.

#### 16. HAZARDOUS MATERIALS

(a). Compliance With Environmental Laws. LESSEE, as to the LESSEE's use and occupancy of the Premises, and LESSOR, as to LESSOR's ownership and use of the building and Premises and performance under this Lease, shall comply with all federal, state and local laws, ordinances, regulations, rules or requirements including, but not limited to, those relating to worker safety, public health and the environment. Specifically, but without limiting LESSEE's and LESSOR's obligations described above, LESSEE and LESSOR shall establish and adhere to any hazardous material management plan required by the County of San Joaquin, City of Stockton or any other federal, state or local governmental agency having jurisdiction. Notwithstanding the foregoing, LESSEE may use and store Hazardous Materials commonly used in office buildings so long as such use and storage complies with all applicable laws and regulations. The parties agree that any liability, damage, loss, costs and obligations arising out of or aggravated by exposure to asbestos or asbestos removal required under the law and this Lease shall be the sole responsibility of the LESSOR.

(b) Notification Of Release. LESSEE and LESSOR will immediately notify the other orally (with a written notice to follow within five days) if it knows or has reasonable cause to believe that a release of Hazardous Material has come or will come to be located on, in, about or beneath the Premises in violation of applicable laws, provided that such notification obligation shall not in itself imply the existence of a remediation obligation on the part of LESSEE or LESSOR.

(c) Hazardous Materials. Hazardous Materials shall mean any hazardous or toxic substance, material or waste at any concentration that is or becomes regulated by the United States, the State of California or any local government authority having jurisdiction over the Premises. Hazardous Materials includes, without limitation, any "hazardous substance, hazardous waste, hazardous material, "toxic substance," "solid waste," "pollutant" or "contaminant" as defined in the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), 42 USC Sections 9601, et. seq.; the Resource Conservation and Recovery Act (RCRA), 42 USC Section 6901, et. seq.; the Toxic Substances Control Act (TSCA), 15 USC Section 2601, et. seq.; the Insecticide, Fungicide, Rodenticide Act, 7 USC Section 136, et. seq.; the Occupational Safety and Health Act, 29 USC Section 655 and 657; the



Clean Air Act, 42 USC Section 7401, et seq.; the Clean Water Act, 33 USC Section 1251, et seq.; the Safe Drinking Water Act, 42 USC Section 300f, et seq.; the California Hazardous Substances Account Act, Health and Safety Code Section 25,300 et seq.; the California Hazardous Waste Control Act, Health and Safety Code Section 25,1090, et seq.; the California Safe Drinking Water and Toxic Enforcement Act, Health and Safety Code Section 24249.5, et seq.; the Porter-Cologne Water Quality Act, Water Code Section 13,000 et seq., together with any amendments of or regulations promulgated under the statutes cited above or any other federal, state or local law, statute, ordinance or regulation now in effect or later enacted that pertains to, occupational health or industrial hygiene, or the regulation or protection of the environment, including ambient air, soil, soil vapor, groundwater, surface water or land use. This shall include, without limitation, any asbestos or PCBs.

#### 17. SUBORDINATION

LESSOR warrants and represents that will hold fee simple title to the real property where the building that contains the Premises will be constructed on the Rent Commencement Date. LESSOR and LESSEE acknowledge that LESSOR is negotiating a Disposition and Development Agreement for the acquisition of the real property where the building containing the Premises is to be constructed with the City of Stockton Redevelopment Agency and that this Lease will be subordinate to such Disposition and Development Agreement. In the event LESSOR cannot successfully conclude its negotiation of such Disposition and Development Agreement with the City of Stockton's Redevelopment Agency, then this Lease shall be of no further force and effect. This Lease shall be subordinate to any existing or future deeds of trust or mortgages, unless the holder thereof elects to make it superior to the lien of the deed of trust or mortgage. On or before the execution of this Lease, the parties shall agree and LESSOR shall provide to LESSEE a subordination, nondisturbance and attornment agreement ("SNDA") in a form reasonably acceptable to LESSEE signed by the holders of all existing notes or other obligations secured by existing mortgages, deeds of trust or other security instruments affecting the Premises (if any). Subject to the execution of such an SNDA by all such lenders and other security holders, LESSEE agrees, in consideration of the warranties and conditions set forth in this section, that the Lease shall be subject to and subordinate to any recorded mortgage, deed of trust, or any other hypothecation or security now or hereafter placed upon the Premises. Notwithstanding such subordination, LESSEE's right to quiet possession of the Premises shall not be disturbed. LESSOR will include in any future mortgage, deed of trust or other security instrument to which this Lease becomes subordinate, or in a separate SNDA, a provision to the foregoing effect. Within thirty (30) business days next following the LESSEE's receipt of a written demand, LESSEE shall execute such additional instruments as are reasonably acceptable to LESSEE to evidence the subordination of this Lease provided such instrument does not interfere with the full enjoyment of any right granted to the LESSEE under this Lease. No such subordination, to either existing or future mortgages, deeds of trust or other security instrument shall operate to affect adversely any right to the LESSEE under this Lease so long as the LESSEE is not in default under this Lease.



In the event of any sale of the building that contains the Premises or any portion thereof by foreclosure, or the giving of a deed in lieu of foreclosure, the LESSEE will be deemed to have attomed to any purchaser or transferee of the building or any portion thereof and its or their successors and assigns, and any such purchaser and transferee will be deemed to have assumed all obligations of the LESSOR under this Lease, so as to establish direct privity of estate and contract between the LESSEE and such purchasers or transferees, with the same force, effect and relative priority in time and right as if the Lease had initially been entered into between such purchaser or transferee and the LESSEE; provided, further, that the LESSEE and such purchaser or transferee, with reasonable promptness following such sale or deed delivery in lieu of foreclosure, shall execute such revisions to this Lease as shall be necessary to document the foregoing relationship.

LESSEE, within ten (10) days after request, shall fully cooperate with and provide LESSOR with an adopted budget for the leased Premises in a form acceptable to LESSOR's lender.

#### 18. ESTOPPEL CERTIFICATES

At all times during the Term each party agrees, following any request by the other party, promptly to execute and deliver to the requesting party, within thirty (30) days following delivery of such request, an estoppel certificate: (i) certifying that this Lease is unmodified and in full force and effect or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect, (ii) stating the date to which the rent and other charges are paid in advance, if any, and (iii) acknowledging that there are not, to the certifying party's knowledge, any uncured defaults on the part of any party hereunder or, if there are uncured defaults, specifying the nature of such defaults. A failure to deliver an estoppel certificate within ten (10) days after delivery of a request therefore shall be a conclusive admission that, as of the date of the request for such statement (i) this Lease is unmodified, except as may be represented by the requesting party in said request, and is in full force and effect, (ii) there are no uncured defaults in the requesting party's performance, and (iii) no Rent has been paid more than 30 days in advance. Such Estoppel Certificate may be executed on behalf of the County by the County Administrator or his or her designee, including but not limited to the County's Director of Facilities Management

#### 19. SIGNS

LESSEE shall provide, at its own cost, any signs located on the interior or exterior of the Premises and required for the efficient conduct of LESSEE'S activities. LESSEE shall not install any interior or exterior signs without prior consent of LESSOR, which shall not be unreasonably withheld.

## 20. LESSEE'S RIGHT TO TERMINATE

(a) Exercise of Termination Right. At any time after the last day of the ninth (9<sup>th</sup>) Lease Year but before the last day of the one hundred tenth (110<sup>th</sup>) month of the initial Lease Term, LESSEE shall have the option, on notice to LESSOR ("Termination Notice"), to terminate this Lease solely with respect to all of the Premises. The termination shall be effective as of the last day of the tenth (10<sup>th</sup>) year of the initial Term (the "Early Lease Termination Date"). LESSEE's delivery of the Termination Notice to LESSOR shall be accompanied by an amount equal to the Lease Termination Fee, as defined below in this Section 20.

(b) Lease Termination Fee. The Lease Termination Fee shall be equal to the sum of

(i) The amount of the Base Rent that would have been payable by LESSEE under the Lease during the twelve month (12-month) period after the Early Lease Termination Date (the "12-Month Period" and the "12-Month Period Base Rent");

(ii) The amortized value as of the Early Lease Termination Date of the Lease Concessions for the final five (5) years of the original Term. For purposes of this subsection 21.2, "Lease Concessions" shall be equal to the sum of: (i) the amount of the Tenant Improvement Allowance and any other improvement allowance granted by LESSOR in connection with LESSOR's delivery of the Premises to LESSEE; (ii) the benefit of any Tax Increment negotiated with the City which does not continue for the original Term as a result of the Early Lease Termination; and, (iii) any other monetary concessions granted by LESSOR to LESSEE in connection with LESSEE's lease of the Premises.

(c) Reduction of Lease Termination Fee. Should LESSOR be successful in re-tenanting the Premises during the 12-Month Period, LESSOR agrees to rebate to LESSEE net rents actually received from any new tenant for the remaining balance of the 12-Month Period, not in any case to exceed the remaining amortized balance of the 12-Month Period Base Rent (i.e. if LESSOR re-leases all or a portion of the Premises in the sixth month following the Early Termination Date LESSOR would rebate rents actually collected from any new tenant(s) for the following six (6) months up to a total of the amortized balance of the 12-Month Period Base Rent, less the amortized value of any Lease Concessions made or paid in connection with the re-leasing of the Premises).

## 21. ENTIRE AGREEMENT

This Lease supersedes all prior agreements and verbal discussions between the parties. This Lease constitutes the entire contract between the parties concerning the subject matter hereof. It is intended as the final expression of their agreement with respect to such terms as are included herein and may not be contradicted by evidence of any prior agreements, discussions or contemporaneous oral agreement. The parties further intend that this Lease constitutes the complete and exclusive statement of its terms and that no extrinsic evidence whatsoever may be introduced in any judicial or arbitration proceeding. This Lease may not be modified, changed,



supplemented, superceded, canceled or terminated, nor may any obligations be waived, except by a written instrument signed by the party charged or by its authorized agent duly authorized in writing.

## 22. PERMITTED USE

LESSEE shall use the Premises for general office uses in compliance with all applicable zoning and other ordinances of the City of Stockton. No other use may be made of the Premises without the LESSOR's prior written consent, which LESSOR may grant or deny in its sole discretion.

## 23. NO BROKERS.

LESSOR and LESSEE each represent and warrant to the other that they have not dealt with or been represented by any real estate brokers or finders in connection with this Lease. Each party hereto shall indemnify, defend and hold harmless the other party against any loss, liability, claim, damage or judgment incurred by reason of any brokerage fee, commission or finder's fee that is payable or alleged to be payable to any broker or finder as a result of the acts of the indemnifying party.

## 24. LIMITATION OF LIABILITY.

Notwithstanding anything to the contrary contained in this Lease, the liability of LESSOR (and of any successor LESSOR) to LESSEE shall be limited to the interest of LESSOR in the Premises and building that contains the Premises. LESSEE shall look solely to LESSOR's interest in the Premises and building that contains the Premises for the recovery of any judgment or award against LESSOR. Neither LESSOR nor any LESSOR related party shall be personally liable for any judgment or deficiency. Before filing suit for an alleged default by LESSOR, LESSEE shall give LESSOR and any of LESSOR's lenders whom LESSEE has been notified hold mortgages or deeds of trust against the building that contains the Premises written notice and a reasonable time to cure the alleged default of LESSOR.

## 25. FURTHER ASSURANCES AND CORRECTIVE INSTRUMENTS.

LESSEE agrees that it will execute and deliver any and all such further agreements, instruments, or other assurances as may be reasonably necessary or requested by the LESSOR or any lender of LESSOR to carry out the intention of this Lease or to facilitate the performance of this Lease, including, without limitation, to correct any inadequate, incomplete or incorrect description of the Premises hereby leased or intended to be leased.

26. OPTION TO PURCHASE. LESSEE shall have the option to purchase the property and building containing the Premises as set forth in Exhibit "E" attached hereto and incorporated herein by reference.

27. ATTACHMENTS

Attached hereto are the following documents, which constitute a part of this Lease:

Exhibit A - Site Map and Premises

Exhibit B - Building Core/Shell Design Development Plans

Exhibit C - Repair and Maintenance Responsibilities

Exhibit D - Formula for Granting a Base Rent Credit for Unused Tenant Improvement Allowance

Exhibit E - Option to Purchase



IN WITNESS WHEREOF, LESSOR AND LESSEE have each caused this Lease to be executed on the date first written above.

LESSEE:  
COUNTY OF SAN JOAQUIN, a  
Political subdivision of the  
State of California

ATTEST: LOIS M. SAHYOUN  
Clerk of the Board of Supervisors  
of the County of San Joaquin,  
State of California

By JACK A. SIEGLOCK

Jack Sieglock, Chairman  
Board of Supervisors

By CAROLINE JUNCO  
APPROVED AS TO FORM:  
TERRENCE R. DERMODY  
County Counsel



By [Signature]

LESSOR:  
REGENT WEBER, LLC.  
a California Limited Liability Company

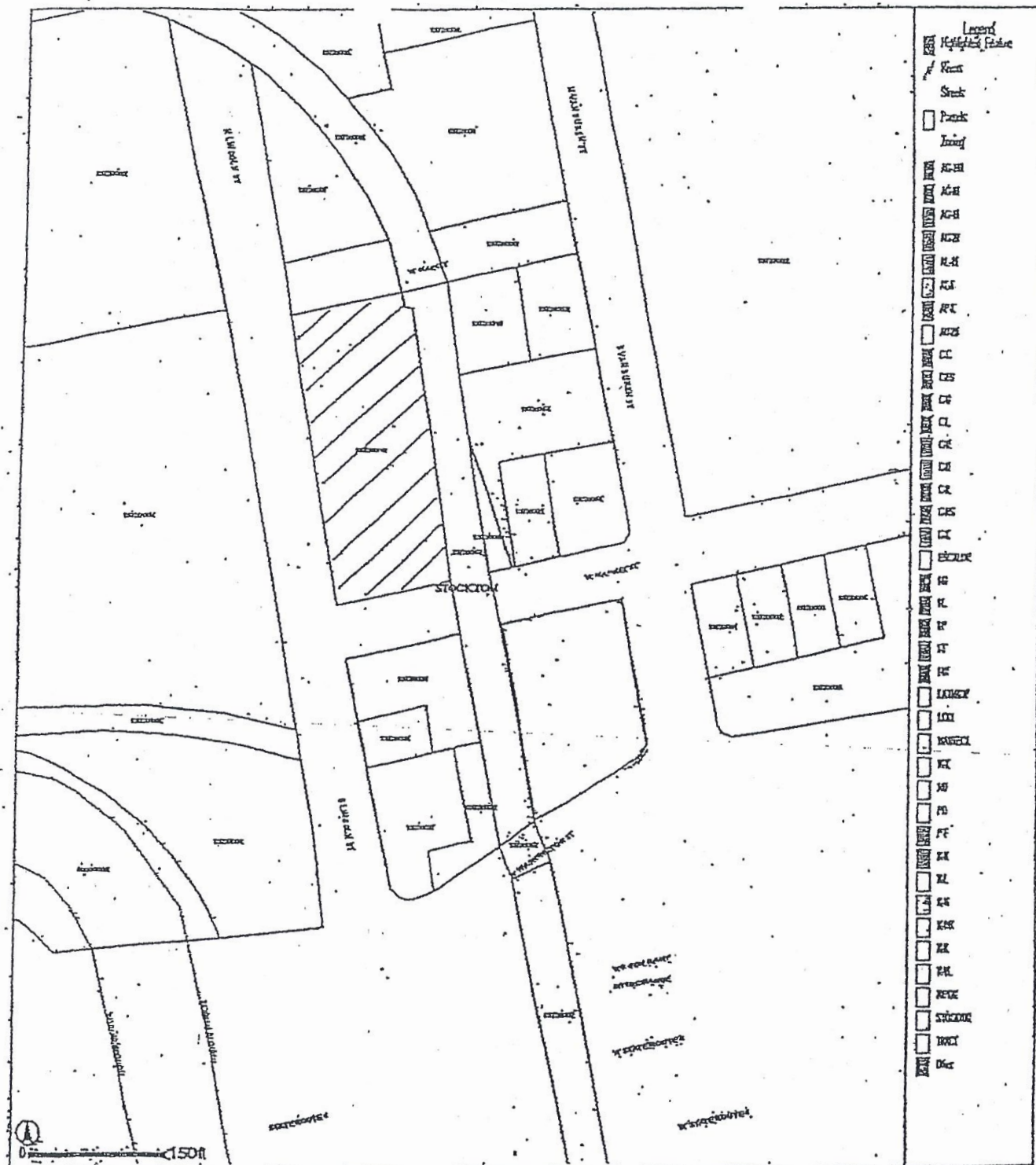
By [Signature]  
It's Manager

Approved to Form:  
Law Offices of Gregory D. Thatch

By [Signature]

Exhibit A -- Site Map and Premises





# San Joaquin County Parcel Viewer

San Joaquin County Geographic Information Systems  
1810 East Houston Avenue, Stockton, California 95205

This map is a computer-generated representation of the current parcel data as of the date of the map. It is not a legal document and should not be used for legal purposes. The map is provided for informational purposes only. The map is not a legal document and should not be used for legal purposes. The map is provided for informational purposes only.



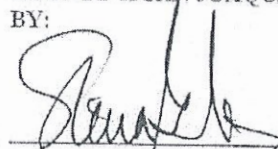
2. Paragraph 3(g) of the First Amendment, which was an addition to the Original Lease under Section 3 TENANT IMPROVEMENTS, is hereby stricken in its entirety and replaced with the following:

(g) Additional Improvements. The Tenant Improvement Allowance shall be increased by the amount of \$672,144 (the "Total"). Of the Total, the LESSEE shall pay the sum of \$351,043. Said sum shall be paid to LESSOR on or before August 1, 2005, without demand, invoice or other administrative precondition. LESSOR shall apply a credit to the Total of \$96,759 for reduction in the Tenant Improvement Allowance. The balance of the Total, or \$224,342 shall be financed by LESSOR and amortized over the Term of the Lease, all as set forth on Exhibit A attached hereto.

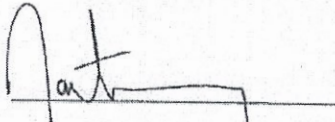
Except as herein specifically indicated, all other terms and conditions of the Original Lease and the First Amendment remain unchanged and in full force and effect. In the event of any inconsistency or conflict between this Lease Amendment 02 and either the Original Lease or the First Amendment, the terms of this Lease Amendment 02 shall control.

APPROVED:

LESSEE:  
COUNTY of SAN JOAQUIN  
BY:

  
STEVE GUTIERREZ, CHAIRMAN  
Board of Supervisors

LESSOR  
REGENT WEBER, LLC  
BY:

  
DARRELL PETRAY  
Managing member

ATTEST: LOIS M. SAHYOUN  
Clerk of the Board of Supervisors  
of the County of San Joaquin,  
State of California

By Carol Ingred SEAL "COUNTY"



APPROVED AS TO FORM  
TERRANCE R. DERMODY  
County Counsel

By   
David Wooten, Assistant County Counsel





SAN JOAQUIN COUNTY  
FACILITIES MANAGEMENT DIVISION  
212 N. San Joaquin Street, Suite A  
Stockton, California, 95202-2778  
PH: (209) 468-2180  
FAX: (209) 468-2186

Government Buildings  
Property Management  
Parks & Recreation  
Capital Projects

June 6, 2005

EXHIBIT A

Mr. Darrell Petray  
Regent Weber, LLC  
798 University Avenue  
Sacramento, CA 95825

Dear Darrell:

Correspondence of May 24, 2005

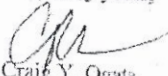
Pursuant to our lease agreement (A-03-878) dated October 21, 2003, Section 3 (a) Tenant Improvements and Exhibit D, we agree to recommend that the San Joaquin County Board of Supervisors approve increasing the County's monthly lease payment by \$2,273. This increase is for items in excess of the tenant improvement allowance cited in our agreement.

The total net cost of these improvements is \$224,341.94. The items include site security fencing, window coverings, lock strikes, upgraded electrical, additional office development and contractor general conditions and profit. Attached is the list of items and estimated costs.

We will prepare correspondence for Board of Supervisors consideration of this increased rent. We anticipate that the Board of Supervisors will consider this item at their regularly scheduled meeting on Tuesday, June 28, 2005.

If you have any questions, please contact Mr. Tom Bugarin at (209) 468-0987.

Very truly yours,

  
Craig Y. Ogata  
Director

c: John Solis, Executive Director, Employment and Economic Development Department  
Mike Miller, WorkNet  
Tom Mount, JP Heintz  
Gary Van Wingen, Comstock Johnson Architect

## EXHIBIT A

## Additional Tenant Improvements

ITEM	AMOUNT
1. Security and Alarms Audio/Visual Data and Telephone	\$434,529.00
2. Window Coverings	35,535.31
3. Locking Strikes for Bldg Access	26,862.91
4. Site Security Fence	129,495.00
5. Additional Panel and Other Electrical changes	33,899.72
6. Changes on the second floor Business Services Area	<u>11,822.00</u>
Subtotal	\$672,143.94
Deduct	\$447,802.00*
Total	\$224,341.94

\* Deduction is calculated with the County payment of \$351,043 for telephone, security and audio/visual equipment and tenant improvement credit of \$96,759.



021

EMPLOYMENT and ECONOMIC DEVELOPMENT DEPARTMENT  
SAN JOAQUIN COUNTY  
OFFICE BUILDING LEASE  
A-04- 831

SEP 14 2004

LEASE AMENDMENT 01  
TO LEASE A-03-878

The Triple Net Lease dated October 21, 2003 between County of San Joaquin "LESSEE" and Regent Weber, LLC "LESSOR" is hereby amended as follows:

1. Under Recitals, page 1, paragraph B amend from "minimum of 200 parking spaces" to "minimum of 186 parking spaces".
2. Under Section 2 BASE RENT to read:
  - (a) Base Rent. Rent for the entire Premises shall be \$49,743.75 per month (the "Rent" or "Base Rent"), due and payable in arrears on the last day of each month, without deduction or off-set. The Rent shall increase on each annual anniversary of the Commencement Date by an amount equal to the lower of three percent (3%) or the percentage change in the Consumer Price Index for all Urban Consumers (All Items), San Francisco-Oakland-San Jose Average, (1982-84=100), as published by the United States Department of Labor, Bureau of Labor Statistics, for the month prior to the Commence Date; provided, however, that in no event shall the Base Rent be adjusted lower than the amount of the Base Rent in effect during the last month of the immediately preceding year. "Premises", as used herein, shall mean the new building, to be 49,066 square feet, located at APN # 137-36-018, Stockton, California. The Premises are more particularly depicted on the Site Map and Premises attached Employment and Economic Development Department Office Building Lease Agreement A-03-878 as Exhibit A.
  - (b) The Base Rent and the Operating Expenses (as hereinafter defined) coming due and payable during each month of the Term, as such Term may be extended, constitute the total rental for the Premises for each such month and shall be paid by LESSEE in each month for and in consideration of the right of the use and occupancy, and for the continued quiet use and enjoyment, of the Premises during each month.
3. Under Section 3 TENANT IMPROVEMENTS add:
  - (f) Square Footage. The lease agreement provides for a Tenant Improvement allowance of \$45/sf of rentable area calculated on originally 47,375 square feet. Actual rentable area is 49,066 square feet based on the approved set of program design documents dated January 09, 2004. For consideration of the amendment to Section 2 above and no increase in the Base Rent the LESSEE agrees that the LESSOR will only provide \$2,131,875 for Tenant Improvement allowance. LESSEE acknowledges a net gain of 1,691 square feet in building area and LESSOR acknowledges no increase in Current or any Future Rent for the increased area.

(g) Additional Improvements. LESSOR will also provide administration and coordinate the installation of the audio/visual system, security, and data/telephone wiring required by the LESSEE during the initial phase of construction per Exhibit B. LESSOR will select the appropriate vendors through open competitive process and secure the best possible price in accordance with the Workforce Investment Act Directive Number WIAD00-2 (Exhibit F). LESSOR will also maintain and provide all documents pertaining to the competitive selection of said vendors. LESSOR AND LESSEE shall agree on all cost prior to acquisition and installation. LESSEE shall reimburse LESSOR on a cost plus fee basis. The costs of additional improvements shall not exceed \$492,000, inclusive of LESSOR'S fee. LESSOR'S fee is five percent (5%) of the actual expense, which is inclusive of all administrative and contractor's fees associated with the additional improvements. All requests for payment must be accompanied with vendor's invoice. Payment due date will be 30 days after approved invoice.

Except as herein specifically indicated, all other terms and conditions of the Lease (A-03-878) remain unchanged.

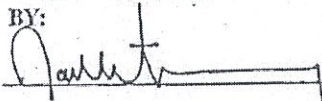
**APPROVED:**

LESSEE:  
COUNTY of SAN JOAQUIN  
BY:

LEROY ORNELLAS

LEROY ORNELLAS, CHAIRMAN  
Board of Supervisors

LESSOR:  
REGENT WEBER, LLC  
BY:

  
DARRELL PETRAY  
Managing Member

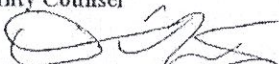
ATTEST: LOIS M. SAHYOUN  
Clerk of the Board of Supervisors  
of the County of San Joaquin,  
State of California

By LOIS M. SAHYOUN



"COUNTY"

APPROVED AS TO FORM  
TERRANCE R. DERMODY  
County Counsel

By   
David Wooten, Assistant County Counsel

[All signatures must be acknowledged]



EMPLOYMENT AND ECONOMIC DEVELOPMENT DEPARTMENT  
SAN JOAQUIN COUNTY  
OFFICE BUILDING LEASE  
A-05- 615

LEASE AMENDMENT 02  
TO LEASE A-03-878

The Triple Net Lease dated October 23, 2003 between the County of San Joaquin as "LESSEE" and Regent Weber, LLC as "LESSOR" and the Lease Amendment 01 thereto dated September 14, 2004, are hereby amended as follows:

Recitals

A. On October 23, 2003, the parties entered into that certain Triple Net Lease designated A-03-878 (the "Original Lease") which provided for the construction and possession of an office building.

B. Under the Original Lease, the LESSOR was to provide a tenant improvement allowance of \$45 per net useable square foot, or \$2,131,875 for the construction of the LESSEE's tenant improvements in the Premises.

C. On September 14, 2004, the parties entered into that certain Lease Amendment 01 to the Original Lease designated A-04-831 (the "First Amendment") which, among other things, provided for additional improvements over and above the amount provided for in the Original Lease.

D. The LESSEE desires to increase the tenant improvement allowance and have LESSOR finance a portion of the increase, and LESSOR desires to provide the needed financing.

Based upon the above recitals, LESSOR and LESSEE expressly agree as follows:

1. The first sentence of Paragraph 2(a) of the First Amendment, which was a restatement of Section 2(a) BASE RENT of the Original Lease, is hereby stricken and replaced with the following:

(a) Base Rent. Rent for the Premises shall be \$52,016.75 per month (the "Rent" or "Base Rent"), due and payable in arrears on the last day of each month, without deduction or setoff.

026

EMPLOYMENT and ECONOMIC DEVELOPMENT DEPARTMENT  
SAN JOAQUIN COUNTY  
OFFICE BUILDING LEASE

A-04- 831

SEP 14 2004

LEASE AMENDMENT 01  
TO LEASE A-03-878

The Triple Net Lease dated October 21, 2003 between County of San Joaquin "LESSEE" and Regent Weber, LLC "LESSOR" is hereby amended as follows:

1. Under Recitals, page 1, paragraph B amend from "minimum of 200 parking spaces" to "minimum of 186 parking spaces".

2. Under Section 2 BASE RENT to read:

(a) Base Rent. Rent for the entire Premises shall be \$49,743.75 per month (the "Rent" or "Base Rent"), due and payable in arrears on the last day of each month, without deduction or off-set. The Rent shall increase on each annual anniversary of the Commencement Date by an amount equal to the lower of three percent (3%) or the percentage change in the Consumer Price Index for all Urban Consumers (All Items), San Francisco-Oakland-San Jose Average, (1982-84=100), as published by the United States Department of Labor, Bureau of Labor Statistics, for the month prior to the Commence Date; provided, however, that in no event shall the Base Rent be adjusted lower than the amount of the Base Rent in effect during the last month of the immediately preceding year.

"Premises", as used herein, shall mean the new building, to be 49,066 square feet, located at APN # 137-36-018, Stockton, California. The Premises are more particularly depicted on the Site Map and Premises attached Employment and Economic Development Department Office Building Lease Agreement A-03-878 as Exhibit A.

(b) The Base Rent and the Operating Expenses (as hereinafter defined) coming due and payable during each month of the Term, as such Term may be extended, constitute the total rental for the Premises for each such month and shall be paid by LESSEE in each month for and in consideration of the right of the use and occupancy, and for the continued quiet use and enjoyment, of the Premises during each month.

3. Under Section 3 TENANT IMPROVEMENTS add:

(f) Square Footage. The lease agreement provides for a Tenant Improvement allowance of \$45/sf of rentable area calculated on originally 47,375 square feet. Actual rentable area is 49,066 square feet based on the approved set of program design documents dated January 09, 2004. For consideration of the amendment to Section 2 above and no increase in the Base Rent the LESSEE agrees that the LESSOR will only provide \$2,131,875 for Tenant Improvement allowance. LESSEE acknowledges a net gain of 1,691 square feet in building area and LESSOR acknowledges no increase in Current or any Future Rent for the increased area.



EMPLOYMENT AND ECONOMIC DEVELOPMENT DEPARTMENT  
SAN JOAQUIN COUNTY  
OFFICE BUILDING LEASE  
A-05- 615

LEASE AMENDMENT 02  
TO LEASE A-03-878

The Triple Net Lease dated October 23, 2003 between the County of San Joaquin as "LESSEE" and Regent Weber, LLC as "LESSOR" and the Lease Amendment 01 thereto dated September 14, 2004, are hereby amended as follows:

Recitals

A. On October 23, 2003, the parties entered into that certain Triple Net Lease designated A-03-878 (the "Original Lease") which provided for the construction and possession of an office building.

B. Under the Original Lease, the LESSOR was to provide a tenant improvement allowance of \$45 per net useable square foot, or \$2,131,875 for the construction of the LESSEE's tenant improvements in the Premises.

C. On September 14, 2004, the parties entered into that certain Lease Amendment 01 to the Original Lease designated A-04-831 (the "First Amendment") which, among other things, provided for additional improvements over and above the amount provided for in the Original Lease.

D. The LESSEE desires to increase the tenant improvement allowance and have LESSOR finance a portion of the increase, and LESSOR desires to provide the needed financing.

Based upon the above recitals, LESSOR and LESSEE expressly agree as follows:

1. The first sentence of Paragraph 2(a) of the First Amendment, which was a restatement of Section 2(a) BASE RENT of the Original Lease, is hereby stricken and replaced with the following:

(a) Base Rent. Rent for the Premises shall be \$52,016.75 per month (the "Rent" or "Base Rent"), due and payable in arrears on the last day of each month, without deduction or setoff.

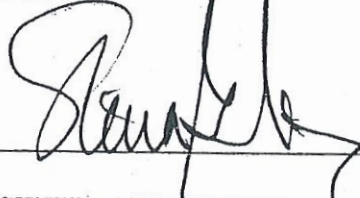
2. Paragraph 3(g) of the First Amendment, which was an addition to the Original Lease under Section 3 TENANT IMPROVEMENTS, is hereby stricken in its entirety and replaced with the following:

(g) Additional Improvements. The Tenant Improvement Allowance shall be increased by the amount of \$672,144 (the "Total"). Of the Total, the LESSEE shall pay the sum of \$351,043. Said sum shall be paid to LESSOR on or before August 1, 2005, without demand, invoice or other administrative precondition. LESSOR shall apply a credit to the Total of \$96,759 for reduction in the Tenant Improvement Allowance. The balance of the Total, or \$224,342 shall be financed by LESSOR and amortized over the Term of the Lease, all as set forth on Exhibit A attached hereto.

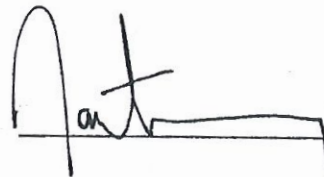
Except as herein specifically indicated, all other terms and conditions of the Original Lease and the First Amendment remain unchanged and in full force and effect. In the event of any inconsistency or conflict between this Lease Amendment 02 and either the Original Lease or the First Amendment, the terms of this Lease Amendment 02 shall control.

APPROVED:

LESSEE:  
COUNTY of SAN JOAQUIN  
BY:

  
STEVE GUTIERREZ, CHAIRMAN  
Board of Supervisors

LESSOR  
REGENT WEBER, LLC  
BY:


  
DARRELL PETRAY  
Managing member

ATTEST: LOIS M. SAHYOUN  
Clerk of the Board of Supervisors  
of the County of San Joaquin,  
State of California

By Carol Ingendo SEAL "COUNTY"



APPROVED AS TO FORM  
TERRANCE R. DERMODY  
County Counsel

By   
David Wooten, Assistant County Counsel





SAN JOAQUIN COUNTY  
FACILITIES MANAGEMENT DIVISION  
212 N. San Joaquin Street, Suite A  
Stockton, California, 95202-2778  
PH: (209) 468-2180  
FAX: (209) 468-2186

Government Buildings  
Property Management  
Parks & Recreation  
Capital Projects

June 6, 2005

EXHIBIT A

Mr. Darrell Petray  
Regent Weber, LLC  
798 University Avenue  
Sacramento, CA 95825

Dear Darrell:

**Correspondence of May 24, 2005**

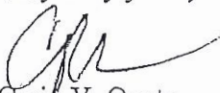
Pursuant to our lease agreement (A-03-878) dated October 21, 2003, Section 3 (a) Tenant Improvements and Exhibit D, we agree to recommend that the San Joaquin County Board of Supervisors approve increasing the County's monthly lease payment by \$2,273. This increase is for items in excess of the tenant improvement allowance cited in our agreement.

The total net cost of these improvements is \$224,341.94. The items include site security fencing, window coverings, lock strikes, upgraded electrical, additional office development and contractor general conditions and profit. Attached is the list of items and estimated costs.

We will prepare correspondence for Board of Supervisors consideration of this increased rent. We anticipate that the Board of Supervisors will consider this item at their regularly scheduled meeting on Tuesday, June 28, 2005.

If you have any questions, please contact Mr. Tom Bugarin at (209) 468-0987.

Very truly yours,

  
Craig Y. Ogata  
Director

c: John Solis, Executive Director, Employment and Economic Development Department  
Mike Miller, WorkNet  
Tom Mount, JP Heintz  
Gary Van Wingen, Comstock Johnson Architect

## EXHIBIT A

## Additional Tenant Improvements

ITEM	AMOUNT
1. Security and Alarms Audio/Visual Data and Telephone	\$434,529.00
2. Window Coverings	35,535.31
3. Locking Strikes for Bldg Access	26,862.91
4. Site Security Fence	129,495.00
5. Additional Panel and Other Electrical changes	33,899.72
6. Changes on the second floor Business Services Area	<u>11,822.00</u>
Subtotal	\$672,143.94
Deduct	\$447,802.00*
Total	\$224,341.94

\* Deduction is calculated with the County payment of \$351,043 for telephone, security and audio/visual equipment and tenant improvement credit of \$96,759.



(g) Additional Improvements. LESSOR will also provide administration and coordinate the installation of the audio/visual system, security, and data/telephone wiring required by the LESSEE during the initial phase of construction per Exhibit B. LESSOR will select the appropriate vendors through open competitive process and secure the best possible price in accordance with the **Workforce Investment Act Directive Number WIAD00-2 (Exhibit F)**. LESSOR will also maintain and provide all documents pertaining to the competitive selection of said vendors. LESSOR AND LESSEE shall agree on all cost prior to acquisition and installation. LESSEE shall reimburse LESSOR on a cost plus fee basis. The costs of additional improvements shall not exceed \$492,000, inclusive of LESSOR'S fee. LESSOR'S fee is five percent (5%) of the actual expense, which is inclusive of all administrative and contractor's fees associated with the additional improvements. All requests for payment must be accompanied with vendor's invoice. Payment due date will be 30 days after approved invoice.

Except as herein specifically indicated, all other terms and conditions of the Lease (A-03-878) remain unchanged.

**APPROVED:**

**LESSEE:**

**COUNTY of SAN JOAQUIN**

**BY:**

                    LEROY ORNELLAS                    

**LEROY ORNELLAS, CHAIRMAN  
Board of Supervisors**

**LESSOR:**

**REGENT WEBER, LLC**

**BY:**

                    *Darrell Petray*                    

**DARRELL PETRAY  
Managing Member**

**ATTEST: LOIS M. SAHYOUN  
Clerk of the Board of Supervisors  
of the County of San Joaquin,  
State of California**

**By**                     LOIS M. SAHYOUN                    



**"COUNTY"**

**APPROVED AS TO FORM  
TERRANCE R. DERMODY  
County Counsel**

**By**                     *David Wooten*                      
**David Wooten, Assistant County Counsel**

[All signatures must be acknowledged]

021

**EMPLOYMENT AND ECONOMIC DEVELOPMENT  
DEPARTMENT  
OFFICE BUILDING LEASE AGREEMENT**

TRIPLE NET LEASE

A-03- 878

**RECEIVED**  
OCT 24 2003

BY: -----

This Lease is made and entered into on this \_\_\_\_\_ day of \_\_\_\_\_, 2003, (the "Execution Date") by and between **COUNTY OF SAN JOAQUIN**, a political subdivision of the State of California, hereinafter called "**LESSEE**", and, **REGENT WEBER, LLC**, a California Limited Liability Company, hereinafter called "**LESSOR**".

Recitals

A. It is the intent of the parties to produce a finished leasehold within the building described in Exhibit A, with the building's core and building shell, tenant improvements, construction and design services to be financed by the LESSOR and recouped through the rental structure of the triple net (NNN) lease.

B. The obligations of this Lease are expressly conditioned upon: the obtaining of the land where the building and leased premises will be situated and, construction of off site improvements which have not been taken into account in establishing the rent payable by LESSEE hereunder.

Based on the above recitals IT IS EXPRESSLY AGREED between LESSOR and LESSEE that LESSOR hereby leases to LESSEE, and LESSEE leases from LESSOR, that certain office space, together with a minimum of 200 parking spaces, within a new building to be constructed by LESSOR on San Joaquin County APN # 13736018 located at the corner of Lincoln Street and Market Street, Stockton, California, (the "Premises") described more particularly by Exhibit A, attached hereto and incorporated herein by reference, under the following terms and conditions:

Terms and Conditions

1. **TERM**

This Lease shall have an expiration date that is the last day of the calendar month in which the Fifteenth (15th) anniversary of the Commencement Date occurs (the "Term"). The "Rent Commencement Date" will be the first day of the calendar month following the beneficial occupancy of the Premises by LESSEE (as evidenced by the City of Stockton's issuance of a Temporary Certificate of Occupancy). Within ten (10) days following the Rent Commencement Date; LESSOR and LESSEE shall execute a Memorandum of Rent Commencement Date to



memorialize the commencement and expiration dates of the Term of this Lease.

## 2. RENT

(a) Base Rent. Rent for the entire Premises shall be \$1.05 per gross rentable square foot per month (the "Rent" or "Base Rent"), due and payable in arrears on the last day of each month, without deduction or off-set. The total monthly Rent payment is estimated at \$49,743.75 per month, based on 47,375 gross rentable square feet, which shall be adjusted for actual number of gross square feet of the building being constructed at the Premises for LESSEE's use. The Rent shall increase on each annual anniversary of the Commencement Date by an amount equal to the lower of three percent (3%) or the percentage change in the Consumer Price Index for All Urban Consumers (All Items), San Francisco-Oakland-San Jose Average, (1982-84=100), as published by the United States Department of Labor, Bureau of Labor Statistics, for the month prior to the anniversary of the Commencement Date; provided, however, that in no event shall the Base Rent be adjusted lower than the amount of the Base Rent in effect during the last month of the immediately preceding lease year. "Premises," as used herein, shall mean that area within the new building, estimated to be 47,375 gross rentable square feet, located at APN # 137-36-018, Stockton, California. The Premises are more particularly depicted on the Site Map and Premises attached hereto as Exhibit A and incorporated herein by reference.

The Base Rent and the Operating Expenses (as hereinafter defined) coming due and payable during each month of the Term, as such Term may be extended, constitute the total rental for the Premises for each such month and shall be paid by LESSEE in each month for and in consideration of the right of the use and occupancy, and for the continued quiet use and enjoyment, of the Premises during each month.

## 3. TENANT IMPROVEMENTS

(a) Tenant Improvements. LESSOR will provide an allowance of \$45 per net usable square foot (the "Tenant Improvement Allowance") for the construction of the LESSEE's tenant improvements in the Premises (the "Tenant Improvements"). Within forty-five (45) days after the Execution date, LESSOR and LESSEE shall agree upon the Tenant Improvements to be constructed by LESSOR and the cost thereof. LESSOR and LESSEE shall work cooperatively and diligently to agree upon the extent and nature of the Tenant Improvements and the cost thereof during said forty-five (45) day period. In the event LESSOR and LESSEE cannot agree upon the extent of the Tenant Improvements to be provided for the Tenant Improvement Allowance, then either party, within ten (10) days after the expiration of said forty-five (45) day period, may elect to terminate this Lease by giving written notice to the other party. Upon any such termination, the parties shall have no further obligation to each other. In the event the Tenant Improvements agreed upon by the parties can be constructed for less than the Tenant Improvement Allowance, then LESSOR shall provide a credit against the future monthly Base Rent payable following the Rent Commencement Date of this Lease according to the formula set forth in Exhibit "D" attached hereto and incorporated herein by reference. In the event the cost of



the Tenant Improvements exceeds the Tenant Improvement Allowance, the excess shall be paid to LESSOR by LESSEE as increased Base Rent using the formula specified in Exhibit D. LESSOR shall have no obligation to commence the construction phase for the building that will contain the Premises until LESSOR and LESSEE have agreed upon the Tenant Improvements and the cost thereof.

(b) Alterations and Improvements by LESSEE. During the Term of this Lease, LESSEE may, at its own expense, make such alterations and interior improvements as it may deem necessary only with the prior written approval of LESSOR, whose approval shall not unreasonably be withheld. Alterations shall be constructed in a good and workmanlike manner using materials of a quality that is at least equal to the quality designated by LESSOR as the minimum standard for the building containing the Premises. LESSOR may designate reasonable rules, regulations and procedures for the performance of work in the building in order to avoid disruption to other occupants of the building.

(c) Payments in Connection with Change Orders. No Change Order shall be made in the work required by this Lease unless both LESSOR and LESSEE approve such changes and the cost thereof in writing. In the event of changes requested by LESSEE during the course of construction or in the final plans and specifications, LESSEE shall have the option of reimbursing LESSOR for the additional costs and expenses caused by such changes: (i) In cash within 30 days after LESSOR's contractor completes such change, or (ii) by adjusting the monthly Rent for the amount of the Change Order as hereinafter provided. LESSEE shall indicate how it desires to pay for each Change Order at the time the Change Order is approved by the parties.

(d) Force Majeure. In the event that a Force Majeure Event (as hereinafter defined) occurs, LESSOR shall be provided with an additional period of time to complete the construction of the building or the Tenant Improvements. The term "Force Majeure" as used in this Lease is defined as an act of god or a public enemy, whether the occurrence is caused by war, riot, terrorism, flood, storm, weather, earthquake or other natural forces, moratoriums, government agencies, quasi-government agencies, unavailability of material or labor, fuel shortages or rationing, of the acts of anyone not a party to this Lease. As a precondition of LESSOR claiming an extension of time due to a Force Majeure Event, LESSOR shall deliver to LESSEE written notice setting forth the estimated length of the delay, the reason for the delay and the total Force Majeure Event days of delay accrued to date. Each day of Force Majeure Event delay shall extend the Rent Commencement Date by one business day.

(e) Liens. LESSEE shall not permit mechanic's liens or stop work notices to be placed upon the Premises and the real property where they are located in connection with any work or service done or purportedly done by or for the benefit of LESSEE. If a lien is so placed, LESSEE shall, within ten (10) days of notice from LESSOR of the filing of the lien, fully discharge the lien by settling the claim which resulted in the lien or stop work notice or by bonding or insuring over the lien or stop work notice in the manner prescribed by law. If



LESSEE fails to discharge the lien or stop work notice, then, in addition to any other right or remedy of LESSOR, the LESSOR may bond or insure over the lien or otherwise discharge the lien or stop work notice. In such an event, LESSEE shall reimburse LESSOR for any amount paid by LESSOR to bond, discharge or insure over the lien or stop work notice, including, without limitation, reasonable attorneys' fees within thirty (30) days after receipt of an invoice from LESSOR.

#### 4. OPERATING EXPENSES

As additional rent, LESSEE shall pay its pro rata share of the building's "Operating Expenses" (as defined below). LESSOR shall provide all services described below except as otherwise provided in this Lease and LESSEE shall reimburse LESSOR for all Operating Expenses either: (a) within 15 days after receipt of a written bill therefore from LESSOR, or (b) in advance in estimated monthly installments, in accordance with the following: (i) LESSOR shall deliver to LESSEE the LESSOR's reasonable estimate of the Operating Expenses it anticipates will be paid or incurred for the calendar year in question; (ii) during such year LESSEE shall pay LESSEE's Share of the estimated Operating Expenses in advance in monthly installments at the time installments of Base Rent are due; and (iii) within 90 days after the end of each year, LESSOR shall furnish to LESSEE a statement in reasonable detail of the actual Operating Expenses paid or incurred by LESSOR during the previous year and there shall be an adjustment between LESSOR and LESSEE, with payment to LESSOR or a credit to the next installment of LESSEE's Base Rent due (or cash payment to LESSEE, if the Lease has terminated), within 10 days after delivery by LESSOR to LESSEE of said statement, so that LESSOR shall receive the entire amount of LESSEE's Share of all Operating Expenses for such year and no more. LESSEE shall have the right once each calendar year, at its expense, exercisable upon written notice to LESSOR within sixty (60) days of LESSEE's receipt of LESSOR's annual statement, to audit, at LESSOR's office during normal business hours, LESSOR's books and records as they relate to Operating Expenses. If the amount demanded by LESSOR for Operating Expenses differs from the actual amount thereof by more than 10% of the demanded amount, then LESSOR shall pay the cost of such audit. This Lease is a "net-net-net lease" and the LESSEE hereby agrees that the Rent is an absolute net return to the LESSOR, free and clear of any expenses, charges or set-offs whatsoever.

The term "Operating Expenses" shall include LESSOR's costs and expenses to perform the LESSOR's repair and maintenance obligations as specified in Exhibit "C" attached hereto and incorporated herein by reference, as well as the Real Property Taxes (as defined below) and insurance costs incurred by LESSOR to insure the building against loss or damage and to maintain liability insurance. LESSEE shall be responsible for performing all other maintenance and repairs to the Premises and to the building which contains them.

Notwithstanding the foregoing, Operating Expenses shall not include, and LESSEE shall not be responsible for the payment of, the following costs and expenses: (i) Costs incurred for the initial construction of the site improvements, parking lot, and building core/shell improvements



as described in Exhibit B attached hereto; (ii) Costs incurred for repair of the structural parts of the building (including foundation, floor, slab and load-bearing walls), capital improvements and replacements to the site improvements, parking lot and the building not listed above, unless such costs are the result of LESSEE's failure to maintain the building, and provided further that the maintenance of the site improvements shall be the responsibility of LESSEE from and after the Rent Commencement Date; (iii) Costs incurred to correct any defects in design, materials or construction of the building and parking lot.

LESSEE hereby acknowledges that LESSOR shall have no obligation whatsoever to provide guard service or other security measures for the benefit of the Premises or the building where they are situated. LESSEE assumes all responsibility for the protection of LESSEE, its officers, agents, and invitees and the property of LESSEE and of LESSEE's agents and invitees from acts of third parties.

LESSEE's shall be responsible for all tenant services and utilities listed on Exhibit "C". LESSEE will pay no management fee.

## 5. TAXES

(a) Real Property Taxes. Real Property Taxes shall include all real estate taxes and assessments, general or special, ordinary or extraordinary, of every name, nature and kind whatsoever, and any possessory interest tax, which may be levied, assessed, charged or imposed, or may be or become a lien or charge upon the building and real property that contains the Premises or any part thereof or upon any of the improvements upon the Premises, or upon LESSEE's leasehold interest under this Lease commencing as of the Rent Commencement Date and continuing throughout the Term. LESSEE shall not be required to pay (i) any franchise, gift, estate, inheritance, succession, capital stock, or capital levy imposed upon LESSOR in connection with this Lease or LESSOR's rights in the building that contains the Premises, or (ii) any income, excess profits or revenue tax, or any other similar tax, charge or levy against LESSOR upon either the rentals provided for herein or LESSOR's right to receive such rentals. All of the aforesaid taxes and assessments as set forth above (except those, if any, payable solely by LESSOR) which shall relate to a year during which the obligation of LESSEE to make such payments commences or terminates shall be prorated between LESSOR and LESSEE. LESSOR and LESSEE acknowledge that LESSEE is negotiating an agreement with the City of Stockton's Redevelopment Agency for property tax reimbursement/relief for the Premises. LESSEE shall have the one time right to terminate this Lease if it cannot successfully conclude such agreement with the City of Stockton's Redevelopment Agency prior to the date LESSOR plans to commence construction of the building that will contain the Premises. LESSOR shall give LESSEE at least thirty (30) days advance written of the date LESSOR intends to commence construction. If LESSEE determines that it is going to exercise the foregoing right of lease termination, then LESSEE shall give LESSOR written notice of lease termination within ten (10) days after receipt of LESSOR's notice of the intended date of construction commencement or such right shall be void and of no further force and effect, notwithstanding, section 20.



(b) Assessment Districts. If at any time during the Term any governmental authority shall undertake to create an improvement district, parking district or special assessment district the proposed boundaries of which shall include the building that contains the Premises, LESSEE shall be entitled to appear in any proceeding relating thereto and to exercise all rights of LESSEE or LESSOR to have the building that contains the Premises excluded from such district or to determine the degree of benefit to the building that contains the Premises resulting there from. If any tax, assessment, charge, levy or impost made against the building that contains the Premises to finance any such public improvement shall be payable in installments over a period of time extending beyond the Term, LESSEE shall only be required to pay such installments thereof as shall become due and payable during the Term, subject to proration as provided above.

(c) Personal Property Taxes. LESSEE shall pay all taxes charged against trade fixtures, furnishings, equipment or any other personal property belonging to LESSEE at least ten (10) days prior to the delinquency date of the taxes. LESSEE shall attempt to have personal property taxed separately from the Premises. In the event that any of LESSEE's personal property shall be assessed with LESSOR's real property, LESSEE shall pay LESSOR the personal property taxes attributable to LESSEE within ten (10) days after receipt of a written statement from LESSOR setting forth the taxes applicable to LESSEE's personal property.

## 6. DESTRUCTION OF PREMISES

(a) Partial Damage/Destruction. If the Premises shall be partially damaged or destroyed, LESSOR shall promptly restore the Premises to their previous condition and make the same safe for LESSEE's use and occupancy. In such case, a proportionate amount of the Rent shall abate until the Premises shall be so restored; provided, however, that if the time needed to complete restoration is greater than six (6) months from the date the damage occurred, LESSEE shall have the option to terminate this Lease by delivery to LESSOR of a written notice of election to terminate within thirty (30) days after LESSEE receives from LESSOR the estimate of the time needed to complete such restoration. If the damage occurs during construction of the Tenant Improvements, then LESSEE's right to terminate may only be utilized if the time to complete restoration would cause Substantial Completion of the Tenant Improvements to be delayed by at least one hundred eighty (180) days, in which case the provisions of this Section 6 herein would apply. Should the Premises and Tenant Improvements not be so restored within the allotted time, LESSEE may, at its option, cancel and terminate this Lease. If so terminated, Rent paid in advance by LESSEE shall be refunded to it.

(b) Total Damage/Destruction. If the Premises shall be completely damaged or destroyed, this Lease Agreement shall terminate on the date of such damage or destruction. If so terminated, any Rent paid in advance by LESSEE shall be refunded to it.

(c) Total Taking. In the event, during the Lease Term, the whole of the Premises shall be taken for any public or quasi-public purpose by any lawful power or authority by

exercise of the right of appropriation, condemnation or eminent domain, or sold to prevent such taking, LESSEE or LESSOR may terminate this Lease effective as of the date possession is required to be surrendered to said authority. The condemnation proceeds allocable to the Site Improvements, Tenant Improvements, and the Premises shall be allocated to LESSOR, and any other proceeds shall be allocated between LESSOR and LESSEE as their interests may appear. In such event, each party shall bear its own costs, notwithstanding any work that may have been performed or sums expended by LESSOR at such time.

(d) Partial Taking. In the event, during the Lease Term, of a partial taking of the Premises for any public or quasi-public purpose by any lawful power or authority by exercise of the right of appropriation, condemnation or eminent domain, or sold to prevent such taking, then LESSEE may elect to terminate this Lease if such taking is of material detriment to, and substantially interferes with, LESSEE's use and occupancy of, and conduct of its business from the Premises. In no event shall this Lease be terminated when such a partial taking does not have a material adverse effect upon LESSOR or LESSEE or both. Termination pursuant to this Section shall be effective as of the date possession is required to be surrendered to said authority. In the event of a partial taking, and whether or not LESSEE terminates this Lease, LESSEE and LESSOR shall be entitled to those condemnation proceeds attributable to those items for which they are entitled to compensation pursuant to the immediately preceding section.

#### 7. ASSIGNMENT AND SUBLETTING

LESSEE shall not assign or transfer any interest therein, nor sublet whole or part of the Premises without first having obtained the written consent of LESSOR. Such consent shall not be unreasonably withheld. LESSOR's consent to any such assignment, transfer or sublease shall not relieve or release LESSEE from any of its obligations under this Lease and LESSEE shall continue to remain obligated for the faithful performance of the terms and provisions of this Lease. Any such assignment, transfer or sublease may only be for an office use as allowed under this Lease.

#### 8. ENTRY BY LESSOR

LESSOR may enter the Premises with consent of LESSEE or upon written notice to LESSEE (twenty-four (24) hours shall be deemed reasonable advance notice) for the purposes of reasonable inspection, making repairs, alteration or additions, to show the Premises to prospective purchasers, or mortgagees, or any other valid and reasonable business purpose. Entry shall be made during regular business hours. In the event of any emergency such as a fire, LESSOR may enter the leased Premises without consent or prior notice.

#### 9. LEGAL FEES



In the event of any legal action by the parties arising out of this Lease agreement, the losing party shall pay the prevailing party reasonable attorney's fees and court costs to be fixed by the court hearing the suit, including any attorneys' fees and costs incurred on any appeals.

#### 10. WAIVER AND SEVERABILITY

No waiver by either party at any time of any of the terms, conditions, covenants, or agreements of this Lease shall be deemed or taken as a waiver at any time thereafter of any of the same, nor of the strict and prompt performance thereof by the other party. If a court of competent jurisdiction shall adjudge any provision of this Lease invalid or unenforceable, the remaining provisions of this Lease shall not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.

#### 11. SURRENDER OF PREMISES

LESSEE agrees at the expiration of this Lease, lease option or upon the earlier termination thereof for any reason, to quit and surrender the Premises to LESSOR in as good state and condition as the Premises are in when possession thereof is given to LESSEE, reasonable wear and tear and damage by the elements and acts of God excepted, and LESSEE agrees at the expiration of the lease term, option period, or earlier termination thereof to remove any and all signs that have been placed upon, in or about the Premises by LESSEE and to repair and restore the Premises to the same condition prior to the time of placing of said signs upon the Premises, reasonable wear and tear and damage by the elements excepted. LESSEE agrees that at any time after ninety (90) days prior to the termination of this Lease or lease option period, LESSOR may place thereon any usual or ordinary "To Let" or "To Lease" or "For Sale" signs.

#### 12. DEFAULT AND RE-ENTRY

If the Rent or Operating Expenses shall be unpaid for five (5) days after the date on which the same become due, or if LESSEE defaults in any of the agreements herein, LESSEE shall have the right to cure default within five (5) days of LESSOR'S notice. Should LESSEE fail to cure default LESSOR shall have the option to declare this Lease forfeited and it shall be lawful for LESSOR to re-enter and take possession of said Premises, and LESSOR may, after taking possession as aforesaid, at LESSOR'S option, re-let the Premises, all without prejudice to LESSOR of any remedies which might otherwise be used for the collection of the rents specified. It is understood that each of the remedies given LESSOR hereunder are cumulative and that the exercise of one right or remedy by LESSOR shall not impair its right to any other remedy. Upon material breach of this Lease or default by LESSEE, LESSOR reserves the right to re-entry pursuant to legal proceedings required by the prevailing laws of the State of California.

#### 13. NOTICES

Any demand or notice which either party shall be required or may desire to make upon or give the other shall be in writing and shall be delivered personally to the other or sent by certified mail/return receipt requested addressed to the respective parties, as follows:

LESSOR: Regent Weber, LLC  
Attn: Darrell Petray  
798 University Avenue  
Sacramento, CA 95825

With a copy to:  
Law Offices of Gregory D. Thatch  
1730 I Street, Suite 220  
Sacramento, California 95814

LESSEE: San Joaquin County  
222 E. Weber Avenue, Room 707  
Stockton, CA 95202

With copy to:  
San Joaquin County  
Facilities Management Division  
212 N. San Joaquin Street, Suite A  
Stockton, CA 95202

Notice by certified mail/return receipt requested shall be deemed to have been communicated three business days after the date of mailing. No party shall evade or refuse delivery of any notice.

#### 14. INSURANCE

(a) LESSOR and LESSEE shall indemnify, hold harmless, reimburse and defend the other from all liability, damages, loss, costs, and obligations, including court costs and reasonable attorneys' fees, arising out of any claim, suit, judgment, loss or expense occasioned by, but not limited to, injury or death of any person or persons, or loss or damage to any property, arising from the act or omission of the indemnitor.

(b) During the construction phase of this lease, LESSOR shall provide and maintain commercial general liability and property damage policies in standard form in the minimum amount of One Million Dollars ( \$1,000,000 ) single limit, such policy to include completed operations and products liability.



(c) Commencing with the Rental Commencement Date, LESSEE shall at all time thereafter maintain commercial general liability insurance in an amount of not less than Five Million Dollars (\$5,000,000) per occurrence for bodily or personal injury, death, and property damage, and shall furnish to LESSOR a certificate of such insurance providing for not less than thirty (30) days written notice of any cancellation or material change in coverage. LESSOR shall be named as an additional insured on such liability insurance policy. LESSEE shall require its insurance carriers to waive any and all rights of subrogation against the LESSOR. All insurance required to be carried by LESSEE shall be primary with any insurance carried by LESSOR being excess and non-contributing. Notwithstanding the foregoing, LESSEE may self insure for the first One Million Dollars (\$1,000,000) of insurance coverage, in which event LESSEE shall provide LESSOR with a copy of any certificate of self-insurance for LESSOR's approval, such approval not to be unreasonably withheld.

(d) Commencing with the Rental Commencement Date, LESSEE shall at all times during the Term of the Lease keep the Tenant Improvements insured against loss or damage by fire, flood, lightning, vandalism, theft, malicious mischief, and any and all other risks and hazards as LESSEE may reasonably deem necessary, including those ordinarily defined as "extended coverage", to an amount or amounts equal to 100% of the full insurable value of said Tenant Improvements (less usual exclusions,) such insurance to include replacement cost endorsements. LESSOR shall be named as co-insured thereon. Upon request, any lender of LESSOR with respect to the building that contains the Premises shall be named co-insured as loss payee as its interest shall then appear. LESSEE shall not be relieved from the obligation of supplying any additional funds for replacement of the Tenant Improvements in the event of destruction where LESSEE's fire and casualty insurance does not cover actual full replacement costs.

(e) Except as may be specifically provided for elsewhere in this Lease Agreement, LESSOR and LESSEE hereby each mutually waive any right of recovery from the other in the event of damage to the Premises or property of either caused by acts of God, perils of fire, lightning, and the extended coverage perils as defined in insurance policies and forms approved for use in the State of California.

(f) No use shall be made of the Premises which will increase the commercial rate of insurance upon the building or cause a cancellation of any insurance policy covering said building, nor shall LESSEE keep on the Premises any articles which may be prohibited by the standard form fire insurance policies. In recognition of the self insurance right of the LESSEE, this Lease shall not require LESSEE to obtain commercially available insurance for activities arising out of LESSEE'S use of the Premises, provided such self insurance has fully funded reserves equal to the amount of the insurance coverages required hereunder.

## 15. INDEMNITY



This Lease is made upon the express condition that LESSOR is to be free from all liability, including strict liability in tort and claims for damages by reason of any injury to any persons or persons, including LESSEE, or property of any kind and to whomever belonging, including LESSEE, from any cause or causes whatsoever, other than the negligence or willful misconduct of LESSOR or its agents, employees and contractors, and LESSEE hereby covenants and agrees to indemnify, defend (with legal counsel reasonably acceptable to LESSOR) and save harmless LESSOR from all liability, loss, costs, and obligations on account of or arising out of any such injuries or losses not caused by the negligence or willful misconduct of LESSOR or its agents, employees and contractors.

#### 16. HAZARDOUS MATERIALS

(a) Compliance With Environmental Laws. LESSEE, as to the LESSEE's use and occupancy of the Premises, and LESSOR, as to LESSOR's ownership and use of the building and Premises and performance under this Lease, shall comply with all federal, state and local laws, ordinances, regulations, rules or requirements including, but not limited to, those relating to worker safety, public health and the environment. Specifically, but without limiting LESSEE's and LESSOR's obligations described above, LESSEE and LESSOR shall establish and adhere to any hazardous material management plan required by the County of San Joaquin, City of Stockton or any other federal, state or local governmental agency having jurisdiction. Notwithstanding the foregoing, LESSEE may use and store Hazardous Materials commonly used in office buildings so long as such use and storage complies with all applicable laws and regulations. The parties agree that any liability, damage, loss, costs and obligations arising out of or aggravated by exposure to asbestos or asbestos removal required under the law and this Lease shall be the sole responsibility of the LESSOR.

(b) Notification Of Release. LESSEE and LESSOR will immediately notify the other orally (with a written notice to follow within five days) if it knows or has reasonable cause to believe that a release of Hazardous Material has come or will come to be located on, in, about or beneath the Premises in violation of applicable laws, provided that such notification obligation shall not in itself imply the existence of a remediation obligation on the part of LESSEE or LESSOR.

(c) Hazardous Materials. Hazardous Materials shall mean any hazardous or toxic substance, material or waste at any concentration that is or becomes regulated by the United States, the State of California or any local government authority having jurisdiction over the Premises. Hazardous Materials includes, without limitation, any "hazardous substance, hazardous waste, 'hazardous material, " toxic substance," "solid waste," "pollutant" or "contaminant" as defined in the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), 42 USC Sections 9601, et. seq.; the Resource Conservation and Recovery Act (RCRA), 42 USC Section 6901, et. seq.; the Toxic Substances Control Act (TSCA), 15 USC Section 2601, et. seq.; the Insecticide, Fungicide, Rodenticide Act, 7 USC Section 136, et. seq.; the Occupational Safety and Health Act, 29 USC Section 655 and 657; the



Clean Air Act, 42 USC Section 7401, et. seq.; the Clean Water Act, 33 USC Section 1251, et. seq.; the Safe Drinking Water Act, 42 USC Section 300f, et. seq., the California Hazardous Substances Account Act, Health and Safety Code Section 25,300 et. seq.; the California Hazardous Waste Control Act, Health and Safety Code Section 25,1090, et. seq.; the California Safe Drinking Water and Toxic Enforcement Act, Health and Safety Code Section 24249.5, et. seq., the Porter-Cologne Water Quality Act, Water Code Section 13,000 et. seq., together with any amendments of or regulations promulgated under the statutes cited above or any other federal, state or local law, statute, ordinance or regulation now in effect or later enacted that pertains to occupational health or industrial hygiene, or the regulation or protection of the environment, including ambient air, soil, soil vapor, groundwater, surface water or land use. This shall include, without limitation, any asbestos or PCBs.

17. SUBORDINATION

LESSOR warrants and represents that will hold fee simple title to the real property where the building that contains the Premises will be constructed on the Rent Commencement Date. LESSOR and LESSEE acknowledge that LESSOR is negotiating a Disposition and Development Agreement for the acquisition of the real property where the building containing the Premises is to be constructed with the City of Stockton Redevelopment Agency and that this Lease will be subordinate to such Disposition and Development Agreement. In the event LESSOR cannot successfully conclude its negotiation of such Disposition and Development Agreement with the City of Stockton's Redevelopment Agency, then this Lease shall be of no further force and effect. This Lease shall be subordinate to any existing or future deeds of trust or mortgages, unless the holder thereof elects to make it superior to the lien of the deed of trust or mortgage. On or before the execution of this Lease, the parties shall agree and LESSOR shall provide to LESSEE a subordination, nondisturbance and attornment agreement ("SNDA") in a form reasonably acceptable to LESSEE signed by the holders of all existing notes or other obligations secured by existing mortgages, deeds of trust or other security instruments affecting the Premises (if any). Subject to the execution of such an SNDA by all such lenders and other security holders, LESSEE agrees, in consideration of the warranties and conditions set forth in this section, that the Lease shall be subject to and subordinate to any recorded mortgage, deed of trust, or any other hypothecation or security now or hereafter placed upon the Premises. Notwithstanding such subordination, LESSEE's right to quiet possession of the Premises shall not be disturbed. LESSOR will include in any future mortgage, deed of trust or other security instrument to which this Lease becomes subordinate, or in a separate SNDA, a provision to the foregoing effect. Within thirty (30) business days next following the LESSEE's receipt of a written demand, LESSEE shall execute such additional instruments as are reasonably acceptable to LESSEE to evidence the subordination of this Lease provided such instrument does not interfere with the full enjoyment of any right granted to the LESSEE under this Lease. No such subordination, to either existing or future mortgages, deeds of trust or other security instrument shall operate to affect adversely any right to the LESSEE under this Lease so long as the LESSEE is not in default under this Lease.



In the event of any sale of the building that contains the Premises or any portion thereof by foreclosure, or the giving of a deed in lieu of foreclosure, the LESSEE will be deemed to have attorned to any purchaser or transferee of the building or any portion thereof and its or their successors and assigns, and any such purchaser and transferee will be deemed to have assumed all obligations of the LESSOR under this Lease, so as to establish direct privity of estate and contract between the LESSEE and such purchasers or transferees, with the same force, effect and relative priority in time and right as if the Lease had initially been entered into between such purchaser or transferee and the LESSEE; provided, further, that the LESSEE and such purchaser or transferee, with reasonable promptness following such sale or deed delivery in lieu of foreclosure, shall execute such revisions to this Lease as shall be necessary to document the foregoing relationship.

LESSEE, within ten (10) days after request, shall fully cooperate with and provide LESSOR with an adopted budget for the leased Premises in a form acceptable to LESSOR's lender.

#### 18. ESTOPPEL CERTIFICATES

At all times during the Term each party agrees, following any request by the other party, promptly to execute and deliver to the requesting party, within thirty (30) days following delivery of such request, an estoppel certificate: (i) certifying that this Lease is unmodified and in full force and effect or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect, (ii) stating the date to which the rent and other charges are paid in advance, if any, and (iii) acknowledging that there are not, to the certifying party's knowledge, any uncured defaults on the part of any party hereunder or, if there are uncured defaults, specifying the nature of such defaults. A failure to deliver an estoppel certificate within ten (10) days after delivery of a request therefore shall be a conclusive admission that, as of the date of the request for such statement: (i) this Lease is unmodified, except as may be represented by the requesting party in said request, and is in full force and effect, (ii) there are no uncured defaults in the requesting party's performance, and (iii) no Rent has been paid more than 30 days in advance. Such Estoppel Certificate may be executed on behalf of the County by the County Administrator or his or her designee, including but not limited to the County's Director of Facilities Management

#### 19. SIGNS

LESSEE shall provide, at its own cost, any signs located on the interior or exterior of the Premises and required for the efficient conduct of LESSEE'S activities. LESSEE shall not install any interior or exterior signs without prior consent of LESSOR, which shall not be unreasonably withheld.



## 20. LESSEE'S RIGHT TO TERMINATE

(a) Exercise of Termination Right. At any time after the last day of the ninth (9<sup>th</sup>) Lease Year but before the last day of the one hundred tenth (110<sup>th</sup>) month of the initial Lease Term, LESSEE shall have the option, on notice to LESSOR ("Termination Notice"), to terminate this Lease solely with respect to all of the Premises. The termination shall be effective as of the last day of the tenth (10<sup>th</sup>) year of the initial Term (the "Early Lease Termination Date"). LESSEE's delivery of the Termination Notice to LESSOR shall be accompanied by an amount equal to the Lease Termination Fee, as defined below in this Section 20.

(b) Lease Termination Fee. The Lease Termination Fee shall be equal to the sum of:

(i) The amount of the Base Rent that would have been payable by LESSEE under the Lease during the twelve month (12-month) period after the Early Lease Termination Date (the "12-Month Period" and the "12-Month Period Base Rent");

(ii) The amortized value as of the Early Lease Termination Date of the Lease Concessions for the final five (5) years of the original Term. For purposes of this subsection 21.2, "Lease Concessions" shall be equal to the sum of: (i) the amount of the Tenant Improvement Allowance and any other improvement allowance granted by LESSOR in connection with LESSOR's delivery of the Premises to LESSEE; (ii) the benefit of any Tax Increment negotiated with the City which does not continue for the original Term as a result of the Early Lease Termination; and, (iii) any other monetary concessions granted by LESSOR to LESSEE in connection with LESSEE's lease of the Premises.

(c) Reduction of Lease Termination Fee. Should LESSOR be successful in re-tenanting the Premises during the 12-Month Period, LESSOR agrees to rebate to LESSEE net rents actually received from any new tenant for the remaining balance of the 12-Month Period, not in any case to exceed the remaining amortized balance of the 12-Month Period Base Rent (i.e. if LESSOR re-leases all or a portion of the Premises in the sixth month following the Early Termination Date LESSOR would rebate rents actually collected from any new tenant(s) for the following six (6) months up to a total of the amortized balance of the 12-Month Period Base Rent, less the amortized value of any Lease Concessions made or paid in connection with the re-leasing of the Premises).

## 21. ENTIRE AGREEMENT

This Lease supersedes all prior agreements and verbal discussions between the parties. This Lease constitutes the entire contract between the parties concerning the subject matter hereof. It is intended as the final expression of their agreement with respect to such terms as are included herein and may not be contradicted by evidence of any prior agreements, discussions or contemporaneous oral agreement. The parties further intend that this Lease constitutes the complete and exclusive statement of its terms and that no extrinsic evidence whatsoever may be introduced in any judicial or arbitration proceeding. This Lease may not be modified, changed,

supplemented, superceded, canceled or terminated, nor may any obligations be waived, except by a written instrument signed by the party charged or by its authorized agent duly authorized in writing.

22. PERMITTED USE

LESSEE shall use the Premises for general office uses in compliance with all applicable zoning and other ordinances of the City of Stockton. No other use may be made of the Premises without the LESSOR's prior written consent, which LESSOR may grant or deny in its sole discretion.

23. NO BROKERS.

LESSOR and LESSEE each represent and warrant to the other that they have not dealt with or been represented by any real estate brokers or finders in connection with this Lease. Each party hereto shall indemnify, defend and hold harmless the other party against any loss, liability, claim, damage or judgment incurred by reason of any brokerage fee, commission or finder's fee that is payable or alleged to be payable to any broker or finder as a result of the acts of the indemnifying party.

24. LIMITATION OF LIABILITY.

Notwithstanding anything to the contrary contained in this Lease, the liability of LESSOR (and of any successor LESSOR) to LESSEE shall be limited to the interest of LESSOR in the Premises and building that contains the Premises. LESSEE shall look solely to LESSOR's interest in the Premises and building that contains the Premises for the recovery of any judgment or award against LESSOR. Neither LESSOR nor any LESSOR related party shall be personally liable for any judgment or deficiency. Before filing suit for an alleged default by LESSOR, LESSEE shall give LESSOR and any of LESSOR's lenders whom LESSEE has been notified hold mortgages or deeds of trust against the building that contains the Premises written notice and a reasonable time to cure the alleged default of LESSOR.

25. FURTHER ASSURANCES AND CORRECTIVE INSTRUMENTS.

LESSEE agrees that it will execute and deliver any and all such further agreements, instruments, or other assurances as may be reasonably necessary or requested by the LESSOR or any lender of LESSOR to carry out the intention of this Lease or to facilitate the performance of this Lease, including, without limitation, to correct any inadequate, incomplete or incorrect description of the Premises hereby leased or intended to be leased.



26. OPTION TO PURCHASE. LESSEE shall have the option to purchase the property and building containing the Premises as set forth in Exhibit ""E" attached hereto and incorporated herein by reference.

27. ATTACHMENTS

Attached hereto are the following documents, which constitute a part of this Lease:

Exhibit A - Site Map and Premises

Exhibit B - Building Core/Shell Design Development Plans

Exhibit C - Repair and Maintenance Responsibilities

Exhibit D - Formula for Granting a Base Rent Credit for Unused Tenant Improvement Allowance

Exhibit E - Option to Purchase

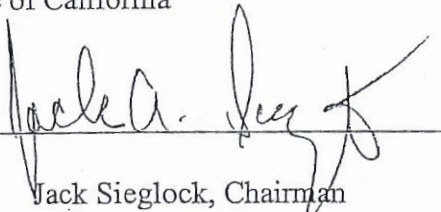
IN WITNESS WHEREOF, LESSOR AND LESSEE have each caused this Lease to be executed on the date first written above.

LESSEE:

COUNTY OF SAN JOAQUIN, a  
Political subdivision of the  
State of California

ATTEST: LOIS M. SAHYOUN  
Clerk of the Board of Supervisors  
of the County of San Joaquin,  
State of California

By

  
Jack Sieglock, Chairman  
Board of Supervisors

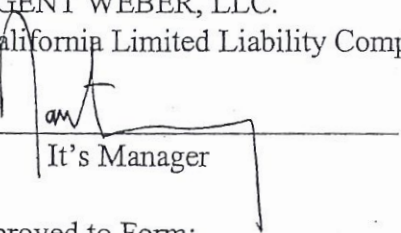
By Caroline Garcia  
APPROVED AS TO FORM:  
TERRENCE R. DERMODY  
County Counsel



By

LESSOR:  
REGENT WEBER, LLC.  
a California Limited Liability Company

By

  
It's Manager

Approved to Form:  
Law Offices of Gregory D. Thatch

By:

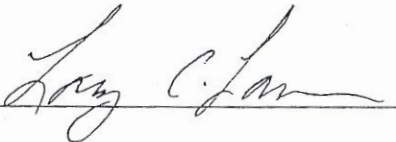
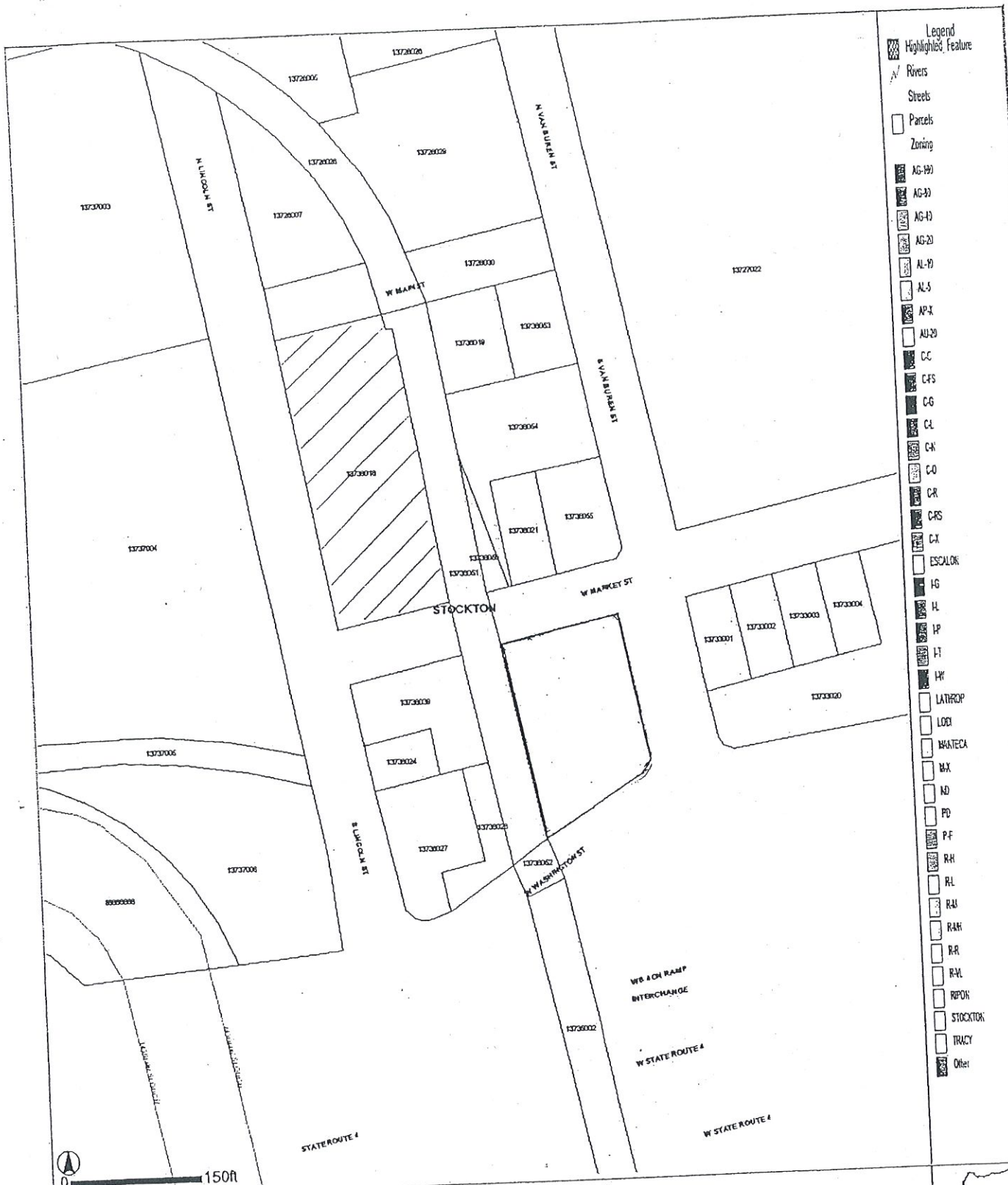




Exhibit A – Site Map and Premises



### San Joaquin County Parcel Viewer

San Joaquin County Geographic Information Systems  
1810 East Hazelton Avenue, Stockton, California 95205

The information on this map is based on the most current information available to San Joaquin County Geographic Information Systems.  
The County of San Joaquin does not warrant its accuracy, completeness, or suitability for any particular purpose.  
The information on the map is not intended to replace engineering, licensed or primary records research.

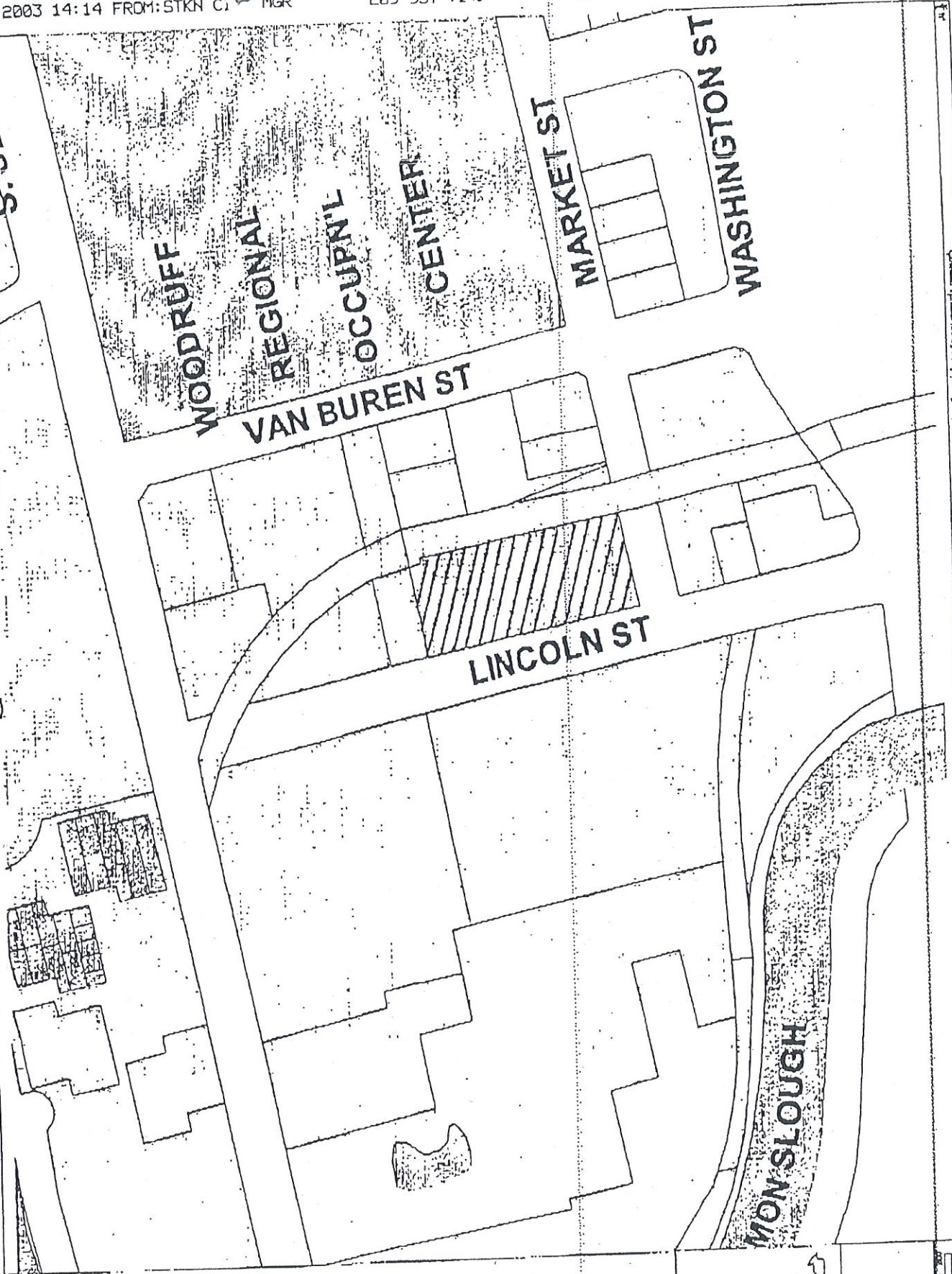








# Lincoln/Market Street Area



- ☐ Parcel/City
- ☐ Parcel/County
- ☐ Condo
- ☐ Non-assess
- ☐ Government
- ☐ Library
- ☐ School
- ☐ Hospital
- ☐ Church
- ☐ Park
- ☐ Golf Course

feet

- ☐ Freeway
- ☐ Highway
- ☐ Maj Arterial
- ☐ Min Arterial
- ☐ Regular
- ☐ Private
- ☐ Railroad

Water

Water



CITY OF STOCKTON

The information on this map is based on the most current data available to the City of Stockton. The City of Stockton does not warrant the accuracy or completeness of the information. The City of Stockton is not responsible for any errors or omissions. The City of Stockton is not responsible for any damages or losses resulting from the use of this map.



**Exhibit B – Building Core/Shell Design Development Plans**

<To Be Attached>



Architects, Inc

10304 Placer Lane, Suite A  
Sacramento, CA 95827

Phone: 916 362-6303

Fax: 916 362-5841

Plaster Mechanical Screen beyond

d Window Head 6  
risk, Typ

d Metal Canopy @ Side Entry

d Metal Roof Element beyond

Schematic Design For:

**Two-Story  
Office Building**

California

9-15-03

OPE / RG

03128.03





**EXHIBIT C – REPAIR AND MAINTENACE RESPONSIBILITIES**

[To Be Supplied by Regent-Weber LLC]

## EXHIBIT C

### SUMMARY OF REPAIR AND MAINTENANCE RESPONSIBILITIES

The following is a summary of operating expenses to be performed by Tenant in accordance with the frequency:

	T E N A N T	L A N D L O R D	F R E Q U E N C Y
Paper supplies, dispensers and waste containers (premises & restrooms)	X		As Needed
Light bulbs & fluorescent light tubes and starters	X		Monthly
Ballasts and transformers for fluorescent lights, light switches and electrical outlets	X		Monthly
Heating and air conditioning control switches	X		Monthly
Janitorial service for interior of premises (dust, waste removal, vacuum, mop, cleaning)	X		As Needed
Janitorial service for exterior of premises and common areas	X		As Needed
Carpet, tile and linoleum	X		As Needed
Emergency phone line – Elevator system	X		Monthly
Elevator maintenance / certification	X		Monthly
Gas – Service / Utility	X		Monthly
Electric – Include Site Lighting	X		Monthly
Water - Irrigation	X		Monthly
Security Systems / Patrol / Monitoring	X		Monthly
Fire / Life safety monitoring	X		Monthly
Window washing – interior	X		Monthly
Window washing - exterior	X		As Needed
Landscaping and gardening	X		As Needed
Drapes, blinds, window shades – Install only (Tenant Improvement Cost)	X		Monthly
Kitchen appliances / maintenance	X		Monthly
Refuse, rubbish & garbage disposal	X		As Needed



Pest Control	X		As Needed
Other: City utility bills	X		As Needed
Sweep parking lot	X		Quarterly
Property Taxes	X		Semi-Annual
Property Insurance / Public Liability	X		Monthly

## EXHIBIT D

### Formula for Granting a Base Rent Credit for Unused Tenant Improvement Allowance

The amount of the unused Tenant Improvement Allowance shall be calculated as follows:

( \$ amount of unused per square foot Tenant Improvement Allowance) multiplied by (total actual number of net usable square feet in Premises) divided by 180 months = amount of monthly credit against the Base Rent.

For example, if the unused Tenant Improvement Allowance were \$10 per square foot, and there were 47,000 net usable square feet in the Premises, the monthly credit against the Base Rent would be \$2611.11 per month (or 5 ½ cents per net usable square foot per month).

### Formula for Determining Increased in Base Rent Due to Increased Tenant Improvement Costs.

Every dollar in increased costs for the Tenant Improvements above the \$45 Tenant Improvement Allowance shall result in an increase to the monthly Base Rent of \$480.00 per month



EXHIBIT "E"  
Option to Purchase.

A. Option to Purchase. LESSOR hereby grants to LESSEE an option to purchase the real property and building that contains the Premises.

B. Term. The term of this Option to Purchase shall commence immediately upon the Commencement Date of the Term of this Lease and shall continue until the expiration or earlier termination of the Lease.

C. Notice of Exercise of Option. LESSEE shall give LESSOR at least six (6) months prior written notice of LESSEE's decision to exercise its option to purchase, which shall designate the date on which the escrow is to close.

D. Terms of Sale. Upon LESSEE's giving of notice of its exercise of the option to purchase, LESSOR and LESSEE shall thereafter agree upon the purchase price, which shall be the fair market value of the real property and building that contain the Premises, plus any prepayment penalties or fees LESSOR must pay to its lender(s), plus any increased state and federal income tax liabilities LESSOR will incur due to LESSEE's purchase of the property prior to the expiration of the Term of this Lease, all of which shall be collectively referred to as the "Purchase Price". If LESSOR and LESSEE are unable to agree upon the Purchase Price within ninety (90) days following LESSEE's giving of the notice of exercise of the option to purchase, then the option to purchase shall expire and be of no further force and effect. LESSEE's purchase of the property shall be accomplished through an escrow to be opened at Alliance Title Company, 610 Fulton Avenue, Sacramento, California 95825. LESSOR shall pay the recording fee for the deed to LESSEE and the premium for a CLTA owner's policy of title insurance. LESSEE shall pay for any ALTA policy of title insurance, any title endorsements and all of LESSEE's financing costs and the recording charges for any deed of trust used by LESSEE to finance its purchase. LESSOR and LESSEE shall evenly divide all other customary closing costs and escrow charges, including but not limited to, the title company document preparation charges, notary fees, and any documentary and transfer taxes. Title to the property shall be conveyed subject to all easements, rights of way, encumbrances, covenants, conditions and restrictions, and other matters of record; provided, however, that LESSOR shall pay in full at the close of escrow any deeds of trust and mortgages placed against the property by LESSOR. Real property taxes and assessments shall be pro-rated between LESSOR and LESSEE as of the close of escrow.

San Joaquin County



Workforce Investment Board



**John M. Solis**

Executive Director

**Employment and Economic Development Department**

**56 S. Lincoln Street • Stockton, CA 95203**

(209) 468-3500 tel

(209) 462-9063 fax

[jsolis@sjcworknet.org](mailto:jsolis@sjcworknet.org)

[www.sjcworknet.org](http://www.sjcworknet.org)

Contact  
for Stockton



# Before the Board of Supervisors

County of San Joaquin, State of California

B-03- 1215

MOTION: Mow/Gutierrez

**Approve Office Building Lease Agreement with Regent Weber LLC for the Employment and Economic Development Department (EEDD)**

This Board of Supervisors does hereby:

1. Approve the Office Building Lease Agreement with Regent Weber LLC to construct and house the County's Employment and Economic Development Department, and;
2. Determine that the proposed lease with Regent Weber LLC is a public benefit.

I HEREBY CERTIFY that the above order was passed and adopted on 10/21/03 by the following vote of the Board of Supervisors:

AYES: Ornellas, Mow, Gutierrez, Sieglock

NOES: Marengo

ABSENT: None

ABSTAIN: None

c: CAO, County Counsel, Fac. Mgmt.  
Auditor, EEDD

LOIS M. SAHYOUN

Clerk of the Board of Supervisors  
County of San Joaquin  
State of California



Lois Sahyoun

premise

96 So. Lincoln  
Stockton, CA 95203

9/30/06

3576 -

Date Prepared: 5/4/06

Prepared by: Joe DuBois & J Gianulias  
Reg. Leasing Mgr. Approval:

## RETAIL LEASE ABSTRACT

### PROPERTY INFORMATION:

Property Name: 448 W Main St, Stockton CA (NEC of Lincoln Street & Market St)  
WorkNet = County of San Joaquin Total Property Sq. Ft.: 2.61 acres  
City of Stockton

### TENANT INFORMATION:

Tenant Name: County of San Joaquin dba

Mailing Address: 222 E. Weber Avenue Room 707 Stockton, CA

### LEASING INFORMATION:

Suite No: Premise Sq. Ft: 49,066  
Lease Term: 15 (10 firm) years 180 (120 firm) mo's Is the Lease signed: YES

Lease Dates  
Original Lease: 10/23/2003  
Current Amendment: 6/6/2005  
Commencement: 10/1/2005  
Expiration: 9/30/2015 and again in 2020

Options  
Renewal Term: N/A  
Renewal Amount: N/A  
Renewal Lead Time (days):

### SECURITY DEPOSIT

Amount: None (confirm)

### RENT INFORMATION

Escalation Date	Monthly Rent Per SF	Annual Rent Per SF	Monthly Rent	Annual Rent
10/01/05	\$1.06	\$12.72	\$52,016.75	\$624,201

Annual increase equal to the lower of (3%) in CPI

### ESCALATIONS

Step: Annual Increase: TBD CPI: lower of 3% or CPI

Exclusive Use: Office use.

Operating Expenses: Lessee shall pay its pro rata share of building's expenses, but NO management fee.  
Lessor's costs to perform are - structural, cap improvements, parking lot & building... (Section 4)

Early Termination: At any time after the last day of the 9th Lease Year but before the last day of the 110th month of the initial Lease Term, Lessee shall have the option, on notice to Lessor, to terminate this Lease. (Section 20)

Assignment & Subletting: Any such assignment, transfer or sublease may only be for an office use. Lessor's consent to and such assignment, shall not relieve or release Lessee from any of its obligation under this lease.

Improvements: Lessor will provide an allowance of \$45 per net usable square foot for the construction of the Lessee's tenant improvements in the premises. The Tenant Improvement Allowance is \$624,144 total. Of the total, the Lessee shall pay the sum of \$351,043 (2nd Amendment).

Subordination: Lessor will include in any future mortgage, deed of trust or other security instrument to which this Lease becomes subordinate, or in a separate SNDA, a provision to the foregoing effect. Within thirty (30) business days next following the Lessee's receipt of a written demand, Lessee shall execute such additional instruments as are reasonably acceptable to Lessee to evidence the subordination of this Lease provided such instrument does not interfere with the full enjoyment of any right granted to the Lessee under this Lease.

### Notes

Lessee has an option to purchase immediately upon the Commencement Date of the Term of the Lease. (Exhibit E)  
Tenants repair and maintenance responsibilities (Exhibit C)  
200 minimum parking spaces.

### Appraisal - (Donna Whitaker)

As completed and Stabilized - Leased Fee January 1, 2005 = \$7,500,000  
As Is - Fee Simple February 18, 2004 = \$685,000

### Loan

Principal sum of \$6,000,000  
1-59 months at 6.25%  
2nd note - 60-120 months average of the one year US Treasury Bills plus 235 basis points. 25 Amortization period.

Borrower may upon fifteen days prior written notice to Bank, prepay all of the principal sum, together with accrued and unpaid interest thereon computed to the date of prepayment, without penalty or premium whatsoever.



EMPLOYMENT AND ECONOMIC DEVELOPMENT DEPARTMENT  
SAN JOAQUIN COUNTY  
OFFICE BUILDING LEASE  
A-05- 615

LEASE AMENDMENT 02  
TO LEASE A-03-878

The Triple Net Lease dated October 23, 2003 between the County of San Joaquin as "LESSEE" and Regent Weber, LLC as "LESSOR" and the Lease Amendment 01 thereto dated September 14, 2004, are hereby amended as follows:

Recitals

A. On October 23, 2003, the parties entered into that certain Triple Net Lease designated A-03-878 (the "Original Lease") which provided for the construction and possession of an office building.

B. Under the Original Lease, the LESSOR was to provide a tenant improvement allowance of \$45 per net useable square foot, or \$2,131,875 for the construction of the LESSEE's tenant improvements in the Premises.

C. On September 14, 2004, the parties entered into that certain Lease Amendment 01 to the Original Lease designated A-04-831 (the "First Amendment") which, among other things, provided for additional improvements over and above the amount provided for in the Original Lease.

D. The LESSEE desires to increase the tenant improvement allowance and have LESSOR finance a portion of the increase, and LESSOR desires to provide the needed financing.

Based upon the above recitals, LESSOR and LESSEE expressly agree as follows:

1. The first sentence of Paragraph 2(a) of the First Amendment, which was a restatement of Section 2(a) BASE RENT of the Original Lease, is hereby stricken and replaced with the following:

(a) Base Rent. Rent for the Premises shall be \$52,016.75 per month (the "Rent" or "Base Rent"), due and payable in arrears on the last day of each month, without deduction or setoff.

2. Paragraph 3(g) of the First Amendment, which was an addition to the Original Lease under Section 3 TENANT IMPROVEMENTS, is hereby stricken in its entirety and replaced with the following:

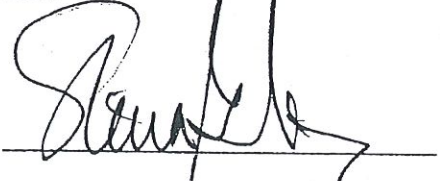
(g) Additional Improvements. The Tenant Improvement Allowance shall be increased by the amount of \$672,144 (the "Total"). Of the Total, the LESSEE shall pay the sum of \$351,043. Said sum shall be paid to LESSOR on or before August 1, 2005, without demand, invoice or other administrative precondition. LESSOR shall apply a credit to the Total of \$96,759 for reduction in the Tenant Improvement Allowance. The balance of the Total, or \$224,342 shall be financed by LESSOR and amortized over the Term of the Lease, all as set forth on Exhibit A attached hereto.

Except as herein specifically indicated, all other terms and conditions of the Original Lease and the First Amendment remain unchanged and in full force and effect. In the event of any inconsistency or conflict between this Lease Amendment 02 and either the Original Lease or the First Amendment, the terms of this Lease Amendment 02 shall control.

APPROVED:

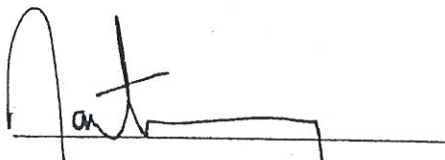
LESSEE:

COUNTY of SAN JOAQUIN  
BY:

  
STEVE GUTIERREZ, CHAIRMAN  
Board of Supervisors

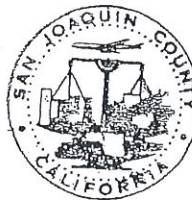
LESSOR

REGENT WEBER, LLC  
BY:

  
DARRELL PETRAY  
Managing member

ATTEST: LOIS M. SAHYOUN  
Clerk of the Board of Supervisors  
of the County of San Joaquin,  
State of California

By Caroline Garcia SEAL "COUNTY"



APPROVED AS TO FORM  
TERRANCE R. DERMODY  
County Counsel

By   
David Wooten, Assistant County Counsel





SAN JOAQUIN COUNTY  
FACILITIES MANAGEMENT DIVISION  
212 N. San Joaquin Street, Suite A  
Stockton, California, 95202-2778  
PH: (209) 468-2180  
FAX: (209) 468-2186

Government Buildings  
Property Management  
Parks & Recreation  
Capital Projects

June 6, 2005

EXHIBIT A

Mr. Darrell Petray  
Regent Weber, LLC  
798 University Avenue  
Sacramento, CA 95825

Dear Darrell:

Correspondence of May 24, 2005

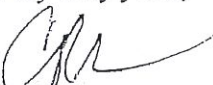
Pursuant to our lease agreement (A-03-878) dated October 21, 2003, Section 3 (a) Tenant Improvements and Exhibit D, we agree to recommend that the San Joaquin County Board of Supervisors approve increasing the County's monthly lease payment by \$2,273. This increase is for items in excess of the tenant improvement allowance cited in our agreement.

The total net cost of these improvements is \$224,341.94. The items include site security fencing, window coverings, lock strikes, upgraded electrical, additional office development and contractor general conditions and profit. Attached is the list of items and estimated costs.

We will prepare correspondence for Board of Supervisors consideration of this increased rent. We anticipate that the Board of Supervisors will consider this item at their regularly scheduled meeting on Tuesday, June 28, 2005.

If you have any questions, please contact Mr. Tom Bugarin at (209) 468-0987.

Very truly yours,

  
Craig Y. Ogata  
Director

- c: John Solis, Executive Director, Employment and Economic Development Department  
Mike Miller, WorkNet  
Tom Mount, JP Heintz  
Gary Van Wingen, Comstock Johnson Architect

## Additional Tenant Improvements

ITEM	AMOUNT
1. Security and Alarms Audio/Visual Data and Telephone	\$434,529.00
2. Window Coverings	35,535.31
3. Locking Strikes for Bldg Access	26,862.91
4. Site Security Fence	129,495.00
5. Additional Panel and Other Electrical changes	33,899.72
6. Changes on the second floor Business Services Area	<u>11,822.00</u>
Subtotal	\$672,143.94
Deduct	\$447,802.00*
Total	\$224,341.94

\* Deduction is calculated with the County payment of \$351,043 for telephone, security and audio/visual equipment and tenant improvement credit of \$96,759.



021

EMPLOYMENT and ECONOMIC DEVELOPMENT DEPARTMENT  
SAN JOAQUIN COUNTY  
OFFICE BUILDING LEASE  
A-04- 831

SEP 14 2004

LEASE AMENDMENT 01  
TO LEASE A-03-878

The Triple Net Lease dated October 21, 2003 between County of San Joaquin "LESSEE" and Regent Weber, LLC "LESSOR" is hereby amended as follows:

1. Under Recitals, page 1, paragraph B amend from "minimum of 200 parking spaces" to "minimum of 186 parking spaces".

2. Under Section 2 BASE RENT to read:

(a) Base Rent. Rent for the entire Premises shall be \$49,743.75 per month (the "Rent" or "Base Rent"), due and payable in arrears on the last day of each month, without deduction or off-set. The Rent shall increase on each annual anniversary of the Commencement Date by an amount equal to the lower of three percent (3%) or the percentage change in the Consumer Price Index for all Urban Consumers (All Items), San Francisco-Oakland-San Jose Average, (1982-84=100), as published by the United States Department of Labor, Bureau of Labor Statistics, for the month prior to the Commence Date; provided, however, that in no event shall the Base Rent be adjusted lower than the amount of the Base Rent in effect during the last month of the immediately preceding year. "Premises", as used herein, shall mean the new building, to be 49,066 square feet, located at APN # 137-36-018, Stockton, California. The Premises are more particularly depicted on the Site Map and Premises attached Employment and Economic Development Department Office Building Lease Agreement A-03-878 as Exhibit A.

(b) The Base Rent and the Operating Expenses (as hereinafter defined) coming due and payable during each month of the Term, as such Term may be extended, constitute the total rental for the Premises for each such month and shall be paid by LESSEE in each month for and in consideration of the right of the use and occupancy, and for the continued quiet use and enjoyment, of the Premises during each month.

3. Under Section 3 TENANT IMPROVEMENTS add:

(f) Square Footage. The lease agreement provides for a Tenant Improvement allowance of \$45/sf of rentable area calculated on originally 47,375 square feet. Actual rentable area is 49,066 square feet based on the approved set of program design documents dated January 09, 2004. For consideration of the amendment to Section 2 above and no increase in the Base Rent the LESSEE agrees that the LESSOR will only provide \$2,131,875 for Tenant Improvement allowance. LESSEE acknowledges a net gain of 1,691 square feet in building area and LESSOR acknowledges no increase in Current or any Future Rent for the increased area.

(g) Additional Improvements. LESSOR will also provide administration and coordinate the installation of the audio/visual system, security, and data/telephone wiring required by the LESSEE during the initial phase of construction per Exhibit B. LESSOR will select the appropriate vendors through open competitive process and secure the best possible price in accordance with the **Workforce Investment Act Directive Number WIAD00-2 (Exhibit F)**. LESSOR will also maintain and provide all documents pertaining to the competitive selection of said vendors. LESSOR AND LESSEE shall agree on all cost prior to acquisition and installation. LESSEE shall reimburse LESSOR on a cost plus fee basis. The costs of additional improvements shall not exceed \$492,000, inclusive of LESSOR'S fee. LESSOR'S fee is five percent (5%) of the actual expense, which is inclusive of all administrative and contractor's fees associated with the additional improvements. All requests for payment must be accompanied with vendor's invoice. Payment due date will be 30 days after approved invoice.

Except as herein specifically indicated, all other terms and conditions of the Lease (A-03-878) remain unchanged.

**APPROVED:**

**LESSEE:**  
**COUNTY of SAN JOAQUIN**  
**BY:**

                    LEROY ORNELLAS                    

**LEROY ORNELLAS, CHAIRMAN**  
**Board of Supervisors**

**LESSOR:**  
**REGENT WEBER, LLC**  
**BY:**

                    *Darrell Petray*                      
**DARRELL PETRAY**  
**Managing Member**

**ATTEST: LOIS M. SAHYOUN**  
**Clerk of the Board of Supervisors**  
**of the County of San Joaquin,**  
**State of California**

By                     LOIS M. SAHYOUN                    



"COUNTY"

**APPROVED AS TO FORM**  
**TERRANCE R. DERMODY**  
**County Counsel**

By                     *David Wooten*                      
**David Wooten, Assistant County Counsel**

[All signatures must be acknowledged]



021

**EMPLOYMENT AND ECONOMIC DEVELOPMENT  
DEPARTMENT  
OFFICE BUILDING LEASE AGREEMENT**

TRIPLE NET LEASE

A-03- 878

**RECEIVED**  
OCT 24 2003

BY: \_\_\_\_\_

This Lease is made and entered into on this \_\_\_\_\_ day of \_\_\_\_\_, 2003, (the "Execution Date") by and between **COUNTY OF SAN JOAQUIN**, a political subdivision of the State of California, hereinafter called "**LESSEE**", and, **REGENT WEBER, LLC**, a California Limited Liability Company, hereinafter called "**LESSOR**".

Recitals

A. It is the intent of the parties to produce a finished leasehold within the building described in Exhibit A, with the building's core and building shell, tenant improvements, construction and design services to be financed by the LESSOR and recouped through the rental structure of the triple net (NNN) lease.

B. The obligations of this Lease are expressly conditioned upon: the obtaining of the land where the building and leased premises will be situated and, construction of off site improvements which have not been taken into account in establishing the rent payable by LESSEE hereunder.

Based on the above recitals IT IS EXPRESSLY AGREED between LESSOR and LESSEE that LESSOR hereby leases to LESSEE, and LESSEE leases from LESSOR, that certain office space, together with a minimum of 200 parking spaces, within a new building to be constructed by LESSOR on San Joaquin County APN # 13736018 located at the corner of **Lincoln Street and Market Street, Stockton, California**, (the "Premises") described more particularly by Exhibit A, attached hereto and incorporated herein by reference, under the following terms and conditions:

Terms and Conditions

1. TERM

This Lease shall have an expiration date that is the last day of the calendar month in which the Fifteenth (15th) anniversary of the Commencement Date occurs (the "Term"). The "Rent Commencement Date" will be the first day of the calendar month following the beneficial occupancy of the Premises by LESSEE (as evidenced by the City of Stockton's issuance of a Temporary Certificate of Occupancy). Within ten (10) days following the Rent Commencement Date, LESSOR and LESSEE shall execute a Memorandum of Rent Commencement Date to

memorialize the commencement and expiration dates of the Term of this Lease.

## 2. RENT

(a) Base Rent. Rent for the entire Premises shall be \$1.05 per gross rentable square foot per month (the "Rent" or "Base Rent"), due and payable in arrears on the last day of each month, without deduction or off-set. The total monthly Rent payment is estimated at \$49,743.75 per month, based on 47,375 gross rentable square feet, which shall be adjusted for actual number of gross square feet of the building being constructed at the Premises for LESSEE's use. The Rent shall increase on each annual anniversary of the Commencement Date by an amount equal to the lower of three percent (3%) or the percentage change in the Consumer Price Index for All Urban Consumers (All Items), San Francisco-Oakland-San Jose Average, (1982-84=100), as published by the United States Department of Labor, Bureau of Labor Statistics, for the month prior to the anniversary of the Commencement Date; provided, however, that in no event shall the Base Rent be adjusted lower than the amount of the Base Rent in effect during the last month of the immediately preceding lease year. "Premises," as used herein, shall mean that area within the new building, estimated to be 47,375 gross rentable square feet, located at APN # 137-36-018, Stockton, California. The Premises are more particularly depicted on the Site Map and Premises attached hereto as Exhibit A and incorporated herein by reference.

The Base Rent and the Operating Expenses (as hereinafter defined) coming due and payable during each month of the Term, as such Term may be extended, constitute the total rental for the Premises for each such month and shall be paid by LESSEE in each month for and in consideration of the right of the use and occupancy, and for the continued quiet use and enjoyment, of the Premises during each month.

## 3. TENANT IMPROVEMENTS

(a) Tenant Improvements. LESSOR will provide an allowance of \$45 per net usable square foot (the "Tenant Improvement Allowance") for the construction of the LESSEE's tenant improvements in the Premises (the "Tenant Improvements"). Within forty-five (45) days after the Execution date, LESSOR and LESSEE shall agree upon the Tenant Improvements to be constructed by LESSOR and the cost thereof. LESSOR and LESSEE shall work cooperatively and diligently to agree upon the extent and nature of the Tenant Improvements and the cost thereof during said forty-five (45) day period. In the event LESSOR and LESSEE cannot agree upon the extent of the Tenant Improvements to be provided for the Tenant Improvement Allowance, then either party, within ten (10) days after the expiration of said forty-five (45) day period, may elect to terminate this Lease by giving written notice to the other party. Upon any such termination, the parties shall have no further obligation to each other. In the event the Tenant Improvements agreed upon by the parties can be constructed for less than the Tenant Improvement Allowance, then LESSOR shall provide a credit against the future monthly Base Rent payable following the Rent Commencement Date of this Lease according to the formula set forth in Exhibit "D" attached hereto and incorporated herein by reference. In the event the cost of



the Tenant Improvements exceeds the Tenant Improvement Allowance, the excess shall be paid to LESSOR by LESSEE as increased Base Rent using the formula specified in Exhibit D. LESSOR shall have no obligation to commence the construction phase for the building that will contain the Premises until LESSOR and LESSEE have agreed upon the Tenant Improvements and the cost thereof.

(b) Alterations and Improvements by LESSEE. During the Term of this Lease, LESSEE may, at its own expense, make such alterations and interior improvements as it may deem necessary only with the prior written approval of LESSOR, whose approval shall not unreasonably be withheld. Alterations shall be constructed in a good and workmanlike manner using materials of a quality that is at least equal to the quality designated by LESSOR as the minimum standard for the building containing the Premises. LESSOR may designate reasonable rules, regulations and procedures for the performance of work in the building in order to avoid disruption to other occupants of the building.

(c) Payments in Connection with Change Orders. No Change Order shall be made in the work required by this Lease unless both LESSOR and LESSEE approve such changes and the cost thereof in writing. In the event of changes requested by LESSEE during the course of construction or in the final plans and specifications, LESSEE shall have the option of reimbursing LESSOR for the additional costs and expenses caused by such changes: (i) In cash within 30 days after LESSOR's contractor completes such change, or (ii) by adjusting the monthly Rent for the amount of the Change Order as hereinafter provided. LESSEE shall indicate how it desires to pay for each Change Order at the time the Change Order is approved by the parties.

(d) Force Majeure. In the event that a Force Majeure Event (as hereinafter defined) occurs, LESSOR shall be provided with an additional period of time to complete the construction of the building or the Tenant Improvements. The term "Force Majeure" as used in this Lease is defined as an act of god or a public enemy, whether the occurrence is caused by war, riot, terrorism, flood, storm, weather, earthquake or other natural forces, moratoriums, government agencies, quasi-government agencies, unavailability of material or labor, fuel shortages or rationing, of the acts of anyone not a party to this Lease. As a precondition of LESSOR claiming an extension of time due to a Force Majeure Event, LESSOR shall deliver to LESSEE written notice setting forth the estimated length of the delay, the reason for the delay and the total Force Majeure Event days of delay accrued to date. Each day of Force Majeure Event delay shall extend the Rent Commencement Date by one business day.

(e) Liens. LESSEE shall not permit mechanic's liens or stop work notices to be placed upon the Premises and the real property where they are located in connection with any work or service done or purportedly done by or for the benefit of LESSEE. If a lien is so placed, LESSEE shall, within ten (10) days of notice from LESSOR of the filing of the lien, fully discharge the lien by settling the claim which resulted in the lien or stop work notice or by bonding or insuring over the lien or stop work notice in the manner prescribed by law. If



LESSEE fails to discharge the lien or stop work notice, then, in addition to any other right or remedy of LESSOR, the LESSOR may bond or insure over the lien or otherwise discharge the lien or stop work notice. In such an event, LESSEE shall reimburse LESSOR for any amount paid by LESSOR to bond, discharge or insure over the lien or stop work notice, including, without limitation, reasonable attorneys' fees within thirty (30) days after receipt of an invoice from LESSOR.

#### 4. OPERATING EXPENSES

As additional rent, LESSEE shall pay its pro rata share of the building's "Operating Expenses" (as defined below). LESSOR shall provide all services described below except as otherwise provided in this Lease and LESSEE shall reimburse LESSOR for all Operating Expenses either: (a) within 15 days after receipt of a written bill therefore from LESSOR, or (b) in advance in estimated monthly installments, in accordance with the following: (i) LESSOR shall deliver to LESSEE the LESSOR's reasonable estimate of the Operating Expenses it anticipates will be paid or incurred for the calendar year in question; (ii) during such year LESSEE shall pay LESSEE's Share of the estimated Operating Expenses in advance in monthly installments at the time installments of Base Rent are due; and (iii) within 90 days after the end of each year, LESSOR shall furnish to LESSEE a statement in reasonable detail of the actual Operating Expenses paid or incurred by LESSOR during the previous year and there shall be an adjustment between LESSOR and LESSEE, with payment to LESSOR or a credit to the next installment of LESSEE's Base Rent due (or cash payment to LESSEE, if the Lease has terminated), within 10 days after delivery by LESSOR to LESSEE of said statement, so that LESSOR shall receive the entire amount of LESSEE's Share of all Operating Expenses for such year and no more. LESSEE shall have the right once each calendar year, at its expense, exercisable upon written notice to LESSOR within sixty (60) days of LESSEE's receipt of LESSOR's annual statement, to audit, at LESSOR's office during normal business hours, LESSOR's books and records as they relate to Operating Expenses. If the amount demanded by LESSOR for Operating Expenses differs from the actual amount thereof by more than 10% of the demanded amount, then LESSOR shall pay the cost of such audit. This Lease is a "net-net-net lease" and the LESSEE hereby agrees that the Rent is an absolute net return to the LESSOR, free and clear of any expenses, charges or set-offs whatsoever.

The term "Operating Expenses" shall include LESSOR's costs and expenses to perform the LESSOR's repair and maintenance obligations as specified in Exhibit "C" attached hereto and incorporated herein by reference, as well as the Real Property Taxes (as defined below) and insurance costs incurred by LESSOR to insure the building against loss or damage and to maintain liability insurance. LESSEE shall be responsible for performing all other maintenance and repairs to the Premises and to the building which contains them.

Notwithstanding the foregoing, Operating Expenses shall not include, and LESSEE shall not be responsible for the payment of, the following costs and expenses: (i) Costs incurred for the initial construction of the site improvements, parking lot, and building core/shell improvements



as described in Exhibit B attached hereto; (ii) Costs incurred for repair of the structural parts of the building (including foundation, floor, slab and load-bearing walls), capital improvements and replacements to the site improvements, parking lot and the building not listed above, unless such costs are the result of LESSEE's failure to maintain the building, and provided further that the maintenance of the site improvements shall be the responsibility of LESSEE from and after the Rent Commencement Date; (iii) Costs incurred to correct any defects in design, materials or construction of the building and parking lot.

LESSEE hereby acknowledges that LESSOR shall have no obligation whatsoever to provide guard service or other security measures for the benefit of the Premises or the building where they are situated. LESSEE assumes all responsibility for the protection of LESSEE, its officers, agents, and invitees and the property of LESSEE and of LESSEE's agents and invitees from acts of third parties.

LESSEE's shall be responsible for all tenant services and utilities listed on Exhibit "C". LESSEE will pay no management fee.

## 5. TAXES

(a) Real Property Taxes. Real Property Taxes shall include all real estate taxes and assessments, general or special, ordinary or extraordinary, of every name, nature and kind whatsoever, and any possessory interest tax, which may be levied, assessed, charged or imposed, or may be or become a lien or charge upon the building and real property that contains the Premises or any part thereof or upon any of the improvements upon the Premises, or upon LESSEE's leasehold interest under this Lease commencing as of the Rent Commencement Date and continuing throughout the Term. LESSEE shall not be required to pay (i) any franchise, gift, estate, inheritance, succession, capital stock, or capital levy imposed upon LESSOR in connection with this Lease or LESSOR's rights in the building that contains the Premises, or (ii) any income, excess profits or revenue tax, or any other similar tax, charge or levy against LESSOR upon either the rentals provided for herein or LESSOR's right to receive such rentals. All of the aforesaid taxes and assessments as set forth above (except those, if any, payable solely by LESSOR) which shall relate to a year during which the obligation of LESSEE to make such payments commences or terminates shall be prorated between LESSOR and LESSEE. LESSOR and LESSEE acknowledge that LESSEE is negotiating an agreement with the City of Stockton's Redevelopment Agency for property tax reimbursement/relief for the Premises. LESSEE shall have the one time right to terminate this Lease if it cannot successfully conclude such agreement with the City of Stockton's Redevelopment Agency prior to the date LESSOR plans to commence construction of the building that will contain the Premises. LESSOR shall give LESSEE at least thirty (30) days advance written of the date LESSOR intends to commence construction. If LESSEE determines that it is going to exercise the foregoing right of lease termination, then LESSEE shall give LESSOR written notice of lease termination within ten (10) days after receipt of LESSOR's notice of the intended date of construction commencement or such right shall be void and of no further force and effect, notwithstanding, section 20.



(b) Assessment Districts. If at any time during the Term any governmental authority shall undertake to create an improvement district, parking district or special assessment district the proposed boundaries of which shall include the building that contains the Premises, LESSEE shall be entitled to appear in any proceeding relating thereto and to exercise all rights of LESSEE or LESSOR to have the building that contains the Premises excluded from such district or to determine the degree of benefit to the building that contains the Premises resulting there from. If any tax, assessment, charge, levy or impost made against the building that contains the Premises to finance any such public improvement shall be payable in installments over a period of time extending beyond the Term, LESSEE shall only be required to pay such installments thereof as shall become due and payable during the Term, subject to proration as provided above.

(c) Personal Property Taxes. LESSEE shall pay all taxes charged against trade fixtures, furnishings, equipment or any other personal property belonging to LESSEE at least ten (10) days prior to the delinquency date of the taxes. LESSEE shall attempt to have personal property taxed separately from the Premises. In the event that any of LESSEE's personal property shall be assessed with LESSOR's real property, LESSEE shall pay LESSOR the personal property taxes attributable to LESSEE within ten (10) days after receipt of a written statement from LESSOR setting forth the taxes applicable to LESSEE's personal property.

## 6. DESTRUCTION OF PREMISES

(a) Partial Damage/Destruction. If the Premises shall be partially damaged or destroyed, LESSOR shall promptly restore the Premises to their previous condition and make the same safe for LESSEE's use and occupancy. In such case, a proportionate amount of the Rent shall abate until the Premises shall be so restored; provided, however, that if the time needed to complete restoration is greater than six (6) months from the date the damage occurred, LESSEE shall have the option to terminate this Lease by delivery to LESSOR of a written notice of election to terminate within thirty (30) days after LESSEE receives from LESSOR the estimate of the time needed to complete such restoration. If the damage occurs during construction of the Tenant Improvements, then LESSEE's right to terminate may only be utilized if the time to complete restoration would cause Substantial Completion of the Tenant Improvements to be delayed by at least one hundred eighty (180) days, in which case the provisions of this Section 6 herein would apply. Should the Premises and Tenant Improvements not be so restored within the allotted time, LESSEE may, at its option, cancel and terminate this Lease. If so terminated, Rent paid in advance by LESSEE shall be refunded to it.

(b) Total Damage/Destruction. If the Premises shall be completely damaged or destroyed, this Lease Agreement shall terminate on the date of such damage or destruction. If so terminated, any Rent paid in advance by LESSEE shall be refunded to it.

(c) Total Taking. In the event, during the Lease Term, the whole of the Premises shall be taken for any public or quasi-public purpose by any lawful power or authority by



exercise of the right of appropriation, condemnation or eminent domain, or sold to prevent such taking, LESSEE or LESSOR may terminate this Lease effective as of the date possession is required to be surrendered to said authority. The condemnation proceeds allocable to the Site Improvements, Tenant Improvements, and the Premises shall be allocated to LESSOR, and any other proceeds shall be allocated between LESSOR and LESSEE as their interests may appear. In such event, each party shall bear its own costs, notwithstanding any work that may have been performed or sums expended by LESSOR at such time.

(d) Partial Taking. In the event, during the Lease Term, of a partial taking of the Premises for any public or quasi-public purpose by any lawful power or authority by exercise of the right of appropriation, condemnation or eminent domain, or sold to prevent such taking, then LESSEE may elect to terminate this Lease if such taking is of material detriment to, and substantially interferes with, LESSEE's use and occupancy of, and conduct of its business from the Premises. In no event shall this Lease be terminated when such a partial taking does not have a material adverse effect upon LESSOR or LESSEE or both. Termination pursuant to this Section shall be effective as of the date possession is required to be surrendered to said authority. In the event of a partial taking, and whether or not LESSEE terminates this Lease, LESSEE and LESSOR shall be entitled to those condemnation proceeds attributable to those items for which they are entitled to compensation pursuant to the immediately preceding section.

#### 7. ASSIGNMENT AND SUBLETTING

LESSEE shall not assign or transfer any interest therein, nor sublet whole or part of the Premises without first having obtained the written consent of LESSOR. Such consent shall not be unreasonably withheld. LESSOR's consent to any such assignment, transfer or sublease shall not relieve or release LESSEE from any of its obligations under this Lease and LESSEE shall continue to remain obligated for the faithful performance of the terms and provisions of this Lease. Any such assignment, transfer or sublease may only be for an office use as allowed under this Lease.

#### 8. ENTRY BY LESSOR

LESSOR may enter the Premises with consent of LESSEE or upon written notice to LESSEE (twenty-four (24) hours shall be deemed reasonable advance notice) for the purposes of reasonable inspection, making repairs, alteration or additions, to show the Premises to prospective purchasers, or mortgagees, or any other valid and reasonable business purpose. Entry shall be made during regular business hours. In the event of any emergency such as a fire, LESSOR may enter the leased Premises without consent or prior notice.

#### 9. LEGAL FEES

In the event of any legal action by the parties arising out of this Lease agreement, the losing party shall pay the prevailing party reasonable attorney's fees and court costs to be fixed by the court hearing the suit, including any attorneys' fees and costs incurred on any appeals.

#### 10. WAIVER AND SEVERABILITY

No waiver by either party at any time of any of the terms, conditions, covenants, or agreements of this Lease shall be deemed or taken as a waiver at any time thereafter of any of the same, nor of the strict and prompt performance thereof by the other party. If a court of competent jurisdiction shall adjudge any provision of this Lease invalid or unenforceable, the remaining provisions of this Lease shall not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.

#### 11. SURRENDER OF PREMISES

LESSEE agrees at the expiration of this Lease, lease option or upon the earlier termination thereof for any reason, to quit and surrender the Premises to LESSOR in as good state and condition as the Premises are in when possession thereof is given to LESSEE, reasonable wear and tear and damage by the elements and acts of God excepted, and LESSEE agrees at the expiration of the lease term, option period, or earlier termination thereof to remove any and all signs that have been placed upon, in or about the Premises by LESSEE and to repair and restore the Premises to the same condition prior to the time of placing of said signs upon the Premises, reasonable wear and tear and damage by the elements excepted. LESSEE agrees that at any time after ninety (90) days prior to the termination of this Lease or lease option period, LESSOR may place thereon any usual or ordinary "To Let" or "To Lease" or "For Sale" signs.

#### 12. DEFAULT AND RE-ENTRY

If the Rent or Operating Expenses shall be unpaid for five (5) days after the date on which the same become due, or if LESSEE defaults in any of the agreements herein, LESSEE shall have the right to cure default within five (5) days of LESSOR'S notice. Should LESSEE fail to cure default LESSOR shall have the option to declare this Lease forfeited and it shall be lawful for LESSOR to re-enter and take possession of said Premises, and LESSOR may, after taking possession as aforesaid, at LESSOR'S option, re-let the Premises, all without prejudice to LESSOR of any remedies which might otherwise be used for the collection of the rents specified. It is understood that each of the remedies given LESSOR hereunder are cumulative and that the exercise of one right or remedy by LESSOR shall not impair its right to any other remedy. Upon material breach of this Lease or default by LESSEE, LESSOR reserves the right to re-entry pursuant to legal proceedings required by the prevailing laws of the State of California.

#### 13. NOTICES



Any demand or notice which either party shall be required or may desire to make upon or give the other shall be in writing and shall be delivered personally to the other or sent by certified mail/return receipt requested addressed to the respective parties, as follows:

LESSOR: Regent Weber, LLC  
Attn: Darrell Petray  
798 University Avenue  
Sacramento, CA 95825

With a copy to:  
Law Offices of Gregory D. Thatch  
1730 I Street, Suite 220  
Sacramento, California 95814

LESSEE: San Joaquin County  
222 E. Weber Avenue, Room 707  
Stockton, CA 95202

With copy to:  
San Joaquin County  
Facilities Management Division  
212 N. San Joaquin Street, Suite A  
Stockton, CA 95202

Notice by certified mail/return receipt requested shall be deemed to have been communicated three business days after the date of mailing. No party shall evade or refuse delivery of any notice.

#### 14. INSURANCE

(a) LESSOR and LESSEE shall indemnify, hold harmless, reimburse and defend the other from all liability, damages, loss, costs, and obligations, including court costs and reasonable attorneys' fees, arising out of any claim, suit, judgment, loss or expense occasioned by, but not limited to, injury or death of any person or persons, or loss or damage to any property, arising from the act or omission of the indemnitor.

(b) During the construction phase of this lease, LESSOR shall provide and maintain commercial general liability and property damage policies in standard form in the minimum amount of One Million Dollars ( \$1,000,000 ) single limit, such policy to include completed operations and products liability.

(c) Commencing with the Rental Commencement Date, LESSEE shall at all time thereafter maintain commercial general liability insurance in an amount of not less than Five Million Dollars (\$5,000,000) per occurrence for bodily or personal injury, death, and property damage, and shall furnish to LESSOR a certificate of such insurance providing for not less than thirty (30) days written notice of any cancellation or material change in coverage. LESSOR shall be named as an additional insured on such liability insurance policy. LESSEE shall require its insurance carriers to waive any and all rights of subrogation against the LESSOR. All insurance required to be carried by LESSEE shall be primary with any insurance carried by LESSOR being excess and non-contributing. Notwithstanding the foregoing, LESSEE may self insure for the first One Million Dollars (\$1,000,000) of insurance coverage, in which event LESSEE shall provide LESSOR with a copy of any certificate of self-insurance for LESSOR's approval, such approval not to be unreasonably withheld.

(d) Commencing with the Rental Commencement Date, LESSEE shall at all times during the Term of the Lease keep the Tenant Improvements insured against loss or damage by fire, flood, lightning, vandalism, theft, malicious mischief, and any and all other risks and hazards as LESSEE may reasonably deem necessary, including those ordinarily defined as "extended coverage", to an amount or amounts equal to 100% of the full insurable value of said Tenant Improvements (less usual exclusions,) such insurance to include replacement cost endorsements. LESSOR shall be named as co-insured thereon. Upon request, any lender of LESSOR with respect to the building that contains the Premises shall be named co-insured as loss payee as its interest shall then appear. LESSEE shall not be relieved from the obligation of supplying any additional funds for replacement of the Tenant Improvements in the event of destruction where LESSEE's fire and casualty insurance does not cover actual full replacement costs.

(e) Except as may be specifically provided for elsewhere in this Lease Agreement, LESSOR and LESSEE hereby each mutually waive any right of recovery from the other in the event of damage to the Premises or property of either caused by acts of God, perils of fire, lightning, and the extended coverage perils as defined in insurance policies and forms approved for use in the State of California.

(f) No use shall be made of the Premises which will increase the commercial rate of insurance upon the building or cause a cancellation of any insurance policy covering said building, nor shall LESSEE keep on the Premises any articles which may be prohibited by the standard form fire insurance policies. In recognition of the self insurance right of the LESSEE, this Lease shall not require LESSEE to obtain commercially available insurance for activities arising out of LESSEE'S use of the Premises, provided such self insurance has fully funded reserves equal to the amount of the insurance coverages required hereunder.

#### 15. INDEMNITY



This Lease is made upon the express condition that LESSOR is to be free from all liability, including strict liability in tort and claims for damages by reason of any injury to any persons or persons, including LESSEE, or property of any kind and to whomever belonging, including LESSEE, from any cause or causes whatsoever, other than the negligence or willful misconduct of LESSOR or its agents, employees and contractors, and LESSEE hereby covenants and agrees to indemnify, defend (with legal counsel reasonably acceptable to LESSOR) and save harmless LESSOR from all liability, loss, costs, and obligations on account of or arising out of any such injuries or losses not caused by the negligence or willful misconduct of LESSOR or its agents, employees and contractors.

#### 16. HAZARDOUS MATERIALS

(a) Compliance With Environmental Laws. LESSEE, as to the LESSEE's use and occupancy of the Premises, and LESSOR, as to LESSOR's ownership and use of the building and Premises and performance under this Lease, shall comply with all federal, state and local laws, ordinances, regulations, rules or requirements including, but not limited to, those relating to worker safety, public health and the environment. Specifically, but without limiting LESSEE's and LESSOR's obligations described above, LESSEE and LESSOR shall establish and adhere to any hazardous material management plan required by the County of San Joaquin, City of Stockton or any other federal, state or local governmental agency having jurisdiction. Notwithstanding the foregoing, LESSEE may use and store Hazardous Materials commonly used in office buildings so long as such use and storage complies with all applicable laws and regulations. The parties agree that any liability, damage, loss, costs and obligations arising out of or aggravated by exposure to asbestos or asbestos removal required under the law and this Lease shall be the sole responsibility of the LESSOR.

(b) Notification Of Release. LESSEE and LESSOR will immediately notify the other orally (with a written notice to follow within five days) if it knows or has reasonable cause to believe that a release of Hazardous Material has come or will come to be located on, in, about or beneath the Premises in violation of applicable laws, provided that such notification obligation shall not in itself imply the existence of a remediation obligation on the part of LESSEE or LESSOR.

(c) Hazardous Materials. Hazardous Materials shall mean any hazardous or toxic substance, material or waste at any concentration that is or becomes regulated by the United States, the State of California or any local government authority having jurisdiction over the Premises. Hazardous Materials includes, without limitation, any "hazardous substance, hazardous waste, 'hazardous material, " toxic substance," "solid waste," "pollutant" or "contaminant" as defined in the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), 42 USC Sections 9601, et. seq.; the Resource Conservation and Recovery Act (RCRA), 42 USC Section 6901, et. seq.; the Toxic Substances Control Act (TSCA), 15 USC Section 2601, et. seq.; the Insecticide, Fungicide, Rodenticide Act, 7 USC Section 136, et. seq.; the Occupational Safety and Health Act, 29 USC Section 655 and 657; the



Clean Air Act, 42 USC Section 7401, et. seq.; the Clean Water Act, 33 USC Section 1251, et. seq.; the Safe Drinking Water Act, 42 USC Section 300f, et. seq., the California Hazardous Substances Account Act, Health and Safety Code Section 25,300 et. seq.; the California Hazardous Waste Control Act, Health and Safety Code Section 25,1090, et. seq.; the California Safe Drinking Water and Toxic Enforcement Act, Health and Safety Code Section 24249.5, et. seq., the Porter-Cologne Water Quality Act, Water Code Section 13,000 et. seq., together with any amendments of or regulations promulgated under the statutes cited above or any other federal, state or local law, statute, ordinance or regulation now in effect or later enacted that pertains to occupational health or industrial hygiene, or the regulation or protection of the environment, including ambient air, soil, soil vapor, groundwater, surface water or land use. This shall include, without limitation, any asbestos or PCBs.

#### 17. SUBORDINATION

LESSOR warrants and represents that will hold fee simple title to the real property where the building that contains the Premises will be constructed on the Rent Commencement Date. LESSOR and LESSEE acknowledge that LESSOR is negotiating a Disposition and Development Agreement for the acquisition of the real property where the building containing the Premises is to be constructed with the City of Stockton Redevelopment Agency and that this Lease will be subordinate to such Disposition and Development Agreement. In the event LESSOR cannot successfully conclude its negotiation of such Disposition and Development Agreement with the City of Stockton's Redevelopment Agency, then this Lease shall be of no further force and effect. This Lease shall be subordinate to any existing or future deeds of trust or mortgages, unless the holder thereof elects to make it superior to the lien of the deed of trust or mortgage. On or before the execution of this Lease, the parties shall agree and LESSOR shall provide to LESSEE a subordination, nondisturbance and attornment agreement ("SNDA") in a form reasonably acceptable to LESSEE signed by the holders of all existing notes or other obligations secured by existing mortgages, deeds of trust or other security instruments affecting the Premises (if any). Subject to the execution of such an SNDA by all such lenders and other security holders, LESSEE agrees, in consideration of the warranties and conditions set forth in this section, that the Lease shall be subject to and subordinate to any recorded mortgage, deed of trust, or any other hypothecation or security now or hereafter placed upon the Premises. Notwithstanding such subordination, LESSEE's right to quiet possession of the Premises shall not be disturbed. LESSOR will include in any future mortgage, deed of trust or other security instrument to which this Lease becomes subordinate, or in a separate SNDA, a provision to the foregoing effect. Within thirty (30) business days next following the LESSEE's receipt of a written demand, LESSEE shall execute such additional instruments as are reasonably acceptable to LESSEE to evidence the subordination of this Lease provided such instrument does not interfere with the full enjoyment of any right granted to the LESSEE under this Lease. No such subordination, to either existing or future mortgages, deeds of trust or other security instrument shall operate to affect adversely any right to the LESSEE under this Lease so long as the LESSEE is not in default under this Lease.



In the event of any sale of the building that contains the Premises or any portion thereof by foreclosure, or the giving of a deed in lieu of foreclosure, the LESSEE will be deemed to have attorned to any purchaser or transferee of the building or any portion thereof and its or their successors and assigns, and any such purchaser and transferee will be deemed to have assumed all obligations of the LESSOR under this Lease, so as to establish direct privity of estate and contract between the LESSEE and such purchasers or transferees, with the same force, effect and relative priority in time and right as if the Lease had initially been entered into between such purchaser or transferee and the LESSEE; provided, further, that the LESSEE and such purchaser or transferee, with reasonable promptness following such sale or deed delivery in lieu of foreclosure, shall execute such revisions to this Lease as shall be necessary to document the foregoing relationship.

LESSEE, within ten (10) days after request, shall fully cooperate with and provide LESSOR with an adopted budget for the leased Premises in a form acceptable to LESSOR's lender.

#### 18. ESTOPPEL CERTIFICATES

At all times during the Term each party agrees, following any request by the other party, promptly to execute and deliver to the requesting party, within thirty (30) days following delivery of such request, an estoppel certificate: (i) certifying that this Lease is unmodified and in full force and effect or, if modified, stating the nature of such modification and certifying that this Lease, as so modified, is in full force and effect, (ii) stating the date to which the rent and other charges are paid in advance, if any, and (iii) acknowledging that there are not, to the certifying party's knowledge, any uncured defaults on the part of any party hereunder or, if there are uncured defaults, specifying the nature of such defaults. A failure to deliver an estoppel certificate within ten (10) days after delivery of a request therefore shall be a conclusive admission that, as of the date of the request for such statement: (i) this Lease is unmodified, except as may be represented by the requesting party in said request, and is in full force and effect, (ii) there are no uncured defaults in the requesting party's performance, and (iii) no Rent has been paid more than 30 days in advance. Such Estoppel Certificate may be executed on behalf of the County by the County Administrator or his or her designee, including but not limited to the County's Director of Facilities Management

#### 19. SIGNS

LESSEE shall provide, at its own cost, any signs located on the interior or exterior of the Premises and required for the efficient conduct of LESSEE'S activities. LESSEE shall not install any interior or exterior signs without prior consent of LESSOR, which shall not be unreasonably withheld.

## 20. LESSEE'S RIGHT TO TERMINATE

(a) Exercise of Termination Right. At any time after the last day of the ninth (9<sup>th</sup>) Lease Year but before the last day of the one hundred tenth (110<sup>th</sup>) month of the initial Lease Term, LESSEE shall have the option, on notice to LESSOR ("Termination Notice"), to terminate this Lease solely with respect to all of the Premises. The termination shall be effective as of the last day of the tenth (10<sup>th</sup>) year of the initial Term (the "Early Lease Termination Date"). LESSEE's delivery of the Termination Notice to LESSOR shall be accompanied by an amount equal to the Lease Termination Fee, as defined below in this Section 20.

(b) Lease Termination Fee. The Lease Termination Fee shall be equal to the sum of:

(i) The amount of the Base Rent that would have been payable by LESSEE under the Lease during the twelve month (12-month) period after the Early Lease Termination Date (the "12-Month Period" and the "12-Month Period Base Rent");

(ii) The amortized value as of the Early Lease Termination Date of the Lease Concessions for the final five (5) years of the original Term. For purposes of this subsection 21.2, "Lease Concessions" shall be equal to the sum of: (i) the amount of the Tenant Improvement Allowance and any other improvement allowance granted by LESSOR in connection with LESSOR's delivery of the Premises to LESSEE; (ii) the benefit of any Tax Increment negotiated with the City which does not continue for the original Term as a result of the Early Lease Termination; and, (iii) any other monetary concessions granted by LESSOR to LESSEE in connection with LESSEE's lease of the Premises.

(c) Reduction of Lease Termination Fee. Should LESSOR be successful in re-tenanting the Premises during the 12-Month Period, LESSOR agrees to rebate to LESSEE net rents actually received from any new tenant for the remaining balance of the 12-Month Period, not in any case to exceed the remaining amortized balance of the 12-Month Period Base Rent (i.e. if LESSOR re-leases all or a portion of the Premises in the sixth month following the Early Termination Date LESSOR would rebate rents actually collected from any new tenant(s) for the following six (6) months up to a total of the amortized balance of the 12-Month Period Base Rent, less the amortized value of any Lease Concessions made or paid in connection with the re-leasing of the Premises).

## 21. ENTIRE AGREEMENT

This Lease supersedes all prior agreements and verbal discussions between the parties. This Lease constitutes the entire contract between the parties concerning the subject matter hereof. It is intended as the final expression of their agreement with respect to such terms as are included herein and may not be contradicted by evidence of any prior agreements, discussions or contemporaneous oral agreement. The parties further intend that this Lease constitutes the complete and exclusive statement of its terms and that no extrinsic evidence whatsoever may be introduced in any judicial or arbitration proceeding. This Lease may not be modified, changed,



supplemented, superceded, canceled or terminated, nor may any obligations be waived, except by a written instrument signed by the party charged or by its authorized agent duly authorized in writing.

22. PERMITTED USE

LESSEE shall use the Premises for general office uses in compliance with all applicable zoning and other ordinances of the City of Stockton. No other use may be made of the Premises without the LESSOR's prior written consent, which LESSOR may grant or deny in its sole discretion.

23. NO BROKERS.

LESSOR and LESSEE each represent and warrant to the other that they have not dealt with or been represented by any real estate brokers or finders in connection with this Lease. Each party hereto shall indemnify, defend and hold harmless the other party against any loss, liability, claim, damage or judgment incurred by reason of any brokerage fee, commission or finder's fee that is payable or alleged to be payable to any broker or finder as a result of the acts of the indemnifying party.

24. LIMITATION OF LIABILITY.

Notwithstanding anything to the contrary contained in this Lease, the liability of LESSOR (and of any successor LESSOR) to LESSEE shall be limited to the interest of LESSOR in the Premises and building that contains the Premises. LESSEE shall look solely to LESSOR's interest in the Premises and building that contains the Premises for the recovery of any judgment or award against LESSOR. Neither LESSOR nor any LESSOR related party shall be personally liable for any judgment or deficiency. Before filing suit for an alleged default by LESSOR, LESSEE shall give LESSOR and any of LESSOR's lenders whom LESSEE has been notified hold mortgages or deeds of trust against the building that contains the Premises written notice and a reasonable time to cure the alleged default of LESSOR.

25. FURTHER ASSURANCES AND CORRECTIVE INSTRUMENTS.

LESSEE agrees that it will execute and deliver any and all such further agreements, instruments, or other assurances as may be reasonably necessary or requested by the LESSOR or any lender of LESSOR to carry out the intention of this Lease or to facilitate the performance of this Lease, including, without limitation, to correct any inadequate, incomplete or incorrect description of the Premises hereby leased or intended to be leased.

26. OPTION TO PURCHASE. LESSEE shall have the option to purchase the property and building containing the Premises as set forth in Exhibit ""E"" attached hereto and incorporated herein by reference.

27. ATTACHMENTS

Attached hereto are the following documents, which constitute a part of this Lease:

Exhibit A - Site Map and Premises

Exhibit B - Building Core/Shell Design Development Plans

Exhibit C - Repair and Maintenance Responsibilities

Exhibit D - Formula for Granting a Base Rent Credit for Unused Tenant Improvement Allowance

Exhibit E - Option to Purchase

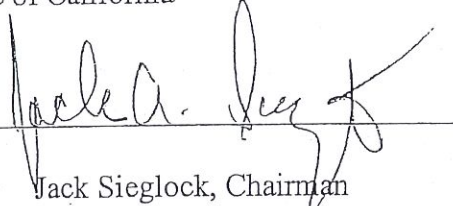


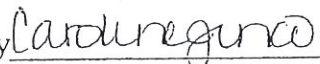
IN WITNESS WHEREOF, LESSOR AND LESSEE have each caused this Lease to be executed on the date first written above.

LESSEE:  
COUNTY OF SAN JOAQUIN, a  
Political subdivision of the  
State of California

ATTEST: LOIS M. SAHYOUN  
Clerk of the Board of Supervisors  
of the County of San Joaquin,  
State of California

By

  
Jack Sieglock, Chairman  
Board of Supervisors

By   
APPROVED AS TO FORM:  
TERRENCE R. DERMODY  
County Counsel



By

LESSOR:  
REGENT WEBER, LLC.  
a California Limited Liability Company

By

  
It's Manager

Approved to Form:  
Law Offices of Gregory D. Thatch

By:

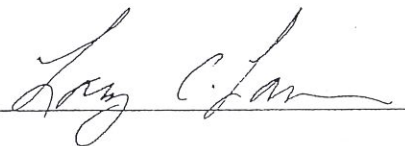


Exhibit A – Site Map and Premises



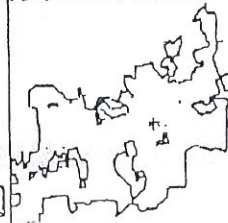
# Lincoln/Market Street Area

- ☐ Parcel/City
- ☐ Parcel/County
- ☐ Condo
- ☐ Non-assess
- ☐ Government
- ☐ Library
- ☐ School
- ☐ Hospital
- ☐ Church
- ☐ Park
- ☐ Golf Course

Tree's

- ☐ Freeway
- ☐ Highway
- ☐ Maj Arterial
- ☐ Min Arterial
- ☐ Regular
- ☐ Private
- ☐ Railroad

Water



CITY OF STOCKTON

1" = 180'

The information on this map is based on the most current information available to the City of Stockton. It is not intended to replace a professional survey. It is not intended to be used for any purpose other than for information.

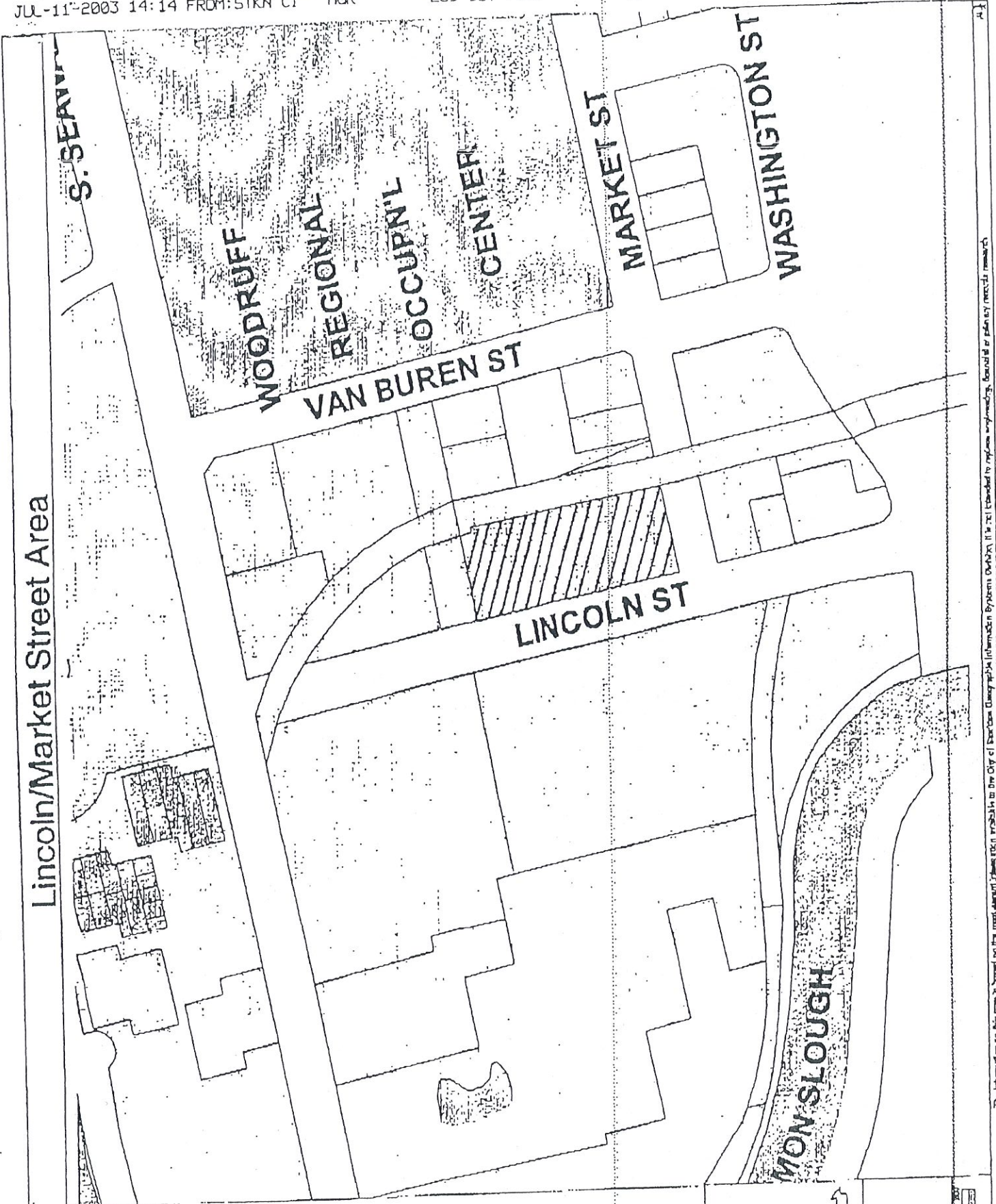










Exhibit B – Building Core/Shell Design Development Plans

<To Be Attached>





Architects, Inc  
10304 Placer Lane, Suite A  
Sacramento, CA 95827  
Phone: 916 362-6303  
Fax: 916 362-5841

Plaster Mechanical Screen beyond

d Window Head &  
ries, Typ.

d Metal Canopy & Side Entry

d Metal Roof Element beyond

Schematic Design For:  
**Two-Story**  
**Office Building**  
California

9-15-03  
DPE / RG  
03128.03



# EXHIBIT C

## SUMMARY OF REPAIR AND MAINTENANCE RESPONSIBILITIES

The following is a summary of operating expenses to be performed by Tenant in accordance with the frequency:

	T E N A N T	L A N D L O R D	F R E Q U E N C Y
Paper supplies, dispensers and waste containers (premises & restrooms)	X		As Needed
Light bulbs & fluorescent light tubes and starters	X		Monthly
Ballasts and transformers for fluorescent lights, light switches and electrical outlets	X		Monthly
Heating and air conditioning control switches	X		Monthly
Janitorial service for interior of premises (dust, waste removal, vacuum, mop, cleaning)	X		As Needed
Janitorial service for exterior of premises and common areas	X		As Needed
Carpet, tile and linoleum	X		As Needed
Emergency phone line – Elevator system	X		Monthly
Elevator maintenance / certification	X		Monthly
Gas – Service / Utility	X		Monthly
Electric – Include Site Lighting	X		Monthly
Water - Irrigation	X		Monthly
Security Systems / Patrol / Monitoring	X		Monthly
Fire / Life safety monitoring	X		Monthly
Window washing – interior	X		Monthly
Window washing - exterior	X		As Needed
Landscaping and gardening	X		As Needed
Drapes, blinds, window shades – Install only (Tenant Improvement Cost)	X		Monthly
Kitchen appliances / maintenance	X		Monthly
Refuse, rubbish & garbage disposal	X		As Needed



Pest Control	X		As Needed
Other: City utility bills	X		As Needed
Sweep parking lot	X		Quarterly
Property Taxes	X		Semi-Annual
Property Insurance / Public Liability	X		Monthly

## EXHIBIT D

### Formula for Granting a Base Rent Credit for Unused Tenant Improvement Allowance

The amount of the unused Tenant Improvement Allowance shall be calculated as follows:

( \$ amount of unused per square foot Tenant Improvement Allowance) multiplied by (total actual number of net usable square feet in Premises) divided by 180 months = amount of monthly credit against the Base Rent.

For example, if the unused Tenant Improvement Allowance were \$10 per square foot, and there were 47,000 net usable square feet in the Premises, the monthly credit against the Base Rent would be \$2611.11 per month (or 5 ½ cents per net usable square foot per month).

### Formula for Determining Increased in Base Rent Due to Increased Tenant Improvement Costs.

Every dollar in increased costs for the Tenant Improvements above the \$45 Tenant Improvement Allowance shall result in an increase to the monthly Base Rent of \$480.00 per month



EXHIBIT "E"  
Option to Purchase.

- A. Option to Purchase. LESSOR hereby grants to LESSEE an option to purchase the real property and building that contains the Premises.
- B. Term. The term of this Option to Purchase shall commence immediately upon the Commencement Date of the Term of this Lease and shall continue until the expiration or earlier termination of the Lease.
- C. Notice of Exercise of Option. LESSEE shall give LESSOR at least six (6) months prior written notice of LESSEE's decision to exercise its option to purchase, which shall designate the date on which the escrow is to close.
- D. Terms of Sale. Upon LESSEE's giving of notice of its exercise of the option to purchase, LESSOR and LESSEE shall thereafter agree upon the purchase price, which shall be the fair market value of the real property and building that contain the Premises, plus any prepayment penalties or fees LESSOR must pay to its lender(s), plus any increased state and federal income tax liabilities LESSOR will incur due to LESSEE's purchase of the property prior to the expiration of the Term of this Lease, all of which shall be collectively referred to as the "Purchase Price". If LESSOR and LESSEE are unable to agree upon the Purchase Price within ninety (90) days following LESSEE's giving of the notice of exercise of the option to purchase, then the option to purchase shall expire and be of no further force and effect. LESSEE's purchase of the property shall be accomplished through an escrow to be opened at Alliance Title Company, 610 Fulton Avenue, Sacramento, California 95825. LESSOR shall pay the recording fee for the deed to LESSEE and the premium for a CLTA owner's policy of title insurance. LESSEE shall pay for any ALTA policy of title insurance, any title endorsements and all of LESSEE's financing costs and the recording charges for any deed of trust used by LESSEE to finance its purchase. LESSOR and LESSEE shall evenly divide all other customary closing costs and escrow charges, including but not limited to, the title company document preparation charges, notary fees, and any documentary and transfer taxes. Title to the property shall be conveyed subject to all easements, rights of way, encumbrances, covenants, conditions and restrictions, and other matters of record; provided, however, that LESSOR shall pay in full at the close of escrow any deeds of trust and mortgages placed against the property by LESSOR. Real property taxes and assessments shall be pro-rated between LESSOR and LESSEE as of the close of escrow.

# Before the Board of Supervisors

County of San Joaquin, State of California

B-03- 1215

MOTION: Mow/Gutierrez

Approve Office Building Lease Agreement with Regent Weber LLC for the Employment and Economic Development Department (EEDD)

This Board of Supervisors does hereby:

1. Approve the Office Building Lease Agreement with Regent Weber LLC to construct and house the County's Employment and Economic Development Department, and;
2. Determine that the proposed lease with Regent Weber LLC is a public benefit.

I HEREBY CERTIFY that the above order was passed and adopted on 10/21/03 by the following vote of the Board of Supervisors:

AYES: Ornellas, Mow, Gutierrez, Sieglock

NOES: Marengo

ABSENT: None

ABSTAIN: None

c: CAO, County Counsel, Fac. Mgmt.  
Auditor, EEDD

LOIS M. SAHYOUN

Clerk of the Board of Supervisors  
County of San Joaquin  
State of California



Lois Sahyoun