

# **Memorandum of Understanding**

**For**

**Santa Ana Workforce Development Board  
and the  
Santa Ana WORK Center  
(City of Santa Ana)**

## **MEMORANDUM OF UNDERSTANDING**

### **1) LEGAL AUTHORITY**

The Workforce Innovation and Opportunity Act (“WIOA”) sec. 121(c)(1) requires that each Local Workforce Development Area develop and enter into a Memorandum of Understanding (“MOU”) with each America’s Job Center of California (“AJCC”) Partner, consistent with WIOA Sec. 121(c)(2). This requirement is further described in the WIOA; Joint Rule for Unified and Combined State Plans, Performance Accountability, and the AJCC System Joint Provisions: Final Rule at 20 CFR 678.500, 34 CFR 361.500, and 34 CFR 463.500, and in Federal guidance.

Additionally, the sharing and allocation of infrastructure costs among AJCC Partners is governed by WIOA sec. 121(h), its implementing regulations, and the Federal Cost Principles contained in the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) at 2 CFR part 200.

### **2) PARTIES**

The parties to this MOU are the City Council of the City of Santa Ana, the Santa Ana Workforce Development Board (“SAWDB”), and the Santa Ana WORK Center (“SAWC”), a collocated one-stop AJCC Partner located at the Santa Ana WORK Center, 801 W. Civic Center Drive, Suite 200, Santa Ana, CA 92701.

### **3) PURPOSE**

The purpose of the MOU is consistent with the provisions of WIOA sec. 121(c)(1), to establish a cooperative working relationship between the SAWDB and Santa Ana WORK Center, the collocated AJCC Partner, and to define their respective roles and responsibilities concerning the operation of the AJCC as it relates to shared services and customers. It serves to establish the framework for providing services to employers, employees, job seekers and others needing workforce services. It also serves to establish a framework to support the established service delivery through the sharing of resources and costs.

### **4) DURATION**

This MOU shall become effective as of the date of full execution of the MOU by all Parties (“Effective Date”) and terminate June 30, 2023, unless earlier terminated pursuant to the provisions of Paragraph 32 of this MOU; however, the Parties shall be obligated to perform such duties as would normally extend beyond this term, including, but not limited to, obligations with respect to indemnification, reporting and confidentiality.

This MOU will be reviewed not less than once every three years to ensure appropriate funding and delivery of services and to identify any substantial changes that require modification of this MOU. This MOU will remain in effect until the termination date, unless one of the conditions in Paragraph 32 occurs.

## **5) MODIFICATIONS AND REVISIONS**

This MOU and its Attachments 1, 2, 3, 3-1, 4, and 5 constitute the entire agreement between the parties, and no oral understanding not incorporated herein shall be binding on any of the parties hereto. This MOU may be modified, altered, or revised, as necessary, by mutual consent of the parties, by the issuance of a written amendment, signed and dated by the parties, which may require approval by the governing body of each Party. Assignment of responsibilities under this MOU by any of the parties shall require prior written notice and preapproval of all parties. Any assignee shall also commit in writing to the terms of this MOU.

## **6) SANTA ANA WORKFORCE DEVELOPMENT STRATEGIES**

Santa Ana's vision rests on integrating current and future resources through its SAWDB Partners. Integration suggests more than partnering or assembling multiple funding sources. It means making certain that all elements of the workforce support system work together to create inviting and seamless services wherever a client enters the system. Santa Ana's vision is sensitive to the needs of its unique demographics. The SAWDB's overall strategies include:

- a) Identifying regional industry clusters (e.g., manufacturing cluster, medical cluster, etc.) to create new jobs in which Santa Ana's workforce can participate;
- b) Expanding small business development support as a creator of new jobs and method for growing the local tax base;
- c) Educating Santa Ana's current and future workforce through classroom pre-training and training activities, plus on-the-job training and workforce skill enhancement activities;
- d) Offering career pathway programs for both unemployed and employed adults and youth;
- e) Increasing access to jobs for disconnected and underserved populations, especially youth;
- f) Organizing, integrating and supporting social and other services through the SAWDB's network of partnerships, volunteer organizations, and established institutional resources; and,
- g) Assuring funding from all public, private, and other sources in support of its programs.

## **7) ONE-STOP SYSTEM & SERVICES**

### **A. LOCATION**

The AJCC is currently located in Santa Ana as follows:

American Job Center (Comprehensive AJCC)  
Santa Ana WORK CENTER  
801 W. Civic Center Drive, Suite 200  
Santa Ana, CA 92701  
(714) 565-2600  
Open to the Public: Monday – Friday 8:00 am-5:00 pm

The AJCC is currently located at the Santa Ana WORK Center (“SAWC”) as described in the Location of AJCC and all Partners, attached herein as Attachment 1 and incorporated herein by reference. Santa Ana ranks as the fourth densest city in the entire nation. SAWC, through its central location in downtown Santa Ana, shall provide and/or coordinate WIOA services to individuals, providing them with the necessary skills to participate in building a world-class workforce in Santa Ana. The SAWC offers the community a variety of informational, employment and training services based on individual needs. Those needs are met by the combined efforts of the SAWC Partners as described by the Santa Ana AJCC Partner Services, included herein as Attachment 2 and incorporated herein by reference.

## **B. SERVICES PROVIDED AT THE SANTA ANA WORK CENTER**

Services and referrals provided at the SAWC by AJCC Partners may include, but are not limited to, the following:

### **1. Basic Career Services:**

- a. Eligibility determination;
- b. Outreach, intake, and orientation to information and services;
- c. Initial assessment of skill levels, including: literacy, numeracy, and English proficiency; and, aptitudes, abilities, and support service needs;
- d. Labor exchange services, including:
  - i. Job vacancy listings in labor market areas;
  - ii. Information on job skills needed to obtain the vacant jobs; and,
  - iii. Information relating to in-demand occupations, including earnings and opportunities for advancement;
- e. Provision of performance and program cost information on the Eligible Training Provider List (“ETPL”) eligible programs by program and type of provider
- f. Provision of information in acceptable formats and languages that identify actual performance against performance accountability measures
- g. Provision of information related to support services
- h. Provision of information and assistance in filing Unemployment Insurance claims; and,
- i. Assistance in establishing eligibility for programs of financial aid assistance for training and education programs not funded through WIOA.

### **2. Individualized Career Services:**

- a. Comprehensive and specialized assessment of skill levels and service needs including: Diagnostic testing; and, other assessment tools;
- b. In-depth interview and evaluation to determine barriers and goals;
- c. Development of Individual Employment Plan (IEP) to identify goals, objectives, and services;
- d. Group counseling;
- e. Individual counseling;
- f. Career planning;
- g. Short-term pre-vocational services, including: development of learning skills; communication skills; and, other soft skills to prepare individuals for employment or training;



- h. Workforce preparation activities, including: basic academic; and, obtaining other skills necessary for successful transition into postsecondary education, training or employment;
- i. Financial literacy services; and,
- j. Out-of-area job search assistance and relocation assistance.

### **3. Training Services:**

- a. Occupational skills training;
- b. On-the-Job training;
- c. Incumbent worker training;
- d. Programs that combine workplace training with related instruction, which may include cooperative education programs;
- e. Training programs operated by the private sector;
- f. Skill upgrading and retraining;
- g. Entrepreneurial training programs;
- h. Transitional jobs;
- i. Job readiness training provided in combination with any of the aforementioned training Services;
- j. Adult education and literacy activities, including: activities of English language acquisition; and, integrated education and training programs provided concurrently or in combination with any of the aforementioned training services;
- k. Customized training;
- l. Internships and work experiences that are linked to careers; and,
- m. English language acquisition and integrated education and training program.

### **4. Employer Services:**

- a. Recruitment and other business services on behalf of employers.

## **C. SYSTEM STRUCTURE**

### **1. AJCC ONE-STOP OPERATOR PROCUREMENT**

The SAWDB will procure the AJCC Operator through a competitive process in accordance with the Uniform Guidance Cost Principles contained in the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR part 200 (Uniform Guidance), including the Office of Management and Budget's (OMB) approved exceptions for the U.S. Department of Labor at 2 CFR part 2900, WIOA and its implementing regulations, and local procurement laws and regulations. All documentation for the competitive AJCC operator procurement will be available for public inspection. The State requires that the AJCC operator is re-competed at least every three years and no later than every four years.

### **2. ROLES AND RESPONSIBILITIES OF PARTIES**

#### ***a. Provision of Applicable Career Services and Participation in Planning and Development:***

The parties to this MOU will work closely together to ensure that the AJCC is a high-performing work place with staff that ensure quality of service. The AJCC Partner has indicated they shall provide an array of applicable career services to clients as set forth in the Santa Ana AJCC Partner

Services. The AJCC Partner agrees to the responsibilities required of all Partners under WIOA Section 121(b). In addition, the AJCC Partners will participate in joint planning, plan development, and modification of activities to accomplish the following:

- i. Continuous partnership building;
- ii. Continuous planning in response to state and federal requirements; and,
- iii. Responsiveness to local and economic conditions, including employer needs.

Parties agree to the co-enrollment of mutual customers in case management to better leverage the resources available for the benefit of the participant and enhance successful outcomes and participate in the operation of the one-stop system consistent with the terms of the MOU and requirements of authorized laws. Both parties agree to inform each other immediately when a customer violates an established policy that would require them to be banned from the center or behavior that requires police intervention.

Parties agree to collaborate and reasonably assist each other in the development of necessary service delivery protocols for the services outlined in this MOU.

Parties agree that the provisions contained herein are made subject to all applicable federal and state laws, implementing regulations, and guidelines imposed on either or all the parties relating to privacy rights of customers, maintenance of records, and other confidential information relating to customers.

Parties agree that all equipment and furniture purchased by any party for purposes described herein shall remain the property of the purchaser after the termination of this MOU.

***b. Parties shall comply with:***

- i. Section 188 of the WIOA Nondiscrimination and Equal Opportunity Regulations (29 CFR Part 38; Final Rule, published December 2, 2016);
- ii. Title VI and VII of the Civil Rights Act of 1964 (Public Law 88-352), as amended;
- iii. Section 504 of the Rehabilitation Act of 1973, as amended;
- iv. The Americans with Disabilities Act of 1990, as amended;
- v. The Jobs for Veterans Act (Public Law 107-288) pertaining to priority of service in programs funded by the U.S. Department of Labor;
- vi. Training and Employment Guidance Letter (TEGL) 37-14, Update on Complying with Nondiscrimination Requirements: Discrimination Based on Gender Identity, Gender Expression and Sex Stereotyping are Prohibited Forms of Sex Discrimination in the Workforce Development System and other guidance related to implementing WIOA sec. 188;
- vii. The Non-traditional Employment for Women Act of 1991;
- viii. The Age Discrimination Act of 1967, as amended;

- ix. The Age Discrimination Act of 1975, as amended;
- x. Title IX of the Education Amendments of 1972, as amended;
- xi. The Family Educational Rights and Privacy Act (FERPA) (20 U.S.C. § 1232g; 34 CFR part 99);
- xii. Title IX of the Education Amendments of 1972, as amended;
- xiii. Confidentiality requirements governing the protection and use of personal information held by the VR agency (34 CFR 361.38);
- xiv. The confidentiality requirements governing the use of confidential information held by the State UI agency (20 CFR part 603); and,
- xv. All amendments to each, and all requirements imposed by the regulations issued pursuant to these acts.

The Parties agree to inform each other immediately when a customer violates an established policy that would require them to be banned from the center or activity that requires policy intervention.

## **8) COLLOCATED AJCC PARTNER RESPONSIBILITIES**

Partner commits to collocation of staff, as appropriate, and to providing other professional learning opportunities that promote continuous quality improvement. Partner will further promote system integration to the maximum extent feasible through:

- a. Effective communication, information sharing, and collaboration with the AJCC operator;
- b. Joint planning, policy development, and system design processes;
- c. Commitment to the joint mission, vision, goals, strategies, and performance measures;
- d. The design and use of common intake, assessment, referral, and case management processes;
- e. The use of common and/or linked data management systems and data sharing methods, as appropriate;
- f. Leveraging of resources, including other public agency and non-profit organization services;
- g. Participation in a continuous improvement process designed to boost outcomes and increase customer satisfaction; and
- h. Participation in regularly scheduled Partner meetings to exchange information in support of the above and encourage program and staff integration.

Partner shall provide applicable career services to clients as set forth in the Santa Ana AJCC Partner Services.

## **9) REFERRALS**

The primary principle of the referral system is to provide integrated and seamless delivery of services to workers, job seekers, and employers. In order to facilitate such a system, Partners will ensure and agree to:

- a. Familiarize themselves with the basic eligibility and participation requirements, as well as with the available services and benefits offered, for each of the Partners' programs represented in the AJCC network;
- b. Develop materials summarizing their program requirements and making them available for Partners and customers;
- c. Develop and utilize common intake, eligibility determination, assessment, and registration forms, as appropriate;
- d. Provide substantive referrals to customers who are eligible for supplemental and complementary services and benefits under Partner programs;
- e. Regularly evaluate ways to improve the referral process, including the use of customer satisfaction surveys;
- f. Commit to robust and ongoing communication required for an effective referral process;
- g. Commit to actively follow up on the results of referrals and assuring that Partner resources are being leveraged at an optimal level;
- h. Ensure that intake and referral processes are customer-centered with the intent to provide high quality customer service;
- i. Ensure that general information regarding AJCC programs, services, activities, and resources shall be made available to all customers as appropriate;
- j. Ensure that referrals will be made via email or other electronic means;
- k. Ensure that referrals will include a direct link or access to other AJCC Partner staff that can provide meaningful information or service, through the use of co-location, or real-time technology (two-way communication and interaction with AJCC Partners that results in services needed by the customer); and,
- l. Ensure that the referral process will include specific staff name, the activity required, desired outcome and a method for communicating back to the referring agency that the service need was addressed.

## **10) SUPERVISION/DAY TO DAY OPERATIONS**

### *a. Day-to-Day Supervision*

The day-to-day supervision of staff assigned to the AJCCs will be the responsibility of the site supervisor(s). Partner will continue to set the priorities of its staff assigned to the AJCC. Any change in work assignments or any concerns involving the responsibilities of the parties which occur at the worksite will be handled by the site supervisor(s) and Partner management.

### *b. Santa Ana WORK Center Hours of Operation*

The SAWC is open for business: Monday through Friday from 8:00 am until 5:00 pm.

### *c. Partner Staff Office Hours*

The office hours for Partner staff at the AJCC will be established by the Partner. All Partner staff will comply with their corresponding holiday schedule and will provide a copy of their holiday schedule to the SAWDB and SAWC at the beginning of each fiscal year.

### *d. Building Accessibility*

All Partner staff assigned to the SAWC will be issued an access card to SAWC suite 200 and a parking lot pass that allows them to enter and exit the parking lot. It is all individual staff's responsibility to keep them secure. Should they damage or lose them they can be replace by the SAWDB at the expense of the individual agency staff.

### *e. Benefits*

Each party shall be solely liable and responsible for providing to, or on behalf of, its employee(s), all legally-required employee benefits. In addition, each party shall be solely responsive and hold all other parties harmless from all matters relating to payment of each party's employee(s), including compliance with social security withholding, workers' compensation, and all other regulations governing such matters.

## **11) AJCC OPERATING BUDGET**

The purpose of this section is to establish a financial plan, including terms and conditions, to fund the services and operating costs of the local AJCC. The parties to this MOU agree that joint funding is a necessary foundation for an integrated service delivery system. The goal of the operating budget is to develop a funding mechanism that:

- a. Establishes and maintains the Local workforce delivery system at a level that meets the needs of the job seekers and businesses in the Local area;
- b. Reduces duplication and maximizes program impact through the sharing of services, resources, and technologies among Partners (thereby improving each program's effectiveness);

- c. Reduces overhead costs for any one Partner by streamlining and sharing financial, procurement, and facility costs;
- d. Ensures that costs are appropriately shared by AJCC Partners by determining contributions based on the proportionate use of the AJCC centers and relative benefits received, and requiring that all funds are spent solely for allowable purposes in a manner consistent with the applicable authorizing statutes and all other applicable legal requirements, including the Uniform Guidance; and,
- e. All parties will meet and confer regarding replacement, acquisition, cleaning and maintenance of furnishings.

The parties consider this AJCC operating budget the master budget that is necessary to maintain the SAWDB's high-standard AJCC. It includes the following cost categories, as required by WIOA and its implementing regulations:

- a. Infrastructure costs (also separately outlined below in the Infrastructure Funding Agreement);
- b. Career services; and
- c. Shared services.

All costs must be included in the MOU, allocated according to the AJCC Partner's proportionate use and relative benefits received, reconciled every six (6) months against actual costs incurred, and adjusted accordingly. The AJCC operating budget is expected to be transparent and negotiated among Partners on an equitable basis to ensure costs are shared appropriately. All Partners must negotiate in good faith and seek to establish outcomes that are reasonable and fair. All Partners must adhere and reference the rules and regulations included in the executed Office Lease, attached hereto as Attachment 5 and incorporated herein by reference.

## **12) INFRASTRUCTURE FUNDING AGREEMENT**

The Infrastructure Funding Agreement ("IFA") contains the infrastructure costs budget that is an integral component of the overall AJCC operating budget. The IFA is a mandatory component of the local MOU, described in WIOA sec. 121(c) and 20 CFR 678.500 and 678.755. The IFA contains the AJCC Comprehensive Infrastructure Budget, and Other System Cost Budget, included herein as Attachment 3 and incorporated herein by reference, that is an integral component of the overall AJCC operating budget. The other component of the IFA is the Applicable Career Services, attached herein as Attachment 3-1 and incorporated herein by reference, which includes the shared operating costs and shared services. The overall AJCC operating budget includes the Comprehensive Cost Allocation and Partner Contributions, attached herein as Attachment 4 and incorporated herein by reference.

AJCC infrastructure costs are defined as non-personnel costs that are necessary for the general operation of the AJCC, including, but not limited to:

- a. Rental of the facilities;
- b. Utilities and maintenance;

- c. Equipment, including assessment-related products and assistive technology for individuals with disabilities; and,
- d. Technology to facilitate access to the AJCC, including technology used for the center's planning and outreach activities.

Changes in the AJCC Partners or an appeal by an AJCC Partner's infrastructure cost contributions will require an amendment of the MOU.

### **13) COST ALLOCATION METHODOLOGY**

The purpose of this infrastructure cost sharing methodology is to summarize, in writing, the methods and procedures that the SAWDB will use to share costs with the AJCC Partner. The AJCC Partner agrees that it will be charged on a monthly basis according to the following cost sharing methodology, and that monthly payment will be submitted within the first ten (10) calendar days of each month.

### **14) INFRASTRUCTURE COST ALLOCATION METHODOLOGY**

*a. Rent Costs:* Rent costs shall be based only on the base rent. The base rent is derived from the total assigned square footage, calculating the percentage of usage by AJCC Partner and applying that percentage to the common area square footage. Assigned square footage plus the percentage of common area square footage equals total square footage for each AJCC Partner. Total square footage for each AJCC Partner multiplied by the base rent per square foot equals total base rent for each AJCC Partner as indicated in the AJCC Comprehensive Infrastructure Budget, and Other System Cost Budget and the Comprehensive Cost Allocation and Partner Contributions. The base rent has an annual increase of no more than 3% over the five-year life of the Office Lease document (Attachment 5 attached herewith and incorporated herein by reference).

*b. Utilities and Maintenance:* This section includes only telephone services, which includes voice-mail on AJCC Partners' phones. Costs for staff phones are charged based on the AJCC Partner's assigned space. Common area phones will be charged according to space allocation.

*c. Telephones:* Telephone costs include the cost of purchasing and installing a new phone system utilized by the AJCC Partners. Telephone costs are based on the actual cost for telephones in assigned spaces. Common area telephones are allocated based on percentage of space allocation.

*d. Technology and Internet Access Costs:* Installation of Network Wireless Bridge will be a monthly charge based on costs from the vendors. The cost per AJCC Partner is derived from the calculation of total percentage of space used by each AJCC Partner. Recurring monthly charges for Internet, Wi-Fi and other technology charges are allocated based on the percentage of total space allocated. Access Card System installation and programming of the key card system, Data & Phone cabling and Switches will be a monthly charge to all collocated Partners based on allocated space.

### **15) INFRASTRUCTURE CONTRIBUTIONS**

The AJCC Partner may provide cash, non-cash (in-kind), and third-party in-kind contributions to cover its share of infrastructure costs. In-kind contributions cannot be used to fund non-

infrastructure costs (such as personnel), and must be valued consistent with Uniform Guidance Section 200.306 to ensure such contributions are fairly evaluated and qualify for the AJCC Partner's proportionate share.

If third-party in-kind contributions are made to support the AJCC as a whole (such as facility space), that contribution will not count toward the AJCC Partner's proportionate share of the infrastructure. Rather, the value of the contribution will be applied to the overall infrastructure budget prior to determining proportionate amounts and thereby reduce the contribution required for all AJCC Partners.

***a. Cash***

Cash funds provided to the SAWDB, or its designee, by AJCC Partners, either directly or by an interagency transfer, or by a third party.

***b. Non-Cash***

Expenditures incurred by AJCC Partners on behalf of the AJCC; and Non-cash contributions or goods or services contributed by a Partner program and used by the AJCC.

***c. Third-party In-kind***

Contributions of space, equipment, technology, non-personnel services, or other like items to support the infrastructure costs associated with AJCC operations, by a non-AJCC Partner to: Support the AJCC in general; or, Support the proportionate share of AJCC infrastructure costs of a specific Partner [20 CFR 678.720; 20 CFR 678.760; 34 CFR 361.720; 34 CFR 361.760; 34 CFR 463.720; and 34 CFR 463.760].

## **16) OTHER AJCC DELIVERY SYSTEM COSTS**

In compliance with WIOA Joint Rule Section 678.760, the AJCC Partners will use a portion of funds made available under their authorizing federal statute (or fairly evaluated in-kind contributions) to share the additional costs relating to the operation of the One-Stop delivery system. These costs may be shared through cash, non-cash, or third-party in-kind contributions.

As required by WSD16-09, the amount of funds that the AJCC Partner has budgeted to expend on applicable career services and other shared services, which cumulatively with the other AJCC Partners budgeted amounts shall form the Comprehensive Cost Allocation and Partner Contributions.

**a. Career Services Applicable to the AJCC Partner**

The AJCC Partner shall provide applicable career services to clients as set forth in the Santa Ana AJCC Partner Services. The agreed upon Applicable Career Services Budget is set forth in Attachment 3-1 attached hereto and incorporated herein by reference. This budget consists of the AJCC Partner's costs for the service delivery of each applicable career service indicated in the Santa Ana AJCC Partner Services.

**b. Required Consolidated Budget for the Delivery of "Applicable Career Services"**

The other system costs budget must be a consolidated budget for applicable career services. This budget must include each of the Partner's costs for the service delivery of each applicable career



service and a consolidated system budget for career services applicable to more than one Partner as indicated in the Comprehensive Cost Allocation and Partner Contributions.

AJCC Partners understand that while only collocated Partners share infrastructure costs, at this time, all AJCC Partners must share in other System costs through non-cash (in-kind) contributions as set forth herein.

## **17) DATA SHARING**

Parties agree that the use of high-quality, integrated data is essential to inform decisions made by policymakers, employers, and job seekers. Additionally, it is vital to develop and maintain an integrated case management system, as appropriate, that informs customer service throughout customers' interaction with the integrated system and allows information collected from customers at intake to be captured once.

Parties further agree that the collection, use, and disclosure of customers' personally identifiable information (PII) is subject to various requirements set forth in Federal and State privacy laws. Partners acknowledge that the execution of this MOU, by itself, does not function to satisfy all of these requirements.

All data, including customer PII, collected, used, and disclosed by Partners will be subject to the following:

- a. Customer PII will be properly secured in accordance with the SAWDB's policies and procedures regarding the safeguarding of PII;
- b. The collection, use, and disclosure of customer education records, and the PII contained therein, as defined under FERPA, shall comply with FERPA and applicable State privacy laws;
- c. All confidential data contained in Unemployment Insurance wage records must be protected in accordance with the requirements set forth in 20 CFR part 603;
- d. All personal information contained in Vocational Rehabilitation records must be protected in accordance with the requirements set forth in 34 CFR 361.38;
- e. Customer data may be shared with other programs, for those programs' purposes, within the AJCC network only after the informed written consent of the individual has been obtained, where required;
- f. Customer data will be kept confidential, consistent with Federal and State privacy laws and regulations; and,
- g. All data exchange activity will be conducted in machine readable format, such as HTML or PDF, for example, and in compliance with Section 508 of the Rehabilitation Act of 1973, as amended (29 U.S.C. § 794 (d)).

All AJCC and Partner staff will be trained in the protection, use, and disclosure requirements governing PII and any other confidential data for all applicable programs, including FERPA-protected education records, confidential information in UI records, and personal information in VR records.

## **18) CONFIDENTIALITY**

All parties expressly agree to abide by all applicable Federal, State, and local laws and regulations regarding confidential information, including PII from educational records, such as but not limited to 20 CFR Part 603, 45 CFR Section 205.50, 20 USC 1232g and 34 CFR part 99, and 34 CFR 361.38, as well as any applicable State and local laws and regulations.

Each party will ensure that the collection and use of any information, systems, or records that contain PII and other personal or confidential information will be limited to purposes that support the programs and activities described in this MOU and will comply with applicable law.

Each party will ensure that access to software systems and files under its control that contain PII or other personal or confidential information will be limited to authorized staff members who are assigned responsibilities in support of the services and activities described herein and will comply with applicable law. Each party expressly agrees to take measures to ensure that no PII or other personal or confidential information is accessible by unauthorized individuals.

To the extent that confidential, private, or otherwise protected information needs to be shared amongst the parties for the parties' performance of their obligations under this MOU, and to the extent that such sharing is permitted by applicable law, the appropriate data sharing agreements will be created and required confidentiality and ethical certifications will be signed by authorized individuals. With respect to confidential unemployment insurance information, any such data sharing must comply with all of the requirements in 20 CFR Part 603, including but not limited to requirements for an agreement consistent with 20 CFR 603.10, payments of costs, and permissible disclosures.

With respect to the use and disclosure of FERPA-protected customer education records and the PII contained therein, any such data sharing agreement must comply with all of the requirements set forth in 20 U.S.C. § 1232g and 34 CFR Part 99.

With respect to the use and disclosure of personal information contained in VR records, any such data sharing agreement must comply with all of the requirements set forth in 34 CFR 361.38.

## **19) PRESS RELEASES AND COMMUNICATIONS**

All parties shall be consulted and notified prior to communicating with the press, television, radio or any other form of media regarding its duties or performance under this MOU. Participation of each party in press/media presentations will be determined by each party's public relations policies.

The parties agree to utilize the AJCC logo developed by the State of California and the SAWDB on buildings identified for AJCC usage.

## **20) ACCESSIBILITY**

Accessibility to the services provided by the AJCCs and all Partner agencies is essential to meeting the requirements and goals of the local AJCC network. Job seekers and businesses must be able to access all information relevant to them via visits to physical locations as well as in virtual spaces, regardless of gender, age, race, religion, national origin, disability, veteran's status, or on the basis of any other classification protected under state or federal law.

## **21) NON-DISCRIMINATION AND EQUAL OPPORTUNITY**

All parties to this MOU certify that they prohibit, and will continue to prohibit, discrimination, and they certify that no person, otherwise qualified, is denied employment, services, or other benefits on the basis of: (i) political or religious opinion or affiliation, marital status, sexual orientation, gender, gender identification and/or expression, race, color, creed, or national origin; (ii) sex or age, except when age or sex constitutes a bona fide occupational qualification; or (iii) the physical or mental disability of a qualified individual with a disability.

## **22) GRIEVANCES AND COMPLAINTS PROCEDURE**

The AJCC Partner agrees to establish and maintain a procedure for grievance and complaints as outlined in WIOA. The process for handling grievances and complaints is applicable to customers and Partners. These procedures will allow the customer or entity filing the complaint to exhaust every administrative level in receiving a fair and complete hearing and resolution of their grievance. The Partner further agrees to communicate openly and directly to resolve any problems or disputes related to the provision of services in a cooperative manner and at the lowest level of intervention possible. All Partners agree to inform each other immediately when a customer violates an established policy that would require them to be banned from the center or involves police authorities.

## **23) AMERICAN'S WITH DISABILITIES ACT AND AMENDMENTS COMPLIANCE**

The AJCC Partner agrees to ensure that the policies and procedures as well as the programs and services provided at the AJCC are in compliance with the Americans with Disabilities Act ("ADA") and its amendments. Additionally, the SAWDB and the AJCC Partners will ensure that policies and procedures established by the SAWDB and the AJCC Partners are in compliance with the ADA.

## **24) HOLD HARMLESS/INDEMNIFICATION/LIABILITY**

In accordance with provisions of Section 895.4 of the California Government Code, each signatory hereby agrees to indemnify, defend and hold harmless all other signatories identified in this MOU from and against any and all claims, demands, damages and costs arising out of or resulting from any negligent acts or omissions which arise from the performance of the obligations by such indemnifying party pursuant to this MOU. In addition, except for Departments of the State of California which cannot provide for indemnification of court costs and attorney's fees under the indemnification policy of the State of California, all signatories to this MOU agree to indemnify, defend and hold harmless each other from and against all court costs and attorney's fees arising out of or resulting from any negligent acts or omissions which arise from the performance of the

obligations by such indemnifying party pursuant to this MOU. It is understood and agreed that all indemnity provided herein shall survive the termination of this MOU.

## **25) SEVERABILITY**

If any part of this MOU is found to be null and void or is otherwise stricken, the rest of this MOU shall remain in force.

## **26) DRUG AND ALCOHOL-FREE WORKPLACE**

All parties to this MOU certify they will comply with the Drug-Free Workplace Act of 1988, 41 U.S.C. 702 et seq., and 2 CFR part 182 which require that all organizations receiving grants from any Federal agency maintain a drug-free workplace. The recipient must notify the awarding office if an employee of the recipient is convicted of violating a criminal drug statute. Failure to comply with these requirements may be cause for suspension or debarment under 2 CFR part 180, as adopted by the U.S. Department of Education at 2 CFR 3485, and the U.S. Department of Labor regulations at 29 CFR part 94.

## **27) CERTIFICATION REGARDING LOBBYING**

All parties shall comply with the Byrd Anti-Lobbying Amendment (31 U.S.C. Section 1352), 29 C.F.R. Part 93, and 34 CFR part 82, as well as the requirements in the Uniform Guidance at 2 CFR 200.450. The parties shall not lobby federal entities using federal funds and will disclose lobbying activities as required by law and regulations.

## **28) DEBARMENT AND SUSPENSION**

All parties shall comply with the debarment and suspension requirements (E.O. 12549 and 12689) and 2 CFR part 180 and as adopted by the U.S. Department of Labor at 29 CFR part 2998 and by the U.S. Department of Education at 2 CFR 3485.

## **29) PRIORITY OF SERVICE**

All parties certify that they will adhere to all statutes, regulations, policies, and plans regarding priority of service, including, but not limited to, priority of service for veterans and their eligible spouses, and priority of service for the WIOA title I Adult program, as required by 38 U.S.C. sec. 4215 and its implementing regulations and guidance, and WIOA sec. 134(c)(3)(E) and its implementing regulations and guidance. Partners will target recruitment of special populations that receive a focus for services under WIOA, such as individuals with disabilities, low-income individuals, basic skills deficient youth, and English language learners.

## **30) BUY AMERICAN PROVISION**

Each party that receives funds made available under title I or II of WIOA or under the Wagner-Peyser Act (29 U.S.C. Section 49, et. seq.) certifies that it will comply with Sections 8301 through 8303 of title 41 of the United States Code (commonly known as the "Buy American Act.") and as referenced in WIOA Section 502 and 20 CFR 683.200(f).

### **31) SALARY COMPENSATION AND BONUS LIMITATIONS**

Each party certifies that, when operating grants funded by the U.S. Department of Labor, it complies with TEGL 05-06, Implementing the Salary and Bonus Limitations in Public Law 109-234, TEGL 17-15, Workforce Innovation and Opportunity Act (WIOA) Adult, Dislocated Worker and Youth Activities Program Allotments for Program Year (PY) 2017; Final PY 2017 Allotments for the Wagner-Peyser Act Employment Service (ES) Program Allotments; and Workforce Information Grants to States Allotments for PY 2017, Public Laws 114-113 (Division H, title I, Section 105) and 114-223, and WIOA section 194(15)(A), restricting the use of federal grant funds for compensation and bonuses of an individual, whether charged to either direct or indirect, at a rate in excess of the Federal Office of Personnel Management Executive Level II.

### **32) TERMINATION**

This MOU will remain in effect until the end date specified in section 4 above, unless:

- a. Federal oversight agencies charged with the administration of WIOA are unable to appropriate funds or if funds are not otherwise made available for continued performance for any fiscal period of this MOU succeeding the first fiscal period. Any party unable to perform pursuant to MOU due to lack of funding shall notify the other parties as soon as the party has knowledge that funds may be unavailable for the continuation of activities under this MOU;
- b. WIOA is repealed or superseded by subsequent federal law;
- c. Local area designation is changed under WIOA; and,
- d. A party breaches any provision of this MOU and such breach is not cured within thirty (30) days after receiving written notice from the SAWDB Chair (or designee) specifying such breach in reasonable detail. In such event, the non-breaching party(s) shall have the right to terminate this MOU by giving written notice thereof to the party in breach, upon which termination will go into effect immediately.

In the event of termination, the parties to the MOU must convene within thirty (30) calendar days after the breach of the MOU to discuss the formation of the successor MOU. At that time, allocated costs must be addressed.

This MOU is of no force or effect until signed by authorized representatives of the participating parties, and approved by the Chief Local Elected Official or his/her designee. The MOU, once signed, becomes part of the local WIOA Plan. Any party may withdraw from this MOU by giving written notice of intent to withdraw at least thirty (30) calendar days in advance of the effective withdrawal date. If agreed to by all parties, the timeframes for notice may be reduced or extended. Notice of withdrawal shall be given to the SAWDB at the address listed in the signed attachments of this MOU, and to the contact person so listed, considering any information updates received by the parties, a courtesy notification shall be made to all parties of this MOU in a timely manner.

### **33) NOTICES**

All notices, requests, claims, correspondence, reports, statements authorized or required by this Agreement, and/or other communications shall be addressed as follows:

City of Santa Ana: City of Santa Ana  
Administration Services  
801 W. Civic Center Dr., Suite 200  
Santa Ana, CA 92701

Partner: Santa Ana WORK Center  
801 W. Civic Center Dr., Suite 200  
Santa Ana, CA 92701

### **34) INSURANCE**

The AJCC Partners agree that their current in force insurance or self-insurance coverage programs shall apply to their operations performed under the Workforce Innovation Opportunity Act and at the SAWC, including commercial general liability, property damage liability, business personal property, workers' compensation and employee dishonesty/crime coverages. The City of Santa Ana shall be named as additional insured for such insurance and the coverage shall be primary and non-contributory with regard to the City.

### **35) AUTHORITY AND SIGNATURES**

The individuals signing this MOU and its attachments, which are incorporated herein by reference, have the authority to commit the party they represent to the terms of this MOU, and do so commit by signing.

### **ATTACHMENTS**

**Attachment 1:** AJCC Partners Location and Map

**Attachment 2:** Santa Ana AJCC Partner Services

**Attachment 3:** AJCC Comprehensive Infrastructure Budget, and Other System Cost Budget

**Attachment 3-1:** Applicable Career Services

**Attachment 4:** Comprehensive Cost Allocation and Partner Contributions

**Attachment 5:** Office Lease

THIS MEMORANDUM OF UNDERSTANDING is hereby signed and agreed to on the date first written above.

**FOR THE CITY OF SANTA ANA**

**Attest:**

**City of Santa Ana:**

\_\_\_\_\_  
Daisy Gomez, Clerk of the Council

\_\_\_\_\_  
Kristine Ridge, City Manager

**Recommended for Approval:**

**Approved as to Form:**

Sonia R. Carvalho, City Attorney

\_\_\_\_\_  
Steven A. Mendoza, Executive Director  
Community Development Agency

\_\_\_\_\_  
Ryan O. Hodge, Assistant City Attorney

**FOR SANTA ANA WORKFORCE DEVELOPMENT BOARD**

\_\_\_\_\_  
Workforce Development Board Chair

**FOR AMERICA'S JOB CENTER OF CALIFORNIA PARTNER**

\_\_\_\_\_  
Santa Ana WORK Center

AJCC Partner

\_\_\_\_\_  
Steven A. Mendoza, Executive Director  
Community Development Agency

\_\_\_\_\_  
Date

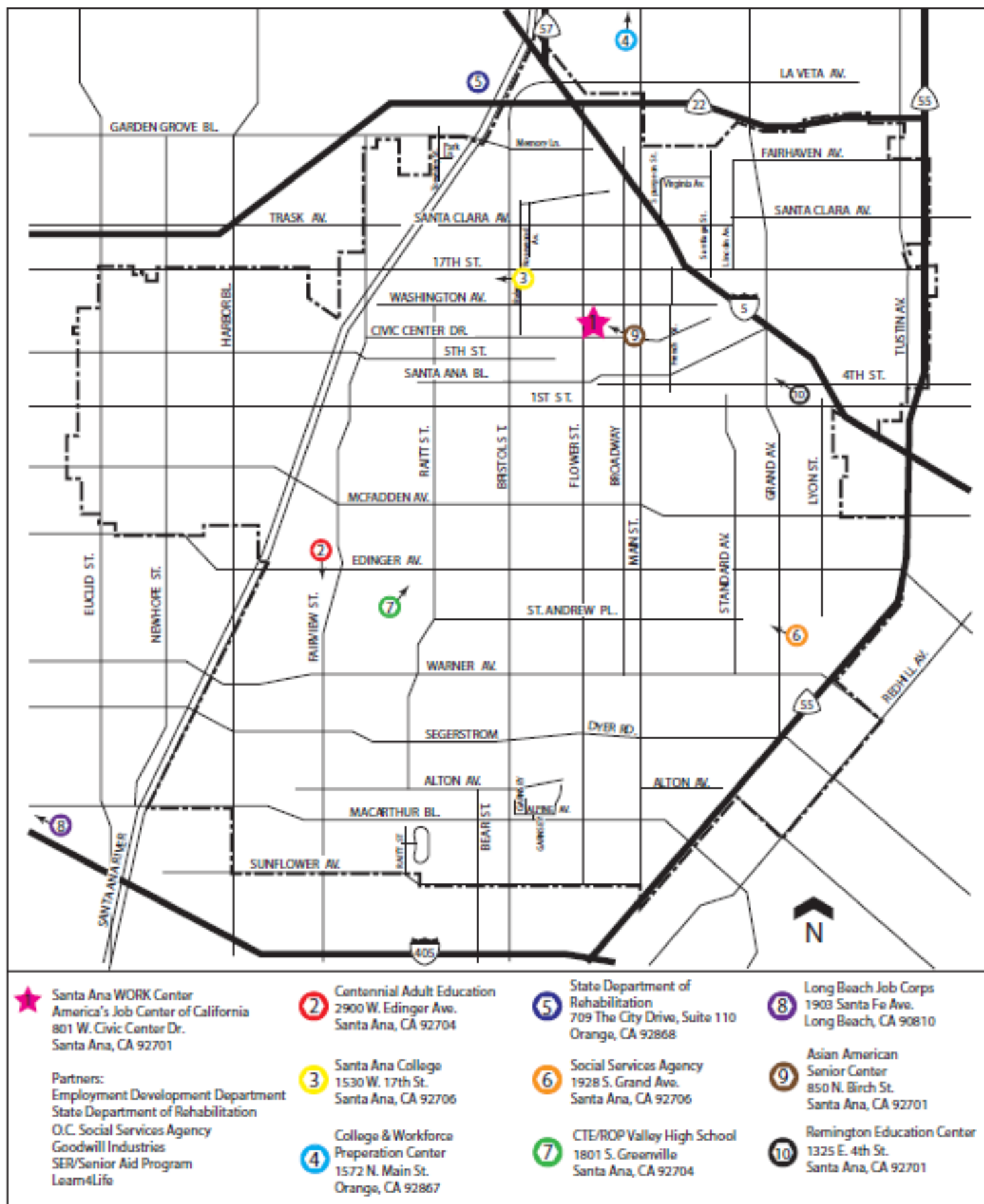
20 Civic Center Plaza M-25, Santa Ana, CA 92701  
Address

## AJCC Partners Location and Map

Partner Program	Partner Organization	Authorization/Category	Physically Co-Located
<b>Title I Adult, Dislocated Workers and Youth programs</b>	City of Santa Ana	WIOA Title I Adult, Dislocated Workers, Youth Programs	Yes
<b>Adult Education/Literacy and Carl Perkins Career Technical Education</b>	Rancho Santiago Community College District	WIOA title II Adult Education and Family Literacy Act (AEFLA) program	No
		Career and technical education (CTE) programs at the postsecondary level, authorized under the Carl D. Perkins Career and Technical Education Act of 2006 (20 U.S.C. 2301 et seq.)	
<b>Wagner-Peyser</b>	Employment Development Department (EDD)	WIOA title III Wagner-Peyser Employment Services, authorized under the Wagner-Peyser Act (29 U.S.C. 49 et seq.), also providing the state's public labor exchange.	Yes
<b>Veterans</b>	Employment Development Department (EDD)	Jobs for Veterans State Grants (JVSG), authorized under chapter 41 of title 38, U.S.C.	Yes
<b>Trade Act</b>	Employment Development Department (EDD)	Trade Adjustment Assistance (TAA), authorized under chapter 2 of title II of the Trade Act of 1974 (19 U.S.C. 2271 et seq.)	Yes
<b>Unemployment Insurance (UI)</b>	Employment Development Department (EDD)	Unemployment Insurance (UI) programs under state unemployment compensation laws.	No
<b>Vocational Rehabilitation Services</b>	State Department of Rehabilitation	WIOA title IV State Vocational Rehabilitation program authorized under title I of the Rehabilitation Act of 1973 (29 U.S.C. 720 et seq.)	Yes
<b>Temporary Assistance for Needy Families (TANF)</b>	Social Service Agency-Family Self-Sufficiency	Temporary Assistance for Needy Families (TANF), authorized under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.)	Yes
Senior Aid Program	Senior Aid Program Regions II & III SER-Jobs for Progress, Inc.	Senior Community Service Employment Program (SCSEP), authorized under title V of the Older Americans Act of 1965 (42 U.S.C. 3056 et seq.)	Yes
Job Corps	Long Beach Job Corps	WIOA Title I C, Jobs Corps	No
Native American Programs	United American Indian Involvement, Inc.	Indian and Native American Programs (Section 166)	No
Housing & Urban Development	Santa Ana Housing Authority	Housing & Urban Development (HUD)	Yes
Adult Demonstration	Orange County Sheriff's Department	Reentry Employment Opportunities (EO) programs authorized under sec. 212 of the Second Chance Act of 2007 (42 U.S.C. 17532) and WIOA sec. 169	No



## AJCC Partners Location and Map



Partner Name	Entity/Program	SANTA ANA AJCC Partner Services			Service Delivery Method
		Career	Training	Employer	
Title I Adult, DW, Youth	City of Santa Ana	1, 2, 3, 4, 6, 7, 8, 10, 11, 12, 13, 14, 15, 16, 17	1, 2, 5, 7, 9	1,2,3,4,5,6,7,8	FT, T, B, P, O
Adult Education/ Literacy	Rancho Santiago Community College District	2, 3, 12, 14-15, 17	1, 8		B, P, O
Wagner-Peyser	Employment Development Department (EDD)	1,2,3,4,5,6,8,9,10,17,		1,2,3,4,6,7,8	FT,PT,T,A,B,P,
Veterans (Jobs for Veterans State Grant)	Employment Development Department (EDD)	1,2,3,4,5,6,8,9,10,11, 12,13,14,15,16,17		1,2,3,4,6,7,	FT,T,A,B,P
Trade Act (Trade Adjustment Assistance)	Employment Development Department (EDD)	1,2,3,4,5,6,8,9,10,11,12,13,14,15,16,17	1,4,5,8,9	1,2,3,4,6,7,8	PT,T,A,B
Unemployment Compensation	Employment Development Department (EDD)	1,9		8	PT,T,A,B
Vocational Rehabilitation	State Department of Rehabilitation	1, 2, 3, 4, 5, 6, 7, 8 , 11, 12, 13, 14, 15, 16, 17	DOR Eligible: 1, 2, 3, 4, 5, 6, 7, 8, 9,	1, 2, 4 DOR Eligible: 3, 5, 8	PT, FT
TANF	Social Service Agency-Family Self-Sufficiency	1,2,3,4,7,8,10,11,12,13,	1,3, 4,7,8		FT,T,A,B,P
Carl Perkins Career Technical Education	Rancho Santiago Community College District	2, 3, 12, 14-15, 17	1, 8		B, P, O
Title V Older Americans Act	Senior Aid Program Regions II & III SER-Jobs for Progress, Inc.	1,2,3,4,5,8,11,12,13,16	1,2,3,7	1,2,3,4,6, 7	PT, T, B
Job Corps	Long Beach Job Corps	2	1, 3, 7		T, B, P, O
Native American Programs (Section 166)	United American Indian Involvement, Inc.	1, 2, 3, 4			O, P, B,T
Housing & Urban Development	Housing Authority	2, 3, 4, 8, 10, 15			B, P, O

**CAREER SERVICES:** Basic Career Services (BCS) include self-help service services requiring minimal staff assistance and Individualized Career Services (ICS) requiring more staff involvement generally provided to individuals unable to find employment through basic career services, and deemed to be in need of more concentrated services to obtain employment; or who are employed but deemed to be in need of more concentrated services to obtain or retain employment that allows for self-sufficiency.

### **Basic Career Services**

- 1. Eligibility Determination:** This is the process of obtaining and documenting information about an individual's circumstances and comparing that information with the criteria set by an agency or program to decide if the individual qualifies for participation.
- 2. Outreach, Intake and Orientation:** Outreach activities involve the collection, publication, and dissemination of information on program services available and directed toward jobless, economically disadvantaged, and other individuals. Intake is the process of collecting basic information, e.g., name, address, phone number, SSN, and all other required information to determine eligibility or ineligibility for an individual's program. Orientation, whether offered in a group setting, one-on-one, or electronically, is the process of providing broad information to customers in order to acquaint them with the services, programs, staff, and other resources at the Santa Ana Work Center, or its partner agencies.
- 3. Initial Assessment:** For individuals new to the workforce system, initial assessment involves the gathering of basic information about skill levels, aptitudes, abilities, barriers, and supportive service needs in order to recommend next steps and determine potential referrals to partners or community resources.
- 4. Job Search, Placement Assistance, and Career Counseling:** Job Search helps an individual seek, locate, apply for, and obtain a job. It may include but is not limited to: job finding skills, orientation to the labor market, resume preparation assistance, referrals to job openings, placement services, job search workshops, vocational exploration, and re-employment services such as orientation, skills determination, and pre-layoff assistance. Placement Assistance is a service that helps people to identify and secure paid employment. Career Counseling is a facilitated exploration of occupational and industrial information.
- 5. Employment Statistics-Labor Market Information:** Collect and report data about employment levels, unemployment rates, wages and earnings, employment projections, jobs, training resources and careers; (LMI)
- 6. Eligible Provider performance and program Cost Information:** Collect and provide information on:
  - A. Eligible training service providers (described in WIOA Section 122)
  - B. Eligible youth activity providers (described in WIOA Section 123)

- C. Eligible adult education providers (described in WIOA Title II).
  - D. Eligible postsecondary vocational educational activities and vocational educational activities available to school dropouts under the Carl Perkins Act (20 USC 2301).
  - E. Eligible vocational rehabilitation program activities (described in Title I of the Rehabilitation Act of 1973).
- 7. Local Performance Information:** Collect and provide information on the local area's recent performance measure outcomes.
- 8. Supportive Services' Information:** Collect and provide information on services such as transportation, child care, dependent care, housing, and needs-related payments that are necessary to enable an individual to participate in employment and training activities.
- 9. Unemployment Compensation:** Collect and provide information on filing claims for state benefit payments that protect individuals from economic insecurity while they look for work. Claims may be filed on-line or via telephone available in the Santa Ana Work Center.
- 10. Eligibility Assistance:** Provide guidance to individuals on eligibility for other programs and on financial aid assistance for training and education programs that are available in the local area.
- 11. Follow-Up Services:** Services provided to participants who are placed in unsubsidized employment, for not less than 12 months after the first day of the employment. These services assist those individuals to maintain employment or qualify for promotions with that employment.

#### **Individualized Career Services**

- 12. Comprehensive and Specialized Assessments:** A closer look at the skills levels and service needs that may include:
- A. Diagnostic Testing and use of other assessment tools; and
  - B. In-depth interviewing and evaluation to identify employment barriers and appropriate employment goals.
- 13. Individual Employment Plan Development:** Working with individuals to identify their employment goals, the appropriate achievement objectives, and the appropriate combination of services that will help the individual achieve those goals.
- 14. Group Counseling**

**15. Individual Counseling and Career Planning**

**16. Case Management:** For participants who receive training services under WIOA Section 134(d)(4).

**17. Short-Term Prevocational Services:** Can include development of learning skills, communication skills, interviewing skills, punctuality, personal maintenance skills, and professional conduct, to prepare individuals for unsubsidized employment or training.

**Training Services:** Services offered through a training provider to help individuals upgrade their skills, earn degrees and certifications, or otherwise enhance their employability through learning and education. Types of training services include:

1. **Occupational Skills Training:** An organized program of study that provides specific vocational skills that lead to proficiency in performing actual tasks and technical functions required by certain occupational fields at entry, intermediate or advanced levels.
2. **On-the-Job Training (OJT):** Training by an employer that is provided to a paid participant while engaged in productive work that is limited in duration, provides knowledge or skills essential to the full and adequate performance of the job, and reimburses the employer for the costs associated with training the OJT trainee often calculated based on a percentage of the trainee's wages.
3. **Workplace and cooperative education:** Programs that combine workplace training with related instruction which may include cooperative education programs
4. **Training programs operated by the private sector**
5. **Skills upgrading and retraining:** Courses that prepare persons for entrance into a new occupation through instruction in new and different skills demanded by technological changes. These courses train incumbent workers in specific skills needed by that business or industry and that lead to potential career growth and increased wages. This includes courses that develop professional competencies that are particularly relevant to a vocational/occupational goal. It must be demonstrated that the training will result in the workers' acquisition of transferable skills or an industry-recognized certification or credential.
6. **Entrepreneurial training**
7. **Job-readiness training**

8. **Adult Education and Literacy programs:** Services or instruction below the postsecondary level for individuals who are not enrolled or required to be enrolled in secondary school under state law and lack basic educational skills to enable the individuals to function effectively in society and on a job, Services include, but are not limited to, one-on-one instruction, coursework, or workshops that provide direction for the development and ability to read, write, and speak in English, compute, and solve problems, at levels of proficiency necessary to function in society or on the job,
9. **Customized training:** Training that is designed to meet the special requirements of an employer or group of employers and that is conducted with a commitment by the employer to employ an individual upon successful completion of the training and for which the employer pays for a portion of the cost of training.

**Employer Services:** Santa Ana Work Center services offered to employers include:

1. **Employer needs assessment:** Evaluation of employer needs, particularly future hiring and talent needs.
2. **Job posting:** Receiving and filling of job openings; searching resumes; providing access to a diverse labor pool.
3. **Applicant pre-screening:** Assessing candidates according to the employer's requirements and hiring needs; referring candidates based on their knowledge, skills, and abilities relative to the employer requirements.
4. **Recruitment assistance:** Raising awareness of employers and job openings and attracting individuals to apply for employment at a hiring organization. Specific activities may include posting of employer announcements, provision of job applications, and hosting job fairs and mass recruitment.
5. **Training assistance:** Providing training resources to enable employers to upgrade employee skills, introduce workers to new technology, or to help employees transition into new positions.
6. **Labor Market Information:** Access to information on labor market trends, statistics, and other data related to the economy, wages, industries, etc.
7. **Employer information and referral:** Provision of information on topics of interest to employers such as services available in the community, local training providers, federal laws and requirements, tax information, apprenticeship programs, human resource practices, alien labor certification, incentive programs such as WOTC or the federal bonding program, etc.
9. **Rapid Response and Layoff Aversion:** Provision of services to prevent downsizing or closure, or to assist during layoff events, Strategies may include incumbent worker training to avert lay-offs, financing options, employee ownership options, placement assistance, worker assessments, establishment of transition centers, labor-management committees, peer counseling, etc.

**Service Delivery Codes: How will your agency provide the services indicated?**

<b>Code</b>	<b>Method Description</b>
<b>FT</b>	On-Site Staff Full Time
<b>PT</b>	On-Site Staff Part Time
<b>T</b>	Access Via Telephone
<b>A</b>	Access Via Automated System
<b>B</b>	Brochure/Handout
<b>P</b>	Posting at One-Stop Center
<b>O</b>	Other
<b>NA</b>	Not Applicable

**Santa Ana Workforce Development Board**  
**AJCC Comprehensive Infrastructure Budget, and Other System Cost Budget**

		Total Costs		Santa Ana WORK Center (City of Santa Ana)		
				7,924.31		
				39.55%		
Cost Category/ Line Item	Cost Details	Equipment Costs	Total Monthly Property Rent	Monthly Cost	Monthly Property Rent	Total Monthly Rent and Equipment Cost
<b>Rent</b>						
Base Rent	Incl. Janitorial, Maint and Utilities		\$47,841.10		\$18,925.95	\$18,925.95
Operational Cost	2% of Rent					
Management Fee	1.76% of Rent					
	<b>Total Rent</b>		<b>\$47,841.10</b>		<b>\$18,925.95</b>	<b>\$18,925.95</b>
<b>Utilities/Maint</b>						
Telephone Services Per Person	Monthly costs of Dial Tone and Voice Mail Assigned	\$1,955.00		\$722.50		\$722.50
Shared Phones	by usage percentage	\$212.50		\$84.04		\$84.04
	SSA Not paying			\$13.11		\$13.11
Security Guard (Annual)	Includes \$840 Parking	\$60,188.11		\$1,983.70		\$1,983.70
	SER Share			\$0.00		
	<b>Total Utilities/Maintenance</b>			<b>\$2,812.80</b>	<b>\$0.00</b>	<b>\$2,812.80</b>
<b>*Equipment</b>						
New Phone System	Phones by assigned phones	\$9,536.29		\$63.14		\$63.14
	Shared Basic Phones	\$687.86		\$4.36		\$4.36
	SSA Not paying			\$0.71		\$0.71
	Licenses assigned phones	\$4,680.48		\$31.57		\$31.57
	Licenses	\$557.20		\$3.67		\$3.67
	SSA Not paying			\$0.60		\$0.60
	Switches	\$5,035.07		\$33.19		\$33.19
New Phone System	Annual Support Cost	\$982.07		\$32.37		\$32.37
	<b>Total Equipment</b>	<b>\$21,478.97</b>		<b>\$169.62</b>		<b>\$169.62</b>
<b>**Technology and Access Costs</b>						
Network Wireless Bridge	Network	\$14,080.23		\$92.81		\$92.81
Access System/Card	Key Card System	\$17,194.28		\$113.34		\$113.34
Data & Phone Cabling	Cabling	\$58,097.10		\$382.96		\$382.96
Information Technology Cost Per Month	Wireless Network Bridge Maintenance	\$7,425.00		\$48.94		\$48.94
***Copier (Annual)	Resource Room used by clients only	\$6,523.20		\$43.00		\$43.00
	Copy room Copier for staff only	\$4,194.60		\$27.65		\$27.65
	<b>Total Technology and Access</b>	<b>\$107,514.41</b>	<b>\$0.00</b>	<b>\$708.70</b>		<b>\$708.70</b>
	<b>In-Kind</b>					
<b>Infrastructure Total</b>		<b>\$130,948.38</b>	<b>\$47,841.10</b>	<b>\$3,691.12</b>	<b>\$18,925.95</b>	<b>\$22,617.07</b>

\* Equipment is a 5 year amortization expensed monthly. Equipment is charged at actual cost for assigned phones to partners.

5 basic phones are shared phones and charged by percentage

\*\* Technology and Access Costs are all based on percentage and amortized over 5 years

\*\*\*Copiers are leased equipment and are charged by percentage. Additional charge for usage will be calculated and charged



**APPLICABLE CAREER SERVICES**

<b>Sharing Other One-Stop Delivery System Costs</b>	
The budget must include “applicable career services” as well as any other shared costs agreed upon by the AJCC partners. While only co-located partners share infrastructure costs, all One-Stop partners must share in other system costs, including applicable career services.	
<b>Required Consolidated System Budget for “Applicable Career Services”</b>	
<p><b>Summary of Career Services Applicable to Each AJCC Partner</b></p> <p>The MOU requires identification of the career services that are applicable to each partner program (Attachment 2). Accordingly, this budget includes each of the partner’s costs for the service delivery of each applicable career service.</p> <p>Unlike infrastructure cost sharing, other system costs, including “Applicable Career Services” are not limited to the non-personnel costs and should include all costs related to the administration and delivery of those services.</p>	
<b>AJCC Applicable Career Services</b>	<b>SAWC</b>
<p><b>Career Services:</b></p> <ul style="list-style-type: none"> <li>• Eligibility Determination (1)</li> <li>• Outreach, Intake and Orientation (2)</li> <li>• Initial Assessment (3)</li> <li>• Job Search, Placement Assistance, and Career Counseling (4)</li> <li>• Employment Statistics-Labor Market Information (5)</li> <li>• Eligible Provider performance and program Cost Information (6)</li> <li>• Local Performance Information (7)</li> <li>• Supportive Services' Information (8)</li> <li>• Unemployment Compensation (9)</li> <li>• Eligibility Assistance (10)</li> <li>• Follow-Up Services (11)</li> <li>• Comprehensive and Specialized Assessments (12)</li> <li>• Individual Employment Plan Development (13)</li> <li>• Group Counseling (14)</li> <li>• Individual Counseling and Career Planning (15)</li> <li>• Case Management (16)</li> <li>• Short-Term Prevocational Services (17)</li> </ul>	\$541,376.00
<p><b>Training</b></p> <ul style="list-style-type: none"> <li>• Occupational Skills Training (1)</li> <li>• On-the-Job Training (OJT) (2)</li> <li>• Workplace and cooperative education (3)</li> <li>• Training programs operated by the private sector (4)</li> <li>• Skills upgrading and retraining (5)</li> <li>• Entrepreneurial training (6)</li> <li>• Job-readiness training (7)</li> <li>• Adult Education and Literacy programs (8)</li> <li>• Customized training (9)</li> </ul>	\$484,982.00

**APPLICABLE CAREER SERVICES**

<b>Employer Services</b> <ul style="list-style-type: none"> <li>• Employer needs assessment (1)</li> <li>• Job posting (2)</li> <li>• Applicant pre-screening (3)</li> <li>• Recruitment assistance (4)</li> <li>• Training assistance (5)</li> <li>• Labor Market Information (6)</li> <li>• Employer information and referral (7)</li> <li>• Rapid Response and Layoff Aversion (8)</li> </ul>	\$209,549.20
<b>Total Career Service Cost</b>	\$1,235,907.20

# Comprehensive Cost Allocation and Partner Contributions

## AJCC (Comprehensive)

Partner Program	Square Footage Paid for Based on Office Sharing / Payment Ratio	% of Total Square Footage	Monthly Property Rent*	Operational Cost and Management Fees	Monthly Charges for Equipment	Monthly Rent + Equipment usage	Amount : In-Kind	Partner Contributions Yearly Career Services**
EDD	9458.00	50.88%	\$ 24,341.55	\$ 915.24	\$ 3,918.09	\$ 29,174.88		\$ 1,493,317.04
<b>Santa Ana WORK Center (City of Santa Ana)</b>	<b>7924.31</b>	<b>39.55%</b>	<b>\$ 18,925.95</b>		<b>\$ 3,691.12</b>	<b>\$ 22,617.07</b>	<b>\$ -</b>	<b>\$ 1,235,907.20</b>
Department of Rehabilitation	219.03	1.13%	\$ 540.60		\$ 121.11	\$ 661.71	\$ -	\$ 2,945,349.48
Social Services Agency-Family Self-Sufficiency	1191.60	6.17%	\$ 2,951.80		\$ 419.73	\$ 3,371.53		\$ 800,000.00
Santa Ana Housing Authority	219.03	1.13%	\$ 540.60		\$ 130.56	\$ 671.16		\$ 82,290.00
SER Jobs for Progress	219.03	1.13%	\$ 540.60		\$ 130.56	\$ 671.16		\$ 2,945,349.48
Community Action Partnership of OC								\$ 225,000.00
Rancho Santiago Community College District								\$ 1,511,191.70
Job Corps								\$ -
United American Indian Involvement, Inc.								\$ -
<b>Total Rentable Space</b>	<b>19231.00</b>	<b>100.00%</b>	<b>\$ 47,841.10</b>	<b>\$ 915.24</b>	<b>\$ 8,280.61</b>	<b>\$ 57,036.95</b>	<b>\$ -</b>	<b>\$ 6,556,863.72</b>

\$ -

Revised

4/13/22

7:49:00 AM

\* Rent is \$2.476 per Square foot with 3% increase annually

\*\* Yearly Career Services is reported by respective partners listed and may include but is not limited to partners payroll, client training expenses, client services expense, etc.

② S.I.  
O: CDA (1)  
Deborah Sanchez

## EXHIBIT B

## NOTICE OF LEASE TERM DATES

To: City of Santa Ana  
801 W. Civic Center, Suite 200  
Santa Ana, CA 92701  
Attn: Deborah Sanchez

Re: Office Lease dated October 7, 2017 (the "Lease") between CF SANTANA, LLC, a Delaware limited liability company ("Landlord"), and the City of Santa Ana, a charter city and municipal corporation ("Tenant") concerning Suite 200 on floor 2 of the office building located at 801 West Civic Center, Santa Ana, California.

Deborah Sanchez:

In accordance with the Lease, we wish to advise you and/or confirm as follows:

1. The Premises are substantially completed, and the Term shall commence on or has commenced on June 11, 2018 for a term of sixty (60) months ending on Jun 30, 2023.
2. Base Rent commenced to accrue on June 11, 2018 in the amount of \$42,506.20 per month and as more particularly set forth in Item 4 of the Basic Lease Provisions of the Lease.
3. If the Commencement Date is other than the first day of the month, the first billing will contain a pro rata adjustment. Each billing thereafter, with the exception of the final billing, shall be for the full amount of the monthly installment as provided for in the Lease.
4. Your rent checks should be made payable to CF SANTANA, LLC, 2101 Rosecrans Avenue, Suite 3270, El Segundo, CA 90245 Attn: Ken Quach, Accounting Manager.
5. The Premise contains 19,321 RSF.
6. Tenant's Proportionate Share is 15.561%.

LANDLORD: CF Santana, LLC,  
a Delaware limited liability company

By: \_\_\_\_\_

Name: Andrew Osborne  
Title: Authorized Signatory

TENANT: THE CITY OF SANTA ANA,  
a Municipal corporation

By: \_\_\_\_\_

Print Name: Raul Godinez Jr  
Title: City Manager



Maria D. Huizar

Maria D. Huizar  
Clerk of the Council

APPROVED AS TO FORM

Ryan O. Hodge 8/16/18  
RYAN O. HODGE  
Assistant City Attorney

## EXHIBIT "C"

### WORK LETTER

THIS WORK LETTER (this "Work Letter") is attached as Exhibit C to that certain Office Lease (the "Lease") by and between CF SANTANA, LLC, a Delaware limited liability company ("Landlord") and THE CITY OF SANTA ANA, a Municipal corporation. ("Tenant"). This Work Letter sets forth the terms, covenants and conditions relating to the construction and installation of the Tenant Improvements in the Initial Premises. All capitalized terms used herein not otherwise defined herein shall have the meanings attributed to such terms in the Lease.

1.1 **Landlord's Architect and the Engineers.** Landlord shall engage (a) Fraser McClellan or another qualified interior architect selected by Landlord ("Landlord's Architect") to prepare the Construction Drawings (defined below) for the Premises based upon the Final Space Plan (defined below) and (b) engineering consultants selected by Landlord (the "Engineers") to prepare all engineering plans and drawings for the structural, mechanical, electrical, plumbing, HVAC, life safety, and sprinkler work relating to the Tenant Improvements for the Premises.

1.2 **Final Space Plan; Space Planning Allowance.** A copy of the final space plan (and pricing plan) for all Tenant Improvements in the Initial Premises ("Final Space Plan") is attached hereto as Schedule "C-1". Landlord shall bear all costs and expenses in connection with the preparation of the Final Space Plan ("Space Planning Costs in an amount equal to \$2,898.15 (i.e., \$0.15 per RSF in the Initial Premises). Any Space Planning Costs in excess of \$2,898.15 shall be "Tenant Improvement Costs" and shall be deducted from the Allowance Amount.

1.3 **Final Working Drawings.** Based upon the Final Space Plan, Landlord shall cause the Architect and the Engineers to complete and deliver to Tenant for Tenant's reasonable approval two (2) copies of complete fully coordinated architectural and (to the extent required) structural, mechanical, electrical and plumbing working drawings and specifications for the Tenant Improvements in a form which is sufficiently complete to allow all subcontractors to bid on the work shown therein and to obtain all applicable Permits therefor, if any (defined below) (collectively, the "Final Working Drawings"). Tenant shall, within five (5) business days after Tenant receives the Final Working Drawings, either: (a) approve the Final Working Drawings, or (b) disapprove the Final Working Drawings because a Design Problem exists and return the same to Landlord showing revisions required to eliminate such Design Problem (or Design Problems). If Tenant fails to notify Landlord within five (5) business days after its receipt of the Final Working Drawings that it approves or disapproves the same, Tenant shall be deemed to have approved the Final Working Drawings. A "Design Problem" means and shall exist only if the Final Working Drawings are not consistent with the Final Space Plan. If Tenant disapproves the Final Working Drawings because they contain one or more Design Problems, then Landlord shall cause Landlord's Architect to make the requested changes thereto to the extent required to eliminate such Design Problems and shall resubmit to Tenant such revised Final Working Drawings, with the foregoing procedure to be repeated until the Final Working Drawings for the Premises are ultimately approved (or deemed approved) by Tenant (as so approved, the "Approved Working Drawings"). The Approved Working Drawings, as modified by any Changes (defined below) approved by Landlord, and all parts or components thereof are sometimes referred to herein as the "Construction Drawings".

1.4 **Changes in the Final Space Plan and Approved Working Drawings.** No Changes (defined below) may be made by Tenant without the prior written consent of Landlord (in accordance with Section 1.5.1, below); provided, however, that Landlord may withhold its consent in its sole and absolute discretion to any Change which in Landlord's judgment are unreasonable or would directly or indirectly delay Substantial Completion (defined below). Tenant acknowledges and agrees that Tenant shall bear the cost of any Changes that are requested by Tenant. "Changes" means, collectively: (a) any changes, modifications or alterations in either the Final Space Plan or the Approved Working Drawings or in the Tenant Improvements for the Premises contemplated thereby or (b) any modifications or alterations to the Final Working Drawings requested by Tenant in accordance with Section 1.3, above (or otherwise), other than any such changes, modifications or alterations that are required in order to eliminate a Design Problem.

#### 1.5 **Landlord's Review.**

1.5.1 Any approval or consent of Landlord hereunder with respect to any portion or component of the Construction Drawings or the Tenant Improvements shall be granted or withheld on the basis of such standards as Landlord shall establish in good faith from time to time. Landlord has established (or may establish in the future) Building Standards for the components to be used in the construction of the Tenant Improvements in the Premises ("Building Standards"). The quality of all Tenant Improvements shall be equal to or of greater quality than the quality specifications of the Building Standards; provided, however that Landlord may, at Landlord's option, require the Tenant Improvements to comply with specific Building Standards. Landlord reserves the right to promulgate, establish, modify, delete from, and make other changes to the Building Standards from time to time.

1.5.2 Landlord's review of any matters (including, without limitation, any requested Changes), as set forth in this Work Letter, shall be solely for the purpose of protecting Landlord's interests hereunder, and shall not imply Landlord's review of the same, or obligate Landlord to review the same, for quality, design, Code compliance or other like matters, for the benefit of Tenant or any other party, and Landlord shall not be responsible for any omissions or errors contained in any such items.

### SECTION 2 COST OF THE TENANT IMPROVEMENTS

#### 2.1 **Allocation of Costs; Allowance Amount; Tenant Improvement Costs.**

2.1.1 Subject to the provisions of this Work Letter, Landlord hereby grants Tenant for the Tenant Improvement Costs (defined below) an amount (the "Allowance Amount") equal to \$772,840.00 (i.e., \$40.00 per RSF in the Initial Premises). Tenant shall bear all

Tenant Improvement Costs (defined below) (and all other costs or expenses incurred by Tenant in connection with the design and construction of the Tenant Improvements) in excess of the Allowance Amount ("Excess Tenant Improvement Costs") in accordance with the provisions of this Work Letter. Landlord shall have no obligation hereunder to make any payments or disbursements, or to incur any obligation to make any payment or disbursement in connection with the design and construction of the Tenant Improvements, in a total amount which exceeds the Allowance Amount. In any event, at all times Tenant shall pay and satisfy in full on a timely basis all obligations for payment incurred by Tenant in connection with the design and construction of the Tenant Improvements. "Landlord's Architect" means the qualified licensed architect designated by Landlord from time to time as Landlord's Architect.

2.1.2 "Tenant Improvement Costs" means the following: (i) the fees of the Architect and the Engineers in excess of the Space Planning Allowance; (ii) Landlord's customary supervision fee (the "Supervision Fee") in an amount equal to *three percent (3%)* of the total Tenant Improvement Costs (excluding the Supervision Fee); (iii) all fees and costs incurred by, and the cost of documents and materials supplied by, Landlord and Landlord's consultants in connection with the preparation and review of the Construction Drawings; (iv) the cost of any changes or modifications in or to the Common Areas or Base Building when such Changes are required in connection with the Tenant Improvements (which shall include, without limitation, any modifications or alterations to the path of travel from/to public transportation and public rights-of-way, parking and restroom areas, that are required to cause the same to comply with any applicable Codes); (v) the cost of any Changes to the Construction Drawings or the Tenant Improvements required by Code; (vi) all costs of (or relating to) construction of the Tenant Improvements (without regard to the amount of the Bid Estimate or Landlord's estimate of total Tenant Improvement Costs), including, without limitation, testing and inspection costs, trash removal costs, parking fees, after-hours utilities usage, and contractors' fees and general conditions; (vii) the cost of cable and other telecommunications lines installed as part of the Tenant Improvements, but specifically excluding any costs in connection with the installation of Tenant's telephone service (which shall be separately installed by Tenant's Agents); (viii) plan check, permit fees, license fees, Title 24 fees and use taxes; and (ix) the cost of installing Building Standard window coverings; and (x) the costs of the tenant demising walls and public corridor walls and materials to be installed on the second floor relating to the drywall and any finishes and hardware on the Premises side of such walls as designated by Landlord.

2.2 Payment of Excess Tenant Improvement Costs by Tenant. Prior to commencement of performance of the Tenant Improvements and not later than thirty (30) business days following Landlord's written request therefor, Tenant shall pay to Landlord in cash the entire Estimated Excess Tenant Improvement Cost (defined in Section 3.2.1 below). If at any time during the course of performance of the Tenant Improvements, Landlord in good faith determines that the Excess Tenant Improvement Costs to be incurred in connection with performance of the Tenant Improvements will exceed the amount of any amounts ("Deposits") previously deposited by Tenant with Landlord pursuant to this Section 2.2, then not later than three (3) business days following Landlord's written request therefore, Tenant shall pay to Landlord in cash the amount of such excess. Any failure by Tenant to pay to Landlord any amount required to be paid to Landlord under this Section 2.2 (or under Section 2.3.2 below) within the time periods specified above shall be treated as failure to pay Rent when the same is due under the Lease, and notwithstanding anything in this Work Letter or the Lease to the contrary, (a) Landlord shall have the right to require the Contractor (defined below) to discontinue its performance of the Tenant Improvements until such time as Tenant complies with the requirements of this Section 2.2, (b) any delays associated with any such discontinuance shall be deemed Tenant Delays (and shall not, in any case, constitute Landlord Delays) and (c) Landlord shall not be liable to Tenant for any additional costs, lost profits, lost economic opportunities or any form of consequential damage which may result from any such discontinuance by Landlord under this Section 2.2.

2.3 Disbursement; Reconciliation of Costs. Landlord shall have the right to disburse the Allowance Amount together with all Deposits previously made by Tenant (collectively, the "Tenant Credit Amount") for such Tenant Improvement Costs and in such order as Landlord shall determine. Following final completion of the Tenant Improvements, Landlord shall reconcile (the "TI Cost Reconciliation") the total Tenant Improvement Costs incurred or disbursed by Landlord hereunder with the Tenant Credit Amount.

2.3.1 If the TI Cost Reconciliation indicates that the total Tenant Improvement Costs incurred or disbursed by Landlord hereunder exceed the Tenant Credit Amount, Tenant shall pay in cash to Landlord, the amount of the excess within three (3) business days of Landlord's written request therefor.

2.3.2 If the TI Cost Reconciliation indicates that the Tenant Credit Amount exceeds the total Tenant Improvement Costs incurred or disbursed by Landlord hereunder, then: (a) to the extent of any Deposits made by Tenant, Landlord shall promptly return (or at Landlord's election, credit against Tenant's obligations to pay Rent next coming due) the amount of such excess Deposits to Tenant, and (b) to the extent that the TI Cost Reconciliation indicates that Allowance Amount exceeds the total Tenant Improvement Costs incurred or disbursed by Landlord hereunder (any such excess the "Unapplied Allowance Amount"), then Tenant shall have the right, exercisable on or before the first (1<sup>st</sup>) anniversary of the Commencement Date to deliver a Disbursement Request (together with all of the other items described in Section 2.3.1 above) requesting: (i) disbursement of funds from the Unapplied Allowance Amount for (a) Tenant Improvement Costs paid directly by Tenant; (ii) disbursement of up to \$193,210.00 (i.e., \$10.00 per RSF in the Initial Premises) from the Unapplied Allowance Amount for FF&E Costs (defined below) incurred by Tenant; and/or (iii) disbursement of up to \$96,605.00 (i.e., \$5.00 per RSF in the Initial Premises) from the Unapplied Allowance Amount for Cabling & Moving Costs (defined below) incurred by Tenant; provided that, for the avoidance of doubt, Landlord shall have no obligation under this Section 2.3.2 or otherwise to: (A) disburse any amount in excess of the Unapplied Allowance Amount, (B) disburse more than the amount specified in clause (ii) above for FF&E Costs, (C) disburse more than the amount specified in clause (iii) above for Cabling and Moving Costs, (D) disburse any funds from the Unapplied Allowance Amount for which Tenant first requests disbursement on or after the first anniversary of the Commencement Date. "FF&E Costs" means costs incurred by Tenant for furniture, fixtures and equipment and cabling for the Premises, and "Cabling & Moving Costs" means costs incurred by Tenant for cabling installed in the Premises and/or for Tenant's move into the Premises.

2.3.3 Notwithstanding anything to the contrary in this Work Letter (or in any other provisions of this Lease), if the Allowance Amount exceeds the total Tenant Improvement Costs incurred or disbursed by Landlord hereunder plus any amounts disbursed to Tenant under Section 2.3.2 above, Tenant shall not be entitled to any credit against or abatement of Rent.



**SECTION 3**  
**CONSTRUCTION; DELIVERY OF PREMISES; SUBSTANTIAL COMPLETION; PUNCH LIST ITEMS**

3.1 **Permits.** Landlord will cause Landlord's Architect and the Engineers to submit the Approved Working Drawings to the appropriate governmental entities and otherwise apply for all applicable building and other permits and approvals (collectively, "Permits") (if any) necessary or required (in Landlord's good faith discretion) for the Contractor to commence, perform and fully complete the construction of the Tenant Improvements. Neither Landlord nor any Landlord Party shall have any obligation or liability to Tenant if any Permit (including, without limitation, any building permit, certificate of occupancy, or equivalent) is not timely or otherwise issued.

3.2 **Landlord's Selection and Retention of the Contractor.**

3.2.1 Landlord shall submit the Construction Drawings for the Premises on a fixed contract amount (or GMAX) basis to a general contractor selected by Landlord (the "Contractor"), which Contractor shall be independently retained by Landlord (pursuant to such construction contract form as Landlord shall in good faith determine) to construct the Tenant Improvements in accordance with the Construction Drawings. Landlord reserves the right to designate the subcontractor or subcontractors to perform particular trades (or components of) the Tenant Improvements such as fire/life safety, HVAC, structural and electrical work.

3.2.2 Landlord reserves the absolute right, without the need for consultation with or the consent of Tenant, to terminate the Contractor for nonperformance (as determined in good faith by Landlord) and in such case Landlord may select another general contractor to complete the Tenant Improvements. Notwithstanding any provision of this Work Letter to the contrary, Tenant hereby waives all claims against Landlord, and Landlord shall have no responsibility or liability to Tenant, on account of any nonperformance or any misconduct of any Contractor (or any subcontractor thereof) for any reason.

3.2.3 If the Tenant Improvements shall constitute "public works: pursuant to Labor Code §1720.2, the following shall apply:

(a) Landlord shall require the Contractor to comply with (and to cause its subcontractors to comply with) prevailing wage requirements and be subject to restrictions and penalties in accordance with §1770 et seq. of the Labor Code which requires prevailing wages be paid to appropriate work classifications in all bid specifications and subcontracts.

(b) Landlord shall require the Contractor to furnish all subcontractors/employees a copy of the Department of Industrial Relations prevailing wage rates which Lessor will post at the job site. For further information on prevailing wage: [http://www.dir.ca.gov/dlsr/statistics\\_research.html](http://www.dir.ca.gov/dlsr/statistics_research.html)

(c) Landlord shall require the Contractor to comply with (and to cause its subcontractors to comply with) the payroll record keeping and availability requirement of §1776 of the Labor Code.

(d) Landlord shall require the Contractor to (and to cause its subcontractors to Lessor/contractor to) make travel and subsistence payments to workers needed for performance of work in accordance with the Labor Code.

(e) Prior to commencement of work, Landlord shall require the Contractor to contact the Division of Apprenticeship Standards and comply with §1777.5, §1777.6, and §1777.7 of the Labor Code and Applicable Regulations.

3.3 **Delivery of Premises; Substantial Completion; Punch List Items.**

3.3.1 **Delivery of Premises.** Landlord shall deliver the Premises to Tenant upon Substantial Completion of the Tenant Improvements. Subject to Landlord's obligations under this Work Letter (including Landlord's obligations to perform (or cause to be performed) the Landlord's Work and to construct (or cause to be constructed) the Tenant Improvements in accordance with the Construction Drawings) and to all of Landlord's other express obligations under the Lease (including, under Section 9.1 of the Lease), Landlord shall have no duty or obligation to improve, or pay for any improvement for, the Premises or any portion thereof and Tenant shall accept the same in its Tenant shall accept the Premises in its then existing condition on the Delivery Date, "AS-IS", "WITH ALL FAULTS".

3.3.2 **Substantial Completion.** For purposes of this Lease, "Substantial Completion" shall occur upon (and the Premises shall be "Substantially Complete" upon) the substantial completion of construction of the Tenant Improvements pursuant to the Approved Working Drawings, as evidenced by a "signoff" on the building permit card by an inspector of the applicable governmental authority (typically the city in which the Building is located), with the exception of any Punch List Items (defined below) and any tenant fixtures, work-stations, built-in furniture, or equipment to be installed by Tenant or under the supervision of Contractor.

3.3.3 **Punch List Items.** After the Substantial Completion by Landlord of the Tenant Improvements, representatives of Landlord, Tenant and the Contractor shall completely inspect the Premises and complete a list (the "Punch List") of all Punch List Items (defined below). Authorized representatives of Landlord, Tenant and the Contractor shall execute said Punch List to indicate their approval thereof. Landlord shall cause the Contractor to complete all Punch List Items described on the Punch List as soon as reasonably possible following the approval of such Punch List. As used herein, "Punch List Items" means all items of construction which entail one or more details of construction, decoration, mechanical adjustment or installation that do not materially and adversely affect the use and occupancy of any portion of the Premises for the normal conduct of Tenant's business.



3.3.4 **Assignment of Warranties.** Effective upon completion of the Tenant Improvements, Landlord shall assign to Tenant all warranties and guaranties by Contractor relating to the Tenant Improvements, and Tenant shall waive (and hereby waives) all claims against Landlord relating to, or arising out of the construction of, the Tenant Improvements.

#### **SECTION 4** **TIME; DELAYS**

##### **4.1 Time.**

4.1.1 **Time of the Essence in This Work Letter.** Unless otherwise indicated, all references herein to a "number of days" shall mean and refer to calendar days. In all instances where Tenant is required to approve or deliver an item, if no written notice of approval is given or the item is not delivered within the stated time period, at Landlord's sole option, at the end of such period the item shall automatically be deemed approved or delivered by Tenant and the next succeeding time period shall commence. Except where specific time periods are specified herein, all references to a "reasonable period" contained in this Work Letter shall mean a reasonable amount of time to respond to the request or submission in question, taking into consideration all of the circumstances reasonably related to the amount of time required, assuming reasonable diligence; provided, however, in no case shall such period ever be less than five (5) business days.

4.1.2 **Time Deadlines.** Tenant shall use its best, good faith, efforts and all due diligence to cooperate with Landlord, Landlord's Architect and the Contractor to complete all phases of the Construction Drawings and the permitting process and to receive the Permits, and to achieve Substantial Completion as soon as possible, and, in that regard, shall meet with Landlord on a scheduled basis to be determined by Landlord, to discuss Landlord's progress in connection with the same.

##### **4.2 Delays.**

4.2.1 **Tenant Delays.** A "Tenant Delay" means any delay as a direct, indirect, partial, or total result of any act or omission of Tenant or any of Tenant's Agents, including, without limitation, any of the following: (a) Tenant's failure to timely approve any matter requiring Tenant's approval hereunder; (b) any breach by Tenant of the provisions of this Work Letter or of the Lease; (c) any Changes requested by Tenant; (d) any requirement of Tenant for materials, components, finishes or improvements which are not available within a commercially reasonable period, or which are different from, or not included in, the Building Standards; (e) changes to the Base Building and/or Building Systems required by the Final Space Plan, the Approved Working Drawings (or any Changes); (f) any unreasonable interference by Tenant or any of Tenant's Agents with the performance of the Tenant Improvements; or (g) any other event specified in this Work Letter to be a Tenant Delay.

4.2.2 **Landlord Delays.** A "Landlord Delay" means an actual delay as a result of any of the following: (a) Landlord's failure (for any reason other than a Tenant Delay or a Force Majeure Delay) to approve any matter requiring Landlord's approval under this Work Letter within the time period therefor set forth in this Work Letter; (b) material and unreasonable interference by Landlord or of any of Landlord's employees, contractors or agents (except as otherwise allowed under this Work Letter) with Tenant's performance of any of its obligations under this Work Letter; or (c) any other failure by Landlord, which pursuant to the terms of this Work Letter is deemed a Landlord Delay. Notwithstanding any provision of this Work Letter to the contrary, in the event that Tenant claims that it has suffered a Landlord Delay, Tenant shall, as a condition of the effectiveness of the claimed Landlord Delay, within three (3) days of its discovery of the claimed Landlord Delay, notify Landlord in writing of the existence of the claimed Landlord Delay and the probable estimated duration of such claimed Landlord Delay.

4.2.3 **Force Majeure Delays.** A "Force Majeure Delay" means any: (a) actual delay attributable to any strike, lockout or other labor or industrial disturbance (whether or not on the part of the employees of either party hereto) other than any such disturbance caused by or related to any default or activities of Tenant or any Tenant's Agents (if claimed by Tenant) or of Landlord or any of Landlord's agents, employees or contractors (if claimed by Landlord), (b) actual delay caused by any civil disturbance, act of the public enemy, war, terrorism, riot, sabotage, blockade, or embargo, (c) actual delay attributable to lightning, earthquake, fire, storm, hurricane, tornado, flood, washout or explosion, or (d) actual delay caused by governmental delay in the issuance of the Permits not due to the fault or negligence of Tenant or any Tenant's Agents (if claimed by Tenant) or gross negligence or willful misconduct of Landlord (if claimed by Landlord), or (e) any delay due to any other similar cause beyond the reasonable control of the party from whom performance is required, and beyond the reasonable control of its contractors and representatives (including, without limitation, in the case of Tenant, the Tenant's Agents). Notwithstanding any provision of this Work Letter to the contrary, in the event that any party claims that it has suffered a Force Majeure Delay, such party shall, as a condition of the effectiveness of such Force Majeure Delay, within three (3) days of discovery of the source of such delay, notify the other party hereto in writing of the existence of such Force Majeure Delay, the nature of the steps being taken by such party to minimize such delay and the probable estimated duration of such Force Majeure Delay.

#### **SECTION 5** **GENERAL PROVISIONS**

5.1 **Representatives.** Tenant has designated DEBORAH SANCHEZ, ECONOMIC DEVELOPMENT SPECIALIST III as its sole representative with respect to the matters set forth in this Work Letter, who, until further notice to Landlord, shall have full authority and responsibility to act on behalf of the Tenant as required in this Work Letter. Landlord has designated Ted Bischak as its sole representative with respect to the matters set forth in this Work Letter who, until further notice to Tenant, shall have full authority and responsibility to act on behalf of the Landlord as required in this Work Letter.

5.2 **Tenant's Entry into the Premises Prior to Substantial Completion.** Provided that Tenant and Tenant's Agents do not interfere in any respect with Contractor's work (or performance of the Tenant Improvements) in the Building and the Premises, Landlord shall allow Tenant reasonable access to the Premises at least thirty (30) days prior to the Substantial Completion for the purpose of Tenant installing over



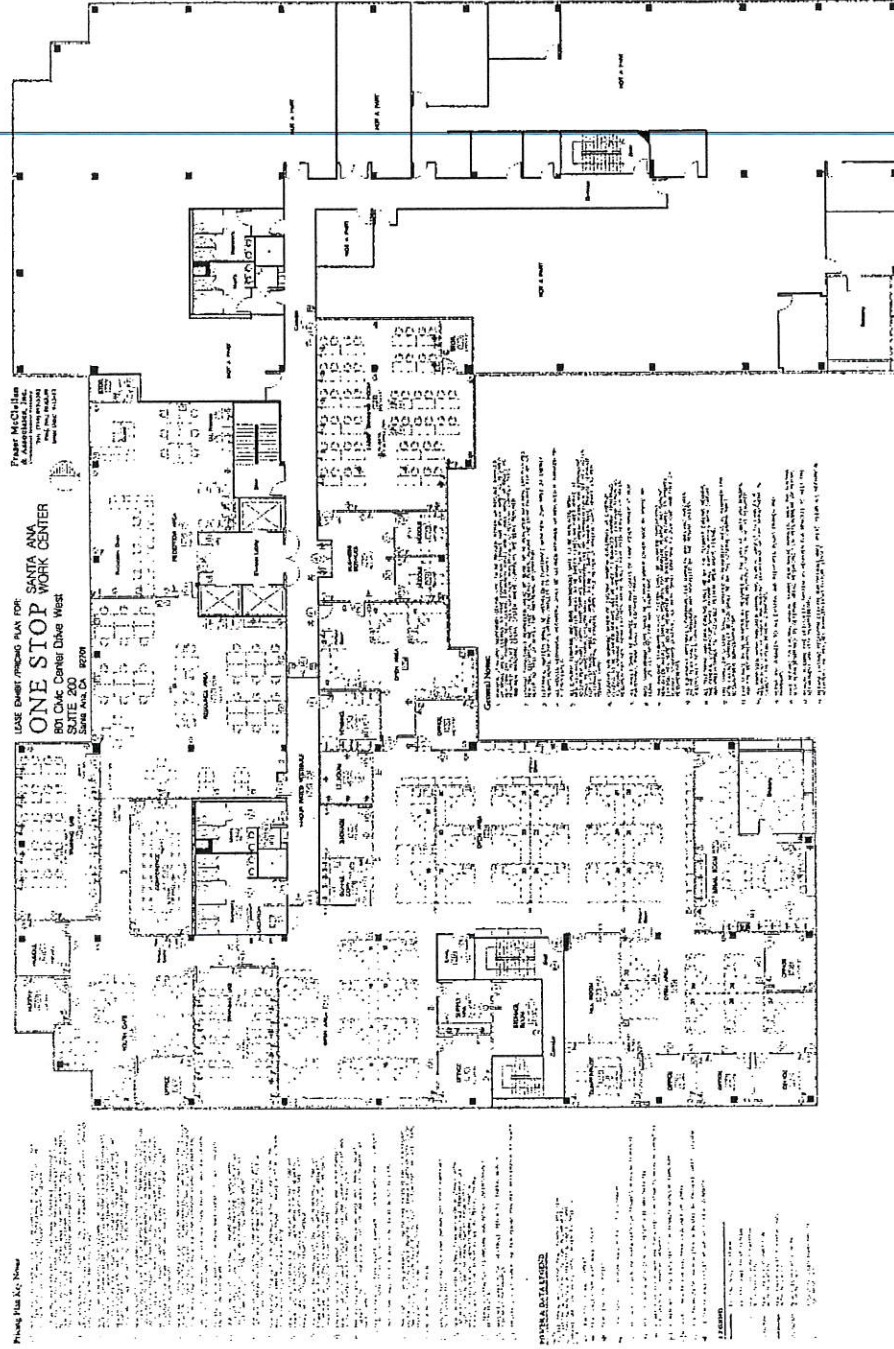
standard equipment or fixtures (including Tenant's data and telephone equipment). Not less than five (5) business days prior to Tenant's entry as permitted by the terms of this Section 5.2, Tenant shall submit a schedule to Landlord and Contractor, for their approval, which schedule shall detail the timing and purpose of Tenant's entry and the particular Tenant's Agents involved, and a copy of any governmental permits and approvals required in connection therewith. Tenant shall indemnify, protect, defend and hold Landlord harmless from and against any Claims resulting in any way from any such entry.

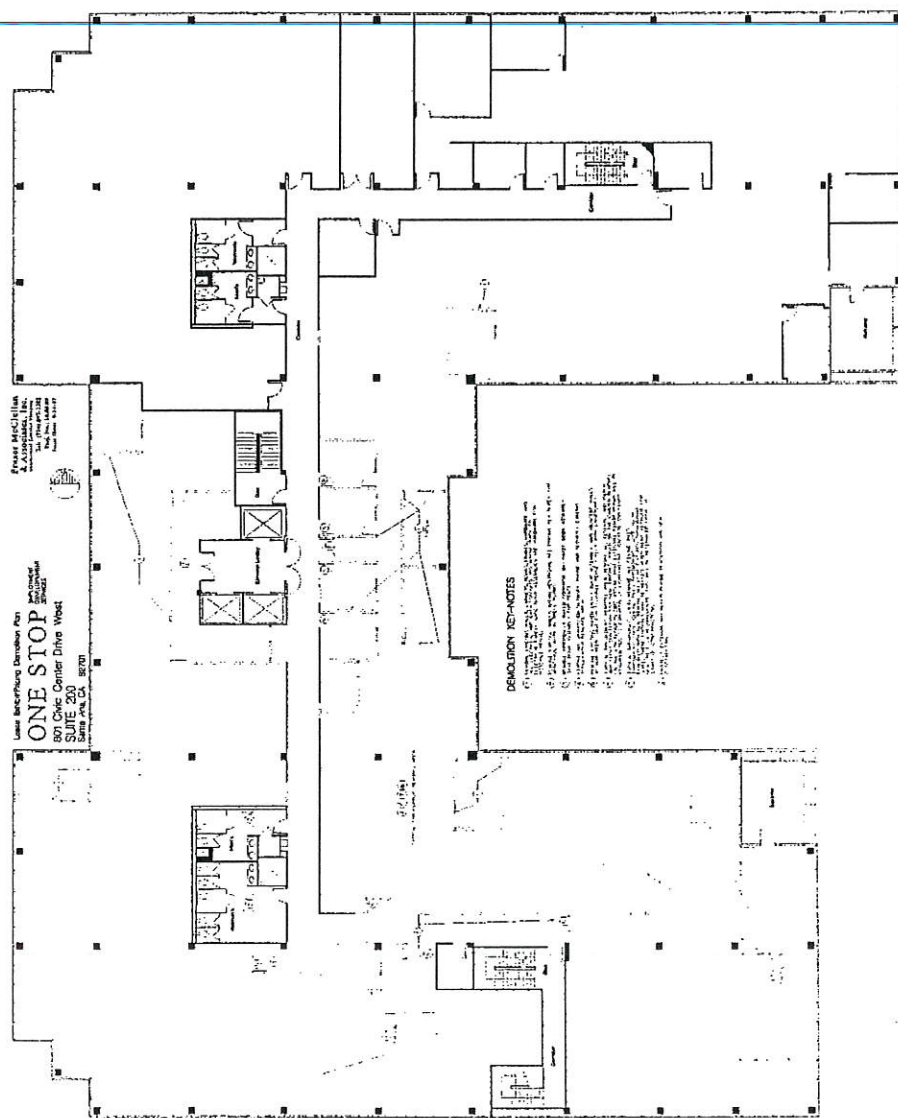
**5.3 Tenant's Agents and Construction Matters.** Tenant's Architect, the Engineers (if any) and all subcontractors, laborers, materialmen, and suppliers retained directly by Tenant (collectively, "Tenants' Agents") shall conduct their activities in and around the Premises, Building and the Project in a harmonious relationship with all other subcontractors, laborers, materialmen and suppliers at the Premises, Building and Project and, if required by Landlord, all subcontractors, laborers, materialmen, and suppliers retained directly by Tenant shall all be union labor in compliance with the master labor agreements existing between trade unions and the Southern California Chapter of the Associated General Contractors of America. Subject to the provisions of this Work Letter, Tenant shall: (a) timely pay in full all charges of each Tenant's Agents, (b) shall, on demand from Landlord, eliminate of record and satisfy in full all mechanics liens, stop notices as similar liens or encumbrances on the Building asserted or filed by any Tenant's Agent, (c) prior to any entry into the Building by Tenant or any Tenant's Agent, evidence, in form satisfactory to Landlord, compliance in full with the insurance requirements set forth in Exhibit "C-2" attached hereto, and (d) indemnify, defend, protect and hold Landlord harmless from any Claims, Damages and Costs asserted against or incurred by Landlord in connection with the Construction Drawings, any act or omission of any Tenant's Agent, or in connection with Tenant's non-payment of any amount arising out of the design or construction of the Tenant Improvements. Tenant shall comply in full (and shall cause each of its Tenant's Agents to comply in full) with such construction rules and regulations as Landlord shall adopt from time to time.

**5.4 Tenant's Lease Default.** Notwithstanding any provision to the contrary contained in this Lease, if an Event of Default, or a default by Tenant under this Work Letter, has occurred at any time on or before the Substantial Completion, then: (a) in addition to all other rights and remedies granted to Landlord pursuant to the Lease, Landlord may cause Contractor to cease the construction of the Tenant Improvements (in which case, any delay Substantial Completion caused by such work stoppage shall be a Tenant Delay and any increased costs that result from any such work stoppage shall be Tenant Improvement Costs), and (b) all other obligations of Landlord under the terms of this Work Letter shall be suspended until such time as such default is cured pursuant to the terms of the Lease.

# SCHEDULE "C-1"

## FINAL SPACE PLAN





## SCHEDULE "C-2"

### INSURANCE REQUIREMENTS

**General Coverages.** All of Tenant's Agents shall carry worker's compensation insurance covering all of their respective employees, and shall also carry public liability insurance, including property damage, all with limits, in form and with companies as are required to be carried by Tenant as set forth in Article 11 of the Lease.

**Special Coverages.** The Tenant Improvements shall be insured by Tenant pursuant to Article 11 of the Lease immediately upon completion thereof. All of Tenant's Agents shall carry excess liability and Products and Completed Operation Coverage insurance, each in amounts not less than \$1,000,000 per incident, \$2,000,000 in aggregate, primary automobile liability insurance with limits of not less than \$1,000,000 per occurrence, and workers' compensation as required by law, and in form and with companies as are required to be carried by Tenant as set forth in Article 11 of the Lease.

**General Terms.** Certificates for all insurance carried pursuant to this Schedule "C-2" shall be delivered to Landlord before any entry into the Project by Tenant or any Tenant's Agent. All such policies of insurance must contain a provision that the company writing said policy will give Landlord thirty (30) days prior written notice of any cancellation or lapse of the effective date or any reduction in the amounts of such insurance. In the event that the Tenant Improvements are damaged by any Tenant's Agents during the course of the construction thereof, Tenant shall immediately repair the same at Tenant's sole cost and expense. Tenant's Agents shall maintain all of the foregoing insurance coverage in force until the Tenant Improvements are fully completed and accepted by Landlord. All policies carried under this Schedule "C-2" shall insure Landlord and Tenant, as their interests may appear, as well as Contractor and Tenant's Agents. All insurance, except Workers' Compensation, maintained by Tenant's Agents shall preclude subrogation claims by the insurer against anyone insured thereunder. Such insurance shall provide that it is primary insurance as respects the Landlord and that any other insurance maintained by Landlord is excess and noncontributing with the insurance required hereunder. The requirements of the foregoing insurance shall not derogate from the provisions for indemnification of Landlord by Tenant contained in this Work Letter.

## EXHIBIT "D"

### RULES AND REGULATIONS

Tenant shall faithfully observe and comply with the following Rules and Regulations (including, but not limited to the General Rules, the Parking Rules and the Rules of the Site (Contractor's Work)). Landlord reserves the right at any time to change or rescind any one or more of these Rules and Regulations, or to make such other and further reasonable Rules and Regulations as in Landlord's judgment may from time to time be necessary for the management, safety, care and cleanliness of the Premises and the Project, and for the preservation of good order therein, as well as for the convenience of other occupants and tenants therein. Landlord shall not be responsible to Tenant for the nonperformance of any of said Rules and Regulations by or otherwise with respect to the acts or omissions of any other tenants or occupants of the Project. Landlord may waive any one or more of these Rules and Regulations for the benefit of any particular tenants, but no such waiver by Landlord shall be construed as a waiver of such Rules and Regulations in favor of any other tenant, nor prevent Landlord from thereafter enforcing any such Rules or Regulations against any or all tenants of the Project. Tenant shall be deemed to have read these Rules and Regulations and to have agreed to abide by them as a condition of its occupancy of the Premises. In the case of any conflict between these Rules and Regulations and the Lease, the Lease shall control.

#### 1. GENERAL RULES

1. The sidewalks, driveways, entrances, passages, courts, elevators, vestibules, stairways, corridors or halls of the Project shall not be obstructed or used for any purpose other than ingress and egress.
2. No awnings or other projection shall be attached to the outside walls of the Project without Landlord's prior written consent.
3. The sashes, sash doors, skylights, windows and doors that reflect or admit light and air into the halls, passageways or other public places in the Project shall not be covered or obstructed, nor shall any bottles, parcels or other articles be placed on the windowsills. Neither the interior nor the exterior of any windows shall be coated or otherwise sunscreened without Landlord's prior written consent. If Tenant desires window curtains, the same must be of such uniform shape, color, material and make as may be prescribed by Landlord.
4. Without Landlord's prior written consent (in its sole and absolute discretion), no sign, advertisement, notice or video shall be exhibited, projected, displayed, painted or affixed by Tenant on any part of the Premises or Project so as to be seen from the outside of, its Premises. In the event of Tenant's violation of the foregoing, Landlord may remove the same without any liability and may charge the expense incurred in such removal to Tenant. All Building standard signs whether on doors, directory tablets or elsewhere, shall be inscribed, painted or affixed for Tenant by Landlord at the expense of Landlord, and shall be of a size, color and style acceptable to Landlord.
5. The bulletin board or directory of the Project will be provided exclusively for the display of the name and location of Tenant only; and Landlord reserves the right to exclude any other names therefrom, and each and every name in addition to the name of Tenant placed upon such bulletin board or directory, shall be subject to Landlord's prior written consent (and if approved by Landlord, all costs therefor shall be paid by tenants). Any such listings or representations, once installed, shall be subject to relocation or removal upon Landlord's written request for any reason (except that any such relocations or removals at Landlord's request, unless such request is based upon Tenant's breach of the Lease shall be paid for by Landlord), and Tenant shall pay for the removal of any such listings or representations upon its departure from its Premises.
6. All doors opening onto public corridors shall be kept closed, except when being used for ingress and egress.
7. Tenant shall not mark, paint, drill or bore into, cut or string wires in, lay linoleum or other floor coverings, in, or in any way deface any part of its Premises or the Project, except with Landlord's prior written consent and as Landlord may direct.
8. All keys shall be obtained from Landlord. No additional locks or bolts of any kind shall be placed upon any of the doors or windows by Tenant, nor shall any changes be made in existing locks or the mechanisms thereof. Tenant must, upon the termination of its tenancy, give to Landlord all keys pertaining to the Premises and the Project, and in the event of the loss of any keys so furnished, Tenant shall pay Landlord the cost of replacing same or changing the lock or locks opened by such lost key(s) if Landlord shall deem it necessary to make such change.
9. No window or other air conditioning or heating units or other similar apparatus shall be installed or used by Tenant without Landlord's prior written consent.
10. The water and wash closets and other plumbing fixtures shall not be used for any purpose other than those for which they were constructed and no sweepings, rubbish, rags or other substances shall be thrown therein. Tenant agrees to prevent the overflow or release of water from bathrooms or kitchens, including but not limited to toilets, sinks, kitchen appliances, and other water receptacles. All damages resulting from any misuse of the fixtures by, or overflow or release of water caused by, Tenant or its servants, employees, agents, visitors or licensees shall be borne by Tenant.
11. Tenant shall: (a) clean and dry visible moisture on windows, walls, and other surfaces, including personal property as soon as possible; (b) regularly clean and sanitize kitchens and other surfaces where water, moisture condensation, and mold can collect shall be regularly cleaned and sanitized and (c) limit the watering of any indoor plants. Tenant shall not obstruct or impede fresh air supply to furnace, air conditioner or heater ducts, or regular air flow and circulation throughout premises. Tenant shall report any of the following to Landlord within forty-eight (48) hours after Tenant first becomes aware of the same: (i) non-working fan, heater, air conditioner or ventilation systems; (ii) plumbing leaks, drips, sweating pipes, and/or wet spots; (iii) overflows from bathroom, kitchen, or other facilities, including,

but not limited to, tubs, showers, shower enclosures, toilets, sinks, kitchen appliances, or other receptacles of water, especially in cases where the overflow may have permeated walls, floors, ceilings or fixtures; (iv) water intrusion into the Premises of any kind; (v) any mold or black or brown spots or moisture on surfaces inside the Premises; (vi) broken plumbing systems or standing water near structures within the Premises; and (vii) any odors consistent with mold growth within the Premises.

12. All removals from, or carrying in or out of, the Project of any safes, freight, furniture, heavy or bulky matter of any description, must take place only prior to 7:00 A.M. and/or after 5:30 P.M. on days other than Saturdays, Sundays and holidays (no moving being permitted on Saturdays, Sundays or holidays without special permission) and must be made upon the previous written notice to Landlord and under the supervision of Landlord or its agent(s), and the persons employed by Tenant to perform such work must be acceptable to Landlord. Tenant shall be responsible for any damage to the Premises and Project caused by or resulting from any such activity. Landlord reserves the right to inspect all safes or other heavy or bulky equipment or articles to be brought into the Project and to exclude from the Project all such heavy or bulky equipment or articles, the weight of which may exceed the floor load for which the Project is designed, or such equipment or articles as may violate any of the provisions of the Lease. Tenant shall not use any machinery or other bulky articles in the Premises, even though its installation may have been permitted, which may cause any noise, or jar, or tremor to the floors or walks, or which by its weight might cause injury to the floor of the Project.
13. Neither Tenant nor its servants, employees, agents, visitors or licensees shall at any time bring or keep upon the Premises any flammable, combustible or explosive fluid, chemical or substance, except for a reasonable quantity of such material reasonably necessary for the conduct of Tenant's business.
14. The Premises shall not be used for manufacturing or for the storage of merchandise except as such storage may be incidental to the Tenant's use of the Premises for the Permitted Use. Tenant shall not, without Landlord's prior written consent, occupy or permit any portion of the Premises to be occupied or used for the manufacture or sale of liquor or tobacco in any form, or as a barber or manicure shop. The Premises shall not be used for lodging or sleeping or for any immoral or illegal purposes.
15. Tenant shall not make, or permit to be made, any unseemly or disturbing noises, or disturb or interfere with occupants of the Project or neighboring buildings or premises or those having business with it by the use of any musical instrument, radio, phonographs or unusual noise, or in any other way. Neither Tenant nor its servants, employees, agents, visitors or licensees shall throw anything out of doors, windows or skylights or down passageways or common corridors.
16. No bicycles, vehicles or animals of any kind shall be brought into or kept in or about the Premises, and no cooking shall be done or permitted by in the Premises, except that the preparation of coffee, tea, hot chocolate and similar items for Tenant, its employees and visitors shall be permitted provided such activities do not otherwise violate the Lease. Tenant shall not cause or permit any unusual or objectionable odors to be produced in or emanate from the Premises.
17. There shall not be used in any space, or in the elevators, common corridors or public halls of the building, any hand trucks except those equipped with rubber tires and side guards.
18. No vending or coin operated machines shall be placed by Tenant within the Premises without Landlord's prior written consent.
19. No person shall be employed by Tenant to do janitorial, maintenance, construction or similar work in any part of the Project without Landlord's prior written consent. Any person employed by Tenant to do janitorial, maintenance or similar work with Landlord's consent shall, while in the Project, be subject to and under the control and direction of Landlord or its agent or representative (but not as an agent or servant of Landlord) and Tenant shall be responsible for all acts of such persons.
20. Landlord shall have the right to prohibit any advertising by Tenant which, in Landlord's opinion, tends to impair the reputation of the Project or its desirability as an office building, and upon written notice from Landlord, Tenant shall refrain from or discontinue such advertising.
21. Canvassing, soliciting and peddling are not permitted in the Project, and Tenant shall cooperate to prevent same.
22. Landlord reserves the right to control access to the Project by all persons after reasonable hours of generally recognized business days and at all hours on Sundays and legal holidays. Tenant shall be responsible for all persons for whom it requests after-hours access, and shall be liable to Landlord for all acts and omissions of such persons. Landlord assumes no responsibility and shall not be liable for any damage resulting from the admission of any unauthorized person to the Project.
23. Landlord reserves the right to exclude or expel from the Project any person who, in the judgment of Landlord, is intoxicated or under the influence of liquor or drugs, or who shall in any manner do any act in violation of these Rules and Regulations.
24. Tenant shall not suffer or permit smoking or carrying of lighted cigars or cigarettes in areas reasonably designated by Landlord or by applicable governmental agencies as nonsmoking areas.
25. Tenant shall comply with all safety, fire protection and evacuation regulations established by Landlord or any applicable governmental agency.
26. Tenant assumes all risks from theft or vandalism and agrees to keep the Premises locked as may be required.
11. PARKING RULES.



The following parking rules and regulations ("Parking Rules") shall be in effect at the Project. Tenant shall comply with these Parking Rules in its use (and in the use of its visitors, patrons and employees) of the Parking Facilities.

1. Parking areas shall be used only for parking vehicles no larger than full size, passenger automobiles herein called "Permitted Size Vehicles." Vehicles other than Permitted Size Vehicles are herein referred to as "Oversized Vehicles."
2. Tenant shall not permit or allow any vehicles that belong to or are controlled by Tenant or Tenant's employees, suppliers, shippers, customers, or invitees to be loaded, unloaded, or parked in areas other than those designated by Landlord for such activities.
3. Parking stickers, access cards or identification devices shall be the property of Landlord, and shall be returned to Landlord by the holder thereof upon termination of the holder's parking privileges. Tenant shall pay to Landlord refundable deposits on such devices as reasonably established by Landlord from time to time. Tenant will pay such replacement charge as is reasonably established by Landlord for the loss of such devices.
4. Landlord reserves the right to: (a) refuse the sale of monthly identification devices and/or parking access cards to any person or entity that willfully refuses to comply with the applicable rules, regulations, laws and/or agreements and/or to (b) revoke the right of any such party (that willfully refuses to comply with the applicable rules, regulations, laws and/or agreements) to use the Parking Facilities.
5. Landlord reserves the right to relocate all or a part of the parking spaces on the Project from one location on the Project to another and/or to reasonably adjacent offsite location(s), and to reasonably allocate them between compact and standard size spaces, so long as the same complies with applicable laws, ordinances and regulations.
6. Users of the parking area will obey all posted signs and park only in the areas designated for vehicle parking.
7. Unless otherwise instructed, every person using the parking area is required to park and lock his own vehicle. Landlord will not be responsible or liable to Tenant, its visitors or employees for any damage to vehicles, injury to persons or loss of property, all of which risks are assumed by the party using the parking area.
8. Parking validation, if established, will be permissible only by such method or methods as Landlord and/or its licensee may establish at rates generally applicable.
9. The Parking Facilities shall be used only for parking Permitted Size Vehicles. The maintenance, washing, waxing or cleaning of vehicles in the parking structure or common areas of the Project is prohibited. Tenant shall have no right to install any fixtures, equipment or personal property (other than vehicles) in the Parking Facilities, nor shall Tenant make any alteration to the Parking Facilities.
10. Tenant shall be responsible for seeing that all of its employees, agents and invitees comply with all applicable parking rules, regulations, laws and agreements (including, without limitation, these Parking Rules).
11. Such parking use as is herein provided is intended only as a license and no bailment is intended or shall be created hereby.
12. In no event shall Tenant or its employees park in reserved spaces leased to other tenants, or in stalls within designated visitor parking zones.
13. Tenant shall, upon request of Landlord from time to time, furnish Landlord with a list of the names of its (and its Transferee's) employees and vehicle license plate numbers.
14. Persons using the Parking Facilities shall observe all directional signs and arrows and any posted speed limits. Unless otherwise posted, in no event shall the speed limit of five (5) miles per hour be exceeded. All vehicles shall be parked entirely within painted stalls, and no vehicles shall be parked in areas which are posted or marked as "no parking" or on ramps, driveways and aisles. Only one (1) Permitted Size Vehicle may be parked in a parking space. In no event shall Tenant interfere with the use and enjoyment of the Parking Facilities by other tenants of the Building or their employees or invitees.
15. Should any parking spaces or privileges be allotted by Landlord or Tenant, either on a reserved or unreserved basis, Tenant shall not assign or sublet any of those spaces, either voluntarily or by operation of law, without the prior written consent of Landlord, except in connection with an authorized assignment of this Lease or subletting of the Premises.
16. Tenant agrees to notify its employees and visitors (and its Transferees) of the requirements of these Parking Rules as the same are modified from time to time, and assumes responsibility for compliance by its employees and visitors (and its Transferees, and their employees and visitors) with these Parking Rules as the same are modified from time to time. Tenant authorizes Landlord to tow away from the Building and/or Parking Facilities any vehicle parked in violation of these Parking Rules, and/or to attach violation stickers or notices to those vehicles.

### III. RULES OF THE SITE (CONTRACTOR'S WORK).

The following rules and regulations shall apply to any work performed at the Project by or under the direction of Tenant or any other Tenant Party. Before commencement of any such work, Tenant shall deliver to Landlord a copy of these Rules of the Site (Contractor's Work) executed by the contractor(s) performing such work.

1. The following Rules of the Site for Contractor's work ("Rules of the Site") shall govern the operation of Contractor and Contractor's subcontractors. The terms "Owner" and "Owner's Representative" are the same for purposes of this document (and where used, refer to the Landlord).

2. Within a reasonable time prior to the start of any on-site work, delivery of materials, equipment, or personnel, Contractor will submit to Owner the following:
  - A- A complete set of drawings approved by Owner and subsequently by the City in which the Building is located.
  - B- A fully executed Indemnity Agreement (To Be Provided by Owner Upon Request).
  - C- Certificate of Insurance in a form approved by Owner executed by insurance companies acceptable to Owner.
  - D- A fully executed Notification-Rules for Contractors (To Be Provided by Owner Upon Request).
  - E- A job schedule of the work to be accomplished, detailed by trade.
  - F- A complete list of all proposed Subcontractors and suppliers. Owner must approve all contractors and subcontractors before commencement of their work.
  - G- The name and phone number (including emergency phone numbers) of personnel who are authorized to represent the Contractor.
3. No revisions or changes of any kind may be made to the construction plans previously approved by Owner without prior written consent of the Owner. Any proposed revisions or changes must be submitted to Owner in the form of a change order, for Owner's review and approval prior to commencement of such changes. Revisions or changes altering the floor plan, base building systems, or building operations must be submitted, in writing, to the Owner for review and approval prior to commencement of work.
4. All of Contractor's work must be scheduled so that it in no way conflicts with, interferes with, or impedes the quiet and peaceful enjoyment of other tenants or occupants of the Project, or with the progress of Owner's work or operations. Any work that is in conflict will be rescheduled by the Contractor to such time as approved by Owner. Additionally, Owner shall have no liability for any costs or expenses incurred by Contractor (or Tenant) in connection with such rescheduling.
5. Contractor and subcontractors shall employ persons and means for the orderly progress of the work without interruption on account of strikes, work stoppages or similar causes of delay. Additionally, Owner shall have no liability for any costs or expenses incurred by Contractor (or Tenant) in connection with such delays.
6. Materials and tool storage will be limited to the areas for which access has been granted.
7. Clean-up and rubbish removal shall be provided by the Contractor at Contractor's expense. Contractor must, on a daily basis, remove all rubbish, surplus and waste material resulting from the performance of his work. At the request of Owner, Contractor shall relocate any materials causing an obstruction as directed by Owner. Contractor will not be allowed to place a dumpster on site on a continuous basis during construction.

Important note: The placement and location of rubbish dumpsters and bins must be approved in advance by Owner.
8. In general, Owner will interface with Contractor to the extent necessary for work to be completed within the guidelines of project specifications and for the enforcement of building rules and regulations.
9. Contractor will make arrangements for unloading, trash removal and hoisting after normal working hours due to the local city noise ordinance. (No such activity will be allowed between the hours of 10:00 p.m. to 7:00 a.m.) At no time will the Contractor be given exclusive reserved use of the freight elevator unless applied for by Contractor and approved by Owner. Contractor may be afforded access to loading dock space and hoisting facilities for limited use at such time during normal working hours as is prearranged with Owner, or at other times, with the consent of Owner and upon payment of Owner's prevailing fee for after-hours use and access.
10. Contractor will be afforded unloading areas as prearranged with Owner. All materials unloaded at these areas will be moved to an area of use immediately and shall not be stored or used in a way which adversely impacts use of the Building.
11. Contractor (and Tenant) will be responsible for the security of its own materials, equipment and work, and that of his subcontractors. Contractor will also be responsible for damage caused by Contractor or its subcontractors to the Project, Building and/or tenant areas, including, but not limited to the loading dock and indoor and outdoor public areas, freight elevators, etc. Any such damages will be promptly repaired to the Owner's satisfaction at sole cost of Contractor.
12. Contractor will comply with all applicable codes, laws and regulations pertaining to the work of Contractor, including all safety and health regulations. The Contractor shall supply the Owner with a Master List of all Hazardous Materials and their Material Safety Data Sheets (MSDS) upon delivery to the job site. A discussion will then ensue pertaining to the safe storage, handling and use of these materials, as well as the Contractor's emergency preparedness plan for handling the containment and clean-up of potential Hazardous Material spills.
13. Contractor will not engage in any labor practice that may delay or otherwise impact the work of Owner or any other contractor.
14. No base building systems will be turned off or disengaged by Contractor or any subcontractor without prior written approval and supervision by a representative of Owner or its agent. Said systems include but are not limited to sprinklers, electrical circuits, air-handling units, smoke heads and water supply. Building electrical power shut-downs are allowed, with the prior written consent of Owner, on Saturdays between 10:00 p.m. and 5:00 a.m. only. A request for approval shall be made to the Property Manager at least ten (10) days in advance.



15. Doors to all work areas, including stairwells and mechanical and electrical closets, will remain closed at all time. Propping doors open is expressly prohibited.
16. All Contractor and subcontractor personnel, materials, tools and equipment are to enter and exit the Building through the service elevator only. Owner may at any time initiate a check in/check out system, or a badge system, for all people and material in the Building and the Contractor will agree to cooperate with any such system.
17. Before ordering material or doing work which is dependent upon proper size or installation, the Contractor shall field verify all dimensions for accessibility with building conditions, and shall be responsible for same.
18. Contractor shall not permitted any identifying signage or advertising within the Project or Building.
19. During construction, Contractor shall maintain supervisory personnel on the site at all times. Such personnel shall be fully authorized to coordinate, respond for and authorize Contractor's work as necessary so as to enable all work to proceed in a timely and well-ordered fashion. Should Contractor perform work which would cause or require Owner to provide personnel to be present or otherwise perform any work, Contractor shall reimburse Owner for the expense of such personnel.
20. Contractor shall be responsible for the protection of its work and the area adjacent to his work.
21. Contractor will ensure that all stairwells, mechanical rooms, electrical and telephone closets, etc. accessed by Contractor or subcontractors in conjunction with Contractor's work, will be cleaned and free of debris nightly.
22. Public areas adjacent to premises where Contractor's work is being performed shall remain free of debris and materials at all times.
23. Contractor shall be responsible for all his actions on site as well as those of its subcontractors, and shall indemnify, defend and hold harmless the Owner and the other Owner Parties from and against any and all claims, losses, or damages, threatened or incurred, arising from the actions or omissions of Contractor or its subcontractors.
24. If keys are required by contractors, they must be checked out from the Property Management Office. No key will be distributed if proper identification is not provided.
25. No cutting or patching of Owner's premises or installations, or those of any Building occupant, shall be permitted without the prior written consent of Owner. Request for permission to do cutting shall include explicit details and description of work and shall not under any circumstances diminish the structural integrity of the Building or the integrity of any of components or systems. The work is to be done only with the explicit written permission of the Property Manager, and only on an "Off-Hours" basis. Such work is to be done only under the direct supervision of a competent member of the Contractor staff. Any such area is to be promptly repaired and returned to a fully functioning, complete, and clean condition.
26. All work is to be done to a minimum standard of quality as required by the Base Building Drawings and Specifications (to be made available by Owner upon request). It is the responsibility of the Contractor to be fully knowledgeable of the Base Building Drawings and Specifications.
27. All Life Safety Systems for the Building are to be maintained, and all of the Tenant's work is to be properly interfaced with and connected to the Base Building systems as required by Laws, or by Building operation. All work is to be done in such a way as to protect all Base Building operations and warranties. Any required disconnection of life safety devices should be "foreseen" and the Property Management Office must be notified at least 24 hours in advance. Costs for false fire alarms due to contractors' or subcontractors' negligence will be billed to and paid by the Contractor. All life-safety systems testing must be performed on an "after-hours" basis and coordinated with the Building Manager.
28. When work is performed by Contractor or subcontractor, charges will apply for additional services performed by Owner which may include, but are not necessarily limited to the following:
  - A - overtime or after-hours elevator usage
  - B - utility usage for construction activities beyond standard power and water used in connection with general office uses
  - C - extra and continuous clean-up of elevators and public spaces as required due to construction activity; Contractor to provide the usual protection of existing improvements, and exercise care and good sense
  - D - extended or after-hours use of the loading dock
29. In addition to cleaning requirements described above, Contractor shall, in preparation for substantial completion or occupancy of the project by Tenant, perform final cleaning of Contractor's Work.
30. When Contractor takes over an area from the Owner, before commencing work Contractor shall ascertain that the area is in a safe and sanitary condition, and maintain the area as necessary (at its sole cost and expense) in a safe and sanitary condition and to a standard meeting all applicable laws and regulations.
31. Owner requires job progress meetings. The Contractor will attend with a representative authorized to speak and act on the Contractor's behalf. Additionally, the Contractor shall notify the Owner of scheduled job progress meetings.

32. All work or on-site activity during non-normal working hours will be coordinated in advance with Owner.
  33. At no time will Contractor perform activities on the Project without the proper insurance in force.
  34. No radios or other audio devices are allowed.
  35. Failure to perform work in a manner consistent with the above stated Rules of the Site may result in immediate work stoppage by Owner. Owner shall have no liability for any costs or expenses incurred by Contractor or any subcontractors (or Tenant) in connection with or as a result of such work stoppage.
  36. The Rules of the Site may be amended or revised at any time to fit the situation at the time. The amended or revised Rules of the Site shall become effective upon delivery to Contractor or publication by posting at the project site, whichever is earlier.
  37. General contractor and subcontractors' vehicles parking must be in areas designated by the Building Manager at the Contractor's expense.
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Acknowledged and Agreed

By:

Date:



**EXHIBIT "E"**  
**ADDITIONAL RENT**

**1. Definitions.**

1.1 "Base Year" means the calendar year specified in Item 5.1 of the Basic Lease Provisions.

1.2 "Expense Year" means each calendar year in which any portion of the Term of this Lease falls, through and including the calendar year in which the Term of this Lease expires.

1.3 "Property Taxes" means all real property taxes, assessments, fees, charges, or impositions and other similar governmental or quasi-governmental ad valorem or other charges levied on or attributable to the Project or its ownership, operation or transfer of any and every type, kind, category or nature, whether direct or indirect, general or special, ordinary or extraordinary and all taxes, assessments, fees, charges or similar impositions imposed in lieu or substitution (partially or totally) of the same including, without limitation, all taxes, assessments, levies, charges or impositions: (a) on any interest of Landlord or any mortgagee of Landlord in the Project, the Building, the Premises or in this Lease, or on the occupancy or use of space in the Project, the Building or the Premises; (b) (c) on any transit taxes or charges, business or license fees or taxes, annual or periodic license or use fees, park and/or school fees, arts charges, parks charges, housing fund charges; (d) imposed for street, refuse, police, sidewalks, fire protection and/or similar services and/or maintenance, whether previously provided without charge or for a different charge, whether provided by governmental agencies or private parties, and whether charged directly or indirectly through a funding mechanism designed to enhance or augment benefits and/or services provided by governmental or quasi-governmental agencies; (e) on any possessory taxes charged or levied in lieu of real estate taxes; and (f) any costs or expenses incurred or expended by Landlord in investigating, calculating, protesting, appealing or otherwise attempting to reduce or minimize such taxes. There shall be excluded from Property Taxes all income taxes, capital stock, inheritance, estate, gift, or any other taxes imposed upon or measured by Landlord's gross income or profits unless the same is specifically included within the definition of Property Taxes above or otherwise shall be imposed in lieu of real estate taxes or other ad valorem taxes.

1.4 "Operating Expenses" means all costs, fees, amounts, disbursements and expenses of every kind and nature paid or incurred by or on behalf of Landlord with respect to any Expense Year in connection with the operation, ownership, maintenance, insurance, restoration, management, replacement or repair of the Project:

(a) Premiums for property, casualty, liability, rent interruption, earthquake, flood or other types of insurance carried by Landlord from time to time, and any deductibles thereunder actually paid by Landlord with respect to the Project.

(b) Salaries, wages and other amounts paid or payable for personnel (including, without limitation, the Project manager, superintendent, operation and maintenance staff, the Parking Facilities manager, concierge (if any) and other employees of Landlord) involved in the maintenance and operation of the Building or the Project, including contributions and premiums towards fringe benefits, unemployment taxes and insurance, social security taxes, disability and worker's compensation insurance, pension plan contributions and similar premiums and contributions which may be levied on such salaries, wages, compensation and benefits and the total charges of any independent contractors or property managers engaged in the operation, repair, care, maintenance and cleaning of any portion of the Building or the Project.

(c) Cleaning expenses, including without limitation, janitorial services, window cleaning, and garbage and refuse removal.

(d) Landscaping and hardscape expenses, including without limitation, irrigating, trimming, mowing, fertilizing, seeding, and replacing plants, trees and hardscape.

(e) The cost of providing fuel, gas, electricity, water, sewer, telephone, steam and other utility services.

(f) The cost of maintaining, operating, restoring, renovating, managing, repairing and replacing components of equipment or machinery, including, without limitation, heating, refrigeration, ventilation, electrical, plumbing, mechanical, elevator, escalator, sprinklers, fire/life safety, security and energy management systems, including service contracts, maintenance contracts, supplies and parts with respect thereto.

(g) The costs of providing access control services for, and supervision of, the Project.

(h) Rental, supplies and other costs with respect to the operation of the management office for the Building.

(i) All cost and fees for licenses, certificates, permits and inspections, and the cost incurred in connection with the implementation of a transportation system management program or similar program.

(j) The cost of replacement, repair, acquisition, installation and modification of: (A) carpeting and wall coverings, ceiling systems and fixtures in the Common Areas, and other furnishings in the Common Areas, (B) materials, tools, supplies and equipment purchased by Landlord which are used in the maintenance, operation and repair of the Project, and (C) any other form of improvements, additions, repairs, or replacements to the Project or the systems, equipment or machinery operated or used in connection with the Project; provided, however, that with respect to the items described in clauses (A), (B) and (C) above which constitute a capital item, addition, repair or improvement (collectively "Capital Items") under sound accounting and property management principles consistently applied and determined by Landlord, in each case the cost of such Capital Items shall be amortized (with interest at the Interest Rate) over the useful life (the "Useful Life") of such Capital Item, as determined by the Landlord in accordance with sound accounting and property management principles consistently applied or such other period as shall be consistent with Institutional Owner Practices.

(k) Attorneys', accountants' and consultants' fees and expenses in connection with the management, operation, administration, maintenance and repair of the Project, including, but not limited to, such expenses that relate to seeking or obtaining reductions in or

refunds of Property Taxes, or components thereof, or the costs of contesting the validity of applicability of any governmental enactments which may affect Operating Expenses.

(l) Fees for the administration and management of the Project in an amount equal to three percent (3%) of the gross revenues of the Project (which shall be grossed by Landlord up to one hundred percent (100%) occupancy on an annual basis), without regard to whether actual fees so paid are greater or less than such amount.

(m) Sales, use and excise taxes on goods and services purchased by Landlord for the management, maintenance, administration or operation of the Building or the Project.

(n) Fees for local civic organizations and dues for professional trade associations.

(o) Payments under any covenants, conditions and restrictions pertaining to the Project or any easement, license or operating agreement or similar instrument which affects the Project.

(p) Costs and expenses of investigating, testing, documenting, monitoring, responding to, abating and remediating Hazardous Materials, other than abatement and remediation costs with respect to Hazardous Materials actually known by Landlord (on the Effective Date) to require abatement and/or remediation under applicable Environmental Laws.

(q) The costs of repairing, restoring and maintaining the Parking Facilities of the Project, including, without limitation, the resurfacing, restriping and cleaning of such facilities.

(r) Any costs, fees, amounts, disbursements and expenses which are generally included in Operating Expenses under Institutional Owner Practices.

1.5 The following costs and expenses shall be excluded from Operating Expenses:

(a) expenses relating to leasing space in the Project (including tenant improvements, leasing and brokerage commissions and advertising expenses);

(b) legal fees and disbursements incurred for collection of tenant accounts or negotiation of leases, or relating to disputes between Landlord and other tenants and occupants of the Building;

(c) Capital Items unless specifically permitted by Section 1.4 of this Exhibit "E", parts (a) through (r), inclusive;

(d) Property Taxes;

(e) amounts received by Landlord on account of proceeds of insurance to the extent the proceeds are reimbursement for expenses which were previously included in Operating Expenses;

(f) except to the extent specifically provided in Section 1.4 of this Exhibit "E", parts (a) through (r), inclusive, depreciation or payments of principal and interest on any mortgages upon the Project;

(g) payments of ground rent pursuant to any ground lease covering the Project;

(h) subject to Section 2.1 of this Exhibit "E", the costs of gas, steam or other fuel; operation of elevators and security systems; heating, cooling, air conditioning and ventilating; chilled water, hot and cold domestic water, sewer and other utilities or any other service work or facility, or level or amount thereof, provided to any other tenant or occupant in the Project which either (a) is not required to be supplied or furnished by Landlord to Tenant under the provisions of this Lease or (b) is supplied or furnished to Tenant pursuant to the terms of this Lease with separate or additional charge;

(i) the cost of the Landlord's Work; and

(j) any cost expressly excluded from Operating Expenses in an express provision contained in this Lease.

1.6 "Excess Operating Expenses" means, with respect to any Expense Year, the positive excess, if any, of Operating Expenses allocable hereunder to such Expense Year over Operating Expenses allocable hereunder to the Base Year.

1.7 "Excess Property Taxes" means, with respect to any Expense Year, the positive excess, if any, of the Property Taxes allocable hereunder to such Expense Year over the Property Taxes allocable hereunder to the Base Year.

1.8 "Tenant's Percentage Share" means the percentage set forth in Item 5.2 of the Basic Lease Provisions: provided, however, that Landlord reserves the right from time to time during the Term of this Lease to recalculate Tenant's Percentage Share, in which case Tenant's Percentage Share shall be calculated by dividing the number of square feet of Rentable Area in the Premises by the number of square feet of Rentable Area in the Project, and expressing such quotient in the form of a percentage.

## 2. Calculation Methods and Adjustments.

2.1 The variable components of Operating Expenses ("Variable Expenses") for all or any portion of any Expense Year (including the Base Year) during which actual occupancy of the Project is less than one hundred percent (100%) of the Rentable Area of the Project shall be adjusted by Landlord, as determined in good faith by Landlord applying sound accounting and property management principles (and the provisions



of this Lease) to reflect one hundred percent (100%) occupancy of the Rentable Area of the Project during such period. If during all or any part of any Expense Year, including the Base Year, Landlord does not provide any particular item of benefit, work or service (the cost of which is a Variable Expense) to portions of the Project due to the fact that such item of benefit, work or service is not required or desired by the tenant of such space, or such tenant is itself obtaining and providing such item of benefit, work or service, or for any other reason, then for purposes of computing Variable Expenses for such Expense Year, Operating Expenses, as applicable, shall be increased by an amount equal to the additional Variable Expenses which would have been paid or incurred by Landlord during such period if it had furnished such item of benefit, work or service to such portions of the Project.

2.2 Subject to the provisions of this Section 2 of this Exhibit "E", all calculations, determinations, allocations and decisions to be made hereunder with respect to Operating Expenses and Property Taxes shall be made in accordance with the good faith determination of Landlord applying sound accounting and property management principles consistently applied which are consistent with Institutional Owner Practices. Landlord shall have the right to equitably allocate some or all of Operating Expenses among particular classes or groups of tenants in the Building (for example, retail tenants) to reflect Landlord's good faith determination that measurably different amounts or types of services, work or benefits associated with Operating Expenses, as applicable, are being provided to or conferred upon such classes or groups. ~~All discounts, reimbursements, rebates, refunds, or credits (collectively, "Reimbursements") attributable to Operating Expenses or Property Taxes received by Landlord in a particular year shall be deducted from Operating Expenses or Property Taxes, as applicable, in the year the same are received; provided, however, if such practice is consistent with Institutional Owner Practices, Landlord may treat Reimbursements generally (or under particular circumstances) on a different basis. Landlord shall have the right to exclude from Base Year Operating Expenses the cost of items of service, work or benefits (i) not provided following the Base Year, (ii) incurred due to circumstances not applicable following the Base Year or due to market-wide labor-rate increases in Operating Expenses due to extraordinary circumstances, including, without limitation, boycotts, embargoes and strikes, and utility rate increases due to extraordinary circumstances, and (iii) amortized costs relating to capital improvements.~~

2.3 If any Property Tax Reduction (defined below) applies with respect to any Expense Year (other than the Base Year), then for purposes of calculation of Excess Property Taxes for such Expense Year, Property Taxes allocable to the Base Year shall be reduced by an amount equal to the corresponding Base Year Tax Reduction. A "Property Tax Reduction" means, with respect to any Expense Year (other than the Base Year) the amount (if any) by which Property Taxes are reduced as a result of any reassessment or under or as a result of application or operation of Proposition 8 or any other similar governmental act or Law. A "Base Year Tax Reduction" means, with respect any Expense Year to which a Tax Reduction applies, and with respect to any particular Property Tax Reduction, an amount equal to the Property Tax Reduction, minus, in the case of any Expense Year after the first year to which the applicable Tax Reduction applies, the cumulative amount by which Property Taxes have increased (following the first Expense Year to which the applicable Property Tax Reduction applied) as a result of application of the annual percentage increase (presently up to 2.0%) in Property Taxes that is allowed under Proposition 13 (or any substitute therefor hereafter adopted).

2.4 As of the date of this Lease, Tenant pays Additional Rent under Section 4.2 of the Lease based on the Operating Expenses and Property Taxes for the Project. If the Project at any time contains more than one building (or one or more tax parcels), Landlord shall have the right, from time to time, to equitably allocate some or all of the Operating Expenses and/or Property Taxes for the buildings comprising the Project among the Building and some or all of the other buildings of the Project. In such event, Landlord shall reasonably determine a method of allocating such Operating Expenses and/or Property Taxes attributable to the Building (or the tax parcel on which the Building is located) and/or such other building(s) (or such other tax parcel(s)) of the Project to the Building (or tax parcel) and/or such other building(s) (or tax parcel(s)) and Tenant shall be responsible for paying its proportionate share of such Operating Expense and/or Property Taxes which are allocated to the Building (or the tax parcel on which it is located). Landlord shall also have the right, from time to time, to require Tenant to pay Tenant's Percentage Share of Operating Expenses and Property Taxes based solely on the Operating Expense and Property Taxes for the Building (and the tax parcel on which it is located).

3. Payment Procedure; Estimates. During each Expense Year, Landlord may elect to give Tenant written notice of its estimate of any amounts payable under Section 4.2 of the Lease ("Section 4.2 Additional Rent") for that Expense Year. On or before the first day of each calendar month during such Expense Year, Tenant shall pay to Landlord one-twelfth (1/12th) of such estimated amounts; provided, however, that, not more often than quarterly, Landlord may, by written notice to Tenant, revise its estimate for such Expense Year, and all subsequent payments under this Section 3 of this Exhibit "E" by Tenant for such Expense Year shall be based upon such revised estimate. Landlord shall endeavor to deliver to Tenant within one hundred fifty (150) days after the close of each Expense Year or as soon thereafter as is practicable, a statement of that year's Property Taxes, Operating Expenses, and the amount of Section 4.2 Additional Rent for such Expense Year, as determined by Landlord (the "Landlord's Statement"), and such Landlord's Statement shall be binding upon Landlord and Tenant, except as provided in Section 4 of this Exhibit "E". If the Landlord's Statement indicates that (or if it is finally determined pursuant to Section 4 of this Exhibit "E" that) the amount of Section 4.2 Additional Rent payable with respect to any Expense Year: (a) is more than the estimated payments of Section 4.2 Additional Rent made by Tenant with respect to such Expense Year, Tenant shall pay the deficiency to Landlord upon receipt of Landlord's Statement or (b) is less than the estimated payments of Section 4.2 Additional Rent made by Tenant with respect to such Expense Year, such excess payments shall be credited against Rent next payable by Tenant under this Lease (or, if the Term of this Lease has expired, shall be paid to Tenant). Amounts payable by Tenant as Section 4.2 Additional Rent with respect to any Expense Year that includes less than an entire calendar year shall be prorated on the basis that the number of days in such Expense Year bears to 365. The expiration or early termination of this Lease shall not affect the obligations of Landlord and Tenant pursuant to this Section 3 of this Exhibit "E" to be performed after such expiration or early termination.

4. Review of Landlord's Statement. Provided that Tenant is not then in default with respect to its obligations under this Lease and provided further that Tenant strictly complies with the provisions of this Section 4 of this Exhibit "E", Tenant shall have the right, at Tenant's sole cost and expense, to reasonably review Landlord's supporting books and records (at Landlord's manager's corporate offices) for any portion of the Property Taxes or Operating Expenses for a particular Expense Year covered by Landlord's Statement, in accordance with the procedures set forth in this Section 4 of this Exhibit "E". Tenant shall, within sixty (60) days after any such Landlord's Statement is delivered to Tenant, deliver a written notice (a "Dispute Notice") to Landlord specifying the items described in the Landlord's Statement that are claimed to be incorrect, and Tenant shall simultaneously pay to Landlord all amounts specified in the applicable Landlord's Statement (to the extent not previously paid). The right of Tenant under this Section 4 of this Exhibit "E" may only be exercised once for each Expense Year covered by any Landlord's Statement, and if Tenant fails to deliver a Dispute Notice within the sixty (60) day period described above or fails to meet any of the other above conditions of exercise of such right, the right of Tenant to audit a particular Landlord's Statement (and all of Tenant's rights to make any claim relating thereto) under this Section 4

of this Exhibit "E" shall automatically be deemed waived by Tenant. Any review of records under this Section 4 of this Exhibit "E" shall be at the sole expense of Tenant, shall be conducted by independent certified public accountants of national standing which are not compensated on a contingency fee or similar basis relating to the results of such audit and shall be completed within sixty (60) days after Landlord provides Tenant with access to Landlord's supporting books and records. Tenant acknowledges and agrees that any records of Landlord reviewed under this Section 4 of this Exhibit "E" (and the information contained therein) constitute confidential information of Landlord, which shall not be disclosed other than to Tenant's accountants performing the review and principals of Tenant who receive the results of the review. If Landlord disagrees with Tenant's contention that an error exists with respect to the Landlord's Statement in dispute, Landlord shall have the right to cause another review of that portion of Landlord's Statement to be made by a firm of independent certified public accountants of national standing selected by Landlord ("Landlord's Accountant"). In the event of a disagreement between the two accounting firms, the review of Landlord's Accountant shall be deemed to be correct and shall be conclusively binding on both Landlord and Tenant. In the event that it is finally determined pursuant to this Section 4 of this Exhibit "E" that a particular Landlord's Statement overstated Operating Expenses and Property Taxes with respect to the applicable Expense Year by more than ten percent (10%), Landlord shall reimburse Tenant for the reasonable cost of Tenant's accountant. In all other cases, Tenant shall be liable for Landlord's Accountant's actual fees and expenses.

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## EXHIBIT "F"

### SERVICES AND UTILITIES

The services and utilities to be provided by Landlord are as follows:

1 Elevator Service. Non-attended automatic elevator service.

2 HVAC. Subject to all governmental Laws, rules, regulations and guidelines applicable thereto, HVAC to the Premises during Business Hours (defined below), which in Landlord's good faith judgment, is required for the comfortable use and occupancy of the Premises for general office use. After Hours HVAC (defined below) may be provided to the Premises upon request by Tenant. Tenant shall pay to Landlord the After Hours HVAC Rate (defined below) for all After Hours HVAC that is so requested by Tenant within ten (10) days of receipt of Landlord's reasonably detailed bill therefor. Tenant shall be responsible for and shall pay to Landlord any additional costs incurred by Landlord because of the failure of the HVAC system to perform its function due to: (a) arrangement of partitioning in the Premises or changes or alterations thereto, (b) any use by Tenant in any portion of the Premises of heat-generating machinery or equipment other than normal office equipment, or (c) any occupancy of any portion of the Premises at densities above customary general office levels. "Business Hours" means 6:00 A.M. to 6:00 P.M. Monday through Friday, and upon Tenant's request, 9:00 A.M. to 1:00 P.M. on Saturdays, in all cases excluding the date of observation of any Holiday (defined below). "Holiday" means each of New Year's Day, Independence Day, Labor Day, Memorial Day, Thanksgiving Day, and Christmas Day, and at Landlord's discretion, any other state or nationally recognized holiday that is selected by Landlord acting consistently with Institutional Owner Practices. "After Hours HVAC" means any HVAC that is provided to all or any portion of the Premises at the request of Tenant outside of Business Hours. The "After Hours HVAC Rate" means the Landlord's prevailing charges for supplying After Hours HVAC to the Premises, which as of the Effective Date is \$65.00 per zone (or partial zone), per hour (or partial hour), subject to a two (2) hour minimum.

3 Electricity.

3.1 At all reasonable times, electric current as required for Building Standard lighting and fractional horsepower office machines and adequate electrical facilities for connection to the lighting fixtures and incidental use equipment of Tenant; provided that Tenant shall be responsible for distribution of electrical power from the electrical panels located on the floor(s) of the building on which the Premises is located. Subject to Section 3.3 of this Exhibit "F": (a) the electricity so furnished for Tenant's incidental use equipment to be at a nominal one hundred twenty (120) volts and with no electrical circuit for the supply of such equipment to require a current capacity exceeding twenty (20) amperes and (b) the electricity so furnished for Tenant's lighting to be at a nominal one hundred twenty (120) volts and with no electrical circuit for the supply of such lighting to require a current capacity exceeding twenty (20) amperes.

3.2 Notwithstanding any provision of this Lease to the contrary: (a) Tenant covenants that its use of electric current shall never exceed the capacity of the feeders, risers or electrical installations of the Building or the Project, (b) the total connected electrical load for Tenant's incidental use equipment within the Premises shall in no case exceed Landlord's per usable square foot standard, and (c) the total connected electrical load for Tenant's lighting fixtures within the Premises shall in no case exceed Landlord's per usable square foot standard. In addition, if Tenant's actual consumption of electrical power in the Premises, as determined in good faith by Landlord pursuant to such measurement method or methods as Landlord shall employ from time to time (including, without limitation, the use of submeters and/or pulse meters, electrical surveys and/or engineer's estimates) exceeds the Electrical Power Consumption Threshold (defined below), Tenant shall pay to Landlord, as Additional Rent in addition to those costs otherwise payable by Tenant pursuant to Article 4, the sum of: (i) Landlord's actual direct and indirect costs of supplying such excess consumption, including, without limitation, all taxes thereon, and the cost of additional wear on Building Systems resulting from such excess consumption, (ii) all of Landlord's costs of monitoring and measuring such excess consumption and (iii) Landlord's reasonable administration fee thereon. The "Electrical Power Consumption Threshold" means, for any reasonable calculation period determined by Landlord, the Landlord's nondiscriminatory per usable square foot standard for electrical consumption (which is intended to represent the average rate of consumption (a kW per usable square foot basis) during Business Hours, of an average general office tenant of the Building).

3.3 Without Landlord's consent, Tenant shall not install, or permit the installation, in the Premises of any lighting, computers, word processors, electronic data processing equipment or other type of equipment or machines which (a) will require a voltage other than a nominal 120 volts or require a current capacity exceeding twenty (20) amperes or (b) will increase Tenant's use of electric current in excess of that which Landlord is obligated to provide pursuant to this Section 3 of this Exhibit "F" ("Excess Electrical Requirements"). If Tenant shall require or utilize Excess Electrical Requirements or electric current which may disrupt the provision of electrical service to other tenants in the Building or the Project, Landlord, at its election: (i) may refuse to grant its consent or (ii) may condition its consent upon Tenant's payment in advance of Landlord's total direct and indirect cost (including, without limitation, a reasonable administration fee) of designing, installing, maintaining and providing any additional facilities determined by Landlord to be required to satisfy such Excess Electrical Requirements (or otherwise related to the additional wear on Building Systems associated therewith). If Tenant's increased electrical requirements will materially affect the temperature level in the Premises or in the Building, Landlord's consent may be conditioned upon Tenant's payment of all direct and indirect costs of installation and operation of any machinery or equipment necessary to restore the temperature level to that otherwise required to be provided by Landlord, including, but not limited to, the cost of modifications to the Building Systems and increased wear and tear on existing HVAC equipment. Landlord shall not, in any way, be liable or responsible to Tenant for any loss or damage or expense which Tenant may incur or sustain if, for any reasons beyond Landlord's reasonable control, either the quantity or character of electric service is changed or is no longer available or suitable for Tenant's requirements.

4 Water. City water for drinking and rest room purposes.

5 Janitorial Service. Janitorial and cleaning services, five (5) days per week (excepting Holidays), conforming to the Project standards in effect from time to time; provided that Landlord shall have no obligation to provide such services to any portions of the Premises that are not used exclusively for general office purposes. In all events, Tenant shall pay to Landlord the cost of removal of Tenant's refuse and rubbish, to the extent that the same exceeds the refuse and rubbish attendant to normal office usage and/or to the extent that Tenant fails to keep the Premises in reasonable order.

Any amounts which Tenant is required to pay to Landlord pursuant to this Exhibit "F" (and/or for any services provided to Tenant in addition to those Landlord is required to provide under this Exhibit "F" without additional charge) shall be payable upon demand by Landlord and shall constitute Additional Rent. From time to time during the Term, Landlord shall have the right to modify the services provided to Tenant hereunder; provided that the services provided, as so modified, are consistent with Institutional Owner Practices. Tenant recognizes that any access control services provided by Landlord at the Project are for the protection of Landlord's property, and under no circumstances shall Landlord be responsible for (and Tenant waives any rights with respect to) providing security or other protection for Tenant or its employees, invitees or property in or about the Premises or the Project. Landlord makes no representation with respect to the adequacy or fitness of the Project's HVAC system to maintain temperatures that may be required for operation of any computer, data processing or other special equipment or occupancy of the Premises at densities above customary general office levels.



## EXHIBIT "G"

### INSURANCE REQUIREMENTS

#### 1. Policies.

1.1 Property Insurance. At all times during the Term of this Lease, Tenant shall procure and maintain, at its sole expense, "All-Risk" (and at Landlord's option earthquake, earthquake sprinkler leakage and/or flood) property insurance, in an amount not less than one hundred percent (100%) of replacement cost covering: (a) all Leasehold Improvements (b) all floor and wall coverings; and (c) all Tenant's Personal Property in or about the Premises and Project. The proceeds of such insurance shall be used for the repair and replacement of the property so insured, except that if not so applied or if this Lease is terminated following a casualty, the proceeds applicable to the Leasehold Improvements shall be paid to Landlord and the proceeds applicable to Tenant's Personal Property shall be paid to Tenant.

1.2 Business Interruption Insurance. At all times during the Term of this Lease, Tenant shall procure and maintain business interruption insurance in such amount as will reimburse Tenant for direct or indirect loss of earnings attributable to all perils insured against in Section 1.1 of this Exhibit "G" for a period of not less than twelve (12) months.

#### 1.3 Liability Insurance.

1.3.1 At all times during the Term of this Lease, Tenant shall procure and maintain, at its sole expense for the protection of Landlord and Tenant, commercial general liability insurance applying to the use and occupancy of the Premises and the business operated by Tenant. Such insurance shall have a minimum combined single limit of liability of at least \$2,000,000 per occurrence and a general aggregate limit of at least \$3,000,000, and Tenant shall provide in addition excess liability insurance on a following form basis, with overall limits of at least \$5,000,000. All such policies shall be written to apply to all bodily injury (including death), property damage and personal injury losses, shall include blanket contractual liability, broad form property damage, independent contractor's coverage, completed operations, products liability, cross liability and severance of interest clauses, and shall be endorsed to include Landlord and the Landlord's Additional Insureds as additional insureds.

1.3.2 At all times during the Term of this Lease, Tenant shall procure and maintain, at its sole expense for the protection of Landlord and Tenant, primary automobile liability insurance with limits of not less than \$1,000,000 per occurrence covering owned, hired and non-owned vehicles used by Tenant.

1.3.3 Prior to the sale, storage, use or giving away of alcoholic beverages on or from the Premises by Tenant or another person, Tenant, at its own expense, shall obtain a policy or policies of insurance issued by a responsible insurance company and in a form acceptable to Landlord saving harmless and protecting Landlord and the Premises against any and all damages, claims, liens, judgments, expenses and costs, including actual attorneys' fees, arising under any present or future law, statute, or ordinance of the State of California or other governmental authority having jurisdiction of the Premises, by reason of any storage, sale, use or giving away of alcoholic beverages on or from the Premises. Such policy or policies of insurance shall have a minimum combined single limit of \$3,000,000 per occurrence and shall apply to bodily injury, fatal or nonfatal; injury to means of support; and injury to property of any person. Such policy or policies of insurance shall name the Landlord and its agents, beneficiaries, partners, employees and any Holder of any Security Instrument designated by Landlord as additional insureds.

1.4 Workers' Compensation; Employer's Liability Insurance. Worker's Compensation Insurance. In accordance with the provisions of Section 3700 of the Labor Code, Tenant, if Tenant has any employees, is required to be insured against liability for worker's compensation or to undertake self-insurance. Prior to commencing the performance of the work under this Agreement, Tenant agrees to obtain and maintain any employer's liability insurance with limits not less than \$1,000,000 per accident.

2. Policy Requirements. All insurance required to be maintained by Tenant shall be issued by insurance companies authorized to do insurance business in the State of California and rated not less than A:X in Best's Insurance Guide. All such insurance policies shall be written as primary policies, not excess or contributing with or secondary to any other insurance as may be available to Landlord or to the additional insureds. A certificate of insurance (or, at Landlord's option, copies of the applicable policies) evidencing the insurance required under this Exhibit "G" shall be delivered to Landlord not less than thirty (30) days prior to the Commencement Date. No such policy shall be subject to cancellation or modification without thirty (30) days prior written notice to Landlord and to any Holder of any Security Instrument designated by Landlord and such policy shall be endorsed to provide that the insurer thereunder shall provide Landlord with written notice of any failure by Tenant to pay any premium thereunder when due and such failure continues for a period of ten (10) days after such date. Tenant shall furnish Landlord with a replacement certificate with respect to any insurance not less than thirty (30) days prior to the expiration of the current policy. Tenant shall have the right to provide the insurance required by this Exhibit "G" pursuant to blanket policies, but only if such blanket policies expressly provide coverage to the Premises and the Landlord as required by this Lease without regard to claims made under such policies with respect to other persons.

3. Miscellaneous. Tenant shall not keep, use, sell or offer for sale in or upon the Premises any article which may be prohibited by any insurance policy periodically in force covering the Premises, the Building or the Project. If any of Landlord's insurance policies shall be cancelled or cancellation shall be threatened or the coverage thereunder reduced or threatened to be reduced in any way because of the use of the Premises or any part thereof by Tenant or any assignee, subtenant, licensee or invitee of Tenant and, if Tenant fails to remedy the condition giving rise to such cancellation, threatened cancellation, reduction of coverage, or threatened reduction of coverage, within 48 hours after notice thereof, Landlord may, at its option, either terminate this Lease or enter upon the Premises and attempt to remedy such condition, and Tenant shall promptly pay the cost thereof to Landlord as Additional Rent. If Landlord is unable, or elects not to remedy such condition, then Landlord shall have all of the remedies provided for in this Lease upon the occurrence of an Event of Default. Tenant shall not do or permit to be done any act or things upon or about the Premises or the Project, which will: (a) result in the assertion of any defense by the insurer to any claim under, (b) invalidate or (c) be in conflict with, the insurance policies of Landlord or Tenant covering the Building, the Premises or fixtures and property therein, or which would increase the rate of fire insurance applicable to the Building or the Project to an amount higher than it otherwise would be; and Tenant shall neither do nor permit to be done any act or thing upon or about the Premises or the Building which shall or might subject Landlord to any liability or responsibility for injury to any person or persons or to property. If, as a result of any act or omission by or on the part of Tenant or violation of this Lease, whether or

not Landlord has consented to the same, the rate of "All Risk" or other type of insurance maintained by Landlord on or with respect to the Building and fixtures and property therein, shall be increased to an amount higher than it otherwise would be, Tenant shall reimburse Landlord for all increases of Landlord's insurance premiums so caused within ten (10) days after delivery of written demand therefor by Landlord. In any action or proceeding wherein Landlord and Tenant are parties, a schedule or "make-up" of rates for the Project or the Premises issued by the body making fire insurance rates or established by insurance carrier providing coverage for the Building or demised premises shall be presumptive evidence of the facts stated therein including the items and charges taken into consideration in fixing the "All Risk" insurance rate then applicable to the Building or the Premises.



## EXHIBIT "H"

### REMEDIES

#### 1. Remedies for Events of Default

1.1 **Landlord's Right To Terminate Upon Tenant Default.** In the event of any Event of Default by Tenant as provided in Section 15.1 of the Lease, Landlord shall have the right to terminate this Lease and recover possession of the Premises by giving written notice to Tenant of Landlord's election to terminate this Lease, in which event Landlord shall be entitled to receive from Tenant: (a) the worth at the time of award or any unpaid Rent which had been earned at the time of such termination; plus (b) the worth at the time of award of the amount by which the unpaid Rent which would have been earned after termination until the time of award exceeds the amount of such rental loss Tenant proves could have been reasonably avoided; plus (c) the worth at the time of award of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds the amount of such rental loss that Tenant proves could be reasonably avoided; plus (d) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom; and (e) at Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable law. As used in clauses (a) and (b) above, "worth at the time of award" shall be computed by allowing interest at the then highest lawful contract rate of interest. As used in clause (c) above, "worth at the time of award" shall be computed by discounting such amount at the Interest Rate.

1.2 **Landlord's Right To Continue Lease Upon Tenant Default.** In the event of an Event of Default of this Lease and abandonment of the Premises by Tenant, if Landlord does not elect to terminate this Lease as provided in Section 1.1 of this Exhibit "H", Landlord may from time to time, without terminating this Lease, enforce all of its rights and remedies under this Lease. Without limiting the foregoing, Landlord has the remedy described in California Civil Code Section 1951.4 (Landlord may continue this Lease in effect after Tenant's breach and abandonment and recover Rent as it becomes due, if Tenant has the right to sublet or assign, subject only to reasonable limitations).

1.3 **Right of Landlord to Perform.** All covenants and agreements to be performed by Tenant under this Lease shall be performed by Tenant at Tenant's sole cost and expense. If Tenant shall fail to pay any sum of money, other than Base Rent, required to be paid by it hereunder or shall fail to perform any other act on its part to be performed hereunder, then, in addition to and without prejudice to any other right or remedy of Landlord, Landlord may cure the same at the expense of Tenant: (a) immediately and without notice in the case: (i) of emergency, (ii) where such default unreasonably interferes with any other tenant in the Project, (iv) a failure to satisfy or otherwise discharge any Encumbrance, (iv) where such default will result in the violation of Law or the cancellation of any insurance policy maintained by Landlord, or (v) any failure of Tenant to perform any of its obligations under Section 3.3.1 and Section 10.5 of this Lease above and (ii) in any other case if such default continues for ten (10) days from the receipt by Tenant of notice of such default from Landlord. Any sums so paid by Landlord and all incidental costs plus Landlord's reasonable administration fee thereon, together with interest thereon at the Default Rate from the date of such payment, shall be payable to Landlord as Additional Rent on demand, and Landlord shall have the same rights and remedies in the event of nonpayment as in the case of default by Tenant in the payment of Rent. This Section 1.3 of this Exhibit "H" shall survive the expiration or termination of this Lease.

1.4 **Late Payment.** If two (2) or more Rent Delinquencies shall occur in any twelve (12) month period, Landlord may, without prejudice to any other rights or remedies available to it, upon written notice to Tenant: (a) require all remaining monthly installments of Rent to be paid three (3) months in advance and/or (b) require Tenant to increase the Security Deposit (if any) by an amount equal to one month's Rent.

1.5 **Subleases of Tenant.** Whether or not Landlord elects to terminate this Lease on account of an Event of Default, Landlord shall have the right to either: (a) terminate any and all subleases, licenses, concessions or other consensual arrangements entered into by Tenant that affect the Premises or (b) in its sole discretion, elect to succeed to Tenant's interest in such subleases, licenses, concessions or arrangements (in which case, as of the date of such election, Tenant shall have no further right to or interest in the rent or other consideration receivable thereunder).

2. **Efforts to Relet.** No re-entry or taking of possession of the Premises by Landlord following an Event of Default shall be construed as an election to terminate this Lease unless a written notice of such election shall be given to Tenant or unless the termination thereof be decreed by a court of competent jurisdiction, and Tenant's right to possession shall not be deemed to have been terminated by efforts of Landlord to relet the Premises, by its acts of maintenance or preservation with respect to the Premises, or by appointment of a receiver to protect Landlord's interests under the Lease. The foregoing enumeration is not exhaustive, but merely illustrative of acts which may be performed by Landlord without terminating Tenant's right to possession. Notwithstanding any reletting of the Premises following any Event of Default without termination of this Lease by Landlord, Landlord may, at any time after such reletting, elect to terminate this Lease for any Event of Default. To the fullest extent permitted by Law, the proceeds of any reletting of the Premises shall be applied: (a) first, to pay to Landlord all costs and expenses of such reletting (including, without limitation, costs and expenses of retaking or repossessing the Premises, removing persons and property therefrom, securing new tenants, including expenses for redecoration, alterations and other costs in connection with preparing the Premises for the new tenant, and if Landlord shall maintain and operate the Premises, the costs thereof) and receivers' fees incurred in connection with the appointment of and performance by a receiver to protect the Premises and Landlord's interest under this Lease and any necessary or reasonable alterations; (b) second, to the payment of any indebtedness of Tenant to Landlord other than Rent due and unpaid hereunder; (c) third, to the payment of Rent due and unpaid hereunder; and (d) the residue, if any, shall be held by Landlord and applied in payment of other or future obligations of Tenant to Landlord as the same may become due and payable, and Tenant shall not be entitled to receive any portion of such revenue. This Section 3 of this Exhibit "H" shall survive the expiration or termination of this Lease.

3. **Cumulative Remedies.** The specific remedies to which Landlord may resort under the terms of this Lease are cumulative and are not intended to be exclusive of any other remedies or means of redress to which it may be lawfully entitled in case of any breach or threatened breach by Tenant of any provisions of this Lease. In addition to the other remedies provided in this Lease, Landlord shall be entitled to a restraint by injunction of the violation or attempted or threatened violation of any of the covenants, conditions or provisions of this Lease or to a decree compelling specific performance of any such covenants, conditions or provisions. In addition, upon the occurrence of an Event of Default by Tenant, if the Premises or any portion thereof are sublet, Landlord, in addition and without prejudice to any other remedies herein provided or provided by Law, may, at its

option, collect directly from the sublessee all rentals becoming due to the Tenant and apply such rentals against other sums due hereunder to Landlord.

4. **Waiver of Right of Redemption.** Tenant hereby waives for Tenant and for all those claiming under Tenant all right now or hereafter existing to redeem by order or judgment of any court or by any legal process or writ, Tenant's right of occupancy of the Premises after any termination of this Lease. Notwithstanding any provision of this Lease to the contrary, the expiration or termination of this Lease and/or the termination of Tenant's rights to possession of the Premises shall not discharge, relieve or release Tenant from any obligation or liability whatsoever under any indemnity provision of this Lease, including without limitation the provisions of Section 14.1 of the Lease.



EXHIBIT "I"

FORM OF TENANT ESTOPPEL CERTIFICATE

The undersigned as Tenant under that certain Office Lease dated \_\_\_\_\_, 20\_\_ (the "Lease") between CF SANTANA, LLC, a Delaware limited liability company, as landlord, and the undersigned, as tenant, for Premises on the \_\_\_\_\_ floor of the Office Building located at 801 West Civic Center Drive, Santa Ana, California certifies as follows:

1. True, correct and complete copies of the Lease and all amendments, modifications and supplements thereto are attached hereto and the Lease, as so amended, modified and supplemented, is in full force and effect, and represents the entire agreement between Tenant and Landlord with respect to the Premises and the Property. There are no amendments, modifications or supplements to the Lease, whether oral or written, except as follows (include the date of such amendment, modification or supplement): \_\_\_\_\_  
\_\_\_\_\_
2. The undersigned has commenced occupancy of the Premises described in the Lease, currently occupies the Premises, and the Commencement Date of the Lease occurred on \_\_\_\_\_, 20\_\_.
3. Tenant has not transferred, assigned, or sublet any portion of the Premises nor entered into any license or concession agreements with respect thereto except as follows: \_\_\_\_\_  
\_\_\_\_\_
4. Base Rent became payable on \_\_\_\_\_.
5. In accordance with the Lease, Rent commenced to accrue on \_\_\_\_\_, 20\_\_.
6. The Term of the Lease expires on \_\_\_\_\_.
7. The Lease provides for an option to extend the term of the Lease for \_\_\_\_\_ years. The rental rate for such extension term is as follows: \_\_\_\_\_. Except as expressly provided in the Lease, and other documents attached hereto, Tenant does not have any right or option to renew or extend the term of the Lease, to lease other space at the Property, nor any preferential right to purchase all or any part of the Premises or the Property.
8. All conditions of the Lease to be performed by Landlord necessary to the enforceability of the Lease have been satisfied and Landlord is not in default thereunder. All space and improvements leased by Tenant have been completed and furnished in accordance with the provisions of the Lease, and Tenant has accepted and taken possession of the Premises.
9. There are no offsets or credits against rentals payable under the Lease and no free periods or rental concessions have been granted to Tenant, except as follows: \_\_\_\_\_  
\_\_\_\_\_
10. All monthly installments of Base Rent, all Additional Rent and all monthly installments of estimated Additional Rent have been paid when due through \_\_\_\_\_. The current monthly installment of Base Rent is \$\_\_\_\_\_.
11. The undersigned acknowledges that this Estoppel Certificate may be delivered to Landlord's prospective mortgagee, or a prospective purchaser, and acknowledges that it recognizes that if same is done, said mortgagee, prospective mortgagee, or prospective purchaser will be relying upon the statements contained herein in making the loan or acquiring the property of which the Premises are a part, and in accepting an assignment of the Lease as collateral security, and that receipt by it of this certificate is a condition of making of the loan or acquisition of such property.

Each individual executing this Estoppel Certificate on behalf of Tenant hereby represents and warrants that Tenant is a duly formed and existing entity qualified to do business in California and that Tenant has full right and authority to execute and deliver this Estoppel Certificate and that each person signing on behalf of Tenant is authorized to do so.

Executed at \_\_\_\_\_ on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

"Tenant":

a \_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_

## EXHIBIT "J"

### OPTIONS

This Exhibit "J" consists of the following Schedules: Schedule "J-1" (Extension Option[s]); Schedule "J-2" (Additional Space Option[s]); and Schedule "J-3" (Determination of FMRR), all of which are incorporated herein by this reference. Notwithstanding anything to the contrary in this Lease: (a) all of the rights and options of Tenant that are described in this Exhibit "J" (collectively, the "Options") are and shall be personal to the Original Tenant, are not transferable and may only be exercised by the Original Tenant (and not by any assignee, sublessee or other Transferee of Tenant's interest in this Lease), and (b) the Extension Option and Right of First Offer may be exercised only on the condition that, at the applicable time, the Original Tenant then occupies the entire Premises. In addition, notwithstanding anything to the contrary in this Lease, at the election of Landlord (in its sole and absolute discretion): (i) any attempted exercise by Tenant of the Extension Option or Right of First Offer shall be invalid and ineffective if, as of the date of such attempted exercise: (A) Tenant is in default under this Lease or (B) Tenant has previously been in default under this Lease more than two times, and (ii) if as of the date that the Extension Option or Tenant's lease of any Leased First Right Space (defined below) would otherwise commence: (A) Tenant is in default under this Lease or (B) Tenant has previously been in default under this Lease more than two times, Landlord may cancel Tenant's exercise of the Extension Option or the Right of First Offer with respect to the applicable Offered First Right Space, as applicable, by delivery of written notice to Tenant.

## Schedule "J-1"

### Extension Options

1. **Grant of Option.** Subject to all of the terms and conditions of this Schedule "J-1", in connection with Tenant's lease of the Premises, Tenant shall have two (2) options (each an "Extension Option") to extend the term of this Lease as to the entire Premises then subject to this Lease, each for an additional term (each "Extension Term") of sixty (60) months, subject to and upon the terms and conditions contained in this Schedule "J-1". The Extension Term shall commence upon the day immediately following the then scheduled Expiration Date, and shall be upon the same terms and conditions as are provided for in this Lease, as then amended, except that: (a) if Tenant fails to timely exercise the Extension Option, the Extension Option (and any other rights to extend or renew the Term) shall lapse and Tenant shall have no further right to extend the Term of the Lease, (b) there shall be no further options to extend the Term pursuant to this Schedule "J-1" or otherwise following the second (2<sup>nd</sup>) Extension Term, ~~(c) Tenant shall not be entitled to any credit against Rent or any other rent concession or rent allowance or abatement of Rent, except as specifically provided in the definition of the FMRR, (d) the Base Rent for the Extension Term shall be as provided in Section 3 of this Schedule "J-1", and (e) the Base Year for the Extension Term shall be the calendar year in which the Extension Term commences.~~

2. **Exercise.** An Extension Option may be exercised only by Tenant giving written notice of exercise (an "Extension Notice") to Landlord on or before the date that is not more than twelve (12) and not less than nine (9) months prior to the then scheduled Expiration Date. If Tenant does not deliver an Extension Notice to Landlord within the time period set forth above (time being of the essence), then Tenant shall be deemed to have forever waived and relinquished the Extension Option, and any other options or rights to renew or extend the Term effective after the then Expiration Date shall terminate.

3. **Annual Base Rent.** The Base Rent payable for the Premises during an Extension Term (the "Extension Term Base Rent") shall be equal to (a) the Rentable Area of the Premises then subject to this Lease, multiplied by (b) the FMRR of the Premises as of the first day (an "Adjustment Date") of such Extension Term, and shall be determined as follows.

3.1 If Tenant duly exercises the Extension Option, Landlord shall within thirty (30) days thereafter, deliver to Tenant a written notice (a "Market Rent Notice") of Landlord's determination of what Landlord then believes the FMRR (and Extension Term Base Rent) would be for the Premises during the Extension Term.

3.2 Within ten (10) days after Tenant's receipt of a Market Rent Notice, Tenant shall deliver to Landlord written notice (a "Market Rent Response Notice") electing either: (a) to accept the FMRR (and Extension Term Base Rent) set forth in the Market Rent Notice, in which case the FMRR (and Extension Term Base Rent) shall be as set forth in the Market Rent Notice, or (b) to reject Landlord's determination of the FMRR (and Extension Term Base Rent), in which case the FMRR (and Extension Term Base Rent) shall be determined in accordance with Schedule "J-3".

3.3 If Tenant fails to deliver Tenant's Market Rent Response Notice within ten (10) days after its receipt of a Market Rent Notice (or fails in its Market Response Notice to expressly reject Landlord's determination of the FMRR (and Extension Term Base Rent) set forth in a Market Rent Notice), Tenant shall conclusively be deemed to have accepted Landlord's determination of the FMRR (and Extension Term Base Rent) set forth in the Market Rent Notice.



## Schedule "J-2"

### Right of First Offer

1 **Grant.** Subject to all of the terms and conditions of this Exhibit "J", Tenant shall have the right (the "Right of First Offer") to elect to lease any portion of the First Right Space (defined below) that becomes Available for Lease (defined below) at any time during the Term. The "First Right Space" means any space on the second (2<sup>nd</sup>) floor of the Building that is not within the Premises. A portion of the First Right Space shall be "Available For Lease" if: (a) Landlord receives a Third Party Offer (defined below) with respect to such space, (b) such space is vacant or is scheduled to become vacant within six (6) months, and (c) such space is not subject to any then existing expansion or renewal rights of any type that is or are set forth in any lease affecting space in the Project. "A Third Party Offer" means any written offer or proposal for the lease of all or any portion of the First Right Space that is delivered by Landlord to a third party, or that is received by Landlord from a third party, in either case, on terms that are acceptable to Landlord (excluding any such offers or proposals that either: (i) relate to any expansion or renewal rights that are set forth in any lease affecting space in the Project that exists as of the Effective Date or (ii) are for the renewal or extension of the term of the lease for any then existing tenant of the applicable portion of the First Right Space).

### 2 Procedure for Offer and Acceptance.

2.1 **First Offer Notice.** Subject to the terms and conditions of this Schedule "J-2", if all or any portion of the First Right Space becomes Available for Lease, Landlord shall notify Tenant thereof in writing (the "First Offer Notice"). The First Offer Notice shall also: (a) describe (and state the Rentable Area of) the portion of the First Right Space that is then Available for Lease (the "Offered First Right Space"), (b) state the date (the "Offered Space Scheduled Commencement Date") upon which Landlord then believes the Offered First Right Space will be available for delivery to Tenant, (c) state Landlord's determination of the economic terms (including the Base Rent, Base Year, Improvement Allowance, abated Rent and other Rent Concessions defined below) on which Landlord is willing to lease the Offered First Right Space to Tenant (the "Offered Terms"), and (d) state that the expiration of Tenant's lease of the First Right Space shall be coterminous with the lease for the Premises, provided that: (i) if there shall be less than five (5) years remaining in the Term as of the at the Offered Space Scheduled Commencement Date for any Offered First Right Space, the First Offer Notice shall state that Tenant's exercise of its Right of First Offer with respect to such Offered First Right Space is conditioned upon Tenant concurrently exercising an Extension Option (with it being understood and agreed that Tenant shall have no right under this Schedule "J-2" to lease any portion of the First Right Space for which the Offered Space Scheduled Commencement Date will occur during the last five (5) years of the Term unless, (A) at such time, Tenant shall have an unexercised Extension Option and (B) Tenant shall, in its Tenant's Acceptance Notice, exercise such Extension Option.

2.2 **Tenant's Acceptance Notice.** Tenant may exercise its right to lease the Offered First Right Space identified in any First Offer Notice only by delivering to Landlord, not more than ten (10) business days after Landlord's delivery of the applicable First Offer Notice, written notice ("Tenant's Acceptance Notice") stating that Tenant accepts Landlord's offer to lease the Offered First Right Space. If Tenant does not deliver Tenant's Acceptance Notice to Landlord within five (5) business days after Landlord's delivery of any First Offer Notice, time being of the essence, then subject to Section 2.3 below, Tenant's Right of First Offer shall no longer apply to the applicable Offered First Right Space and, Landlord shall be free to lease the Offered First Right Space described in the First Offer Notice to third parties selected by Landlord at such rental rates and upon such terms as Landlord in its sole discretion may desire.

2.3 **Landlord's Obligation to Re-Offer.** Notwithstanding the foregoing, before leasing any Offered First Right Space to any other person or entity on economic terms that are more than ten percent (10%) more favorable (on an annualized net effective rent basis) than the Offered Terms specified in the First Offer Notice, subject to all of the terms and conditions of this Schedule "J-2", Landlord must re-offer such Offered First Right Space to Tenant on the more favorable economic terms by delivering another First Offer Notice with respect to such space in accordance with Section 2.1 of this Schedule "J-2", and Tenant shall again have the right to elect to lease such space by delivering a Tenant's ROFR Acceptance Notice in accordance with Section 1.1.2(b) of this Schedule "J-2" provided that Tenant shall have only five (5) business days after receipt of any such First Offer Notice within which to deliver its Tenant's Acceptance Notice with respect to such Offered First Right Space that is re-offered to Tenant in accordance with this Section 2.3.

### 3 Term; Rent; Other Terms.

3.1 If Tenant duly exercises its Right of First Offer in accordance with this Schedule "J-2" with respect to any Offered First Right Space that is identified in any First Offer Notice (any such space "Leased First Right Space"), then: (a) the term of the lease of such Leased First Right Space shall commence upon the date (the "First Right Commencement Date") that Landlord tenders to Tenant delivery of possession of such Leased First Right Space, (b) the expiration of Tenant's lease of the Leased First Right Space shall be coterminous with the termination of the Lease for the then existing Premises, (c) except as expressly provided to the contrary in this Schedule "J-2", the remaining terms of Tenant's lease of such Leased First Right Space shall be the terms and conditions of this Lease (provided that all provisions of the Lease which vary based upon the Rentable Area of the Premises shall be adjusted to reflect the addition of the Leased First Right Space to the Premises) and (b) Landlord and Tenant shall reasonably promptly thereafter execute an amendment to this Lease for such Leased First Right Space upon the terms and conditions as set forth in the First Offer Notice, subject to the provisions of this Schedule "J-2".

3.2 The monthly base rent payable by Tenant with respect to any Leased First Right Space (the "ROFO Rent") shall commence on the applicable First Right Commencement Date and shall be equal to the product of: (a) the number of square feet of Rentable Area contained in such Leased First Right Space and (b) the FMRR for such Leased First Right Space. If in the applicable Acceptance Notice, Tenant expressly rejects Landlord's determination of the FMRR (and ROFO Rent) for the applicable Leased First Right Space, then the FMRR (and ROFO Rent) for such Leased First Right Space shall be determined in accordance with Schedule "J-3", provided that if the FMRR (and ROFO Rent) for any Leased First Right Space shall not be determined as of the First Right Commencement Date, the parties shall utilize Landlord's Submitted FMRR (defined below) to determine the ROFO Rent for the applicable Leased First Right Space, and if Tenant's Submitted FMRR shall be ultimately selected pursuant to



Schedule "J-3", Tenant shall be given a credit against ROFO Rent next due hereunder equal to the amount of any overpayment. If Tenant fails, in the applicable Acceptance Notice, to expressly reject Landlord's determination of the FMRR (and ROFO Rent) set forth in the applicable First Offer Notice, then Tenant shall conclusively be deemed to have accepted Landlord's determination of the FMRR (and ROFO Rent) for the applicable Leased First Right Space as set forth in the applicable First Offer Notice. Notwithstanding anything to the contrary herein, Tenant shall pay Additional Rent with respect to any Leased First Right Space in the same manner as for the Initial Premises, including, without limitation, in accordance with the provisions of Section 4.2 of the Lease, and Tenant's Percentage Share shall be increased to take into account the expansion of the Premises to include such Leased First Right Space.

**3.4 Delivery and Condition of Leased First Right Space; Delivery; Improvement.**

3.4.1 Landlord shall endeavor to deliver the Leased First Right Space to Tenant on or before the applicable Offered Space Scheduled Commencement Date (as identified in the applicable First Offer Notice); provided, however, that if for any reason, Landlord is not in a position to so deliver such Leased First Right Space on such date, Landlord shall not be in breach under this Lease and otherwise shall have no liability to Tenant so long as Landlord uses commercially reasonable efforts to deliver such Leased First Right Space to Tenant as soon as reasonably possible thereafter.

3.4.2 Tenant shall accept any Leased First Right Space in its then existing "AS IS" condition and state of repair, and Landlord shall not be required to perform any work, supply any materials or incur any expense (including the granting of any allowance to Tenant with respect thereto) to prepare any Leased First Right Space for Tenant's occupancy; provided, however, that: (a) Landlord shall cause the Leased First Right Space to be demised prior to the date on which it is delivered to Tenant, and (b) to the extent (and only to the extent) determined in connection with determination of the FMRR for any Leased First Right Space: (i) if such Leased First Right Space has not, prior to the date the same is delivered to Tenant, previously been improved, Landlord shall grant to Tenant, a rent free construction period (with respect to the ROFO Rent payable for such Leased First Right Space only) for the construction of the initial Leasehold Improvements (if any) in such Leased First Right Space, and (B) Landlord may grant to Tenant an improvement allowance to be used for costs that are incurred in connection with the construction of the initial Leasehold Improvements (if any) in such Leased First Right Space. The construction of all Leasehold Improvements by Tenant in any Leased First Right Space shall comply with the provisions of Article 10 of the Lease

### Schedule "J-3"

#### Determining FMRR.

For purposes of determining the FMRR, the following procedure shall apply:

1 If Tenant duly exercises any Extension Option and duly rejects Landlord's determination (in its Market Rent Notice of the FMRR for the Extension, then Landlord and Tenant shall endeavor to agree upon the FMRR for the Extension Term on or before the Outside Agreement Date (defined below). If Landlord and Tenant are unable to agree upon the FMRR for the Extension Term on or before the Outside Agreement Date, then the FMRR for the Extension Term shall be determined by arbitration pursuant to Section 2 of this Schedule "J-3". The "Outside Agreement Date" means the date that is ten (10) business days after the date that Tenant notifies Landlord, in its Market Rent Response Notice that Tenant has rejected Landlord's initial determination of the FMRR for the Extension Term.

2 If Landlord and Tenant shall fail to agree upon the FMRR for the Extension Term on or before the applicable Outside Agreement Date, then within ten (10) business days thereafter, each of Landlord and Tenant shall submit to the other its final determination of the FMRR for the Extension Term and such final determinations shall be submitted to arbitration (as Tenant's and Landlord's "Submitted FMRR," respectively) in accordance with the following:

2.1 Landlord and Tenant shall each appoint one arbitrator who shall by profession be a real estate broker who shall have been active in the leasing of the Project and the Comparable Buildings over the five (5) year period ending on the date of such appointment. The determination of the arbitrators shall be limited solely to the issue as to whether Landlord's or Tenant's Submitted FMRR is the closest to the actual FMRR for the Extension Term, as determined by the arbitrators, taking into account the requirements of this Schedule "J-3". Each such arbitrator shall be appointed within fifteen (15) business days after the Outside Agreement Date.

2.2 The two arbitrators so appointed shall, within ten (10) business days of the date of the appointment of the second appointed arbitrator, agree upon and appoint a third arbitrator who shall be qualified under the same standard as described in Section 2.1 of this Schedule "J-3" (with respect to appointment of the initial two arbitrators).

2.3 The three arbitrators shall, within thirty (30) days of the appointment of the third arbitrator, reach a decision as to whether the parties shall use Landlord's or Tenant's Submitted FMRR and shall notify Landlord and Tenant thereof; provided that: (a) if either Landlord or Tenant fails to appoint an arbitrator within fifteen (15) business day period described in Section 2.1 of this Schedule "J-3", then the arbitrator appointed by the other party shall solely reach a decision as to the FMRR for the Extension Term and notify Landlord and Tenant thereof within thirty (30) days following expiration of such fifteen (15) business day period, and such arbitrator's decision shall be binding upon Landlord and Tenant, and (b) if the two arbitrators fail to agree upon and appoint a third arbitrator, or both parties fail to appoint an arbitrator, then the appointment of the third arbitrator or any arbitrator shall be dismissed and the matter to be decided shall be promptly submitted to arbitration under the provisions of the American Arbitration Association (the "AAA"), but subject to the instructions set forth in this Schedule "J-3".

2.4 The decision of the majority of the three arbitrators (or in the case of a decision made under clause (a) or (b) of Section 2.3 of this Schedule "J-3", the decision of the single arbitrator or the arbitrator(s) appointed by the AAA) shall be binding upon Landlord and Tenant, shall be in writing and shall be non-appealable, and counterpart copies thereof shall be delivered to Landlord and Tenant. A judgment or order based upon such award may be entered in any court of competent jurisdiction. In rendering their decision and award, the arbitrators shall have no power to vary, modify or amend any provision of this Lease.

2.5 Landlord and Tenant shall each bear 50% of the cost of the arbitration described in this Section 2 of this Schedule "J-3".

## EXHIBIT "K"

### EYEBROW SIGN

1. **Grant of Rights.** In connection with Tenant's lease of the Premises, subject to all of the terms and conditions of this Exhibit "K", Tenant shall have the non-exclusive right to cause Landlord to display signage (the "Eyebrow Sign") identifying Tenant by its Business Name (defined below) on the Building in the location described in Section 2.1 of this Exhibit "K". All of the Tenant's rights under this Exhibit "K", are personal to the Original Tenant and are not transferable in connection with any Transfer or otherwise. "Business Name" means only "City of Santa Ana", or any other business or trade name of Tenant that not an Objectionable Name. "Objectionable Name" means any name that: (a) relates to an entity that is of a character or reputation, or is associated with a political orientation or faction that is materially inconsistent with the quality of the Project, or which would otherwise reasonably offend an institutional quality landlord of a building comparable to the Buildings in Downtown Santa Ana, taking into consideration the size and visibility of the Pylon Sign or (b) conflicts with any then existing covenants in other leases of space in the Building or Project.

#### 2. Location; Specifications and Permits.

2.1 Subject to Section 2.2 of this Exhibit "K" below, The Eyebrow Sign shall be located on the "eyebrow level" of the Building (i.e., just above the first floor of the Building) on a side of the Building reasonably designated by Landlord. The graphics, materials, color, design, lettering, size, exact location, lighting (if any) and specifications and all other aesthetic factors (collectively, the "Sign Specifications") of the Eyebrow Sign shall be approved by Landlord in its sole and absolute discretion. In addition, all of Tenant's rights under this Exhibit "K" with respect to the Eyebrow Sign shall be subject to: (a) the receipt of and continuing compliance with all required governmental permits and approvals (and the submission of copies thereof to Landlord) required for the installation and continuing display of each of the Eyebrow Sign and (b) the continuing compliance of the Eyebrow Sign with all applicable Laws.

2.2 Landlord shall have the right, in its sole but good faith discretion to: (a) position and/or reposition the Eyebrow Sign on the Building in any manner as it shall reasonably determine (provided that such Eyebrow Sign shall be located on the side of the Building described in Section 2.1 of this Exhibit "K" above) and (b) place on or about the Building or Project (or on other signs for the Building or Project): (i) the name of (and/or other identifying information for) Landlord, the Building and/or Project or (ii) such other names, business names, trade names or affiliate names representing such other tenants or persons, in either case, as Landlord shall determine in its sole and absolute discretion.

3 **Cost and Maintenance.** The Eyebrow Sign shall be fabricated and installed by a contractor retained by Landlord, and shall be operated, and maintained by Landlord. Tenant shall, within ten (10) business days following Landlord's demand therefor, reimburse Landlord as Additional Rent, for all costs and expenses actually incurred by Landlord in connection with or relating to the fabrication, installation, operation, maintenance, repair, and eventual removal and disposal of the Eyebrow Sign, including, without limitation, the cost of utility charges and hook-up fees (if applicable), permits, and maintenance and repairs. The terms of this Section 3 of this Exhibit "K" shall survive the expiration or earlier termination of this Lease.

#### 4. Termination; Removal.

4.1 Notwithstanding any provision of this Lease to the contrary, by notice delivered to Tenant, Landlord may, at its option, elect to terminate all of Tenant's rights with respect to the Eyebrow Sign: (a) at any time that the Original Tenant (together with any Permitted State & County Transferees in accordance with Section 11.1.2 above) is no longer leasing and occupying 20,000 RSF in the Building, (b) if this Lease is assigned to any Person, or (c) if any Event of Default occurs.

4.2 Upon the expiration or earlier termination of this Lease, or after termination of Tenant's rights with respect to the Eyebrow Sign as provided above, Landlord may, at Tenant's sole cost and expense remove the Eyebrow Sign from the Building and cause the areas in which such Eyebrow Sign was located to be restored to the condition existing immediately prior to the placement of such sign (subject to ordinary wear and tear). Tenant shall reimburse Landlord for all of its costs incurred in connection therewith in accordance with Section 3 of this Exhibit "K" above. The terms of this Section 4.2 of this Exhibit "K" shall survive the expiration or earlier termination of this Lease.

## EXHIBIT "L"

### STATE REQUIREMENTS

1. If applicable, Landlord will provide a Seismic Certificate of Applicable Code in the form described in Schedule "L-1" with respect to seismic adequacy.
2. Landlord has provided the Accessibility Survey with respect to the Premises and the path of travel from/to public transportation and public rights-of-way, parking and restroom areas attached hereto as Schedule "L-2". Landlord will perform all work required to correct the conditions identified in: (a) Form 1 (restriping ADA stalls); (b) Form 3A (Item 2) (install an intercom system that will alert dedicated personnel to assist those in need from the public sidewalk); (c) Form 13 (modify elevator panels to provide minimum toe kick clearance); and (d) Form 16 (update the 2<sup>nd</sup> floor restrooms). The condition identified in Form 8 (Stairs) will not be corrected, and is accepted by Tenant as an acceptable hardship.
3. Landlord will additionally provide a Verified Report Form G following completion of construction.

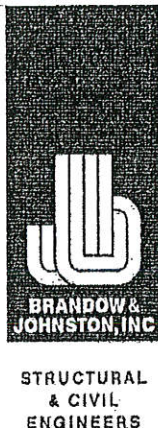
**Schedule "L-1"**

**Form of Seismic Certificate of Applicable Code**

*[attached]*

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14 November 2016

BJ# 1610377

William Lee, Vice President  
Ocean West Capital Partners  
315 W. 9<sup>th</sup> Street, Suite 808  
Los Angeles, CA 90015

Subject: Seismic Certificate for California Department of General Service  
801 Civic Center Drive

Dear Mr. Lee:

Attached please find the Seismic Certificate requested by California Department of General Service (DGS) for the 4 story building at 801 Civic Center Drive, Santa Ana, CA 92701.

The building was constructed in about 1983. The certificate states that this building was designed to meet the 1976 or subsequent editions of the Uniform Building Code and does not have any one of the enumerated characteristics or conditions listed in the certificate.

The building has the condition of:

- Welded steel moment frames (WSMF) that constitute the primary seismic force-resisting system for the building, and
- the structure was designed to code requirements preceding those of the 1997 edition of the Uniform Building Code.

However, the building has not:

- experienced an earthquake of sufficient magnitude and site peak ground motions that inspection is required when any of the conditions of Section 3.2 of FEMA 352 indicate an investigation of beam-column connections is warranted

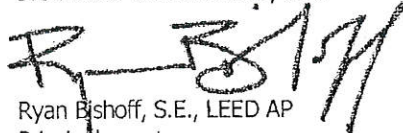
The certificate does not require any analysis of the building or any comparison to the latest Building Code. Any soft story, discontinuity or irregularity that may be present in the building may affect the performance of the building in the event of a large earthquake.

Our professional services have been performed with the intent to meet the degree of care and skill ordinarily exercised by reputable structural engineers practicing in this or similar localities. No other warranty, expressed or implied, is made as to the professional advice or opinions included in this report.

If you have any questions regarding information presented in this letter or the attached certificate, please feel free to contact us.

Sincerely,

BRANDOW & JOHNSTON, INC.

  
Ryan Bishoff, S.E., LEED AP  
Principal



Attachment: Seismic Checklist  
Seismic Certificate

G:\16\1610377 Ocean West 801 W Civic Cntr Santa Ana Seismic Cert\1610377 801 W Civic Center Seismic Certificate letter.doc

## Seismic Certificate of Applicable Code

I am a State of California licensed structural engineer, civil engineer or architect and certify that the building located at; **801 Civic Center Drive, Santa Ana, CA 92701**, was reviewed by me. This certification was either prepared by me or the bulk of work was performed under my direct supervision. I have no ownership interest in the subject property.

A Certificate of Applicable Code may be provided if the entire building was constructed under a permit approved by the local jurisdiction and was designed to meet one of the following requirements:

☐ 1998 or subsequent editions of the California Building Code; or,

**X 1976 or subsequent editions of the Uniform Building Code and the building does not have any one of the enumerated characteristics or conditions listed below:**

- Unreinforced masonry elements, whether load-bearing or not; not including brick veneer;
- Precast, prestressed, or post-tensioned structural or architectural elements, except piles;
- Flexible diaphragm (e.g., plywood)-shear wall (masonry or concrete) structural system constructed pursuant to editions of the Uniform Building Code prior to the 1997 edition;
- Apparent additions, alterations, or repairs to the structural system made without a building permit;
- Constructed on a site with a slope with one or more stories partially below grade (taken as 50% or less) for a portion of their exterior;
- Soft or weak story, including wood frame structures with cripple walls, or is construction over first-story parking;
- Seismic retrofit of the building, whether voluntary or mandated, whether partial or complete;
- Repairs following an earthquake;
- Welded steel moment frames (WSMF) that constitute the primary seismic force-resisting system for the building, and the structure was designed to code requirements preceding those of the 1997 edition of the Uniform Building Code, and the building site has experienced an earthquake of sufficient magnitude and site peak ground motions that inspection is required when any of the conditions of Section 3.2 of FEMA 352 indicate an investigation of beam-column connections is warranted;
- Visible signs of distress or deterioration of structural or non-structural systems, e.g., excessively cracked and/or spalling concrete walls or foundations, wood dry rot, etc.

Documentation of the selected performance level evaluation will be retained by the preparer and shall be available to the State upon request.

Name: Ryan Bishoff  
Firm: Brandow & Johnston, Inc.  
Telephone No: 949-862-8510  
License No: SE 6250  
License Expiration Date: 06/30/17



*R. Bishoff*  
Signature

11/14/2016  
Date

---

### Comment:

For a building not qualifying under the above criteria; an Independent Review must be performed.



# SEISMIC SCREENING CHECKLIST

Reviewer Name \_\_\_\_\_

Project No. \_\_\_\_\_  
Agency \_\_\_\_\_  
Location \_\_\_\_\_

Total Bldg. Sq. Ft. \_\_\_\_\_  
Total Lease Sq. Ft. \_\_\_\_\_  
Hours of Use \_\_\_\_\_

## 1 Retrofit since 1976

No further screening required if documentation of retrofit is provided.

## 2 Age of Building & Type of Construction

	Pre 1933	1933 to 1976	Post 1976	Score
Tilt-Up	8	(1933 to 1997) 8	Post 1997 1	
Masonry	10	8	1	
Reinforced Concrete	7	5	1	
Wood Frame	3	2	1	
Steel	7	3	1	1

## 3 Height of Building In Stories

Max. number of stories allowable for screening is 6. Assign one point per story, i.e., 1 min., 6 max.


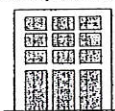
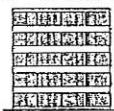
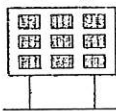
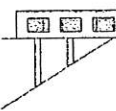
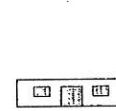
(1-6) \_\_\_\_\_ 4

## 4 Seismicity

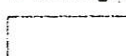
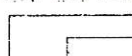
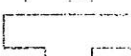


Assign points as indicated for counties as grouped in a, b, & c below

- (a) 12 points in Los Angeles, West 1/3 of San Bernardino, Contra Costa, Riverside, Santa Clara, Alameda, Ventura, San Francisco, Marin \_\_\_\_\_ 12
- (b) 9 points in Sonoma, Santa Barbara, San Mateo, Orange, San Diego, Inyo, San Luis Obispo, Napa, Kern, Monterey, Solano, Humboldt, Mendocino \_\_\_\_\_ 9
- (c) 3 points to all other counties not listed above. \_\_\_\_\_ 3

## 5 Configuration (Vertical)

					
5	8	7	10	7	1
All other configurations					1

## 6 Configuration (Plan View)

				
1	3	7	7	7

## 7 Visible Defects

Subjective scoring: 10 points max. assignable for all defects observed. The following list is of typical things to look for.

- a Dry rot; look for water stains on ceiling tiles and walls.
- b Damaged foundations; look for large cracks and misalignment
- c Sagging or shifted beams; look for bowing in center, check for position (parallel) relative to other members
- d Tilted walls or columns
- e Corrosion of steel; look for rust, flaking, etc. Check for water stains.
- f Cracks greater than 1/8" in masonry or concrete
- g Check for any material that crumbles (wood, plaster, conc., etc) (1-10) \_\_\_\_\_

TOTAL \_\_\_\_\_ 28

Total score of 20 or above requires standard seismic certification.



Schedule "L-2"  
Accessibility Survey  
*[attached]*



6080 Bristol Parkway  
Culver City, CA 90230  
310.553.0500

515 South Flower Street, Suite 100  
Los Angeles, CA 90071  
213.639.1400

18201 Von Karmen Avenue, Suite 120  
Irvine, CA 92612  
949.724.5066

535 Mission Street, Suite 1563  
San Francisco, CA 94105  
415.390.0733

485A US Route 1 South, Suite 100  
Iselin, New Jersey 08830  
201.581.1200

120 East 23rd Street, 5th Floor  
New York, NY 10010  
917.512.0669

www.saa.com

March 10, 2017

Mr. William Lee  
Vice President  
Ocean West  
315 W. 9th Street, Suite 808  
Los Angeles, CA 90015

RE: 801 W. Civic Center, Santa Ana – Accessibility Checklist  
RESO Project Number: 142056

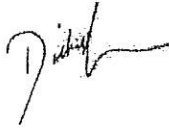
Dear William,

Upon review of the accessibility checklist and survey of the site conditions, below is a summary of our findings and recommendations for correcting the non-compliant items. In particular, remediation work for 3 specific items on the list would have significant impacts on other aspects of the building. Such impact is listed for your consideration.

- ☐ Parking (Form 1) Item 1 thru 4
  - Restripe parking, relocate or rework parking surface
- ☐ Exterior Routes of Travel (Form 3A)
  - Item 1 – Condition does not apply if accessible parking is relocated
  - Item 2 – Alternate provision to provide an intercom system that will alert dedicated personnel to assist those in need
- ☐ Exterior Routes of Travel 9 (Form 3B) Items 1 thru 2
  - Condition does not apply if accessible parking is relocated
- ☐ Curb Ramps (Form 4) Items 1 thru 2
  - Condition does not apply if accessible parking is relocated
- ☐ Drinking Fountains (Form 5)
  - Drinking fountains are not required if tenant spaces have potable water access of occupants.
- ☐ Ramps (Form 7)
  - Condition does not apply if accessible parking is relocated
- ☐ Stairs (Form 8)
  - Stair risers are 1/4" higher than code maximum. Remediation would require the reconstruction of the stairwells. The California building code has an explicit exception that would allow for such condition (11B-210.1 Exception:2) provided DGS accepts this as hardship.
- ☐ Building Entrances and Exits (Form 10)
  - Provide required signage and adjust door closer

- ☒ **Doors and Gates (Form 11)**
  - o Rework as required
- ☒ **Elevators (Form 13)**
  - o Panels in the elevator will be reworked to provide the minimum required toe clearance distance
- ☒ **Toilet Facilities (Form 16)**
  - o Rework as required
- ☒ **Signage (Form 19)**
  - o Provide signage as required
- ☒ **Alarms (Form 20)**
  - o Rework fire extinguisher cabinet

Sincerely,



Dickson Oi, AIA  
Project Manager

EXHIBIT "M"

APPROVED GOVERNMENTAL ENTITIES

State of California – Employment Development Department  
State of California – Department of Rehabilitation  
County of Orange – Social Services Agency  
SER Jobs for Progress – Title V Grant; Private Non-Profit  
Rancho Santiago Community College District - Santa Ana College  
Goodwill Industries  
Cornerstone/Job Corps

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