



Meeting of the Board of Directors

March 18, 2020
REGULAR MEETING

Regular Session begins at 8:30 a.m.
Estimated Ending Time 11:30 a.m.

City of Santa Rosa Council Chambers
100 Santa Rosa Avenue
Santa Rosa, CA

Teleconferencing Location
2 Portola Plaza
Monterey, CA 93940

Meeting Agenda and Documents

ZERO WASTE SONOMA

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Note: This packet is 85 pages total



Zero Waste Sonoma

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Agenda

Item

1. Call to Order
2. Agenda Approval
3. Public Comments (items not on the agenda)
4. **Consent** (w/attachments)
 - 4.1 Minutes of the February 19, 2020 Regular Meeting
 - 4.2 February, March, and April 2020 Outreach Calendar
 - 4.3 Support for Drug Enforcement Administration (DEA) Takeback Event
 - 4.4 Consideration of Merit Increase for Executive Director

Regular Calendar

5. Approval to Enter into Lease for 490 Mendocino Ave., Santa Rosa, CA [Lukacs]
6. Discussion and Possible Action on the 2020/21 Draft ZWS Budget [Collard]



7. Boardmember Comments – NO ACTION
8. Executive Director Report – VERBAL REPORT
9. Staff Comments – NO ACTION
10. Next SCWMA meeting: April 15, 2020
11. Adjourn

Consent Calendar: These matters include routine financial and administrative actions and are usually approved by a single majority vote. Any Boardmember may remove an item from the consent calendar.

Regular Calendar: These items include significant and administrative actions of special interest and are classified by program area. The regular calendar also includes "Set Matters," which are noticed hearings, work sessions and public hearings.

Public Comments: Pursuant to Rule 6, Rules of Governance of the Sonoma County Waste Management Agency, members of the public desiring to speak on items that are within the jurisdiction of the Agency shall have an opportunity at the beginning and during each regular meeting of the Agency. When recognized by the Chair, each person should give his/her name and address and limit comments to 3 minutes. Public comments will follow the staff report and subsequent Boardmember questions on that Agenda item and before Boardmembers propose a motion to vote on any item.

Disabled Accommodation: If you have a disability that requires the agenda materials to be in an alternative format or requires an interpreter or other person to assist you while attending this meeting, please contact the Sonoma County Waste Management Agency Office at 2300 County Center Drive, Suite B100, Santa Rosa, (707) 565-3579, at least 72 hours prior to the meeting, to ensure arrangements for accommodation by the Agency.

Noticing: This notice is posted 72 hours prior to the meeting at The Board of Supervisors, 575 Administration Drive, Santa Rosa, and at the meeting site the City of Santa Rosa Council Chambers, 100 Santa Rosa Avenue, Santa Rosa. It is also available on the internet at www.zerowastesonoma.gov



To: Zero Waste Sonoma Board Members

From: Leslie Lukacs, Executive Director

Subject: March 18, 2020 Board Meeting Agenda Notes

Consent Calendar:

These items include routine financial, informational and administrative items and **staff recommends that they be approved en masse by a single vote.** Any Board member may remove an item from the consent calendar for further discussion or a separate vote by bringing it to the attention of the Chair.

- 4.1 Minutes of the February 19, 2020 Meeting
- 4.2 February, March, and April 2020 Outreach Calendar
- 4.3 Support for Drug Enforcement Administration (DEA) Take Back Events
- 4.4 Consideration of Merit Increase for Executive Director

Regular Calendar

5 **Approval to Enter into Lease for 490 Mendocino Ave., Santa Rosa:** At the February 19, 2020 board meeting, the Board authorized staff to enter into lease negotiations for new office space at the top three site locations. 490 Mendocino Avenue met the majority of office space criteria requested by staff. Staff negotiated lease terms and received a tentative agreement for 490 Mendocino Avenue, which has been reviewed by counsel. Staff recommends the Board approve the Executive Director to enter into a lease agreement with Carol and Morton Rothman Trust and Felice and Russell Shatz Trust for commercial office space located at 490 Mendocino Avenue in Santa Rosa.

6 **Discussion and Possible Action on the 2020-21 SCWMA Draft Budget:** The preparation of the ZWS's annual budget begins with direction and approval by the Board of a Draft Budget, establishing funding guidelines and other parameters necessary to integrate the ZWS's annual budget with the County's budget, accounting, and audit process. Staff recommends the Board provide feedback on the FY 20-21 Zero Waste Sonoma Draft Budget with direction to return at the April 15, 2020 ZWS meeting for final approval.



Minutes of the February 19, 2020 Meeting

The Sonoma County Waste Management Agency met on February 19, 2020, at the City of Santa Rosa Council Chambers, 100 Santa Rosa Avenue, Santa Rosa, California.

Board Members Present:

City of Cloverdale	Marta Cruz	City of Santa Rosa	Jon Sawyer
City of Cotati	Susan Harvey	City of Sebastopol	Henry Mikus
City of Healdsburg	Larry Zimmer	City of Sonoma	Madolyn Agrimonti
City of Petaluma	Patrick Carter	County of Sonoma	Susan Gorin
City of Rohnert Park	Don Schwartz	Town of Windsor	Bruce Okrepkie

Staff Present:

Executive Director: Leslie Lukacs

Counsel: Ethan Walsh

Staff: Xinci Tan, Karina Chilcott, Sloane Pagal, Thora Collard, Courtney Scott

Agency Clerk: Janel Perry

1. Call to Order Regular Meeting

Closed session was called to order at 8:00 a.m.

2. Closed Session:

PUBLIC EMPLOYMENT

Title: Executive Director

3. Adjourn Closed Session at 8:43 a.m.

Call to Order Regular Meeting

Regular meeting was called to order at 8:47 a.m.

There were no reportable actions.

4. Agenda Approval

5. Public Comments (items not on the agenda)

P. Mitchell - against Llano Road site for new compost facility - distributed letter at meeting.

D. Noble - discussed current outreach plan in the form of compost hubs.

G. Eicher - against Llano Road site for new compost facility - distributed letter at meeting.

6. Consent (w/attachments)

6.1 Minutes of the January 15, 2020 Regular Meeting

6.2 January, February, and March 2020 Outreach Calendar

6.3 Annual Review of SCWMA Rules of Governance

6.4 Approval of FY 2019-20 Second Quarter Financial Report

February 19, 2020 – SCWMA Meeting Minutes

6.5 Approval of the FY 2020-21 ZWS Draft Work Plan

Board Comments: items 6.4 and 6.5 moved to regular calendar

Action Items:

- Correct minutes on page 7 from “Reach out to jurisdictions where a facility might,” to add words “be located”. The new line will read “Reach out to jurisdictions where a facility might *be located*”

Public Comments:

None

Motion: For approval of items 6.1, 6.2 and 6.3

First: City of Cotati, Susan Harvey

Second: City of Santa Rosa, Jon Sawyer

Vote Count:

City of Cloverdale	AYE	City of Santa Rosa	AYE
City of Cotati	AYE	City of Sebastopol	AYE
City of Healdsburg	AYE	City of Sonoma	AYE
City of Petaluma	AYE	County of Sonoma	AYE
City of Rohnert Park	AYE	Town of Windsor	AYE

AYES -10- NOES -0- ABSENT -0- ABSTAIN -0-

Motion passed.

Regular Calendar

6.4 Approval of FY 2019-20 Second Quarter Financial Report

6.5 Approval of the FY 2020-21 ZWS Draft Work Plan

Board Comments:

Action Items:

- Post as much information as possible about new compost facility plans on our website (FAQ, timelines, EIR information, etc.)
- Send communication plan (newsletter) to all city managers and direct city managers to disseminate it to council members and supervisors with link to our website
- Initiate and contribute to robust community discussions of why a local compost facility is important
- Include Petaluma’s waste in Waste Characterization Study-sorting at Redwood Landfill
- Complete a Consumption Based Emission Study
- Pencil 4/27/2020 for retreat and send that information out to the board.

Public Comments:

P. Mitchell - against Llano Road site for new compost facility

G. Eicher - against Llano Road site for new compost facility

Motion: Approval of items 6.4 and 6.5

First: City of Cotati - Susan Harvey

Second: City of Sonoma - Madolyn Agrimonti

Vote Count:

City of Cloverdale	AYE	City of Santa Rosa	AYE
City of Cotati	AYE	City of Sebastopol	AYE
City of Healdsburg	AYE	City of Sonoma	AYE
City of Petaluma	AYE	County of Sonoma	AYE
City of Rohnert Park	AYE	Town of Windsor	AYE

AYES -10- NOES -0- ABSENT -0- ABSTAIN -0-

Motion passed.

7. HHW Expansion Feasibility Study RFP Criteria Approval [Scott]

Board Comments/Action Items:

- Reach out to City Managers and the County to make sure they are aware this effort is going on and include discussion of possible public controversy of a facility, possibility of other non-facility options and the importance of serving North County.
- Complete a program comparison of obtaining a property to other non-facility options
- Bring back at next meeting staff recommendations on if a facility is necessary
- Create and send quarterly or monthly newsletters to City Managers highlighting issues
- Ask City Managers for their feedback of what types of HHW disposal options work for their residents

Public Comments:

None

Summary: At the January 15, 2020 Board Meeting, the Board directed staff to proceed with the creation of an RFP that will allow for a feasibility study of a property once the Agency and the Board identify a property. The Board approved a Request for Proposal for a Property Feasibility Study of Property to become a Household Hazardous Waste Facility and directed Staff to distribute the RFP.

Motion: The Board approves the Request for Proposal (RFP) for a Feasibility Study of Property to become a Household Hazardous Waste (HHW) Facility and direct Staff to distribute the RFP. The board also clarifies that services will not be contracted until the Board approves direction for the HHW facility and selects a site.

First: City of Cotati - Susan Harvey

Second: City of Sebastopol - Henry Mikus

Vote Count:

City of Cloverdale	AYE	City of Santa Rosa	AYE
City of Cotati	AYE	City of Sebastopol	AYE
City of Healdsburg	AYE	City of Sonoma	AYE

City of Petaluma AYE
City of Rohnert Park AYE

County of Sonoma AYE
Town of Windsor AYE

AYES -10- NOES -0- ABSENT -0- ABSTAIN -0-
Motion passed.

8. Potential Office Move/Approval to Enter into Lease Negotiations [Lukacs]

Board Comments/Action Items:

- Look at move with a 10-15 year prospective in mind

Public Comments:

D. Noble – feels ZWS moving away from the county has pros and cons.

Summary: At the January 15, 2020 board meeting, staff presented a lease option to the board for review. Staff presented responses to the Board's questions during the January meeting. The Board approved Staff to enter into a lease negotiation with the top three selections for new office space.

Motion: Approval to negotiate with landlords with top three properties, noting comments about restroom accessibility.

First: City of Sebastopol - Henry Mikus

Second: City of Sonoma - Madolyn Agrimonti

Vote Count:

City of Cloverdale AYE
City of Cotati AYE
City of Healdsburg AYE
City of Petaluma AYE
City of Rohnert Park AYE

City of Santa Rosa AYE
City of Sebastopol AYE
City of Sonoma AYE
County of Sonoma AYE
Town of Windsor AYE

AYES -10- NOES -0- ABSENT -0- ABSTAIN -0-
Motion passed.

9. California Redemption Value (CRV) Pilot Partnership and Grant

Board Comments/Action Items:

- Check to see if Lucky's in Sonoma will participate in program
- Work with libraries to ensure individuals without computers get library cards to gain access to online program
- Find future funding sources to continue program past grant term
- What are actual cost and what will expenses cover?
- Bring back budget with line items
- Work directly with city manager to see what they need so they know what they are agreeing to
- Bring back application back to board or send memo to board members with copy of grant application with note it has been sent

- Send out model staff report to take in front of council as soon as possible

Don Schwartz left at 11:16 a.m.

Public Comments:

None

Summary: ZWS is interested in applying for the grant in partnership with the Petaluma Recycling Center (PRC) to implement a pilot project that would bring ten new CRV collection facilities to currently unserved areas in Cloverdale, Healdsburg, Sebastopol, Santa Rosa, Sonoma, and Petaluma. The Board approved the proposed agreement between the Agency and participating jurisdictions in a container redemption pilot project throughout Sonoma County. Staff will present the grant opportunity and agreement to the Council's of participating jurisdictions.

Motion: Approve proposed agreement with minor non material changes as suggested by the city attorneys and direct staff to send out model staff report on item.

First: City of Petaluma - Patrick Carter

Second: City of Sonoma - Madolyn Agrimonti

Vote Count:

City of Cloverdale	AYE	City of Santa Rosa	AYE
City of Cotati	AYE	City of Sebastopol	AYE
City of Healdsburg	AYE	City of Sonoma	AYE
City of Petaluma	AYE	County of Sonoma	AYE
City of Rohnert Park	ABSENT	Town of Windsor	AYE

AYES -9- NOES -0- ABSENT -1- ABSTAIN -0-

Motion passed.

- 10. Boardmember Comments – NO ACTION**
Comments were received by the Board.
- 11. Executive Director Report – NO ACTION**
Executive Director will email report to members.
- 12. Staff Comments – NO ACTION**
None
- 13. Next SCWMA meeting:** April 15, 2020
- 14. Adjourn 11:39 am**

Submitted by: Janel Perry



Agenda Item #: **4.2**
 Agenda Date: **3/18/2020**

ITEM: February-March-April 2020 Outreach Calendar

FEBRUARY 2020 OUTREACH EVENTS

Start date	End date (multiple day only)	Start time	End time	Event	Jurisdiction
2/2/20		1:00 PM	4:00 PM	Health & Wellness Fair	Cloverdale
2/4/20		4:00 PM	8:00 PM	Household Hazardous Waste Event (Larkfield)	Unincorporated area
2/5/20		5:00 PM	7:00 PM	HeadsStart Program Presentation to parents at BDL/MLK Center	Santa Rosa
2/6/20		10:00 AM	3:00 PM	Graton Resort & Casino's spectacular Wellness Fair	Rohnert Park
2/8/20		10:00 AM	4:00 PM	12th Annual Lake Sonoma Steelhead Festival (Geyserville)	Unincorporated area
2/11/20		4:00 PM	8:00 PM	Household Hazardous Waste Event (Healdsburg)	Healdsburg
2/14/20	2/17/20	12:00 PM	6:30 PM	Cloverdale Citrus Fair	Cloverdale
2/18/20		2:00 PM	3:30 PM	Seven Flags Mobile Home Park Recycling Presentation	Unincorporated area
2/18/20		4:00 PM	8:00 PM	Household Hazardous Waste Event (Rohnert Park)	Rohnert Park
2/18/20		10:30 AM	1:00 PM	Annual Migrant Ed Parent Leadership Institute	Santa Rosa
2/20/20		9:30 AM	10:30 AM	Fulton Labor Center Presentation	Unincorporated area
2/20/20		8:00 AM	9:30 AM	Healdsburg Labor Center Presentation	Healdsburg
2/21/20	2/23/20	9:00 AM	5:00 PM	E-Waste Recycling Event (Cloverdale)	Cloverdale
2/21/20	2/23/20	9:00 AM	5:00 PM	Mattress Recycling Event (Cloverdale)	Cloverdale
2/21/20	2/22/20	9:00 AM	1:00 PM	HazMobile Event (Sea Ranch)	Unincorporated area
2/25/20		4:00 PM	8:00 PM	Household Hazardous Waste Event (Oakmont)	Santa Rosa
2/25/20		10:00 PM	11:00 AM	Pasitos Program Presentation to parents (Community Action Partnership) at JX Wilson Elementary School	Santa Rosa

Start date	End date (multiple day only)	Start time	End time	Event	Jurisdiction
2/25/20		10:00 PM	11:00 AM	Pasitos Program Presentation to parents (Community Action Partnership) at Amorosa Village Burbank Housing	Santa Rosa
2/25/20		11:30 AM	12:30 PM	Pasitos Program Presentation to parents (Community Action Partnership) at Hilliard Comstock Middle High	Santa Rosa
2/26/20		8:30 AM	9:30 AM	Pasitos Program Presentation to parents (Community Action Partnership) at Albert F Biella Elementary	Santa Rosa
2/26/20		10:00 AM	10:30 AM	Pasitos Program Presentation to parents (Community Action Partnership) at Lawrence Cook Middle School	Santa Rosa
2/26/20		10:00 AM	10:30 AM	Pasitos Program Presentation to parents (Community Action Partnership) at Amarosa Academy	Santa Rosa
2/26/20		10:30 AM	11:00 AM	Pasitos Program Presentation to parents (Community Action Partnership) at Luther Burbank Elementary School	Santa Rosa
2/26/20		11:00 PM	12:00 PM	Pasitos Program Presentation to parents (Community Action Partnership) at Lawrence Cook Middle School	Santa Rosa
2/26/20		12:00 PM	1:00 PM	Pasitos Program Presentation to parents (Community Action Partnership) at Amarosa Academy	Santa Rosa
2/27/20		10:00 AM	11:00 AM	Pasitos Program Presentation to parents (Community Action Partnership) at Binkley Elementary School	Santa Rosa
2/27/20		10:00 AM	12:00 PM	Pasitos Program Presentation to parents (Community Action Partnership) at Lewis Opportunity School	Santa Rosa
2/27/20		12:00 PM	1:00 PM	Pasitos Program Presentation to parents (Community Action Partnership) at Healdsburg Community Center	Healdsburg
2/28/20		8:00 AM	10:00 AM	Pasitos Program Presentation to parents (Community Action Partnership) at James Monroe Elementary School	Santa Rosa

Start date	End date (multiple day only)	Start time	End time	Event	Jurisdiction
2/28/20		10:00 AM	11:00 AM	Pasitos Program Presentation to parents (Community Action Partnership) at Forestville Union Elementary School	Unincorporated area
2/28/20		10:00 AM	11:00 AM	Pasitos Program Presentation to parents (Community Action Partnership) at Cali Calmecac Language Academy	Windsor
2/28/20		12:00 PM	1:00 PM	Pasitos Program Presentation to parents (Community Action Partnership) at James Monroe Elementary School	Santa Rosa
2/28/20		12:00 PM	1:00 PM	Pasitos Program Presentation to parents (Community Action Partnership) at Cali Calmecac Language Academy	Windsor
2/28/20		9:00 AM	12:00 PM	School Vermicompost Presentations at Park Side Elementary School	Sebastopol

MARCH 2020 OUTREACH EVENTS

Start date	End date (multiple day only)	Start time	End time	Event	Jurisdiction
3/3/20		4:00 PM	8:00 PM	Household Hazardous Waste Event (Kenwood)	Unincorporated area
3/3/20		9:30 AM	10:30 AM	Pasitos Program Presentation to parents (Community Action Partnership) at Cloverdale High School	Cloverdale
3/3/20		10:00 AM	11:00 AM	Pasitos Program Presentation to parents (Community Action Partnership) at Lawrence Cook Middle School	Santa Rosa
3/4/20		10:00 AM	11:00 AM	Pasitos Program Presentation to parents (Community Action Partnership) at Brook Hill Elementary School	Santa Rosa
3/5/20		9:30 AM	10:30 AM	Pasitos Program Presentation to parents (Community Action Partnership) at Miwok Valley Language Academy	Petaluma
3/5/20		10:30 AM	11:30 AM	Pasitos Program Presentation to parents (Community Action Partnership) at Lawrence Cook Middle School	Santa Rosa

Start date	End date (multiple day only)	Start time	End time	Event	Jurisdiction
3/6/20		9:00 AM	10:00 AM	Pasitos Program Presentation to parents (Community Action Partnership) City Center Dr. in Rohnert Park	Rohnert Park
3/6/20		10:30 AM	11:30 AM	Pasitos Program Presentation to parents (Community Action Partnership) at Roseland Elementary	Santa Rosa
3/6/20		11:00 AM	12:00 PM	Pasitos Program Presentation to parents (Community Action Partnership) City Center Dr. in Rohnert Park	Rohnert Park
3/7/20		8:00 AM	10:00 AM	Healdsburg Labor Center Compost Workshop in Spanish	Healdsburg
3/9/20		9:00 AM	10:00 AM	KBBF Radio Interview for Used Motor Oil	Santa Rosa
3/10/20		4:00 PM	8:00 PM	Household Hazardous Waste Event (Monte Rio)	Unincorporated area
3/13/20	3/15/20	9:00 AM	5:00 PM	E-Waste Recycling Event (Sebastopol)	Sebastopol
3/14/20		9:00 AM	5:00 PM	Mattress Recycling Event (Sebastopol)	Sebastopol
3/17/20		4:00 PM	8:00 PM	Household Hazardous Waste Event (Santa Rosa, W)	Santa Rosa
3/19/20		9:30 AM	10:30 AM	Fulton Labor Center Presentation	Unincorporated area
3/19/20		8:00 AM	9:30 AM	Healdsburg Labor Center Presentation	Healdsburg
3/21/20		11:00 AM	1:00 PM	Composting Workshop at Landpaths Bayer Farm (Spanish)	Santa Rosa
3/24/20		4:00 PM	8:00 PM	Household Hazardous Waste Event (Windsor)	Windsor
3/28/20		10:00 AM	12:00 PM	Composting Workshop at Cloverdale Community Garden	Cloverdale
3/28/20		10:00 AM	5:00 PM	One Planet Youth Summit	Rohnert Park
3/31/20		4:00 PM	8:00 PM	Household Hazardous Waste Event (Petaluma)	Petaluma

APRIL 2020 OUTREACH EVENTS

Start date	End date (multiple day only)	Start time	End time	Event	Jurisdiction
4/7/20	4/7/20	4:00 PM	8:00 PM	Household Hazardous Waste Event (Sebastopol)	Sebastopol
4/10/20	4/12/20	9:00 AM	5:00 PM	E-Waste Recycling Event (Sonoma)	Sonoma
4/11/20	4/11/20	9:00 AM	5:00 PM	Mattress Recycling Event (Sonoma)	Sonoma
4/14/20	4/14/20	4:00 PM	8:00 PM	Household Hazardous Waste Event (Santa Rosa, E)	Santa Rosa

Start date	End date (multiple day only)	Start time	End time	Event	Jurisdiction
4/16/20	4/16/20	9:30 AM	10:30 AM	Fulton Labor Center Presentation	Unincorporated area
4/16/20	4/16/20	8:00 AM	9:30 AM	Healdsburg Labor Center Presentation	Healdsburg
4/17/20	4/17/20	4:30 PM	7:00 PM	Climate Action Night at Santa Rosa Junior College	Santa Rosa
4/18/20	4/19/20	9:00 AM	5:00 PM	E-Waste Recycling Event (Monte Rio)	Unincorporated area
4/18/20	4/18/20	9:00 AM	5:00 PM	Mattress Recycling Event (Monte Rio)	Unincorporated area
4/21/20	4/21/20	4:00 PM	8:00 PM	Household Hazardous Waste Event (Sonoma)	Sonoma
4/25/20	4/25/20	9:00 AM	12:00 PM	Sonoma Earth Action Day	Sonoma
4/25/20	4/25/20	12:00 PM	4:00 PM	Earth Day Event Santa Rosa	Santa Rosa
4/25/20	4/25/20	10:00 AM	2:00 PM	DEA National Drug Take-Back Day	TBD
4/25/20	4/25/20	10:30 AM	12:30 PM	Compost and Vermicompost Presentation Sonoma Library	Sonoma
4/28/20	4/28/20	4:00 PM	8:00 PM	Household Hazardous Waste Event (Cloverdale)	Cloverdale



Agenda Item #: **4.3**
Cost Center: **HHW**
Staff Contact: **Scott**
Agenda Date: **3/18/2020**
Approved By: **LL**

ITEM: Support for Drug Enforcement Administration (DEA) Take Back Events

I. RECOMMENDED ACTION / ALTERNATIVES TO RECOMMENDATION

Staff recommends the Board encourage their respective law enforcement agencies to participate in the National DEA Take Back Event on April 25, 2020 from 10 AM – 2 PM.

II. BACKGROUND

The Drug Enforcement Administration (DEA) periodically sponsors National Prescription Drug Take-Back Days around the country. These Drug Take-Back events aim to provide a safe, anonymous, convenient, and ecologically responsible method of prescription drug disposal. This program is funded by the DEA.

The DEA and Agency Staff encourage local law enforcement agencies to register as a host to be a collection site in order to provide a safe and legal disposal option for prescription drugs, including controlled substances, at no cost to local jurisdictions.

Vaping devices are now accepted at these events as long as the battery is removable. Vape pens are being used at a high rate and disposal is an emerging issue in the country. Most vape pens and e-cigarettes contain a mixture of different hazardous components including batteries, e-waste, nicotine, and/or cannabis. The Household Hazardous Waste Facility currently cannot accept vape pens that either contain cannabis or have a permanent battery enclosed.

While many local law enforcement agencies currently host a permanent medicine take-back bin, the disposal costs of the permanent locations are passed through onto the local jurisdictions who sponsor the Safe Medicine Disposal Programs. Participation in this event is an opportunity for the DEA to cover costs.

In the past, Cloverdale, Healdsburg, Petaluma, Rohnert Park and CHP in Rohnert Park have hosted collection sites.

III. DISCUSSION

Law enforcement agencies that wish to host a collection site may contact Evan Ferguson at the DEA by calling 571-387-3637 or contact Agency staff, Courtney Scott, for more information. Agencies will coordinate to pick up supplies and drop-off medications with the Santa Rosa DEA office.

Controlled, non-controlled, vaping devices, and over the counter substances may be collected.

Schools may also utilize these events for the proper disposal of vape pens.

Illicit substances such as marijuana or methamphetamine are not a part of this initiative and should not be placed in collection containers. If an individual attempts to surrender an illicit controlled substance, law enforcement personnel should handle such material as abandoned property or in accordance with their department policy.

A law enforcement officer must remain with the drug disposal box at all times during the event.

IV. FUNDING IMPACT

Collection bin, disposal, and advertisement are supplied by the DEA at no charge to the law enforcement agencies. Staff time may be applicable.

V. ATTACHMENTS

E-Cigarette & Vaping Devices Disposal DEA Flyer
NTBI Collection Site Protocols

E-Cigarette & Vaping devices Disposal



On the DEA National Take Back Day on April 25, 2020 (NTBI 19):

- DEA will collect vape pens or other e-cigarette devices from individual consumers **only** after the batteries are removed from the devices. It is important to stress that the DEA is not responsible for removing the batteries from the devices.
- If the battery cannot be removed, individual consumers can check with large electronic chain stores who may accept the vape pen or e-cigarette devices for proper disposal.
- Individual consumers may also contact their local Hazardous Materials Management Facility to determine if they accept these devices, and for additional guidance regarding proper disposal.

NTBI COLLECTION SITE PROTOCOLS

- This program is anonymous and all efforts should be made to protect the anonymity of individuals disposing of medications. No questions or requests for identification should be made.
- Participants may dispose of medication in its original container or by removing the medication from its container and disposing of it directly into the disposal box. If an original container is submitted, the individual should be encouraged to remove any identifying information from the prescription label.
- No effort should be made by law enforcement personnel to count, inventory, or log medications.
- All solid dosage pharmaceutical product and liquids in consumer containers may be accepted. Liquid products, such as cough syrup, should remain sealed in their original container. The depositor should ensure that the cap is tightly sealed to prevent leakage.
- Intra-venous solutions, injectables, and syringes will not be accepted due to potential hazard posed by blood-borne pathogens.
- Illicit substances such as marijuana or methamphetamine are not a part of this initiative and should not be placed in collection containers. If an individual attempts to surrender an illicit controlled substance, law enforcement personnel should handle such material as abandoned property in accordance with department policy.
- All participants must retain possession of their own medication during the surrender process. Law enforcement personnel should not handle the medications at any time.
- A law enforcement officer must remain with the drug disposal box at all times. Collected pharmaceutical products should be handled as drug evidence with law enforcement custody to safe-guard the surrendered material.



Agenda Item #: **4.4**
Staff Contact: **Walsh**
Agenda Date: **3/18/2020**
Approved By: **LL**

ITEM: Consideration of Merit Increase for Executive Director

I. RECOMMENDED ACTION / ALTERNATIVES TO RECOMMENDATION

That, based on the recommendation from the Board Chair, the Board approve the attached resolution to provide a merit increase for Ms. Lukacs based on the favorable evaluation received from the Board for her 6 month review.

II. BACKGROUND

The Sonoma County Waste Management Agency (Zero Waste Sonoma) Executive Director was hired by the Board pursuant to an agreement for personal services between the County of Sonoma and Leslie Lukacs (the "Employment Agreement"). The County and the Agency have entered into an Agreement for Staff Services, pursuant to which the County employs the Executive Director, although the Executive Director serves at the pleasure of and under the direction of the Agency Board. Under the terms of the Employment Agreement, the Board was to give Ms. Lukacs a review following six months of service as Executive Director. That review has been completed.

Ms. Lukacs was initially hired at the "F" Step of the salary range established by the County for the Agency Executive Director position. The personal services agreement provides that Ms. Lukacs's salary is thereafter governed by Sonoma County Salary Resolution 95-0926, as amended. Under the salary resolution, Ms. Lukacs is eligible for consideration of a merit increase upon completion of her first 1,040 hours in her position, upon receipt of a satisfactory or exceeds expectation evaluation. Although not required, the Salary Resolution provides that upon a satisfactory or exceeds expectation evaluation, the employee will be eligible for a merit increase of five percent (5%). A five percent merit increase would increase Ms. Lukacs from her current "F" Step to the "H" Step for his position.

Following recommendation from the Board, the County staff can implement a merit increase.

III. DISCUSSION

The Board has given Ms. Lukacs a favorable evaluation, and she is therefore eligible for a merit increase. The Board Chair is recommending that Board request that the County provide Ms. Lukacs a merit increase to the "H" Step on the salary schedule.

IV. FUNDING IMPACT

The proposed merit increase would constitute a 5% increase in salary for Ms. Lukacs. This increase is accounted for in the Agency's current budget.

V. ATTACHMENTS

Resolution

Dated: March 18, 2020

RESOLUTION OF ZERO WASTE SONOMA (SONOMA COUNTY WASTE MANAGEMENT AGENCY)
REQUESTING THAT THE COUNTY OF SONOMA PROVIDE A MERIT INCREASE TO LESLIE LUKACS,
EXECUTIVE DIRECTOR

WHEREAS, Zero Waste Sonoma (Sonoma County Waste Management Agency) retained Leslie Lukacs ("Lukacs") to serve as Executive Director of the Agency pursuant to that certain Agreement for Personal Services entered into by and between Lukacs and the County of Sonoma dated May 21, 2019 (the "Employment Agreement"); and

WHEREAS, pursuant to the terms of the Current Agreement and Sonoma County Salary Resolution 95-0926, Lukacs is eligible for a merit increase following a satisfactory or exceeds expectations review after 1040 hours in her current position; and

WHEREAS, the Board has completed such review and gave Lukacs a favorable review; and

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of Zero Waste Sonoma (Sonoma County Waste Management Agency) does hereby request that the County grant Lukacs a merit increase from her current Step "F", to Step "H" on the current salary schedule for the Executive Director position.

MEMBERS:

- - Cloverdale	- - Cotati	- - County	- - Healdsburg	- - Petaluma
- - Rohnert Park	- - Santa Rosa	- - Sebastopol	- - Sonoma	- - Windsor

AYES: - - NOES: - - ABSENT: - - ABSTAIN: - -

SO ORDERED

The within instrument is a correct copy
of the original on file with this office.

ATTEST: DATE: March 18, 2020

Clerk of Zero Waste Sonoma (Sonoma County Waste Management Agency)
Agency of the State of California in and for the
County of Sonoma



Agenda Item #: 5
Cost Center: All
Staff Contact: Lukacs
Agenda Date: 3/18/2020
Approved By: LL

ITEM: Approval to Enter into Lease for 490 Mendocino Ave., Santa Rosa

I. RECOMMENDED ACTION / ALTERNATIVES TO RECOMMENDATION

Staff recommends the Board approve the Executive Director to enter into a lease agreement with Carol and Morton Rothman Trust and Felice and Russell Shatz Trust for commercial office space located at 490 Mendocino Avenue in Santa Rosa. Staff also recommends the Board give authority to the Executive Director and counsel to make minor modifications to the Lease Agreement that do not change the base terms as presented to the Board.

II. BACKGROUND

At the February 19, 2020 board meeting, the Board authorized staff to enter into lease negotiations for new office space at the top three site locations:

- 1) SOMO Village, Rohnert Park
- 2) 490 Mendocino Avenue Santa Rosa
- 3) 555 5th Street, Santa Rosa.

III. DISCUSSION

Staff has work closely with Russ Mayer, a broker from Keegin and Coppin, to negotiate terms for office space. Since the last board meeting, the SOMO Village office space has become unavailable which left two remaining office space locations; 490 Mendocino Avenue at 4,273 square feet and 555 5th Street at 4,177 square feet.

The Agency provided the broker with a list of office space requirements which are as follow:

- Enough office space to fit current staff with room for growth,
- Affordable rent,
- Windows,
- Conference room space,
- Kitchen,
- Reception space,
- Storage,
- Two exits,
- Walking access to resources,
- Long term lease options,
- Onsite parking and access to charging stations,
- Secure parking for the ZWS van, and
- Minimal tenant improvement costs

490 Mendocino Avenue met all the above criteria except for onsite parking and access to charging stations. The landlord agreed to include five parking permits to offset a portion of the impact to the agency. Our broker reached out to the City of Santa Rosa to ask about the City's plans for the addition of charging stations to the nearby lot, and while there are not immediate plans for installing charging stations at this time, the City realizes this is a needed improvement for all parking lots. In the past a number of County Departments have leased space at 490 Mendocino Avenue. The office space in negotiation is the former space occupied by the SCTA and RCPA. Staff solicited feedback on the office space from RCPA and they spoke highly of the location.

IV. FUNDING IMPACT

Staff negotiated lease terms and received a tentative agreement for 490 Mendocino Avenue which has been reviewed by counsel. Negotiations include a starting per square foot price of \$1.60, five parking spaces included with rent, and new carpet and paint. The proposed lease is for a term of five years with two additional five year options. The lease rate includes janitorial services and utilities. Below is the proposed rent schedule:

First five years:

Year	Price/Sq. Ft.	Annual Rent	Parking for Extra Three spaces	Total Annual Cost
Year One	\$1.60	\$82,042	\$2,232	\$84,274
Year Two	\$1.65	\$84,605	\$2,232	\$86,837
Year Three	\$1.65	\$84,605	\$2,232	\$86,837
Year Four	\$1.75	\$89,733	\$2,232	\$91,965
Year Five	\$1.75	\$89,733	\$2,232	\$91,965

First Option:

Year	Price/Sq. Ft.	Annual Rent	Parking for Extra Three spaces	Total Annual Cost
Year Six	\$1.85	\$94,861	\$2,232	\$97,093
Year Seven	\$1.90	\$97,424	\$2,232	\$99,656
Year Eight	\$1.90	\$97,424	\$2,232	\$99,656
Year Nine	\$1.90	\$97,424	\$2,232	\$99,656
Year Ten	\$2.10	\$107,680	\$2,232	\$109,912

Second Option:

Year	Price/Sq. Ft.	Annual Rent	Parking for Extra Three spaces	Total Annual Cost
Year Eleven	\$2.10	\$107,680	\$2,232	\$109,912
Year Twelve	\$2.10	\$107,680	\$2,232	\$109,912
Year Thirteen	\$2.15	\$110,243	\$2,232	\$112,475
Year Fourteen	\$2.15	\$110,243	\$2,232	\$112,475
Year Fifteen	\$2.25	\$115,371	\$2,232	\$117,603

V. ATTACHMENTS

Draft Lease Agreement
Marketing Brochure - 490 Mendocino
Resolution

STANDARD MULTI-TENANT OFFICE LEASE - GROSS

1. Basic Provisions ("Basic Provisions").

1.1 **Parties.** This Lease ("Lease"), dated for reference purposes only _____, is made by and between Carol and Morton Rothman Trust and Felice and Russell Shatz Trust ("Lessor") and Zero Waste Sonoma, a Joint Powers Authority (JPA) ("Lessee"), (collectively the "Parties", or individually a "Party").

1.2(a) **Premises:** That certain Portion of the Project (as defined below), commonly known as (street address, suite, city, state): 490 Mendocino Avenue, Suite 206, Santa Rosa, California ("Premises"). The Premises are located in the County of Sonoma, and consist of approximately 4,273 rentable square feet and approximately 3,590 useable square feet. In addition to Lessee's rights to use and occupy the Premises as hereinafter specified, Lessee shall have non-exclusive rights to the Common Areas (as defined in Paragraph 2.7 below) as hereinafter specified, but shall not have any rights to the roof, the exterior walls, the area above the dropped ceilings, or the utility raceways of the building containing the Premises ("Building") or to any other buildings in the Project. The Premises, the Building, the Common Areas, the land upon which they are located, along with all other buildings and improvements thereon, are herein collectively referred to as the "Project." The Project consists of approximately 41,358 rentable square feet. (See also Paragraph 2)

1.2(b) **Parking:** Zero (0) unreserved and Five (5) reserved vehicle parking spaces at a monthly cost of See Addendum #1, ¶63 per unreserved space and N/A per reserved space. (See Paragraph 2.6)

1.3 **Term:** Five (5) years and Zero (0) months ("Original Term") commencing June 1, 2020 ("Commencement Date") and ending May 31, 2025 ("Expiration Date"). (See also Paragraph 3)

1.4 **Early Possession:** If the Premises are available Lessee may have non-exclusive possession of the Premises commencing May 1, 2020 ("Early Possession Date"). (See also Paragraphs 3.2 and 3.3)

1.5 **Base Rent:** \$6,836.80 per month ("Base Rent"), payable on the First (1st) day of each month commencing June 1, 2020. (See also Paragraph 4)

☒ If this box is checked, there are provisions in this Lease for the Base Rent to be adjusted. See Paragraph 50.

1.6 **Lessee's Share of Operating Expense Increase:** Zero percent (0%) ("Lessee's Share"). In the event that that size of the Premises and/or the Project are modified during the term of this Lease, Lessor shall recalculate Lessee's Share to reflect such modification.

1.7 Base Rent and Other Monies Paid Upon Execution:

(a) **Base Rent:** \$6,836.80 for the period June 1, 2020 - June 30, 2020.

(b) **Security Deposit:** N/A ("Security Deposit"). (See also Paragraph 5)

(c) **Parking:** N/A for the period N/A.

(d) **Other:** N/A for N/A.

(e) **Total Due Upon Execution of this Lease:** \$6,836.80.

1.8 **Agreed Use:** General Office and any other related lawful use. (See also Paragraph 6)

1.9 **Base Year; Insuring Party.** The Base Year is N/A. Lessor is the "Insuring Party". (See also Paragraphs 4.2 and 8)

1.10 **Real Estate Brokers.** (See also Paragraph 15 and 25)

(a) **Representation:** The following real estate brokers (the "Brokers") and brokerage relationships exist in this transaction (check applicable boxes):

☐ _____ represents Lessor exclusively ("Lessor's Broker");

☐ _____ represents Lessee exclusively ("Lessee's Broker"); or

☒ Keegan & Coppin Company, Inc. represents both Lessor and Lessee ("Dual Agency").

(b) **Payment to Brokers.** Upon execution and delivery of this Lease by both Parties, Lessor shall pay to the Brokers the brokerage fee agreed to in a separate written agreement ~~(or if there is no such agreement, the sum of _____ or _____ % of the total Base Rent)~~ for the brokerage services rendered by the Brokers.

1.11 **Guarantor.** The obligations of the Lessee under this Lease are to be guaranteed by N/A ("Guarantor"). (See also Paragraph 37)

1.12 **Business Hours for the Building:** 7:30 a.m. to 5:30 p.m., Mondays through Fridays (except Building Holidays) and N/A a.m. to N/A p.m. on Saturdays (except Building Holidays). "Building Holidays" shall mean the dates of observation of New Year's Day, President's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day, and N/A.

1.13 **Lessor Supplied Services.** Notwithstanding the provisions of Paragraph 11.1, Lessor is NOT obligated to provide the following within the Premises:

☐ Janitorial services

☐ Electricity

☐ Other (specify): _____

1.14 **Attachments.** Attached hereto are the following, all of which constitute a part of this Lease:

☒ an Addendum consisting of Paragraphs 52 through 64; **Standard Lease Conditions Addendum**

☒ a plot plan depicting the Premises; **Exhibit A**

☒ a current set of the Rules and Regulations;

☒ a Work Letter; **Exhibit B**

☒ a janitorial schedule; **Exhibit C**

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☒ other (specify): Rent Adjustment(s) Addendum (¶50); Option(s) to Extend Addendum (¶51); Standard Lease Disclosure Addendum; Leasing Disclosure Regarding Real Estate Agency Relationship.

2. Premises.

2.1 **Letting.** Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, the Premises, for the term, at the rental, and upon all of the terms, covenants and conditions set forth in this Lease. While the approximate square footage of the Premises may have been used in the marketing of the Premises for purposes of comparison, the Base Rent stated herein is NOT tied to square footage and is not subject to adjustment should the actual size be determined to be different. **NOTE: Lessee is advised to verify the actual size prior to executing this Lease.**

2.2 **Condition.** Lessor shall deliver the Premises to Lessee in a clean condition on the Commencement Date or the Early Possession Date, whichever first occurs ("Start Date"), and warrants that the existing electrical, plumbing, fire sprinkler, lighting, heating, ventilating and air conditioning systems ("HVAC"), and all other items which the Lessor is obligated to construct pursuant to the Work Letter attached hereto, if any, other than those constructed by Lessee, shall be in good operating condition on said date, that the structural elements of the roof, bearing walls and foundation of the Unit shall be free of material defects, and that the Premises do not contain hazardous levels of any mold or fungi defined as toxic under applicable state or federal law. Lessor also warrants, that unless otherwise specified in writing, Lessor is unaware of (i) any recorded Notices of Default affecting the Premise; (ii) any delinquent amounts due under any loan secured by the Premises; and (iii) any bankruptcy proceeding affecting the Premises.

2.3 **Compliance.** Lessor warrants that to the best of its knowledge the improvements on the Premises and the Common Areas comply with the building codes, applicable laws, covenants or restrictions of record, regulations, and ordinances ("Applicable Requirements") that were in effect at the time that each improvement, or portion thereof, was constructed. Said warranty does not apply to the use to which Lessee will put the Premises, modifications which may be required by the Americans with Disabilities Act or any similar laws as a result of Lessee's use (see Paragraph 49), or to any Alterations or Utility Installations (as defined in Paragraph 7.3(a)) made or to be made by Lessee. **NOTE: Lessee is responsible for determining whether or not the zoning and other Applicable Requirements are appropriate for Lessee's intended use, and acknowledges that past uses of the Premises may no longer be allowed.** If the Premises do not comply with said warranty, Lessor shall, except as otherwise provided, promptly after receipt of written notice from Lessee setting forth with specificity the nature and extent of such non-compliance, rectify the same. If the Applicable Requirements are hereafter changed so as to require during the term of this Lease the construction of an addition to or an alteration of the Premises, the remediation of any Hazardous Substance, or the reinforcement or other physical modification of the Premises ("Capital Expenditure"), Lessor and Lessee shall allocate the cost of such work as follows:

(a) Subject to Paragraph 2.3(c) below, if such Capital Expenditures are required as a result of the specific and unique use of the Premises by Lessee as compared with uses by tenants in general, Lessee shall be fully responsible for the cost thereof, provided, however, that if such Capital Expenditure is required during the last 2 years of this Lease and the cost thereof exceeds 6 months' Base Rent, Lessee may instead terminate this Lease unless Lessor notifies Lessee, in writing, within 10 days after receipt of Lessee's termination notice that Lessor has elected to pay the difference between the actual cost thereof and the amount equal to 6 months' Base Rent. If Lessee elects termination, Lessee shall immediately cease the use of the Premises which requires such Capital Expenditure and deliver to Lessor written notice specifying a termination date at least 90 days thereafter. Such termination date shall, however, in no event be earlier than the last day that Lessee could legally utilize the Premises without commencing such Capital Expenditure.

(b) If such Capital Expenditure is not the result of the specific and unique use of the Premises by Lessee (such as, governmentally mandated seismic modifications), then Lessor shall pay for such Capital Expenditure and Lessee shall only be obligated to pay, each month during the remainder of the term of this Lease or any extension thereof, on the date that on which the Base Rent is due, an amount equal to 1/144th of the portion of such costs reasonably attributable to the Premises. Lessee shall pay Interest on the balance but may prepay its obligation at any time. If, however, such Capital Expenditure is required during the last 2 years of this Lease or if Lessor reasonably determines that it is not economically feasible to pay its share thereof, Lessor shall have the option to terminate this Lease upon 90 days prior written notice to Lessee unless Lessee notifies Lessor, in writing, within 10 days after receipt of Lessor's termination notice that Lessee will pay for such Capital Expenditure. If Lessor does not elect to terminate, and fails to tender its share of any such Capital Expenditure, Lessee may advance such funds and deduct same, with Interest, from Rent until Lessor's share of such costs have been fully paid. If Lessee is unable to finance Lessor's share, or if the balance of the Rent due and payable for the remainder of this Lease is not sufficient to fully reimburse Lessee on an offset basis, Lessee shall have the right to terminate this Lease upon 30 days written notice to Lessor.

(c) Notwithstanding the above, the provisions concerning Capital Expenditures are intended to apply only to non-voluntary, unexpected, and new Applicable Requirements. If the Capital Expenditures are instead triggered by Lessee as a result of an actual or proposed change in use, change in intensity of use, or modification to the Premises then, and in that event, Lessee shall either: (i) immediately cease such changed use or intensity of use and/or take such other steps as may be necessary to eliminate the requirement for such Capital Expenditure, or (ii) complete such Capital Expenditure at its own expense. Lessee shall not have any right to terminate this Lease.

2.4 **Acknowledgements.** Lessee acknowledges that: (a) it has been given an opportunity to inspect and measure the Premises, (b) Lessee has been advised by Lessor and/or Brokers to satisfy itself with respect to the size and condition of the Premises (including but not limited to the electrical, HVAC and fire sprinkler systems, security, environmental aspects, and compliance with Applicable Requirements), and their suitability for Lessee's intended use, (c) Lessee has made such investigation as it deems necessary with reference to such matters and assumes all responsibility therefor as the same relate to its occupancy of the Premises, (d) it is not relying on any representation as to the size of the Premises made by Brokers or Lessor, (e) the square footage of the Premises was not material to Lessee's decision to lease the Premises and pay the Rent stated herein, and (f) neither Lessor, Lessor's agents, nor Brokers have made any oral or written representations or warranties with respect to said matters other than as set forth in this Lease. In addition, Lessor acknowledges that: (i) Brokers have made no representations, promises or warranties concerning Lessee's ability to honor the Lease or suitability to occupy the Premises, and (ii) it is Lessor's sole responsibility to investigate the financial capability and/or suitability of all proposed tenants.

2.5 **Lessee as Prior Owner/Occupant.** The warranties made by Lessor in Paragraph 2 shall be of no force or effect if immediately prior to the Start Date, Lessee was the owner or occupant of the Premises. In such event, Lessee shall be responsible for any necessary corrective work.

2.6 **Vehicle Parking.** ~~So long as Lessee is not in default, and subject to the Rules and Regulations attached hereto, and as established by Lessor from time to time, Lessee shall be entitled to rent and use the number of parking spaces specified in Paragraph 1.2(b) at the rental rate applicable from time to time for monthly parking as set by Lessor and/or its licensee.~~

~~(a) If Lessee commits, permits or allows any of the prohibited activities described in the Lease or the rules then in effect, then Lessor shall have the right, without notice, in addition to such other rights and remedies that it may have, to remove or tow away the vehicle involved and charge the cost to Lessee, which cost shall be immediately payable upon demand by Lessor.~~

~~(b) The monthly rent per parking space specified in Paragraph 1.2(b) is subject to change upon 30 days prior written notice to Lessee. The rent for the parking is payable one month in advance prior to the first day of each calendar month.~~

2.7 **Common Areas - Definition.** The term "Common Areas" is defined as all areas and facilities outside the Premises and within the exterior boundary line of

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the Project and interior utility raceways and installations within the Premises that are provided and designated by the Lessor from time to time for the general nonexclusive use of Lessor, Lessee and other tenants of the Project and their respective employees, suppliers, shippers, customers, contractors and invitees, including, but not limited to, common entrances, lobbies, corridors, stairwells, public restrooms, elevators, parking areas, loading and unloading areas, trash areas, roadways, walkways, driveways and landscaped areas.

2.8 Common Areas - Lessee's Rights. Lessor grants to Lessee, for the benefit of Lessee and its employees, suppliers, shippers, contractors, customers and invitees, during the term of this Lease, the non-exclusive right to use, in common with others entitled to such use, the Common Areas as they exist from time to time, subject to any rights, powers, and privileges reserved by Lessor under the terms hereof or under the terms of any rules and regulations or restrictions governing the use of the Project. Under no circumstances shall the right herein granted to use the Common Areas be deemed to include the right to store any property, temporarily or permanently, in the Common Areas. Any such storage shall be permitted only by the prior written consent of Lessor or Lessor's designated agent, which consent may be revoked at any time. In the event that any unauthorized storage shall occur, then Lessor shall have the right, without notice, in addition to such other rights and remedies that it may have, to remove the property and charge the cost to Lessee, which cost shall be immediately payable upon demand by Lessor.

2.9 Common Areas - Rules and Regulations. Lessor or such other person(s) as Lessor may appoint shall have the exclusive control and management of the Common Areas and shall have the right, from time to time, to adopt, modify, amend and enforce reasonable rules and regulations ("**Rules and Regulations**") for the management, safety, care, and cleanliness of the grounds, the parking and unloading of vehicles and the preservation of good order, as well as for the convenience of other occupants or tenants of the Building and the Project and their invitees. The Lessee agrees to abide by and conform to all such Rules and Regulations, and shall use its best efforts to cause its employees, suppliers, shippers, customers, contractors and invitees to so abide and conform. Lessor shall not be responsible to Lessee for the noncompliance with said Rules and Regulations by other tenants of the Project.

2.10 Common Areas - Changes. Lessor shall have the right, in Lessor's sole discretion, from time to time:

(a) To make changes to the Common Areas, including, without limitation, changes in the location, size, shape and number of the lobbies, windows, stairways, air shafts, elevators, escalators, restrooms, driveways, entrances, parking spaces, parking areas, loading and unloading areas, ingress, egress, direction of traffic, landscaped areas, walkways and utility raceways;

(b) To close temporarily any of the Common Areas for maintenance purposes so long as reasonable access to the Premises remains available;

(c) To designate other land outside the boundaries of the Project to be a part of the Common Areas;

(d) To add additional buildings and improvements to the Common Areas;

(e) To use the Common Areas while engaged in making additional improvements, repairs or alterations to the Project, or any portion thereof; and

(f) To do and perform such other acts and make such other changes in, to or with respect to the Common Areas and Project as Lessor may, in the exercise of sound business judgment, deem to be appropriate.

3. Term.

3.1 Term. The Commencement Date, Expiration Date and Original Term of this Lease are as specified in Paragraph 1.3.

3.2 Early Possession. Any provision herein granting Lessee Early Possession of the Premises is subject to and conditioned upon the Premises being available for such possession prior to the Commencement Date. Any grant of Early Possession only conveys a non-exclusive right to occupy the Premises. If Lessee totally or partially occupies the Premises prior to the Commencement Date, the obligation to pay Base Rent shall be abated for the period of such Early Possession. All other terms of this Lease (including but not limited to the obligations to pay Lessee's Share of the Operating Expense Increase) shall be in effect during such period. Any such Early Possession shall not affect the Expiration Date.

3.3 Delay In Possession. Lessor agrees to use its best commercially reasonable efforts to deliver possession of the Premises to Lessee by the Commencement Date. If, despite said efforts, Lessor is unable to deliver possession by such date, Lessor shall not be subject to any liability therefor, nor shall such failure affect the validity of this Lease or change the Expiration Date. Lessee shall not, however, be obligated to pay Rent or perform its other obligations until Lessor delivers possession of the Premises and any period of rent abatement that Lessee would otherwise have enjoyed shall run from the date of delivery of possession and continue for a period equal to what Lessee would otherwise have enjoyed under the terms hereof, but minus any days of delay caused by the acts or omissions of Lessee. If possession is not delivered within 60 days after the Commencement Date, as the same may be extended under the terms of any Work Letter executed by Parties, Lessee may, at its option, by notice in writing within 10 days after the end of such 60 day period, cancel this Lease, in which event the Parties shall be discharged from all obligations hereunder. If such written notice is not received by Lessor within said 10 day period, Lessee's right to cancel shall terminate. If possession of the Premises is not delivered within 120 days after the Commencement Date, this Lease shall terminate unless other agreements are reached between Lessor and Lessee, in writing.

3.4 Lessee Compliance. Lessor shall not be required to deliver possession of the Premises to Lessee until Lessee complies with its obligation to provide evidence of insurance (Paragraph 8.5). Pending delivery of such evidence, Lessee shall be required to perform all of its obligations under this Lease from and after the Start Date, including the payment of Rent, notwithstanding Lessor's election to withhold possession pending receipt of such evidence of insurance. Further, if Lessee is required to perform any other conditions prior to or concurrent with the Start Date, the Start Date shall occur but Lessor may elect to withhold possession until such conditions are satisfied.

4. Rent.

4.1 Rent Defined. All monetary obligations of Lessee to Lessor under the terms of this Lease (except for the Security Deposit) are deemed to be rent ("**Rent**").

~~**4.2 Operating Expense Increase.** Lessee shall pay to Lessor during the term hereof, in addition to the Base Rent, Lessee's Share of the amount by which all Operating Expenses for each Comparison Year exceeds the amount of all Operating Expenses for the Base Year, such excess being hereinafter referred to as the "Operating Expense Increase", in accordance with the following provisions:~~

~~(a) "Base Year" is as specified in Paragraph 1.9.~~

~~(b) "Comparison Year" is defined as each calendar year during the term of this Lease subsequent to the Base Year; provided, however, Lessee shall have no obligation to pay a share of the Operating Expense Increase applicable to the first 12 months of the Lease Term (other than such as are mandated by a governmental authority, as to which government mandated expenses Lessee shall pay Lessee's Share, notwithstanding they occur during the first twelve (12) months). Lessee's Share of the Operating Expense Increase for the first and last Comparison Years of the Lease Term shall be prorated according to that portion of such Comparison Year as to which Lessee is responsible for a share of such increase.~~

~~(c) The following costs relating to the ownership and operation of the Project, calculated as if the Project was at least 95% occupied, are defined as "Operating Expenses":~~

~~(i) Costs relating to the operation, repair, and maintenance in neat, clean, safe, good order and condition, but not the replacement (see subparagraph (g)), of the following:~~

~~(aa) The Common Areas, including their surfaces, coverings, decorative items, carpets, drapes and window coverings, and including parking areas, loading and unloading areas, trash areas, roadways, sidewalks, walkways, stairways, parkways, driveways, landscaped areas, striping, bumpers, irrigation systems, Common Area lighting facilities, building exteriors and roofs, fences and gates;~~

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~~(bb) All heating, air conditioning, plumbing, electrical systems, life safety equipment, communication systems and other equipment used in common by, or for the benefit of, tenants or occupants of the Project, including elevators and escalators, tenant directories, fire detection systems including sprinkler system maintenance and repair.~~

~~(cc) All other areas and improvements that are within the exterior boundaries of the Project but outside of the Premises and/or any other space occupied by a tenant.~~

~~(ii) The cost of trash disposal, janitorial and security services, pest control services, and the costs of any environmental inspections;~~

~~(iii) The cost of any other service to be provided by Lessor that is elsewhere in this Lease stated to be an "Operating Expense";~~

~~(iv) The cost of the premiums for the insurance policies maintained by Lessor pursuant to paragraph 8 and any deductible portion of an insured loss concerning the Building or the Common Areas;~~

~~(v) The amount of the Real Property Taxes payable by Lessor pursuant to paragraph 10;~~

~~(vi) The cost of water, sewer, gas, electricity, and other publicly mandated services not separately metered;~~

~~(vii) Labor, salaries, and applicable fringe benefits and costs, materials, supplies and tools, used in maintaining and/or cleaning the Project and accounting and management fees attributable to the operation of the Project;~~

~~(viii) The cost of any capital improvement to the Building or the Project not covered under the provisions of Paragraph 2.3 provided; however, that Lessor shall allocate the cost of any such capital improvement over a 12 year period and Lessee shall not be required to pay more than Lessee's Share of 1/144th of the cost of such Capital Expenditure in any given month;~~

~~(ix) The cost to replace equipment or improvements that have a useful life for accounting purposes of 5 years or less;~~

~~(x) Reserves set aside for maintenance, repair and/or replacement of Common Area improvements and equipment.~~

~~(d) Any item of Operating Expense that is specifically attributable to the Premises, the Building or to any other building in the Project or to the operation, repair and maintenance thereof, shall be allocated entirely to such Premises, Building, or other building. However, any such item that is not specifically attributable to the Building or to any other building or to the operation, repair and maintenance thereof, shall be equitably allocated by Lessor to all buildings in the Project.~~

~~(e) The inclusion of the improvements, facilities and services set forth in Subparagraph 4.2(c) shall not be deemed to impose an obligation upon Lessor to either have said improvements or facilities or to provide those services unless the Project already has the same, Lessor already provides the services, or Lessor has agreed elsewhere in this Lease to provide the same or some of them.~~

~~(f) Lessee's Share of Operating Expense Increase is payable monthly on the same day as the Base Rent is due hereunder. The amount of such payments shall be based on Lessor's estimate of the Operating Expense Expenses. Within 60 days after written request (but not more than once each year) Lessor shall deliver to Lessee a reasonably detailed statement showing Lessee's Share of the actual Common Area Operating Expenses for the preceding year. If Lessee's payments during such Year exceed Lessee's Share, Lessee shall credit the amount of such over-payment against Lessee's future payments. If Lessee's payments during such Year were less than Lessee's Share, Lessee shall pay to Lessor the amount of the deficiency within 10 days after delivery by Lessor to Lessee of said statement. Lessor and Lessee shall forthwith adjust between them by cash payment any balance determined to exist with respect to that portion of the last Comparison Year for which Lessee is responsible as to Operating Expense Increases, notwithstanding that the Lease term may have terminated before the end of such Comparison Year.~~

~~(g) Operating Expenses shall not include the costs of replacement for equipment or capital components such as the roof, foundations, exterior walls or a Common Area capital improvement, such as the parking lot paving, elevators, fences that have a useful life for accounting purposes of 5 years or more.~~

~~(h) Operating Expenses shall not include any expenses paid by any tenant directly to third parties, or as to which Lessor is otherwise reimbursed by any third party, other tenant, or by insurance proceeds.~~

4.3 Payment. Lessee shall cause payment of Rent to be received by Lessor in lawful money of the United States on or before the day on which it is due, without offset or deduction (except as specifically permitted in this Lease). All monetary amounts shall be rounded to the nearest whole dollar. In the event that any invoice prepared by Lessor is inaccurate such inaccuracy shall not constitute a waiver and Lessee shall be obligated to pay the amount set forth in this Lease. Rent for any period during the term hereof which is for less than one full calendar month shall be prorated based upon the actual number of days of said month. Payment of Rent shall be made to Lessor at its address stated herein or to such other persons or place as Lessor may from time to time designate in writing. Acceptance of a payment which is less than the amount then due shall not be a waiver of Lessor's rights to the balance of such Rent, regardless of Lessor's endorsement of any check so stating. In the event that any check, draft, or other instrument of payment given by Lessee to Lessor is dishonored for any reason, Lessee agrees to pay to Lessor the sum of \$25 in addition to any Late Charge and Lessor, at its option, may require all future Rent be paid by cashier's check. Payments will be applied first to accrued late charges and attorney's fees, second to accrued interest, then to Base Rent and Common Area Operating Expenses, and any remaining amount to any other outstanding charges or costs.

5. Security Deposit. Lessee shall deposit with Lessor upon execution hereof the Security Deposit as security for Lessee's faithful performance of its obligations under this Lease. If Lessee fails to pay Rent, or otherwise Defaults under this Lease, Lessor may use, apply or retain all or any portion of said Security Deposit for the payment of any amount already due Lessor, for Rents which will be due in the future, and/ or to reimburse or compensate Lessor for any liability, expense, loss or damage which Lessor may suffer or incur by reason thereof. If Lessor uses or applies all or any portion of the Security Deposit, Lessee shall within 10 days after written request therefor deposit monies with Lessor sufficient to restore said Security Deposit to the full amount required by this Lease. If the Base Rent increases during the term of this Lease, Lessee shall, upon written request from Lessor, deposit additional monies with Lessor so that the total amount of the Security Deposit shall at all times bear the same proportion to the increased Base Rent as the initial Security Deposit bore to the initial Base Rent. Should the Agreed Use be amended to accommodate a material change in the business of Lessee or to accommodate a sublessee or assignee, Lessor shall have the right to increase the Security Deposit to the extent necessary, in Lessor's reasonable judgment, to account for any increased wear and tear that the Premises may suffer as a result thereof. If a change in control of Lessee occurs during this Lease and following such change the financial condition of Lessee is, in Lessor's reasonable judgment, significantly reduced, Lessee shall deposit such additional monies with Lessor as shall be sufficient to cause the Security Deposit to be at a commercially reasonable level based on such change in financial condition. Lessor shall not be required to keep the Security Deposit separate from its general accounts. Within 90 days after the expiration or termination of this Lease, Lessor shall return that portion of the Security Deposit not used or applied by Lessor. Lessor shall upon written request provide Lessee with an accounting showing how that portion of the Security Deposit that was not returned was applied. No part of the Security Deposit shall be considered to be held in trust, to bear interest or to be prepayment for any monies to be paid by Lessee under this Lease. THE SECURITY DEPOSIT SHALL NOT BE USED BY LESSEE IN LIEU OF PAYMENT OF THE LAST MONTH'S RENT.

6. Use.

6.1 Use. Lessee shall use and occupy the Premises only for the Agreed Use, or any other legal use which is reasonably comparable thereto, and for no other purpose. Lessee shall not use or permit the use of the Premises in a manner that is unlawful, creates damage, waste or a nuisance, or that disturbs occupants of or causes damage to neighboring premises or properties. Other than guide, signal and seeing eye dogs, Lessee shall not keep or allow in the Premises any pets, animals, birds, fish, or reptiles. Lessor shall not unreasonably withhold or delay its consent to any written request for a modification of the Agreed Use, so long as the same will not impair the structural integrity of the improvements of the Building, will not adversely affect the mechanical, electrical, HVAC, and other systems of the Building,

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and/or will not affect the exterior appearance of the Building. If Lessor elects to withhold consent, Lessor shall within 7 days after such request give written notification of same, which notice shall include an explanation of Lessor's objections to the change in the Agreed Use.

6.2 Hazardous Substances.

(a) **Reportable Uses Require Consent.** The term "Hazardous Substance" as used in this Lease shall mean any product, substance, or waste whose presence, use, manufacture, disposal, transportation, or release, either by itself or in combination with other materials expected to be on the Premises, is either: (i) potentially injurious to the public health, safety or welfare, the environment or the Premises, (ii) regulated or monitored by any governmental authority, or (iii) a basis for potential liability of Lessor to any governmental agency or third party under any applicable statute or common law theory. Hazardous Substances shall include, but not be limited to, hydrocarbons, petroleum, gasoline, and/or crude oil or any products, byproducts or fractions thereof. Lessee shall not engage in any activity in or on the Premises which constitutes a Reportable Use of Hazardous Substances without the express prior written consent of Lessor and timely compliance (at Lessee's expense) with all Applicable Requirements. "Reportable Use" shall mean (i) the installation or use of any above or below ground storage tank, (ii) the generation, possession, storage, use, transportation, or disposal of a Hazardous Substance that requires a permit from, or with respect to which a report, notice, registration or business plan is required to be filed with, any governmental authority, and/or (iii) the presence at the Premises of a Hazardous Substance with respect to which any Applicable Requirements requires that a notice be given to persons entering or occupying the Premises or neighboring properties. Notwithstanding the foregoing, Lessee may use any ordinary and customary materials reasonably required to be used in the normal course of the Agreed Use such as ordinary office supplies (copier toner, liquid paper, glue, etc.) and common household cleaning materials, so long as such use is in compliance with all Applicable Requirements, is not a Reportable Use, and does not expose the Premises or neighboring property to any meaningful risk of contamination or damage or expose Lessor to any liability therefor. In addition, Lessor may condition its consent to any Reportable Use upon receiving such additional assurances as Lessor reasonably deems necessary to protect itself, the public, the Premises and/or the environment against damage, contamination, injury and/or liability, including, but not limited to, the installation (and removal on or before Lease expiration or termination) of protective modifications (such as concrete encasements) and/or increasing the Security Deposit.

(b) **Duty to Inform Lessor.** If Lessee knows, or has reasonable cause to believe, that a Hazardous Substance has come to be located in, on, under or about the Premises, other than as previously consented to by Lessor, Lessee shall immediately give written notice of such fact to Lessor, and provide Lessor with a copy of any report, notice, claim or other documentation which it has concerning the presence of such Hazardous Substance.

(c) **Lessee Remediation.** Lessee shall not cause or permit any Hazardous Substance to be spilled or released in, on, under, or about the Premises (including through the plumbing or sanitary sewer system) and shall promptly, at Lessee's expense, comply with all Applicable Requirements and take all investigatory and/or remedial action reasonably recommended, whether or not formally ordered or required, for the cleanup of any contamination of, and for the maintenance, security and/or monitoring of the Premises or neighboring properties, that was caused or materially contributed to by Lessee, or pertaining to or involving any Hazardous Substance brought onto the Premises during the term of this Lease, by or for Lessee, or any third party.

(d) **Lessee Indemnification.** Lessee shall indemnify, defend and hold Lessor, its agents, employees, lenders and ground lessor, if any, harmless from and against any and all loss of rents and/or damages, liabilities, judgments, claims, expenses, penalties, and attorneys' and consultants' fees arising out of or involving any Hazardous Substance brought onto the Premises by or for Lessee, or any third party (provided, however, that Lessee shall have no liability under this Lease with respect to underground migration of any Hazardous Substance under the Premises from areas outside of the Project not caused or contributed to by Lessee). Lessee's obligations shall include, but not be limited to, the effects of any contamination or injury to person, property or the environment created or suffered by Lessee, and the cost of investigation, removal, remediation, restoration and/or abatement, and shall survive the expiration or termination of this Lease. No termination, cancellation or release agreement entered into by Lessor and Lessee shall release Lessee from its obligations under this Lease with respect to Hazardous Substances, unless specifically so agreed by Lessor in writing at the time of such agreement.

(e) **Lessor Indemnification.** Except as otherwise provided in paragraph 8.7, Lessor and its successors and assigns shall indemnify, defend, reimburse and hold Lessee, its employees and lenders, harmless from and against any and all environmental damages, including the cost of remediation, which result from Hazardous Substances which existed on the Premises prior to Lessee's occupancy or which are caused by the gross negligence or willful misconduct of Lessor, its agents or employees. Lessor's obligations, as and when required by the Applicable Requirements, shall include, but not be limited to, the cost of investigation, removal, remediation, restoration and/or abatement, and shall survive the expiration or termination of this Lease.

(f) **Investigations and Remediations.** Lessor shall retain the responsibility and pay for any investigations or remediation measures required by governmental entities having jurisdiction with respect to the existence of Hazardous Substances on the Premises prior to Lessee's occupancy, unless such remediation measure is required as a result of Lessee's use (including "Alterations", as defined in paragraph 7.3(a) below) of the Premises, in which event Lessee shall be responsible for such payment. Lessee shall cooperate fully in any such activities at the request of Lessor, including allowing Lessor and Lessor's agents to have reasonable access to the Premises at reasonable times in order to carry out Lessor's investigative and remedial responsibilities.

(g) **Lessor Termination Option.** If a Hazardous Substance Condition (see Paragraph 9.1(e)) occurs during the term of this Lease, unless Lessee is legally responsible therefor (in which case Lessee shall make the investigation and remediation thereof required by the Applicable Requirements and this Lease shall continue in full force and effect, but subject to Lessor's rights under Paragraph 6.2(d) and Paragraph 13), Lessor may, at Lessor's option, either (i) investigate and remediate such Hazardous Substance Condition, if required, as soon as reasonably possible at Lessor's expense, in which event this Lease shall continue in full force and effect, or (ii) if the estimated cost to remediate such condition exceeds 12 times the then monthly Base Rent or \$100,000, whichever is greater, give written notice to Lessee, within 30 days after receipt by Lessor of knowledge of the occurrence of such Hazardous Substance Condition, of Lessor's desire to terminate this Lease as of the date 60 days following the date of such notice. In the event Lessor elects to give a termination notice, Lessee may, within 10 days thereafter, give written notice to Lessor of Lessee's commitment to pay the amount by which the cost of the remediation of such Hazardous Substance Condition exceeds an amount equal to 12 times the then monthly Base Rent or \$100,000, whichever is greater. Lessee shall provide Lessor with said funds or satisfactory assurance thereof within 30 days following such commitment. In such event, this Lease shall continue in full force and effect, and Lessor shall proceed to make such remediation as soon as reasonably possible after the required funds are available. If Lessee does not give such notice and provide the required funds or assurance thereof within the time provided, this Lease shall terminate as of the date specified in Lessor's notice of termination.

6.3 **Lessee's Compliance with Applicable Requirements.** Except as otherwise provided in this Lease, Lessee shall, at Lessee's sole expense, fully, diligently and in a timely manner, materially comply with all Applicable Requirements, the requirements of any applicable fire insurance underwriter or rating bureau, and the recommendations of Lessor's engineers and/or consultants which relate in any manner to the Premises, without regard to whether said Applicable Requirements are now in effect or become effective after the Start Date. Lessee shall, within 10 days after receipt of Lessor's written request, provide Lessor with copies of all permits and other documents, and other information evidencing Lessee's compliance with any Applicable Requirements specified by Lessor, and shall immediately upon receipt, notify Lessor in writing (with copies of any documents involved) of any threatened or actual claim, notice, citation, warning, complaint or report pertaining to or involving the failure of Lessee or the Premises to comply with any Applicable Requirements. Likewise, Lessee shall immediately give written notice to Lessor of: (i) any water damage to the Premises and any suspected seepage, pooling, dampness or other condition conducive to the production of mold; or (ii) any mustiness or other odors that might indicate the presence of mold in the Premises.

6.4 **Inspection; Compliance.** Lessor and Lessor's "Lender" (as defined in Paragraph 30) and consultants authorized by Lessor shall have the right to enter into Premises at any time, in the case of an emergency, and otherwise at reasonable times, after reasonable notice, for the purpose of inspecting and/or testing the

condition of the Premises and/or for verifying compliance by Lessee with this Lease. The cost of any such inspections shall be paid by Lessor, unless a violation of Applicable Requirements, or a Hazardous Substance Condition (see Paragraph 9.1e) is found to exist or be imminent, or the inspection is requested or ordered by a governmental authority. In such case, Lessee shall upon request reimburse Lessor for the cost of such inspection, so long as such inspection is reasonably related to the violation or contamination. In addition, Lessee shall provide copies of all relevant material safety data sheets (**MSDS**) to Lessor within 10 days of the receipt of written request therefor. Lessee acknowledges that any failure on its part to allow such inspections or testing will expose Lessor to risks and potentially cause Lessor to incur costs not contemplated by this Lease, the extent of which will be extremely difficult to ascertain. Accordingly, should the Lessee fail to allow such inspections and/or testing in a timely fashion the Base Rent shall be automatically increased, without any requirement for notice to Lessee, by an amount equal to 10% of the then existing Base Rent or \$100, whichever is greater for the remainder to the Lease. The Parties agree that such increase in Base Rent represents fair and reasonable compensation for the additional risk/costs that Lessor will incur by reason of Lessee's failure to allow such inspection and/or testing. Such increase in Base Rent shall in no event constitute a waiver of Lessee's Default or Breach with respect to such failure nor prevent the exercise of any of the other rights and remedies granted hereunder.

7. Maintenance; Repairs; Utility Installations; Trade Fixtures and Alterations.

7.1 Lessee's Obligations. Notwithstanding Lessor's obligation to keep the Premises in good condition and repair, Lessee shall be responsible for payment of the cost thereof to Lessor as additional rent for that portion of the cost of any maintenance and repair of the Premises, or any equipment (wherever located) that serves only Lessee or the Premises, to the extent such cost is attributable to abuse or misuse. In addition, Lessee rather than the Lessor shall be responsible for the cost of painting, repairing or replacing wall coverings, and to repair or replace any similar improvements within the Premises. Lessor may, at its option, upon reasonable notice, elect to have Lessee perform any particular such maintenance or repairs the cost of which is otherwise Lessee's responsibility hereunder."

7.2 Lessor's Obligations. Subject to the provisions of Paragraphs 2.2 (Condition), 2.3 (Compliance), 4.2 (Operating Expenses), 6 (Use), 7.1 (Lessee's Obligations), 9 (Damage or Destruction) and 14 (Condemnation), Lessor, subject to reimbursement pursuant to Paragraph 4.2, shall keep in good order, condition and repair the foundations, exterior walls, structural condition of interior bearing walls, exterior roof, fire sprinkler system, fire alarm and/or smoke detection systems, fire hydrants, and the Common Areas.

7.3 Utility Installations; Trade Fixtures; Alterations.

(a) **Definitions.** The term "**Utility Installations**" refers to all floor and window coverings, air lines, vacuum lines, power panels, electrical distribution, security and fire protection systems, communication cabling, lighting fixtures, HVAC equipment, and plumbing in or on the Premises. The term "**Trade Fixtures**" shall mean Lessee's machinery and equipment that can be removed without doing material damage to the Premises. The term "**Alterations**" shall mean any modification of the improvements, other than Utility Installations or Trade Fixtures, whether by addition or deletion. "**Lessee Owned Alterations and/or Utility Installations**" are defined as Alterations and/or Utility Installations made by Lessee that are not yet owned by Lessor pursuant to Paragraph 7.4(a).

(b) **Consent.** Lessee shall not make any Alterations or Utility Installations to the Premises without Lessor's prior written consent. Lessee may, however, make non-structural Alterations or Utility Installations to the interior of the Premises (excluding the roof) without such consent but upon notice to Lessor, as long as they are not visible from the outside, do not involve puncturing, relocating or removing the roof, ceilings, floors or any existing walls, will not affect the electrical, plumbing, HVAC, and/or life safety systems, do not trigger the requirement for additional modifications and/or improvements to the Premises resulting from Applicable Requirements, such as compliance with Title 24, and the cumulative cost thereof during this Lease as extended does not exceed \$2000. Notwithstanding the foregoing, Lessee shall not make or permit any roof penetrations and/or install anything on the roof without the prior written approval of Lessor. Lessor may, as a precondition to granting such approval, require Lessee to utilize a contractor chosen and/or approved by Lessor. Any Alterations or Utility Installations that Lessee shall desire to make and which require the consent of the Lessor shall be presented to Lessor in written form with detailed plans. Consent shall be deemed conditioned upon Lessee's: (i) acquiring all applicable governmental permits, (ii) furnishing Lessor with copies of both the permits and the plans and specifications prior to commencement of the work, and (iii) compliance with all conditions of said permits and other Applicable Requirements in a prompt and expeditious manner. Any Alterations or Utility Installations shall be performed in a workmanlike manner with good and sufficient materials. Lessee shall promptly upon completion furnish Lessor with as-built plans and specifications. For work which costs an amount in excess of one month's Base Rent, Lessor may condition its consent upon Lessee providing a lien and completion bond in an amount equal to 150% of the estimated cost of such Alteration or Utility Installation and/or upon Lessee's posting an additional Security Deposit with Lessor.

(c) **Liens; Bonds.** Lessee shall pay, when due, all claims for labor or materials furnished or alleged to have been furnished to or for Lessee at or for use on the Premises, which claims are or may be secured by any mechanic's or materialmen's lien against the Premises or any interest therein. Lessee shall give Lessor not less than 10 days notice prior to the commencement of any work in, on or about the Premises, and Lessor shall have the right to post notices of non-responsibility. If Lessee shall contest the validity of any such lien, claim or demand, then Lessee shall, at its sole expense defend and protect itself, Lessor and the Premises against the same and shall pay and satisfy any such adverse judgment that may be rendered thereon before the enforcement thereof. If Lessor shall require, Lessee shall furnish a surety bond in an amount equal to 150% of the amount of such contested lien, claim or demand, indemnifying Lessor against liability for the same. If Lessor elects to participate in any such action, Lessee shall pay Lessor's attorneys' fees and costs.

7.4 Ownership; Removal; Surrender; and Restoration.

(a) **Ownership.** Subject to Lessor's right to require removal or elect ownership as hereinafter provided, all Alterations and Utility Installations made by Lessee shall be the property of Lessee, but considered a part of the Premises. Lessor may, at any time, elect in writing to be the owner of all or any specified part of the Lessee Owned Alterations and Utility Installations. Unless otherwise instructed per paragraph 7.4(b) hereof, all Lessee Owned Alterations and Utility Installations shall, at the expiration or termination of this Lease, become the property of Lessor and be surrendered by Lessee with the Premises.

(b) **Removal.** By delivery to Lessee of written notice from Lessor not earlier than 90 and not later than 30 days prior to the end of the term of this Lease, Lessor may require that any or all Lessee Owned Alterations or Utility Installations be removed by the expiration or termination of this Lease. Lessor may require the removal at any time of all or any part of any Lessee Owned Alterations or Utility Installations made without the required consent.

(c) **Surrender; Restoration.** Lessee shall surrender the Premises by the Expiration Date or any earlier termination date, with all of the improvements, parts and surfaces thereof clean and free of debris, and in good operating order, condition and state of repair, ordinary wear and tear excepted. "Ordinary wear and tear" shall not include any damage or deterioration that would have been prevented by good maintenance practice. Notwithstanding the foregoing, if the Lessee occupies the Premises for 12 months or less, then Lessee shall surrender the Premises in the same condition as delivered to Lessee on the Start Date with NO allowance for ordinary wear and tear. Lessee shall repair any damage occasioned by the installation, maintenance or removal of Trade Fixtures, Lessee owned Alterations and/or Utility Installations, furnishings, and equipment as well as the removal of any storage tank installed by or for Lessee. Lessee shall also remove from the Premises any and all Hazardous Substances brought onto the Premises by or for Lessee, or any third party (except Hazardous Substances which were deposited via underground migration from areas outside of the Premises) to the level specified in Applicable Requirements. Trade Fixtures shall remain the property of Lessee and shall be removed by Lessee. Any personal property of Lessee not removed on or before the Expiration Date or any earlier termination date shall be deemed to have been abandoned by Lessee and may be disposed of or retained by Lessor as Lessor may desire. The failure by Lessee to timely vacate the Premises pursuant to this Paragraph 7.4(c) without the express written consent of Lessor shall constitute a holdover under the provisions of Paragraph 26 below.

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8. Insurance; Indemnity.

8.1 Insurance Premiums. The cost of the premiums for the insurance policies maintained by Lessor pursuant to paragraph 8 are included as Operating Expenses (see paragraph 4.2 (c)(iv)). Said costs shall include increases in the premiums resulting from additional coverage related to requirements of the holder of a mortgage or deed of trust covering the Premises, Building and/or Project, increased valuation of the Premises, Building and/or Project, and/or a general premium rate increase. Said costs shall not, however, include any premium increases resulting from the nature of the occupancy of any other tenant of the Building. If the Project was not insured for the entirety of the Base Year, then the base premium shall be the lowest annual premium reasonably obtainable for the required insurance as of the Start Date, assuming the most nominal use possible of the Building and/or Project. In no event, however, shall Lessee be responsible for any portion of the premium cost attributable to liability insurance coverage in excess of \$2,000,000 procured under Paragraph 8.2(b).

8.2 Liability Insurance.

(a) **Carried by Lessee.** Lessee shall obtain and keep in force a Commercial General Liability policy of insurance protecting Lessee and Lessor as an additional insured against claims for bodily injury, personal injury and property damage based upon or arising out of the ownership, use, occupancy or maintenance of the Premises and all areas appurtenant thereto. Such insurance shall be on an occurrence basis providing single limit coverage in an amount not less than \$1,000,000 per occurrence with an annual aggregate of not less than \$2,000,000. Lessee shall add Lessor as an additional insured by means of an endorsement at least as broad as the Insurance Service Organization's "Additional Insured-Managers or Lessors of Premises" Endorsement and coverage shall also be extended to include damage caused by heat, smoke or fumes from a hostile fire. The policy shall not contain any intra-insured exclusions as between insured persons or organizations, but shall include coverage for liability assumed under this Lease as an "insured contract" for the performance of Lessee's indemnity obligations under this Lease. The limits of said insurance shall not, however, limit the liability of Lessee nor relieve Lessee of any obligation hereunder. Lessee shall provide an endorsement on its liability policy(ies) which provides that its insurance shall be primary to and not contributory with any similar insurance carried by Lessor, whose insurance shall be considered excess insurance only.

(b) **Carried by Lessor.** Lessor shall maintain liability insurance as described in Paragraph 8.2(a), in addition to, and not in lieu of, the insurance required to be maintained by Lessee. Lessee shall not be named as an additional insured therein.

8.3 Property Insurance - Building, Improvements and Rental Value.

(a) **Building and Improvements.** Lessor shall obtain and keep in force a policy or policies of insurance in the name of Lessor, with loss payable to Lessor, any ground-lessor, and to any Lender insuring loss or damage to the Building and/or Project. The amount of such insurance shall be equal to the full insurable replacement cost of the Building and/or Project, as the same shall exist from time to time, or the amount required by any Lender, but in no event more than the commercially reasonable and available insurable value thereof. Lessee Owned Alterations and Utility Installations, Trade Fixtures, and Lessee's personal property shall be insured by Lessee not by Lessor. If the coverage is available and commercially appropriate, such policy or policies shall insure against all risks of direct physical loss or damage (except the perils of flood and/or earthquake unless required by a Lender), including coverage for debris removal and the enforcement of any Applicable Requirements requiring the upgrading, demolition, reconstruction or replacement of any portion of the Premises as the result of a covered loss. Said policy or policies shall also contain an agreed valuation provision in lieu of any coinsurance clause, waiver of subrogation, and inflation guard protection causing an increase in the annual property insurance coverage amount by a factor of not less than the adjusted U.S. Department of Labor Consumer Price Index for All Urban Consumers for the city nearest to where the Premises are located. If such insurance coverage has a deductible clause, the deductible amount shall not exceed \$5,000 per occurrence.

(b) **Rental Value.** Lessor shall also obtain and keep in force a policy or policies in the name of Lessor with loss payable to Lessor and any Lender, insuring the loss of the full Rent for one year with an extended period of indemnity for an additional 180 days ("Rental Value insurance"). Said insurance shall contain an agreed valuation provision in lieu of any coinsurance clause, and the amount of coverage shall be adjusted annually to reflect the projected Rent otherwise payable by Lessee, for the next 12 month period.

(c) **Adjacent Premises.** Lessee shall pay for any increase in the premiums for the property insurance of the Building and for the Common Areas or other buildings in the Project if said increase is caused by Lessee's acts, omissions, use or occupancy of the Premises.

(d) **Lessee's Improvements.** Since Lessor is the Insuring Party, Lessor shall not be required to insure Lessee Owned Alterations and Utility Installations unless the item in question has become the property of Lessor under the terms of this Lease.

8.4 Lessee's Property; Business Interruption Insurance; Worker's Compensation Insurance.

(a) **Property Damage.** Lessee shall obtain and maintain insurance coverage on all of Lessee's personal property, Trade Fixtures, and Lessee Owned Alterations and Utility Installations. Such insurance shall be full replacement cost coverage with a deductible of not to exceed \$1,000 per occurrence. The proceeds from any such insurance shall be used by Lessee for the replacement of personal property, Trade Fixtures and Lessee Owned Alterations and Utility Installations.

(b) **Worker's Compensation Insurance.** Lessee shall obtain and maintain Worker's Compensation Insurance in such amount as may be required by Applicable Requirements. Such policy shall include a 'Waiver of Subrogation' endorsement. Lessee shall provide Lessor with a copy of such endorsement along with the certificate of insurance or copy of the policy required by paragraph 8.5.

(c) **Business Interruption.** Lessee shall obtain and maintain loss of income and extra expense insurance in amounts as will reimburse Lessee for direct or indirect loss of earnings attributable to all perils commonly insured against by prudent lessees in the business of Lessee or attributable to prevention of access to the Premises as a result of such perils.

(d) **No Representation of Adequate Coverage.** Lessor makes no representation that the limits or forms of coverage of insurance specified herein are adequate to cover Lessee's property, business operations or obligations under this Lease.

8.5 Insurance Policies. Insurance required herein shall be by companies maintaining during the policy term a "General Policyholders Rating" of at least A-, VII, as set forth in the most current issue of "Best's Insurance Guide", or such other rating as may be required by a Lender. Lessee shall not do or permit to be done anything which invalidates the required insurance policies. Lessee shall, prior to the Start Date, deliver to Lessor certified copies of policies of such insurance or certificates with copies of the required endorsements evidencing the existence and amounts of the required insurance. No such policy shall be cancelable or subject to modification except after 10 days prior written notice to Lessor. Lessee shall, at least 30 days prior to the expiration of such policies, furnish Lessor with evidence of renewals or "insurance binders" evidencing renewal thereof, or Lessor may increase his liability insurance coverage and charge the cost thereof to Lessee, which amount shall be payable by Lessee to Lessor upon demand. Such policies shall be for a term of at least one year, or the length of the remaining term of this Lease, whichever is less. If either Party shall fail to procure and maintain the insurance required to be carried by it, the other Party may, but shall not be required to, procure and maintain the same.

8.6 Waiver of Subrogation. Without affecting any other rights or remedies, Lessee and Lessor each hereby release and relieve the other, and waive their entire right to recover damages against the other, for loss of or damage to its property arising out of or incident to the perils required to be insured against herein. The effect of such releases and waivers is not limited by the amount of insurance carried or required, or by any deductibles applicable hereto. The Parties agree to have their respective property damage insurance carriers waive any right to subrogation that such companies may have against Lessor or Lessee, as the case may be, so long as the insurance is not invalidated thereby.

8.7 Indemnity. Except for Lessor's gross negligence or willful misconduct, Lessee shall indemnify, protect, defend and hold harmless the Premises, Lessor and its agents, Lessor's master or ground lessor, partners and Lenders, from and against any and all claims, loss of rents and/or damages, liens, judgments, penalties,

attorneys' and consultants' fees, expenses and/or liabilities arising out of, involving, or in connection with, a Breach of the Lease by Lessee and/or the use and/or occupancy of the Premises and/or Project by Lessee and/or by Lessee's employees, contractors or invitees. If any action or proceeding is brought against Lessor by reason of any of the foregoing matters, Lessee shall upon notice defend the same at Lessee's expense by counsel reasonably satisfactory to Lessor and Lessor shall cooperate with Lessee in such defense. Lessor need not have first paid any such claim in order to be defended or indemnified.

8.8 Exemption of Lessor and its Agents from Liability. Notwithstanding the negligence or breach of this Lease by Lessor or its agents, neither Lessor nor its agents shall be liable under any circumstances for: (i) injury or damage to the person or goods, wares, merchandise or other property of Lessee, Lessee's employees, contractors, invitees, customers, or any other person in or about the Premises, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, indoor air quality, the presence of mold or from the breakage, leakage, obstruction or other defects of pipes, fire sprinklers, wires, appliances, plumbing, HVAC or lighting fixtures, or from any other cause, whether the said injury or damage results from conditions arising upon the Premises or upon other portions of the Building, or from other sources or places, (ii) any damages arising from any act or neglect of any other tenant of Lessor or from the failure of Lessor or its agents to enforce the provisions of any other lease in the Project, or (iii) injury to Lessee's business or for any loss of income or profit therefrom. Instead, it is intended that Lessee's sole recourse in the event of such damages or injury be to file a claim on the insurance policy(ies) that Lessee is required to maintain pursuant to the provisions of paragraph 8.

8.9 Failure to Provide Insurance. Lessee acknowledges that any failure on its part to obtain or maintain the insurance required herein will expose Lessor to risks and potentially cause Lessor to incur costs not contemplated by this Lease, the extent of which will be extremely difficult to ascertain. Accordingly, for any month or portion thereof that Lessee does not maintain the required insurance and/or does not provide Lessor with the required binders or certificates evidencing the existence of the required insurance, the Base Rent shall be automatically increased, without any requirement for notice to Lessee, by an amount equal to 10% of the then existing Base Rent or \$100, whichever is greater. The parties agree that such increase in Base Rent represents fair and reasonable compensation for the additional risk/costs that Lessor will incur by reason of Lessee's failure to maintain the required insurance. Such increase in Base Rent shall in no event constitute a waiver of Lessee's Default or Breach with respect to the failure to maintain such insurance, prevent the exercise of any of the other rights and remedies granted hereunder, nor relieve Lessee of its obligation to maintain the insurance specified in this Lease.

9. Damage or Destruction.

9.1 Definitions.

(a) **"Premises Partial Damage"** shall mean damage or destruction to the improvements on the Premises, other than Lessee Owned Alterations and Utility Installations, which can reasonably be repaired in 3 months or less from the date of the damage or destruction, and the cost thereof does not exceed a sum equal to 6 month's Base Rent. Lessor shall notify Lessee in writing within 30 days from the date of the damage or destruction as to whether or not the damage is Partial or Total.

(b) **"Premises Total Destruction"** shall mean damage or destruction to the improvements on the Premises, other than Lessee Owned Alterations and Utility Installations and Trade Fixtures, which cannot reasonably be repaired in 3 months or less from the date of the damage or destruction and/or the cost thereof exceeds a sum equal to 6 month's Base Rent. Lessor shall notify Lessee in writing within 30 days from the date of the damage or destruction as to whether or not the damage is Partial or Total.

(c) **"Insured Loss"** shall mean damage or destruction to improvements on the Premises, other than Lessee Owned Alterations and Utility Installations and Trade Fixtures, which was caused by an event required to be covered by the insurance described in Paragraph 8.3(a), irrespective of any deductible amounts or coverage limits involved.

(d) **"Replacement Cost"** shall mean the cost to repair or rebuild the improvements owned by Lessor at the time of the occurrence to their condition existing immediately prior thereto, including demolition, debris removal and upgrading required by the operation of Applicable Requirements, and without deduction for depreciation.

(e) **"Hazardous Substance Condition"** shall mean the occurrence or discovery of a condition involving the presence of, or a contamination by, a Hazardous Substance, in, on, or under the Premises which requires restoration.

9.2 Partial Damage - Insured Loss. If a Premises Partial Damage that is an Insured Loss occurs, then Lessor shall, at Lessor's expense, repair such damage (but not Lessee's Trade Fixtures or Lessee Owned Alterations and Utility Installations) as soon as reasonably possible and this Lease shall continue in full force and effect; provided, however, that Lessee shall, at Lessor's election, make the repair of any damage or destruction the total cost to repair of which is \$5,000 or less, and, in such event, Lessor shall make any applicable insurance proceeds available to Lessee on a reasonable basis for that purpose. Notwithstanding the foregoing, if the required insurance was not in force or the insurance proceeds are not sufficient to effect such repair, the Insuring Party shall promptly contribute the shortage in proceeds as and when required to complete said repairs. In the event, however, such shortage was due to the fact that, by reason of the unique nature of the improvements, full replacement cost insurance coverage was not commercially reasonable and available, Lessor shall have no obligation to pay for the shortage in insurance proceeds or to fully restore the unique aspects of the Premises unless Lessee provides Lessor with the funds to cover same, or adequate assurance thereof, within 10 days following receipt of written notice of such shortage and request therefor. If Lessor receives said funds or adequate assurance thereof within said 10 day period, the party responsible for making the repairs shall complete them as soon as reasonably possible and this Lease shall remain in full force and effect. If such funds or assurance are not received, Lessor may nevertheless elect by written notice to Lessee within 10 days thereafter to: (i) make such restoration and repair as is commercially reasonable with Lessor paying any shortage in proceeds, in which case this Lease shall remain in full force and effect, or (ii) have this Lease terminate 30 days thereafter. Lessee shall not be entitled to reimbursement of any funds contributed by Lessee to repair any such damage or destruction. Premises Partial Damage due to flood or earthquake shall be subject to Paragraph 9.3, notwithstanding that there may be some insurance coverage, but the net proceeds of any such insurance shall be made available for the repairs if made by either Party.

9.3 Partial Damage - Uninsured Loss. If a Premises Partial Damage that is not an Insured Loss occurs, unless caused by a negligent or willful act of Lessee (in which event Lessee shall make the repairs at Lessee's expense), Lessor may either: (i) repair such damage as soon as reasonably possible at Lessor's expense (subject to reimbursement pursuant to Paragraph 4.2), in which event this Lease shall continue in full force and effect, or (ii) terminate this Lease by giving written notice to Lessee within 30 days after receipt by Lessor of knowledge of the occurrence of such damage. Such termination shall be effective 60 days following the date of such notice. In the event Lessor elects to terminate this Lease, Lessee shall have the right within 10 days after receipt of the termination notice to give written notice to Lessor of Lessee's commitment to pay for the repair of such damage without reimbursement from Lessor. Lessee shall provide Lessor with said funds or satisfactory assurance thereof within 30 days after making such commitment. In such event this Lease shall continue in full force and effect, and Lessor shall proceed to make such repairs as soon as reasonably possible after the required funds are available. If Lessee does not make the required commitment, this Lease shall terminate as of the date specified in the termination notice.

9.4 Total Destruction. Notwithstanding any other provision hereof, if a Premises Total Destruction occurs, this Lease shall terminate 60 days following such Destruction. If the damage or destruction was caused by the gross negligence or willful misconduct of Lessee, Lessor shall have the right to recover Lessor's damages from Lessee, except as provided in Paragraph 8.6.

9.5 Damage Near End of Term. If at any time during the last 6 months of this Lease there is damage for which the cost to repair exceeds one month's Base Rent, whether or not an Insured Loss, Lessor may terminate this Lease effective 60 days following the date of occurrence of such damage by giving a written termination notice to Lessee within 30 days after the date of occurrence of such damage. Notwithstanding the foregoing, if Lessee at that time has an exercisable

option to extend this Lease or to purchase the Premises, then Lessee may preserve this Lease by, (a) exercising such option and (b) providing Lessor with any shortage in insurance proceeds (or adequate assurance thereof) needed to make the repairs on or before the earlier of (i) the date which is 10 days after Lessee's receipt of Lessor's written notice purporting to terminate this Lease, or (ii) the day prior to the date upon which such option expires. If Lessee duly exercises such option during such period and provides Lessor with funds (or adequate assurance thereof) to cover any shortage in insurance proceeds, Lessor shall, at Lessor's commercially reasonable expense, repair such damage as soon as reasonably possible and this Lease shall continue in full force and effect. If Lessee fails to exercise such option and provide such funds or assurance during such period, then this Lease shall terminate on the date specified in the termination notice and Lessee's option shall be extinguished.

9.6 Abatement of Rent; Lessee's Remedies.

(a) **Abatement.** In the event of Premises Partial Damage or Premises Total Destruction or a Hazardous Substance Condition for which Lessee is not responsible under this Lease, the Rent payable by Lessee for the period required for the repair, remediation or restoration of such damage shall be abated in proportion to the degree to which Lessee's use of the Premises is impaired, but not to exceed the proceeds received from the Rental Value insurance. All other obligations of Lessee hereunder shall be performed by Lessee, and Lessor shall have no liability for any such damage, destruction, remediation, repair or restoration except as provided herein.

(b) **Remedies.** If Lessor is obligated to repair or restore the Premises and does not commence, in a substantial and meaningful way, such repair or restoration within 90 days after such obligation shall accrue, Lessee may, at any time prior to the commencement of such repair or restoration, give written notice to Lessor and to any Lenders of which Lessee has actual notice, of Lessee's election to terminate this Lease on a date not less than 60 days following the giving of such notice. If Lessee gives such notice and such repair or restoration is not commenced within 30 days thereafter, this Lease shall terminate as of the date specified in said notice. If the repair or restoration is commenced within such 30 days, this Lease shall continue in full force and effect. "Commence" shall mean either the unconditional authorization of the preparation of the required plans, or the beginning of the actual work on the Premises, whichever first occurs.

9.7 **Termination; Advance Payments.** Upon termination of this Lease pursuant to Paragraph 6.2(g) or Paragraph 9, an equitable adjustment shall be made concerning advance Base Rent and any other advance payments made by Lessee to Lessor. Lessor shall, in addition, return to Lessee so much of Lessee's Security Deposit as has not been, or is not then required to be, used by Lessor.

10. Real Property Taxes.

10.1 **Definitions.** As used herein, the term "Real Property Taxes" shall include any form of assessment; real estate, general, special, ordinary or extraordinary, or rental levy or tax (other than inheritance, personal income or estate taxes); improvement bond; and/or license fee imposed upon or levied against any legal or equitable interest of Lessor in the Project, Lessor's right to other income therefrom, and/or Lessor's business of leasing, by any authority having the direct or indirect power to tax and where the funds are generated with reference to the Project address. "Real Property Taxes" shall also include any tax, fee, levy, assessment or charge, or any increase therein: (i) imposed by reason of events occurring during the term of this Lease, including but not limited to, a change in the ownership of the Project, (ii) a change in the improvements thereon, and/or (iii) levied or assessed on machinery or equipment provided by Lessor to Lessee pursuant to this Lease.

10.2 **Payment of Taxes.** Except as otherwise provided in Paragraph 10.3, Lessor shall pay the Real Property Taxes applicable to the Project., and said payments shall be included in the calculation of Operating Expenses in accordance with the provisions of Paragraph 4.2.

10.3 **Additional Improvements.** Operating Expenses shall not include Real Property Taxes specified in the tax assessor's records and work sheets as being caused by additional improvements placed upon the Project by other lessees or by Lessor for the exclusive enjoyment of such other lessees. Notwithstanding Paragraph 10.2 hereof, Lessee shall, however, pay to Lessor at the time Operating Expenses are payable under Paragraph 4.2, the entirety of any increase in Real Property Taxes if assessed solely by reason of Alterations, Trade Fixtures or Utility Installations placed upon the Premises by Lessee or at Lessee's request or by reason of any alterations or improvements to the Premises made by Lessor subsequent to the execution of this Lease by the Parties.

10.4 **Joint Assessment.** If the Building is not separately assessed, Real Property Taxes allocated to the Building shall be an equitable proportion of the Real Property Taxes for all of the land and improvements included within the tax parcel assessed, such proportion to be determined by Lessor from the respective valuations assigned in the assessor's work sheets or such other information as may be reasonably available. Lessor's reasonable determination thereof, in good faith, shall be conclusive.

10.5 **Personal Property Taxes.** Lessee shall pay prior to delinquency all taxes assessed against and levied upon Lessee Owned Alterations and Utility Installations, Trade Fixtures, furnishings, equipment and all personal property of Lessee contained in the Premises. When possible, Lessee shall cause its Lessee Owned Alterations and Utility Installations, Trade Fixtures, furnishings, equipment and all other personal property to be assessed and billed separately from the real property of Lessor. If any of Lessee's said property shall be assessed with Lessor's real property, Lessee shall pay Lessor the taxes attributable to Lessee's property within 10 days after receipt of a written statement setting forth the taxes applicable to Lessee's property.

11. Utilities and Services.

11.1 **Services Provided by Lessor.** Lessor shall provide heating, ventilation, air conditioning, reasonable amounts of electricity for normal lighting and office machines, water for reasonable and normal drinking and lavatory use in connection with an office, and replacement light bulbs and/or fluorescent tubes and ballasts for standard overhead fixtures. Lessor shall also provide janitorial services to the Premises and Common Areas 5 times per week, excluding Building Holidays, or pursuant to the attached janitorial schedule, if any. Lessor shall not, however, be required to provide janitorial services to kitchens or storage areas included within the Premises.

~~11.2 **Services Exclusive to Lessee.** Notwithstanding the provisions of paragraph 11.1, Lessee shall pay for all water, gas, light, power, telephone and other utilities and services specially or exclusively supplied and/or metered exclusively to the Premises or to Lessee, together with any taxes thereon. Notwithstanding the provisions of Paragraph 4.2(vii), if a service is deleted by Paragraph 1.13 and such service is not separately metered to the Premises, Lessee shall pay at Lessor's option, either Lessee's Share or a reasonable proportion to be determined by Lessor of all charges for such jointly metered service.~~

11.3 **Hours of Service.** Said services and utilities shall be provided during times set forth in Paragraph 1.12. Utilities and services required at other times shall be subject to advance request and reimbursement by Lessee to Lessor of the cost thereof.

11.4 **Excess Usage by Lessee.** Lessee shall not make connection to the utilities except by or through existing outlets and shall not install or use machinery or equipment in or about the Premises that uses excess water, lighting or power, or suffer or permit any act that causes extra burden upon the utilities or services, including but not limited to security and trash services, over standard office usage for the Project. Lessor shall require Lessee to reimburse Lessor for any excess expenses or costs that may arise out of a breach of this subparagraph by Lessee. Lessor may, in its sole discretion, install at Lessee's expense supplemental equipment and/or separate metering applicable to Lessee's excess usage or loading.

11.5 **Interruptions.** There shall be no abatement of rent and Lessor shall not be liable in any respect whatsoever for the inadequacy, stoppage, interruption or discontinuance of any utility or service due to riot, strike, labor dispute, breakdown, accident, repair or other cause beyond Lessor's reasonable control or in cooperation with governmental request or directions.

12. Assignment and Subletting.

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12.1 Lessor's Consent Required.

- (a) Lessee shall not voluntarily or by operation of law assign, transfer, mortgage or encumber (collectively, "assign or assignment") or sublet all or any part of Lessee's interest in this Lease or in the Premises without Lessor's prior written consent.
- (b) Unless Lessee is a corporation and its stock is publicly traded on a national stock exchange, a change in the control of Lessee shall constitute an assignment requiring consent. The transfer, on a cumulative basis, of 25% or more of the voting control of Lessee shall constitute a change in control for this purpose.
- (c) The involvement of Lessee or its assets in any transaction, or series of transactions (by way of merger, sale, acquisition, financing, transfer, leveraged buyout or otherwise), whether or not a formal assignment or hypothecation of this Lease or Lessee's assets occurs, which results or will result in a reduction of the Net Worth of Lessee by an amount greater than 25% of such Net Worth as it was represented at the time of the execution of this Lease or at the time of the most recent assignment to which Lessor has consented, or as it exists immediately prior to said transaction or transactions constituting such reduction, whichever was or is greater, shall be considered an assignment of this Lease to which Lessor may withhold its consent. "Net Worth of Lessee" shall mean the net worth of Lessee (excluding any guarantors) established under generally accepted accounting principles.
- (d) An assignment or subletting without consent shall, at Lessor's option, be a Default curable after notice per Paragraph 13.1(d), or a noncurable Breach without the necessity of any notice and grace period. If Lessor elects to treat such unapproved assignment or subletting as a noncurable Breach, Lessor may either: (i) terminate this Lease, or (ii) upon 30 days written notice, increase the monthly Base Rent to 110% of the Base Rent then in effect. Further, in the event of such Breach and rental adjustment, (i) the purchase price of any option to purchase the Premises held by Lessee shall be subject to similar adjustment to 110% of the price previously in effect, and (ii) all fixed and non-fixed rental adjustments scheduled during the remainder of the Lease term shall be increased to 110% of the scheduled adjusted rent.
- (e) Lessee's remedy for any breach of Paragraph 12.1 by Lessor shall be limited to compensatory damages and/or injunctive relief.
- (f) Lessor may reasonably withhold consent to a proposed assignment or subletting if Lessee is in Default at the time consent is requested.
- (g) Notwithstanding the foregoing, allowing a de minimis portion of the Premises, ie. 20 square feet or less, to be used by a third party vendor in connection with the installation of a vending machine or payphone shall not constitute a subletting.

12.2 Terms and Conditions Applicable to Assignment and Subletting.

- (a) Regardless of Lessor's consent, no assignment or subletting shall: (i) be effective without the express written assumption by such assignee or sublessee of the obligations of Lessee under this Lease, (ii) release Lessee of any obligations hereunder, or (iii) alter the primary liability of Lessee for the payment of Rent or for the performance of any other obligations to be performed by Lessee.
- (b) Lessor may accept Rent or performance of Lessee's obligations from any person other than Lessee pending approval or disapproval of an assignment. Neither a delay in the approval or disapproval of such assignment nor the acceptance of Rent or performance shall constitute a waiver or estoppel of Lessor's right to exercise its remedies for Lessee's Default or Breach.
- (c) Lessor's consent to any assignment or subletting shall not constitute a consent to any subsequent assignment or subletting.
- (d) In the event of any Default or Breach by Lessee, Lessor may proceed directly against Lessee, any Guarantors or anyone else responsible for the performance of Lessee's obligations under this Lease, including any assignee or sublessee, without first exhausting Lessor's remedies against any other person or entity responsible therefor to Lessor, or any security held by Lessor.
- (e) Each request for consent to an assignment or subletting shall be in writing, accompanied by information relevant to Lessor's determination as to the financial and operational responsibility and appropriateness of the proposed assignee or sublessee, including but not limited to the intended use and/or required modification of the Premises, if any, together with a fee of \$500 as consideration for Lessor's considering and processing said request. Lessee agrees to provide Lessor with such other or additional information and/or documentation as may be reasonably requested. (See also Paragraph 36)
- (f) Any assignee of, or sublessee under, this Lease shall, by reason of accepting such assignment, entering into such sublease, or entering into possession of the Premises or any portion thereof, be deemed to have assumed and agreed to conform and comply with each and every term, covenant, condition and obligation herein to be observed or performed by Lessee during the term of said assignment or sublease, other than such obligations as are contrary to or inconsistent with provisions of an assignment or sublease to which Lessor has specifically consented to in writing.
- (g) Lessor's consent to any assignment or subletting shall not transfer to the assignee or sublessee any Option granted to the original Lessee by this Lease unless such transfer is specifically consented to by Lessor in writing. (See Paragraph 39.2)

12.3 Additional Terms and Conditions Applicable to Subletting. The following terms and conditions shall apply to any subletting by Lessee of all or any part of the Premises and shall be deemed included in all subleases under this Lease whether or not expressly incorporated therein:

- (a) Lessee hereby assigns and transfers to Lessor all of Lessee's interest in all Rent payable on any sublease, and Lessor may collect such Rent and apply same toward Lessee's obligations under this Lease; provided, however, that until a Breach shall occur in the performance of Lessee's obligations, Lessee may collect said Rent. In the event that the amount collected by Lessor exceeds Lessee's then outstanding obligations any such excess shall be refunded to Lessee. Lessor shall not, by reason of the foregoing or any assignment of such sublease, nor by reason of the collection of Rent, be deemed liable to the sublessee for any failure of Lessee to perform and comply with any of Lessee's obligations to such sublessee. Lessee hereby irrevocably authorizes and directs any such sublessee, upon receipt of a written notice from Lessor stating that a Breach exists in the performance of Lessee's obligations under this Lease, to pay to Lessor all Rent due and to become due under the sublease. Sublessee shall rely upon any such notice from Lessor and shall pay all Rents to Lessor without any obligation or right to inquire as to whether such Breach exists, notwithstanding any claim from Lessee to the contrary.
- (b) In the event of a Breach by Lessee, Lessor may, at its option, require sublessee to attorn to Lessor, in which event Lessor shall undertake the obligations of the sublessor under such sublease from the time of the exercise of said option to the expiration of such sublease; provided, however, Lessor shall not be liable for any prepaid rents or security deposit paid by such sublessee to such sublessor or for any prior Defaults or Breaches of such sublessor.
- (c) Any matter requiring the consent of the sublessor under a sublease shall also require the consent of Lessor.
- (d) No sublessee shall further assign or sublet all or any part of the Premises without Lessor's prior written consent.
- (e) Lessor shall deliver a copy of any notice of Default or Breach by Lessee to the sublessee, who shall have the right to cure the Default of Lessee within the grace period, if any, specified in such notice. The sublessee shall have a right of reimbursement and offset from and against Lessee for any such Defaults cured by the sublessee.

13. Default; Breach; Remedies.

13.1 Default; Breach. A "Default" is defined as a failure by the Lessee to comply with or perform any of the terms, covenants, conditions or Rules and Regulations under this Lease. A "Breach" is defined as the occurrence of one or more of the following Defaults, and the failure of Lessee to cure such Default within any applicable grace period:

- (a) The abandonment of the Premises; or the vacating of the Premises without providing a commercially reasonable level of security, or where the coverage of the property insurance described in Paragraph 8.3 is jeopardized as a result thereof, or without providing reasonable assurances to minimize potential vandalism.
- (b) The failure of Lessee to make any payment of Rent or any Security Deposit required to be made by Lessee hereunder, whether to Lessor or to a third

party, when due, to provide reasonable evidence of insurance or surety bond, or to fulfill any obligation under this Lease which endangers or threatens life or property, where such failure continues for a period of 3 business days following written notice to Lessee. THE ACCEPTANCE BY LESSOR OF A PARTIAL PAYMENT OF RENT OR SECURITY DEPOSIT SHALL NOT CONSTITUTE A WAIVER OF ANY OF LESSOR'S RIGHTS, INCLUDING LESSOR'S RIGHT TO RECOVER POSSESSION OF THE PREMISES.

(c) The failure of Lessee to allow Lessor and/or its agents access to the Premises or the commission of waste, act or acts constituting public or private nuisance, and/or an illegal activity on the Premises by Lessee, where such actions continue for a period of 3 business days following written notice to Lessee. In the event that Lessee commits waste, a nuisance or an illegal activity a second time then, the Lessor may elect to treat such conduct as a non-curable Breach rather than a Default.

(d) The failure by Lessee to provide (i) reasonable written evidence of compliance with Applicable Requirements, (ii) the service contracts, (iii) the rescission of an unauthorized assignment or subletting, (iv) an Estoppel Certificate or financial statements, (v) a requested subordination, (vi) evidence concerning any guaranty and/or Guarantor, (vii) any document requested under Paragraph 41, (viii) material safety data sheets (MSDS), or (ix) any other documentation or information which Lessor may reasonably require of Lessee under the terms of this Lease, where any such failure continues for a period of 10 days following written notice to Lessee.

(e) A Default by Lessee as to the terms, covenants, conditions or provisions of this Lease, or of the rules adopted under Paragraph 2.9 hereof, other than those described in subparagraphs 13.1(a), (b) or (c), above, where such Default continues for a period of 30 days after written notice; provided, however, that if the nature of Lessee's Default is such that more than 30 days are reasonably required for its cure, then it shall not be deemed to be a Breach if Lessee commences such cure within said 30 day period and thereafter diligently prosecutes such cure to completion.

(f) The occurrence of any of the following events: (i) the making of any general arrangement or assignment for the benefit of creditors; (ii) becoming a "debtor" as defined in 11 U.S.C. § 101 or any successor statute thereto (unless, in the case of a petition filed against Lessee, the same is dismissed within 60 days); (iii) the appointment of a trustee or receiver to take possession of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where possession is not restored to Lessee within 30 days; or (iv) the attachment, execution or other judicial seizure of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where such seizure is not discharged within 30 days; provided, however, in the event that any provision of this subparagraph is contrary to any applicable law, such provision shall be of no force or effect, and not affect the validity of the remaining provisions.

(g) The discovery that any financial statement of Lessee or of any Guarantor given to Lessor was materially false.

(h) If the performance of Lessee's obligations under this Lease is guaranteed: (i) the death of a Guarantor, (ii) the termination of a Guarantor's liability with respect to this Lease other than in accordance with the terms of such guaranty, (iii) a Guarantor's becoming insolvent or the subject of a bankruptcy filing, (iv) a Guarantor's refusal to honor the guaranty, or (v) a Guarantor's breach of its guaranty obligation on an anticipatory basis, and Lessee's failure, within 60 days following written notice of any such event, to provide written alternative assurance or security, which, when coupled with the then existing resources of Lessee, equals or exceeds the combined financial resources of Lessee and the Guarantors that existed at the time of execution of this Lease.

13.2 Remedies. If Lessee fails to perform any of its affirmative duties or obligations, within 10 days after written notice (or in case of an emergency, without notice), Lessor may, at its option, perform such duty or obligation on Lessee's behalf, including but not limited to the obtaining of reasonably required bonds, insurance policies, or governmental licenses, permits or approvals. Lessee shall pay to Lessor an amount equal to 115% of the costs and expenses incurred by Lessor in such performance upon receipt of an invoice therefor. In the event of a Breach, Lessor may, with or without further notice or demand, and without limiting Lessor in the exercise of any right or remedy which Lessor may have by reason of such Breach:

(a) Terminate Lessee's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Lessee shall immediately surrender possession to Lessor. In such event Lessor shall be entitled to recover from Lessee: (i) the unpaid Rent which had been earned at the time of termination; (ii) 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 that the Lessee proves could have been reasonably avoided; (iii) 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 the Lessee proves could be reasonably avoided; and (iv) any other amount necessary to compensate Lessor for all the detriment proximately caused by the Lessee's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, including but not limited to the cost of recovering possession of the Premises, expenses of reletting, including necessary renovation and alteration of the Premises, reasonable attorneys' fees, and that portion of any leasing commission paid by Lessor in connection with this Lease applicable to the unexpired term of this Lease. The worth at the time of award of the amount referred to in provision (iii) of the immediately preceding sentence shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of the District within which the Premises are located at the time of award plus one percent. Efforts by Lessor to mitigate damages caused by Lessee's Breach of this Lease shall not waive Lessor's right to recover any damages to which Lessor is otherwise entitled. If termination of this Lease is obtained through the provisional remedy of unlawful detainer, Lessor shall have the right to recover in such proceeding any unpaid Rent and damages as are recoverable therein, or Lessor may reserve the right to recover all or any part thereof in a separate suit. If a notice and grace period required under Paragraph 13.1 was not previously given, a notice to pay rent or quit, or to perform or quit given to Lessee under the unlawful detainer statute shall also constitute the notice required by Paragraph 13.1. In such case, the applicable grace period required by Paragraph 13.1 and the unlawful detainer statute shall run concurrently, and the failure of Lessee to cure the Default within the greater of the two such grace periods shall constitute both an unlawful detainer and a Breach of this Lease entitling Lessor to the remedies provided for in this Lease and/or by said statute.

(b) Continue the Lease and Lessee's right to possession and recover the Rent as it becomes due, in which event Lessee may sublet or assign, subject only to reasonable limitations. Acts of maintenance, efforts to relet, and/or the appointment of a receiver to protect the Lessor's interests, shall not constitute a termination of the Lessee's right to possession.

(c) Pursue any other remedy now or hereafter available under the laws or judicial decisions of the state wherein the Premises are located. The expiration or termination of this Lease and/or the termination of Lessee's right to possession shall not relieve Lessee from liability under any indemnity provisions of this Lease as to matters occurring or accruing during the term hereof or by reason of Lessee's occupancy of the Premises.

13.3 Inducement Recapture. Any agreement for free or abated rent or other charges, the cost of tenant improvements for Lessee paid for or performed by Lessor, or for the giving or paying by Lessor to or for Lessee of any cash or other bonus, inducement or consideration for Lessee's entering into this Lease, all of which concessions are hereinafter referred to as "**Inducement Provisions**," shall be deemed conditioned upon Lessee's full and faithful performance of all of the terms, covenants and conditions of this Lease. Upon Breach of this Lease by Lessee, any such Inducement Provision shall automatically be deemed deleted from this Lease and of no further force or effect, and any rent, other charge, bonus, inducement or consideration theretofore abated, given or paid by Lessor under such an Inducement Provision shall be immediately due and payable by Lessee to Lessor, notwithstanding any subsequent cure of said Breach by Lessee. The acceptance by Lessor of rent or the cure of the Breach which initiated the operation of this paragraph shall not be deemed a waiver by Lessor of the provisions of this paragraph unless specifically so stated in writing by Lessor at the time of such acceptance.

13.4 Late Charges. Lessee hereby acknowledges that late payment by Lessee of Rent will cause Lessor to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges, and late charges which may be imposed upon Lessor by any Lender. Accordingly, if any Rent shall not be received by Lessor within 5 days after such amount shall be due, then, without any

requirement for notice to Lessee, Lessee shall immediately pay to Lessor a one-time late charge equal to 10% of each such overdue amount or \$100, whichever is greater. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Lessor will incur by reason of such late payment. Acceptance of such late charge by Lessor shall in no event constitute a waiver of Lessee's Default or Breach with respect to such overdue amount, nor prevent the exercise of any of the other rights and remedies granted hereunder. In the event that a late charge is payable hereunder, whether or not collected, for 3 consecutive installments of Base Rent, then notwithstanding any provision of this Lease to the contrary, Base Rent shall, at Lessor's option, become due and payable quarterly in advance.

13.5 Interest. Any monetary payment due Lessor hereunder, other than late charges, not received by Lessor, when due shall bear interest from the 31st day after it was due. The interest ("**Interest**") charged shall be computed at the rate of 10% per annum but shall not exceed the maximum rate allowed by law. Interest is payable in addition to the potential late charge provided for in Paragraph 13.4.

13.6 Breach by Lessor.

(a) **Notice of Breach.** Lessor shall not be deemed in breach of this Lease unless Lessor fails within a reasonable time to perform an obligation required to be performed by Lessor. For purposes of this Paragraph, a reasonable time shall in no event be less than 30 days after receipt by Lessor, and any Lender whose name and address shall have been furnished to Lessee in writing for such purpose, of written notice specifying wherein such obligation of Lessor has not been performed; provided, however, that if the nature of Lessor's obligation is such that more than 30 days are reasonably required for its performance, then Lessor shall not be in breach if performance is commenced within such 30 day period and thereafter diligently pursued to completion.

(b) **Performance by Lessee on Behalf of Lessor.** In the event that neither Lessor nor Lender cures said breach within 30 days after receipt of said notice, or if having commenced said cure they do not diligently pursue it to completion, then Lessee may elect to cure said breach at Lessee's expense and offset from Rent the actual and reasonable cost to perform such cure, provided, however, that such offset shall not exceed an amount equal to the greater of one month's Base Rent or the Security Deposit, reserving Lessee's right to seek reimbursement from Lessor for any such expense in excess of such offset. Lessee shall document the cost of said cure and supply said documentation to Lessor.

14. Condemnation. If the Premises or any portion thereof are taken under the power of eminent domain or sold under the threat of the exercise of said power (collectively "Condemnation"), this Lease shall terminate as to the part taken as of the date the condemning authority takes title or possession, whichever first occurs. If more than 10% of the rentable floor area of the Premises, or more than 25% of Lessee's Reserved Parking Spaces, if any, are taken by Condemnation, Lessee may, at Lessee's option, to be exercised in writing within 10 days after Lessor shall have given Lessee written notice of such taking (or in the absence of such notice, within 10 days after the condemning authority shall have taken possession) terminate this Lease as of the date the condemning authority takes such possession. If Lessee does not terminate this Lease in accordance with the foregoing, this Lease shall remain in full force and effect as to the portion of the Premises remaining, except that the Base Rent shall be reduced in proportion to the reduction in utility of the Premises caused by such Condemnation. Condemnation awards and/or payments shall be the property of Lessor, whether such award shall be made as compensation for diminution in value of the leasehold, the value of the part taken, or for severance damages; provided, however, that Lessee shall be entitled to any compensation paid by the condemnor for Lessee's relocation expenses, loss of business goodwill and/or Trade Fixtures, without regard to whether or not this Lease is terminated pursuant to the provisions of this Paragraph. All Alterations and Utility Installations made to the Premises by Lessee, for purposes of Condemnation only, shall be considered the property of the Lessee and Lessee shall be entitled to any and all compensation which is payable therefor. In the event that this Lease is not terminated by reason of the Condemnation, Lessor shall repair any damage to the Premises caused by such Condemnation.

15. Brokerage Fees.

15.1 Additional Commission. In addition to the payments owed pursuant to Paragraph 1.10 above, Lessor agrees that: (a) if Lessee exercises any Option, (b) if Lessee or anyone affiliated with Lessee acquires from Lessor any rights to the Premises or other premises owned by Lessor and located within the Project, (c) if Lessee remains in possession of the Premises, with the consent of Lessor, after the expiration of this Lease, or (d) if Base Rent is increased, whether by agreement or operation of an escalation clause herein, then, Lessor shall pay Brokers a fee in accordance with the fee schedule of the Brokers in effect at the time the Lease was executed.

15.2 Assumption of Obligations. Any buyer or transferee of Lessor's interest in this Lease shall be deemed to have assumed Lessor's obligation hereunder. Brokers shall be third party beneficiaries of the provisions of Paragraphs 1.10, 15, 22 and 31. If Lessor fails to pay to Brokers any amounts due as and for brokerage fees pertaining to this Lease when due, then such amounts shall accrue interest. In addition, if Lessor fails to pay any amounts to Lessee's Broker when due, Lessee's Broker may send written notice to Lessor and Lessee of such failure and if Lessor fails to pay such amounts within 10 days after said notice, Lessee shall pay said monies to its Broker and offset such amounts against Rent. In addition, Lessee's Broker shall be deemed to be a third party beneficiary of any commission agreement entered into by and/or between Lessor and Lessor's Broker for the limited purpose of collecting any brokerage fee owed.

15.3 Representations and Indemnities of Broker Relationships. Lessee and Lessor each represent and warrant to the other that it has had no dealings with any person, firm, broker or finder (other than the Brokers, if any) in connection with this Lease, and that no one other than said named Brokers is entitled to any commission or finder's fee in connection herewith. Lessee and Lessor do each hereby agree to indemnify, protect, defend and hold the other harmless from and against liability for compensation or charges which may be claimed by any such unnamed broker, finder or other similar party by reason of any dealings or actions of the indemnifying Party, including any costs, expenses, attorneys' fees reasonably incurred with respect thereto.

16. Estoppel Certificates.

(a) Each Party (as "**Responding Party**") shall within 10 days after written notice from the other Party (the "**Requesting Party**") execute, acknowledge and deliver to the Requesting Party a statement in writing in form similar to the then most current "**Estoppel Certificate**" form published BY AIR CRE, plus such additional information, confirmation and/or statements as may be reasonably requested by the Requesting Party.

(b) If the Responding Party shall fail to execute or deliver the Estoppel Certificate within such 10 day period, the Requesting Party may execute an Estoppel Certificate stating that: (i) the Lease is in full force and effect without modification except as may be represented by the Requesting Party, (ii) there are no uncured defaults in the Requesting Party's performance, and (iii) if Lessor is the Requesting Party, not more than one month's rent has been paid in advance. Prospective purchasers and encumbrancers may rely upon the Requesting Party's Estoppel Certificate, and the Responding Party shall be estopped from denying the truth of the facts contained in said Certificate. In addition, Lessee acknowledges that any failure on its part to provide such an Estoppel Certificate will expose Lessor to risks and potentially cause Lessor to incur costs not contemplated by this Lease, the extent of which will be extremely difficult to ascertain. Accordingly, should the Lessee fail to execute and/or deliver a requested Estoppel Certificate in a timely fashion the monthly Base Rent shall be automatically increased, without any requirement for notice to Lessee, by an amount equal to 10% of the then existing Base Rent or \$100, whichever is greater for remainder of the Lease. The Parties agree that such increase in Base Rent represents fair and reasonable compensation for the additional risk/costs that Lessor will incur by reason of Lessee's failure to provide the Estoppel Certificate. Such increase in Base Rent shall in no event constitute a waiver of Lessee's Default or Breach with respect to the failure to provide the Estoppel Certificate nor prevent the exercise of any of the other rights and remedies granted hereunder.

(c) If Lessor desires to finance, refinance, or sell the Premises, or any part thereof, Lessee and all Guarantors shall within 10 days after written notice from Lessor deliver to any potential lender or purchaser designated by Lessor such financial statements as may be reasonably required by such lender or purchaser,

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including but not limited to Lessee's financial statements for the past 3 years. All such financial statements shall be received by Lessor and such lender or purchaser in confidence and shall be used only for the purposes herein set forth.

17. Definition of Lessor. The term "**Lessor**" as used herein shall mean the owner or owners at the time in question of the fee title to the Premises, or, if this is a sublease, of the Lessee's interest in the prior lease. In the event of a transfer of Lessor's title or interest in the Premises or this Lease, Lessor shall deliver to the transferee or assignee (in cash or by credit) any unused Security Deposit held by Lessor. Upon such transfer or assignment and delivery of the Security Deposit, as aforesaid, the prior Lessor shall be relieved of all liability with respect to the obligations and/or covenants under this Lease thereafter to be performed by the Lessor. Subject to the foregoing, the obligations and/or covenants in this Lease to be performed by the Lessor shall be binding only upon the Lessor as hereinabove defined.

18. Severability. The invalidity of any provision of this Lease, as determined by a court of competent jurisdiction, shall in no way affect the validity of any other provision hereof.

19. Days. Unless otherwise specifically indicated to the contrary, the word "**days**" as used in this Lease shall mean and refer to calendar days.

20. Limitation on Liability. The obligations of Lessor under this Lease shall not constitute personal obligations of Lessor, or its partners, members, directors, officers or shareholders, and Lessee shall look to the Project, and to no other assets of Lessor, for the satisfaction of any liability of Lessor with respect to this Lease, and shall not seek recourse against Lessor's partners, members, directors, officers or shareholders, or any of their personal assets for such satisfaction.

21. Time of Essence. Time is of the essence with respect to the performance of all obligations to be performed or observed by the Parties under this Lease.

22. No Prior or Other Agreements; Broker Disclaimer. This Lease contains all agreements between the Parties with respect to any matter mentioned herein, and no other prior or contemporaneous agreement or understanding shall be effective. Lessor and Lessee each represents and warrants to the Brokers that it has made, and is relying solely upon, its own investigation as to the nature, quality, character and financial responsibility of the other Party to this Lease and as to the use, nature, quality and character of the Premises. Brokers have no responsibility with respect thereto or with respect to any default or breach hereof by either Party.

23. Notices.

23.1 Notice Requirements. All notices required or permitted by this Lease or applicable law shall be in writing and may be delivered in person (by hand or by courier) or may be sent by regular, certified or registered mail or U.S. Postal Service Express Mail, with postage prepaid, or by facsimile transmission, or by email, and shall be deemed sufficiently given if served in a manner specified in this Paragraph 23. The addresses noted adjacent to a Party's signature on this Lease shall be that Party's address for delivery or mailing of notices. Either Party may by written notice to the other specify a different address for notice, except that upon Lessee's taking possession of the Premises, the Premises shall constitute Lessee's address for notice. A copy of all notices to Lessor shall be concurrently transmitted to such party or parties at such addresses as Lessor may from time to time hereafter designate in writing.

23.2 Date of Notice. Any notice sent by registered or certified mail, return receipt requested, shall be deemed given on the date of delivery shown on the receipt card, or if no delivery date is shown, the postmark thereon. If sent by regular mail the notice shall be deemed given 72 hours after the same is addressed as required herein and mailed with postage prepaid. Notices delivered by United States Express Mail or overnight courier that guarantees next day delivery shall be deemed given 24 hours after delivery of the same to the Postal Service or courier. Notices delivered by hand, or transmitted by facsimile transmission or by email shall be deemed delivered upon actual receipt. If notice is received on a Saturday, Sunday or legal holiday, it shall be deemed received on the next business day.

24. Waivers.

(a) No waiver by Lessor of the Default or Breach of any term, covenant or condition hereof by Lessee, shall be deemed a waiver of any other term, covenant or condition hereof, or of any subsequent Default or Breach by Lessee of the same or of any other term, covenant or condition hereof. Lessor's consent to, or approval of, any act shall not be deemed to render unnecessary the obtaining of Lessor's consent to, or approval of, any subsequent or similar act by Lessee, or be construed as the basis of an estoppel to enforce the provision or provisions of this Lease requiring such consent.

(b) The acceptance of Rent by Lessor shall not be a waiver of any Default or Breach by Lessee. Any payment by Lessee may be accepted by Lessor on account of monies or damages due Lessor, notwithstanding any qualifying statements or conditions made by Lessee in connection therewith, which such statements and/or conditions shall be of no force or effect whatsoever unless specifically agreed to in writing by Lessor at or before the time of deposit of such payment.

(c) THE PARTIES AGREE THAT THE TERMS OF THIS LEASE SHALL GOVERN WITH REGARD TO ALL MATTERS RELATED THERETO AND HEREBY WAIVE THE PROVISIONS OF ANY PRESENT OR FUTURE STATUTE TO THE EXTENT THAT SUCH STATUTE IS INCONSISTENT WITH THIS LEASE.

25. Disclosures Regarding The Nature of a Real Estate Agency Relationship.

(a) When entering into a discussion with a real estate agent regarding a real estate transaction, a Lessor or Lessee should from the outset understand what type of agency relationship or representation it has with the agent or agents in the transaction. Lessor and Lessee acknowledge being advised by the Brokers in this transaction, as follows:

(i) Lessor's Agent. A Lessor's agent under a listing agreement with the Lessor acts as the agent for the Lessor only. A Lessor's agent or subagent has the following affirmative obligations: To the Lessor: A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Lessor. To the Lessee and the Lessor: (a) Diligent exercise of reasonable skills and care in performance of the agent's duties. (b) A duty of honest and fair dealing and good faith. (c) A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the Parties. An agent is not obligated to reveal to either Party any confidential information obtained from the other Party which does not involve the affirmative duties set forth above.

(ii) Lessee's Agent. An agent can agree to act as agent for the Lessee only. In these situations, the agent is not the Lessor's agent, even if by agreement the agent may receive compensation for services rendered, either in full or in part from the Lessor. An agent acting only for a Lessee has the following affirmative obligations: To the Lessee: A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Lessee. To the Lessee and the Lessor: (a) Diligent exercise of reasonable skills and care in performance of the agent's duties. (b) A duty of honest and fair dealing and good faith. (c) A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the Parties. An agent is not obligated to reveal to either Party any confidential information obtained from the other Party which does not involve the affirmative duties set forth above.

(iii) Agent Representing Both Lessor and Lessee. A real estate agent, either acting directly or through one or more associate licenses, can legally be the agent of both the Lessor and the Lessee in a transaction, but only with the knowledge and consent of both the Lessor and the Lessee. In a dual agency situation, the agent has the following affirmative obligations to both the Lessor and the Lessee: (a) A fiduciary duty of utmost care, integrity, honesty and loyalty in the dealings with either Lessor or the Lessee. (b) Other duties to the Lessor and the Lessee as stated above in subparagraphs (i) or (ii). In representing both Lessor and Lessee, the agent may not without the express permission of the respective Party, disclose to the other Party that the Lessor will accept rent in an amount less than that indicated in the listing or that the Lessee is willing to pay a higher rent than that offered. The above duties of the agent in a real estate transaction do not relieve a Lessor or

Lessee from the responsibility to protect their own interests. Lessor and Lessee should carefully read all agreements to assure that they adequately express their understanding of the transaction. A real estate agent is a person qualified to advise about real estate. If legal or tax advice is desired, consult a competent professional.

(b) Brokers have no responsibility with respect to any default or breach hereof by either Party. The Parties agree that no lawsuit or other legal proceeding involving any breach of duty, error or omission relating to this Lease may be brought against Broker more than one year after the Start Date and that the liability (including court costs and attorneys' fees), of any Broker with respect to any such lawsuit and/or legal proceeding shall not exceed the fee received by such Broker pursuant to this Lease; provided, however, that the foregoing limitation on each Broker's liability shall not be applicable to any gross negligence or willful misconduct of such Broker.

(c) Lessor and Lessee agree to identify to Brokers as "Confidential" any communication or information given Brokers that is considered by such Party to be confidential.

26. No Right to Holdover. Lessee has no right to retain possession of the Premises or any part thereof beyond the expiration or termination of this Lease. In the event that Lessee holds over, then the Base Rent shall be increased to 150% of the Base Rent applicable immediately preceding the expiration or termination. Holdover Base Rent shall be calculated on a monthly basis. Nothing contained herein shall be construed as consent by Lessor to any holding over by Lessee.

27. Cumulative Remedies. No remedy or election hereunder shall be deemed exclusive but shall, wherever possible, be cumulative with all other remedies at law or in equity.

28. Covenants and Conditions; Construction of Agreement. All provisions of this Lease to be observed or performed by Lessee are both covenants and conditions. In construing this Lease, all headings and titles are for the convenience of the Parties only and shall not be considered a part of this Lease. Whenever required by the context, the singular shall include the plural and vice versa. This Lease shall not be construed as if prepared by one of the Parties, but rather according to its fair meaning as a whole, as if both Parties had prepared it.

29. Binding Effect; Choice of Law. This Lease shall be binding upon the parties, their personal representatives, successors and assigns and be governed by the laws of the State in which the Premises are located. Any litigation between the Parties hereto concerning this Lease shall be initiated in the county in which the Premises are located.

30. Subordination; Attornment; Non-Disturbance.

30.1 Subordination. This Lease and any Option granted hereby shall be subject and subordinate to any ground lease, mortgage, deed of trust, or other hypothecation or security device (collectively, "**Security Device**"), now or hereafter placed upon the Premises, to any and all advances made on the security thereof, and to all renewals, modifications, and extensions thereof. Lessee agrees that the holders of any such Security Devices (in this Lease together referred to as "**Lender**") shall have no liability or obligation to perform any of the obligations of Lessor under this Lease. Any Lender may elect to have this Lease and/or any Option granted hereby superior to the lien of its Security Device by giving written notice thereof to Lessee, whereupon this Lease and such Options shall be deemed prior to such Security Device, notwithstanding the relative dates of the documentation or recordation thereof.

30.2 Attornment. In the event that Lessor transfers title to the Premises, or the Premises are acquired by another upon the foreclosure or termination of a Security Device to which this Lease is subordinated (i) Lessee shall, subject to the non-disturbance provisions of Paragraph 30.3, attorn to such new owner, and upon request, enter into a new lease, containing all of the terms and provisions of this Lease, with such new owner for the remainder of the term hereof, or, at the election of the new owner, this Lease will automatically become a new lease between Lessee and such new owner, and (ii) Lessor shall thereafter be relieved of any further obligations hereunder and such new owner shall assume all of Lessor's obligations, except that such new owner shall not: (a) be liable for any act or omission of any prior lessor or with respect to events occurring prior to acquisition of ownership; (b) be subject to any offsets or defenses which Lessee might have against any prior lessor, (c) be bound by prepayment of more than one month's rent, or (d) be liable for the return of any security deposit paid to any prior lessor which was not paid or credited to such new owner.

30.3 Non-Disturbance. With respect to Security Devices entered into by Lessor after the execution of this Lease, Lessee's subordination of this Lease shall be subject to receiving a commercially reasonable non-disturbance agreement (a "**Non-Disturbance Agreement**") from the Lender which Non-Disturbance Agreement provides that Lessee's possession of the Premises, and this Lease, including any options to extend the term hereof, will not be disturbed so long as Lessee is not in Breach hereof and attorns to the record owner of the Premises. Further, within 60 days after the execution of this Lease, Lessor shall, if requested by Lessee, use its commercially reasonable efforts to obtain a Non-Disturbance Agreement from the holder of any pre-existing Security Device which is secured by the Premises. In the event that Lessor is unable to provide the Non-Disturbance Agreement within said 60 days, then Lessee may, at Lessee's option, directly contact Lender and attempt to negotiate for the execution and delivery of a Non-Disturbance Agreement.

30.4 Self-Executing. The agreements contained in this Paragraph 30 shall be effective without the execution of any further documents; provided, however, that, upon written request from Lessor or a Lender in connection with a sale, financing or refinancing of the Premises, Lessee and Lessor shall execute such further writings as may be reasonably required to separately document any subordination, attornment and/or Non-Disturbance Agreement provided for herein.

31. Attorneys' Fees. If any Party or Broker brings an action or proceeding involving the Premises whether founded in tort, contract or equity, or to declare rights hereunder, the Prevailing Party (as hereafter defined) in any such proceeding, action, or appeal thereon, shall be entitled to reasonable attorneys' fees. Such fees may be awarded in the same suit or recovered in a separate suit, whether or not such action or proceeding is pursued to decision or judgment. The term, "**Prevailing Party**" shall include, without limitation, a Party or Broker who substantially obtains or defeats the relief sought, as the case may be, whether by compromise, settlement, judgment, or the abandonment by the other Party or Broker of its claim or defense. The attorneys' fees award shall not be computed in accordance with any court fee schedule, but shall be such as to fully reimburse all attorneys' fees reasonably incurred. In addition, Lessor shall be entitled to attorneys' fees, costs and expenses incurred in the preparation and service of notices of Default and consultations in connection therewith, whether or not a legal action is subsequently commenced in connection with such Default or resulting Breach (\$200 is a reasonable minimum per occurrence for such services and consultation).

32. Lessor's Access; Showing Premises; Repairs. Lessor and Lessor's agents shall have the right to enter the Premises at any time, in the case of an emergency, and otherwise at reasonable times after reasonable prior notice for the purpose of showing the same to prospective purchasers, lenders, or tenants, and making such alterations, repairs, improvements or additions to the Premises as Lessor may deem necessary or desirable and the erecting, using and maintaining of utilities, services, pipes and conduits through the Premises and/or other premises as long as there is no material adverse effect on Lessee's use of the Premises. All such activities shall be without abatement of rent or liability to Lessee.

33. Auctions. Lessee shall not conduct, nor permit to be conducted, any auction upon the Premises without Lessor's prior written consent. Lessor shall not be obligated to exercise any standard of reasonableness in determining whether to permit an auction.

34. Signs. Lessor may place on the Premises ordinary "For Sale" signs at any time and ordinary "For Lease" signs during the last 6 months of the term hereof. Lessor

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may not place any sign on the exterior of the Building that covers any of the windows of the Premises. Except for ordinary "For Sublease" signs which may be placed only on the Premises, Lessee shall not place any sign upon the Project without Lessor's prior written consent. All signs must comply with all Applicable Requirements.

35. Termination; Merger. Unless specifically stated otherwise in writing by Lessor, the voluntary or other surrender of this Lease by Lessee, the mutual termination or cancellation hereof, or a termination hereof by Lessor for Breach by Lessee, shall automatically terminate any sublease or lesser estate in the Premises; provided, however, that Lessor may elect to continue any one or all existing subtenancies. Lessor's failure within 10 days following any such event to elect to the contrary by written notice to the holder of any such lesser interest, shall constitute Lessor's election to have such event constitute the termination of such interest.

36. Consents. All requests for consent shall be in writing. Except as otherwise provided herein, wherever in this Lease the consent of a Party is required to an act by or for the other Party, such consent shall not be unreasonably withheld or delayed. Lessor's actual reasonable costs and expenses (including but not limited to architects', attorneys', engineers' and other consultants' fees) incurred in the consideration of, or response to, a request by Lessee for any Lessor consent, including but not limited to consents to an assignment, a subletting or the presence or use of a Hazardous Substance, shall be paid by Lessee upon receipt of an invoice and supporting documentation therefor. Lessor's consent to any act, assignment or subletting shall not constitute an acknowledgment that no Default or Breach by Lessee of this Lease exists, nor shall such consent be deemed a waiver of any then existing Default or Breach, except as may be otherwise specifically stated in writing by Lessor at the time of such consent. The failure to specify herein any particular condition to Lessor's consent shall not preclude the imposition by Lessor at the time of consent of such further or other conditions as are then reasonable with reference to the particular matter for which consent is being given. In the event that either Party disagrees with any determination made by the other hereunder and reasonably requests the reasons for such determination, the determining party shall furnish its reasons in writing and in reasonable detail within 10 business days following such request.

37. Guarantor.

37.1 Execution. The Guarantors, if any, shall each execute a guaranty in the form most recently published BY AIR CRE.

37.2 Default. It shall constitute a Default of the Lessee if any Guarantor fails or refuses, upon request to provide: (a) evidence of the execution of the guaranty, including the authority of the party signing on Guarantor's behalf to obligate Guarantor, and in the case of a corporate Guarantor, a certified copy of a resolution of its board of directors authorizing the making of such guaranty, (b) current financial statements, (c) an Estoppel Certificate, or (d) written confirmation that the guaranty is still in effect.

38. Quiet Possession. Subject to payment by Lessee of the Rent and performance of all of the covenants, conditions and provisions on Lessee's part to be observed and performed under this Lease, Lessee shall have quiet possession and quiet enjoyment of the Premises during the term hereof.

39. Options. If Lessee is granted any option, as defined below, then the following provisions shall apply.

39.1 Definition. "Option" shall mean: (a) the right to extend or reduce the term of or renew this Lease or to extend or reduce the term of or renew any lease that Lessee has on other property of Lessor; (b) the right of first refusal or first offer to lease either the Premises or other property of Lessor; (c) the right to purchase, the right of first offer to purchase or the right of first refusal to purchase the Premises or other property of Lessor.

39.2 Options Personal To Original Lessee. Any Option granted to Lessee in this Lease is personal to the original Lessee, and cannot be assigned or exercised by anyone other than said original Lessee and only while the original Lessee is in full possession of the Premises and, if requested by Lessor, with Lessee certifying that Lessee has no intention of thereafter assigning or subletting.

39.3 Multiple Options. In the event that Lessee has any multiple Options to extend or renew this Lease, a later Option cannot be exercised unless the prior Options have been validly exercised.

39.4 Effect of Default on Options.

(a) Lessee shall have no right to exercise an Option: (i) during the period commencing with the giving of any notice of Default and continuing until said Default is cured, (ii) during the period of time any Rent is unpaid (without regard to whether notice thereof is given Lessee), (iii) during the time Lessee is in Breach of this Lease, or (iv) in the event that Lessee has been given 3 or more notices of separate Default, whether or not the Defaults are cured, during the 12 month period immediately preceding the exercise of the Option.

(b) The period of time within which an Option may be exercised shall not be extended or enlarged by reason of Lessee's inability to exercise an Option because of the provisions of Paragraph 39.4(a).

(c) An Option shall terminate and be of no further force or effect, notwithstanding Lessee's due and timely exercise of the Option, if, after such exercise and prior to the commencement of the extended term or completion of the purchase, (i) Lessee fails to pay Rent for a period of 30 days after such Rent becomes due (without any necessity of Lessor to give notice thereof), or (ii) if Lessee commits a Breach of this Lease.

40. Security Measures. Lessee hereby acknowledges that the Rent payable to Lessor hereunder does not include the cost of guard service or other security measures, and that Lessor shall have no obligation whatsoever to provide same. Lessee assumes all responsibility for the protection of the Premises, Lessee, its agents and invitees and their property from the acts of third parties. In the event, however, that Lessor should elect to provide security services, then the cost thereof shall be an Operating Expense.

41. Reservations.

(a) Lessor reserves the right: (i) to grant, without the consent or joinder of Lessee, such easements, rights and dedications that Lessor deems necessary, (ii) to cause the recordation of parcel maps and restrictions, (iii) to create and/or install new utility raceways, so long as such easements, rights, dedications, maps, restrictions, and utility raceways do not unreasonably interfere with the use of the Premises by Lessee. Lessor may also: change the name, address or title of the Building or Project upon at least 90 days prior written notice; provide and install, at Lessee's expense, Building standard graphics on the door of the Premises and such portions of the Common Areas as Lessor shall reasonably deem appropriate; grant to any lessee the exclusive right to conduct any business as long as such exclusive right does not conflict with any rights expressly given herein; and to place such signs, notices or displays as Lessor reasonably deems necessary or advisable upon the roof, exterior of the Building or the Project or on signs in the Common Areas. Lessee agrees to sign any documents reasonably requested by Lessor to effectuate such rights. The obstruction of Lessee's view, air, or light by any structure erected in the vicinity of the Building, whether by Lessor or third parties, shall in no way affect this Lease or impose any liability upon Lessor.

(b) Lessor also reserves the right to move Lessee to other space of comparable size in the Building or Project. Lessor must provide at least 45 days prior written notice of such move, and the new space must contain improvements of comparable quality to those contained within the Premises. Lessor shall pay the reasonable out of pocket costs that Lessee incurs with regard to such relocation, including the expenses of moving and necessary stationary revision costs. In no event, however, shall Lessor be required to pay an amount in excess of two months Base Rent. Lessee may not be relocated more than once during the term of this Lease.

(c) Lessee shall not: (i) use a representation (photographic or otherwise) of the Building or Project or their name(s) in connection with Lessee's business; or (ii) suffer or permit anyone, except in emergency, to go upon the roof of the Building.

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42. Performance Under Protest. If at any time a dispute shall arise as to any amount or sum of money to be paid by one Party to the other under the provisions hereof, the Party against whom the obligation to pay the money is asserted shall have the right to make payment "under protest" and such payment shall not be regarded as a voluntary payment and there shall survive the right on the part of said Party to institute suit for recovery of such sum. If it shall be adjudged that there was no legal obligation on the part of said Party to pay such sum or any part thereof, said Party shall be entitled to recover such sum or so much thereof as it was not legally required to pay. A Party who does not initiate suit for the recovery of sums paid "under protest" within 6 months shall be deemed to have waived its right to protest such payment.

43. Authority; Multiple Parties; Execution.

(a) If either Party hereto is a corporation, trust, limited liability company, partnership, or similar entity, each individual executing this Lease on behalf of such entity represents and warrants that he or she is duly authorized to execute and deliver this Lease on its behalf. Each Party shall, within 30 days after request, deliver to the other Party satisfactory evidence of such authority.

(b) If this Lease is executed by more than one person or entity as "Lessee", each such person or entity shall be jointly and severally liable hereunder. It is agreed that any one of the named Lessees shall be empowered to execute any amendment to this Lease, or other document ancillary thereto and bind all of the named Lessees, and Lessor may rely on the same as if all of the named Lessees had executed such document.

(c) This Lease may be executed by the Parties in counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

44. Conflict. Any conflict between the printed provisions of this Lease and the typewritten or handwritten provisions shall be controlled by the typewritten or handwritten provisions.

45. Offer. Preparation of this Lease by either party or their agent and submission of same to the other Party shall not be deemed an offer to lease to the other Party. This Lease is not intended to be binding until executed and delivered by all Parties hereto.

46. Amendments. This Lease may be modified only in writing, signed by the Parties in interest at the time of the modification. As long as they do not materially change Lessee's obligations hereunder, Lessee agrees to make such reasonable non-monetary modifications to this Lease as may be reasonably required by a Lender in connection with the obtaining of normal financing or refinancing of the Premises.

47. Waiver of Jury Trial. THE PARTIES HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING INVOLVING THE PROPERTY OR ARISING OUT OF THIS AGREEMENT.

48. Arbitration of Disputes. An Addendum requiring the Arbitration of all disputes between the Parties and/or Brokers arising out of this Lease ☐ is ☒ is not attached to this Lease.

49. Accessibility; Americans with Disabilities Act.

(a) The Premises:

☒ have not undergone an inspection by a Certified Access Specialist (CASp). Note: A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises.

☐ have undergone an inspection by a Certified Access Specialist (CASp) and it was determined that the Premises met all applicable construction-related accessibility standards pursuant to California Civil Code §55.51 et seq. Lessee acknowledges that it received a copy of the inspection report at least 48 hours prior to executing this Lease and agrees to keep such report confidential.

☐ have undergone an inspection by a Certified Access Specialist (CASp) and it was determined that the Premises did not meet all applicable construction-related accessibility standards pursuant to California Civil Code §55.51 et seq. Lessee acknowledges that it received a copy of the inspection report at least 48 hours prior to executing this Lease and agrees to keep such report confidential except as necessary to complete repairs and corrections of violations of construction related accessibility standards.

In the event that the Premises have been issued an inspection report by a CASp the Lessor shall provide a copy of the disability access inspection certificate to Lessee within 7 days of the execution of this Lease.

(b) Since compliance with the Americans with Disabilities Act (ADA) and other state and local accessibility statutes are dependent upon Lessee's specific use of the Premises, Lessor makes no warranty or representation as to whether or not the Premises comply with ADA or any similar legislation. In the event that Lessee's use of the Premises requires modifications or additions to the Premises in order to be in compliance with ADA or other accessibility statutes, Lessee agrees to make any such necessary modifications and/or additions at Lessee's expense.

LESSOR AND LESSEE HAVE CAREFULLY READ AND REVIEWED THIS LEASE AND EACH TERM AND PROVISION CONTAINED HEREIN, AND BY THE EXECUTION OF THIS LEASE SHOW THEIR INFORMED AND VOLUNTARY CONSENT THERETO. THE PARTIES HEREBY AGREE THAT, AT THE TIME THIS LEASE IS EXECUTED, THE TERMS OF THIS LEASE ARE COMMERCIALY REASONABLE AND EFFECTUATE THE INTENT AND PURPOSE OF LESSOR AND LESSEE WITH RESPECT TO THE PREMISES.

ATTENTION: NO REPRESENTATION OR RECOMMENDATION IS MADE BY AIR CRE OR BY ANY BROKER AS TO THE LEGAL SUFFICIENCY, LEGAL EFFECT, OR TAX CONSEQUENCES OF THIS LEASE OR THE TRANSACTION TO WHICH IT RELATES. THE PARTIES ARE URGED TO:

- 1. SEEK ADVICE OF COUNSEL AS TO THE LEGAL AND TAX CONSEQUENCES OF THIS LEASE.**
- 2. RETAIN APPROPRIATE CONSULTANTS TO REVIEW AND INVESTIGATE THE CONDITION OF THE PREMISES. SAID INVESTIGATION SHOULD INCLUDE BUT NOT BE LIMITED TO: THE POSSIBLE PRESENCE OF HAZARDOUS SUBSTANCES, THE ZONING AND SIZE OF THE PREMISES, THE STRUCTURAL INTEGRITY, THE CONDITION OF THE ROOF AND OPERATING SYSTEMS, COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT AND THE SUITABILITY OF THE PREMISES FOR LESSEE'S INTENDED USE.**

WARNING: IF THE PREMISES ARE LOCATED IN A STATE OTHER THAN CALIFORNIA, CERTAIN PROVISIONS OF THE LEASE MAY NEED TO BE REVISED TO COMPLY WITH THE LAWS OF THE STATE IN WHICH THE PREMISES ARE LOCATED.

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The parties hereto have executed this Lease at the place and on the dates specified above their respective signatures.

Executed at: _____

On: _____

By LESSOR:

Carol and Morton Rothman Trust and Felice and Russell Shatz Trust

By: _____

Name Printed: Morton Rothman

Title: _____

Phone: _____

Fax: _____

Email: _____

By: _____

Name Printed: _____

Title: _____

Phone: (707) 528-1400

Fax: (707) 524-1419

Email: sschwegman@keegancoppin.com

Address: c/o Keegan & Coppin Company, Inc.

ATTN: Susie Schwegman

1355 North Dutton Avenue

Santa Rosa, CA 95401

Federal ID No.: _____

BROKER

Keegan & Coppin Company, Inc.

Attn: Russ Mayer

Title: Partner

Address: 1201 North McDowell Boulevard

Petaluma, CA 94954

Phone: (707) 664-1400

Fax: (707) 792-7336

Email: RMayer@KeeganCoppin.com

Federal ID No.: 00531022

Broker/Agent BRE License #: 01260916

Executed at: _____

On: _____

By LESSEE:

Zero Waste Sonoma, a Joint Powers Authority (JPA)

By: _____

Name Printed: _____

Title: _____

Phone: _____

Fax: _____

Email: _____

By: _____

Name Printed: _____

Title: _____

Phone: _____

Fax: _____

Email: _____

Address: _____

Federal ID No.: _____

BROKER

Keegan & Coppin Company, Inc.

Attn: Russ Mayer

Title: Partner

Address: 1201 North McDowell Boulevard

Petaluma, CA 94954

Phone: (707) 664-1400

Fax: (707) 792-7336

Email: RMayer@KeeganCoppin.com

Federal ID No.: 00531022

Broker/Agent BRE License #: 01260916

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RENT ADJUSTMENT(S) STANDARD LEASE ADDENDUM

Dated: _____

By and Between

Lessor: Carol and Morton Rothman Trust and Felice and Russell Shatz Trust

Lessee: Zero Waste Sonoma, a Joint Powers Authority (JPA)

Property Address: 490 Mendocino Avenue, Suite 206, Santa Rosa, California
(street address, city, state, zip)

Paragraph: 50

A. RENT ADJUSTMENTS:

The monthly rent for each month of the adjustment period(s) specified below shall be increased using the method(s) indicated below:
(Check Method(s) to be Used and Fill in Appropriately)

☐ I. Cost of Living Adjustment(s) (COLA)

a. On (Fill in COLA Dates): _____ the Base Rent shall be adjusted by the change, if any, from the Base Month specified below, in the Consumer Price Index of the Bureau of Labor Statistics of the U.S. Department of Labor for (select one): ☐ CPI W (Urban Wage Earners and Clerical Workers) or ☐ CPI U (All Urban Consumers), for (Fill in Urban Area): _____, All Items (1982-1984 = 100), herein referred to as "CPI".

b. The monthly Base Rent payable in accordance with paragraph A.I.a. of this Addendum shall be calculated as follows: the Base Rent set forth in paragraph 1.5 of the attached Lease, shall be multiplied by a fraction the numerator of which shall be the CPI of the calendar month 2 months prior to the month(s) specified in paragraph A.I.a. above during which the adjustment is to take effect, and the denominator of which shall be the CPI of the calendar month which is 2 months prior to (select one): the ☐ first month of the term of this Lease as set forth in paragraph 1.3 ("Base Month") or ☐ (Fill in Other "Base Month"): _____. The sum so calculated shall constitute the new monthly Base Rent hereunder, but in no event, shall any such new monthly Base Rent be less than the Base Rent payable for the month immediately preceding the Base Rent adjustment.

c. In the event the compilation and/or publication of the CPI shall be transferred to any other governmental department or bureau or agency or shall be discontinued, then the index most nearly the same as the CPI shall be used to make such calculation. In the event that the Parties cannot agree on such alternative index, then the matter shall be submitted for decision to the American Arbitration Association in accordance with the then rules of said Association and the decision of the arbitrators shall be binding upon the parties. The cost of said Arbitration shall be paid equally by the Parties.

☐ II. Market Rental Value Adjustment(s) (MRV)

a. On (Fill in MRV Adjustment Date(s): _____ the Base Rent shall be adjusted to the "Market Rental Value" of the property as follows:

1) Four months prior to each Market Rental Value Adjustment Date described above, the Parties shall attempt to agree upon what the new MRV will be on the adjustment date. If agreement cannot be reached within thirty days, then:

(a) Lessor and Lessee shall immediately appoint a mutually acceptable appraiser or broker to establish the new MRV within the next 30 days. Any associated costs will be split equally between the Parties, or

(b) Both Lessor and Lessee shall each immediately make a reasonable determination of the MRV and submit such determination, in writing, to arbitration in accordance with the following provisions:

(i) Within 15 days thereafter, Lessor and Lessee shall each select an independent third party ☐ appraiser or ☐ broker ("Consultant" - check one) of their choice to act as an arbitrator (Note: the parties may not select either of the Brokers that was involved in negotiating the Lease). The two arbitrators so appointed shall immediately select a third mutually acceptable Consultant to act as a third arbitrator.

(ii) The 3 arbitrators shall within 30 days of the appointment of the third arbitrator reach a decision as to what the actual MRV for the Premises is, and whether Lessor's or Lessee's submitted MRV is the closest thereto. The decision of a majority of the arbitrators shall be binding on the Parties. The submitted MRV which is determined to be the closest to the actual MRV shall thereafter be used by the Parties.

(iii) If either of the Parties fails to appoint an arbitrator within the specified 15 days, the arbitrator timely appointed by one of them shall reach a decision on his or her own, and said decision shall be binding on the Parties.

(iv) The entire cost of such arbitration shall be paid by the party whose submitted MRV is not selected, i.e., the one that is NOT the closest to the actual MRV.

2) When determining MRV, the Lessor, Lessee and Consultants shall consider the terms of comparable market transactions which shall include, but no limited to, rent, rental adjustments, abated rent, lease term and financial condition of tenants.

3) Notwithstanding the foregoing, the new Base Rent shall not be less than the rent payable for the month immediately preceding the rent

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adjustment.

b. Upon the establishment of each New Market Rental Value:

- 1) the new MRV will become the new "Base Rent" for the purpose of calculating any further Adjustments, and
- 2) the first month of each Market Rental Value term shall become the new 'Base Month' for the purpose of calculating any further Adjustments.

☐ **III. Fixed Rental Adjustment(s) (FRA)**

The Base Rent shall be increased to the following amounts on the dates set forth below:

On (Fill in FRA Adjustment Date(s)):

June 1, 2021

June 1, 2023

The New Base Rent shall be:

\$7,050.45

\$7,477.75

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**OPTION(S) TO EXTEND
STANDARD LEASE ADDENDUM**

Dated: _____

By and Between

Lessor: Carol and Morton Rothman Trust and Felice and Russell Shatz Trust

Lessee: Zero Waste Sonoma, a Joint Powers Authority (JPA)

Property Address: 490 Mendocino Avenue, Suite 206, Santa Rosa, California
(street address, city, state, zip)

Paragraph: 51

A. OPTION(S) TO EXTEND:

Lessor hereby grants to Lessee the option to extend the term of this Lease for Two (2) additional Sixty (60) month period(s) commencing when the prior term expires upon each and all of the following terms and conditions:

(i) In order to exercise an option to extend, Lessee must give written notice of such election to Lessor and Lessor must receive the same at least Six (6) but not more than Nine (9) months prior to the date that the option period would commence, time being of the essence. If proper notification of the exercise of an option is not given and/or received, such option shall automatically expire. Options (if there are more than one) may only be exercised consecutively.

(ii) The provisions of paragraph 39, including those relating to Lessee's Default set forth in paragraph 39.4 of this Lease, are conditions of this Option.

(iii) Except for the provisions of this Lease granting an option or options to extend the term, all of the terms and conditions of this Lease except where specifically modified by this option shall apply.

(iv) This Option is personal to the original Lessee, and cannot be assigned or exercised by anyone other than said original Lessee and only while the original Lessee is in full possession of the Premises and without the intention of thereafter assigning or subletting.

(v) The monthly rent for each month of the option period shall be calculated as follows, using the method(s) indicated below:

(Check Method(s) to be Used and Fill in Appropriately)

☐ **I. Cost of Living Adjustment(s) (COLA)**

a. On (Fill in COLA Dates): _____ the Base Rent shall be adjusted by the change, if any, from the Base Month specified below, in the Consumer Price Index of the Bureau of Labor Statistics of the U.S. Department of Labor for (select one): ☐ CPI W (Urban Wage Earners and Clerical Workers) or ☐ CPI U (All Urban Consumers), for (Fill in Urban Area): _____. All Items (1982-1984 = 100), herein referred to as "CPI".

b. The monthly Base Rent payable in accordance with paragraph A.I.a. of this Addendum shall be calculated as follows: the Base Rent set forth in paragraph 1.5 of the attached Lease, shall be multiplied by a fraction the numerator of which shall be the CPI of the calendar month 2 months prior to the month(s) specified in paragraph A.I.a. above during which the adjustment is to take effect, and the denominator of which shall be the CPI of the calendar month which is 2 months prior to (select one): ☐ the first month of the term of this Lease as set forth in paragraph 1.3 ("Base Month") or ☐ (Fill in Other "Base Month"): _____. The sum so calculated shall constitute the new monthly Base Rent hereunder, but in no event, shall any such new monthly Base Rent be less than the Base Rent payable for the month immediately preceding the rent adjustment.

c. In the event the compilation and/or publication of the CPI shall be transferred to any other governmental department or bureau or agency or shall be discontinued, then the index most nearly the same as the CPI shall be used to make such calculation. In the event that the Parties cannot agree on such alternative index, then the matter shall be submitted for decision to the American Arbitration Association in accordance with the then rules of said Association and the decision of the arbitrators shall be binding upon the parties. The cost of said Arbitration shall be paid equally by the Parties.

☐ **II. Market Rental Value Adjustment(s) (MRV)**

a. On (Fill in MRV Adjustment Date(s)) _____ the Base Rent shall be adjusted to the "Market Rental Value" of the property as follows:

1) Four months prior to each Market Rental Value Adjustment Date described above, the Parties shall attempt to agree upon what the new MRV will be on the adjustment date. If agreement cannot be reached, within thirty days, then:

(a) Lessor and Lessee shall immediately appoint a mutually acceptable appraiser or broker to establish the new MRV within the next 30 days. Any associated costs will be split equally between the Parties, or

(b) Both Lessor and Lessee shall each immediately make a reasonable determination of the MRV and submit such determination, in writing, to arbitration in accordance with the following provisions:

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(i) Within 15 days thereafter, Lessor and Lessee shall each select an independent third party ☐ appraiser or ☐ broker ("Consultant" - check one) of their choice to act as an arbitrator (Note: the parties may not select either of the Brokers that was involved in negotiating the Lease). The two arbitrators so appointed shall immediately select a third mutually acceptable Consultant to act as a third arbitrator.

(ii) The 3 arbitrators shall within 30 days of the appointment of the third arbitrator reach a decision as to what the actual MRV for the Premises is, and whether Lessor's or Lessee's submitted MRV is the closest thereto. The decision of a majority of the arbitrators shall be binding on the Parties. The submitted MRV which is determined to be the closest to the actual MRV shall thereafter be used by the Parties.

(iii) If either of the Parties fails to appoint an arbitrator within the specified 15 days, the arbitrator timely appointed by one of them shall reach a decision on his or her own, and said decision shall be binding on the Parties.

(iv) The entire cost of such arbitration shall be paid by the party whose submitted MRV is not selected, ie. the one that is NOT the closest to the actual MRV.

2) When determining MRV, the Lessor, Lessee and Consultants shall consider the terms of comparable market transactions which shall include, but not limited to, rent, rental adjustments, abated rent, lease term and financial condition of tenants.

3) Notwithstanding the foregoing, the new Base Rent shall not be less than the rent payable for the month immediately preceding the rent adjustment.

b. Upon the establishment of each New Market Rental Value:

1) the new MRV will become the new "Base Rent" for the purpose of calculating any further Adjustments, and

2) the first month of each Market Rental Value term shall become the new "Base Month" for the purpose of calculating any further Adjustments.

☒ **III. Fixed Rental Adjustment(s) (FRA)**

The Base Rent shall be increased to the following amounts on the dates set forth below:

On (Fill in FRA Adjustment Date(s)):

June 1, 2025

June 1, 2026

June 1, 2030

June 1, 2032

June 1, 2034

The New Base Rent shall be:

\$7,905.05

\$8,118.70

\$8,973.30

\$9,186.95

\$9,614.25

☐ **IV. Initial Term Adjustments**

The formula used to calculate adjustments to the Base Rate during the original Term of the Lease shall continue to be used during the extended term.

B. NOTICE:

Unless specified otherwise herein, notice of any rental adjustments, other than Fixed Rental Adjustments, shall be made as specified in paragraph 23 of the Lease.

~~**C. BROKER'S FEE:**~~

~~The Brokers shall be paid a Brokerage Fee for each adjustment specified above in accordance with paragraph 15 of the Lease or if applicable, paragraph 9 of the Sublease.~~

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ADDENDUM #1 - STANDARD LEASE CONDITIONS

To the Lease dated February , 2020 by and between
Carol and Morton Rothman Trust and Felice and Russell Shatz Trust ("Lessor")
and Zero Waste Sonoma, a Joint Powers Authority (JPA) ("Lessee")
for the Premises located at 490 Mendocino Avenue, Santa Rosa, CA 95401

52. TENANT IMPROVEMENT SCOPE:

Lessor and Lessee have approved the plans and specifications covering the layout of the premises and the scope of responsibility of the Tenant Improvements between Lessor and Lessee as stipulated in lease, in the Exhibit B of lease or Work Letter. Lessor to complete installations of Tenant Improvements in a quality good workmanlike manner in accordance with approved plans and specifications within forty (40) days of acceptance hereof or prior to April 30, 2020.

Lessee shall inspect said premises within three (3) days of completion to ascertain that Tenant Improvements have been installed in accordance with plans and specifications. Lessee shall provide a "punch list" of items not in accordance with plans and specification or not installed in a good workmanlike manner. Lessor shall have thirty (30) days to correct said punch list items.

If Lessee installs any portion of the Tenant Improvements, he shall have the same responsibility as indicated above for Lessor and additionally Lessee shall remove all mechanic's liens, to satisfy all claims and meet all contract requirements with suppliers, contractors and employees arising out of said installation of improvements. Lessee to have workman compensation and liability insurance with a minimum \$1,000,000 per occurrence for said installation and to name Lessor additional insured. Lessee shall indemnify and hold harmless Lessor for all claims of employees, invitees, material men, supplier arising out of said installation.

53. CERTIFIED ACCESS SPECIALIST DISCLOSURE:

Pursuant to California Civil Code Section 1938 the subject property has _____ has not X been inspected by a "Certified Access Specialist". If subject property has been inspected, the property _____ has not been determined to meet all applicable construction related accessibility standards pursuant to California Civil Code Section 55.53.

If the Lessor has not obtained a CASp (a Certified Access Specialist) Report the Lessee may obtain its own report, at his cost, to determine necessary modifications or additions to obtain certification. Lessee will have a total of thirty (30) days form initial acceptance hereof of lease conditions to obtain report and approve the modifications or additions to obtain certification, if any. Lessee may elect to have the additions or modifications installed or to proceed without them. In any case if modifications or additions are required and elected by Lessee then allocation of the cost shall be approved by both Lessor and Lessee at least forty-eight (48) hours prior to final lease execution.

If a CASp inspection has been previously obtained for the premises Lessor shall provide a copy to Lessee a minimum of ten (10) days before final lease execution and Lessee to review and approve within five (5) days of receipt. Lessee may elect to have additions or modifications installed or to proceed without them. In any case, if modifications or additions are required and elected by Lessee then allocation of the cost shall be approved by both Lessor and Lessee at least forty-eight (48) hours prior to final lease execution.

54. FINANCIAL INFORMATION:

Lessor has reviewed and approves prior to signing this Lease the financial statements and credit reports regarding Lessee.

Lessor may deliver such financial information in Lessor's possession to lending institutions, mortgage brokers, investors in the Industrial Center or prospective purchasers.

Keegan & Coppin Company, Inc. is authorized to release deposits and first month's rent on account to Lessor upon receipt of fully executed lease.

Lessor _____

Lessee _____

55. PERMITS:

Lessee will obtain a use permit and a wastewater discharge permit if required from the appropriate municipality. Lessee shall use due diligence in pursuing such permits and pay all costs associated with them. Lessee shall have the responsibility to maintain any use permits and to comply with all terms and conditions of said use permits during the term of this Lease.

56. HAZARDOUS WASTE:

"If Lessee uses, stores, or becomes aware of any hazardous waste or substances as listed by Proposition 65, he will advise Lessor within three (3) days of such existence and either obtain approval from Lessor and the appropriate governing agencies within thirty (30) days from notice or remove and clean up said hazardous waste to standards required by the Lessor and the appropriate governing agencies within thirty (30) days from notice."

"If Lessee, his invitees, employees, agents or associates cause or allow a spill, or contamination or mold infestation of the premises, common area, soil or surrounding area, then it will be the responsibility of Lessee to clean up said hazard to the degree required and within the time frame set by any public entity which has jurisdiction and particularly in response to the Super Fund Act and Proposition 65."

Lessor is responsible for any hazardous waste violations, mold inspection occurrences or clean-up required prior to lease commencement or caused by Lessor or other tenants during the lease term. Lessee shall have the opportunity to obtain a hazardous waste inspection and mold inspection prior to execution of the Lease.

57. AREA MEASUREMENT:

Lessee has reviewed and approves prior to signing this Lease the system of measurement, the usable and rentable square footage of the subject premises.

58. ASSOCIATIONS:

Lessee has reviewed and approves CC&R's, any common area association dues and budget, rules, and use conditions pertaining thereto.

59. EXPENSES:

Lessee has reviewed and approves prior to signing this Lease the scope and delineation of Lessee's and Lessor's responsibilities for lease expenses, including common area expenses, repairs and maintenance, taxes, insurance, capital replacements, base year expenses, or other assessments, including past experienced costs or future estimates under the subject lease.

60. SYSTEMS:

Lessee has reviewed and approves prior to signing this Lease the physical condition of all systems the Lessee is responsible for maintaining or replacing under the Lease and as stipulated in the above scope of responsibilities including HVAC, electrical equipment, lighting, road surfaces, landscaping, sprinkler or other mechanical or electrical systems.

61. SIGNAGE

Lessor shall provide the following signage at no charge to Lessee: (1) Suite entrance signage consistent with building standard, (2) Building Directory.

Lessor _____

Lessee _____

62. INSURANCE

Lessor shall maintain insurance in amount(s) as required by Lessee's Risk Management Department. Lessee to maintain a Commercial Liability Insurance Policy naming the Lessor as an additional insured per the terms of the Lease.

63. PARKING

Included in Lessee's rental herein is the right of Lessee to use free of charge, throughout the term of this Lease, including any and all extensions thereof, five (5) parking permits ("Parking Permits") for the City of Santa Rosa ("City") Parking Garage #1 located on 7th Street or Parking Garage #3 located on 5th Street ("Garage") but subject to availability within these and other nearby garages. Lessor shall purchase said Parking Permits, at Lessor's sole cost and expense, and deliver them to Lessee on or before the Commencement Date of this Lease. Lessor is fully responsible for renewing and continuously maintaining such Parking Permits throughout the Initial Term and any Extended Term of this Lease. Lessor shall make all payments for such Parking Permits directly to the City at least sixty (60) days before delinquency and before any fine, interest or penalty shall become due, and in any event, before the right to renew such Parking Permits shall expire. Lessor shall furnish to Lessee at least forty-five (45) days before the date payment for such Parking Permits would become delinquent, receipts or other appropriate evidence establishing payment therefore. In the event Lessor does not furnish Lessee such evidence within forty-five (45) days, Lessee shall have the right to make any payments necessary to renew such Parking Permits and withhold the amount of such payments from rent. The parties acknowledge that the City sets the Parking rates and that such rates are adjusted by the City from time to time. In the event that the rate as set by the City for any Parking Permits provided by Landlord pursuant to this Section 63 exceeds either Sixty-Two and No/100 Dollars (\$62.00) per space per month for Garage #1 or Seventy and No/100 Dollars (\$70.00) per space per month for Garage #3, then Lessee shall reimburse Lessor the excess within thirty (30) days of invoice. In the event that the rate as set by the City for any Parking Permit provided by Lessor pursuant to this Section 63 is less than Sixty-Two and No/100 Dollars (\$62.00) per space per month for Garage #1 or Seventy and No/100 Dollars (\$70.00) per space per month for Garage #3, then Lessee shall be entitled to a credit in the amount of the difference which may be applied, in Lessee's sole discretion, toward: (a) rent; or (b) validation stamps or similar advance credits, which Lessor shall purchase and deliver to Lessee in the same manner as the Parking Permits.

64. CONFIDENTIALITY:

The terms and conditions of this lease contained herein are of a confidential nature and as such Lessee agrees that he will not, directly or indirectly, disclose or permit anyone else to disclose these terms and conditions to any other persons without prior written permission from the Lessor, or in any fashion or manner use the information to the detriment of the interests of the Lessor.

Agreed by:

Lessee: _____
Zero Waste Sonoma, a Joint Powers Authority (JPA)

Date: _____

Lessor: _____
Carol and Morton Rothman Trust & Felice and Russell Shatz Trust

Date: _____

ADDENDUM #2 - STANDARD LEASE DISCLOSURE

To the Lease dated February , 2020 by and between
Carol and Morton Rothman Trust and Felice and Russell Shatz Trust ("Lessor")
and Zero Waste Sonoma, a Joint Powers Authority (JPA) ("Lessee")
for the Premises located at 490 Mendocino Avenue, Santa Rosa, CA 95401

Certified Access Specialist Disclosure

Pursuant to California Civil Code Section 1938 the subject property has _____ has not X been inspected by a "Certified Access Specialist". If subject property has been inspected, the property _____ has not been determined to meet all applicable construction related accessibility standards pursuant to California Civil Code Section 55.53.

SECTION 1. Section 1938 of the Civil Code is amended to read: 1938. (a) A commercial property owner or lessor shall state on every lease form or rental agreement executed on or after January 1, 2017, whether or not the subject premises have undergone inspection by a Certified Access Specialist (CASp).

(b) If the subject premises have undergone inspection by a CASp and, to the best of the commercial property owner's or lessor's knowledge, there have been no modifications or alterations completed or commenced between the date of the inspection and the date of the lease or rental agreement which have impacted the subject premises' compliance with construction-related accessibility standards, the commercial property owner or lessor shall provide, prior to execution of the lease or rental agreement, a copy of any report prepared by the CASp with an agreement from the prospective lessee or tenant that information in the report shall remain confidential, except as necessary for the tenant to complete repairs and corrections of violations of construction-related accessibility standards that the lessee or tenant agrees to make.

(c) Making any repairs or modifications necessary to correct violations of construction-related accessibility standards that are noted in a CASp report is presumed to be the responsibility of the commercial property owner or lessor, unless otherwise mutually agreed upon by the commercial property owner or lessor and the lessee or tenant. The prospective lessee or tenant shall have the opportunity to review any CASp report prior to execution of the lease or rental agreement. If the report is not provided to the prospective lessee or tenant at least 48 hours prior to execution of the lease or rental agreement, the prospective lessee or tenant shall have the right to rescind the lease or rental agreement, based upon the information contained in the report, for 72 hours after execution of the agreement.

(d) If the subject premises have been issued an inspection report by a CASp, as described in paragraph (1) of subdivision (a) of Section 55.53, indicating that it meets applicable standards, as defined in paragraph (4) of subdivision (a) of section 55.52, the commercial property owner or lessor shall provide a copy of the current disability access inspection certificate and any inspection report to the lessee or tenant not already provided pursuant to subdivision (b) within seven days of the date of the execution of the lease or rental agreement.

(e) If the subject premises have not been issued a disability access inspection certificate, as described in subdivision (e) of Section 55.53, the commercial property owner or lessor shall state the following on the lease form or rental agreement:

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

SEC 2. This act is an urgency statute necessary to the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to increase compliance with accessibility standards for the benefit of the public, especially disabled consumers who may experience unjust discomfort, difficulty, or embarrassment when public places or businesses are not compliant with accessibility standards required by law and to improve the ability of business to correct accessibility violations, provide clarity to property owners and tenants regarding responsibility for correcting accessibility violations and increase awareness of state programs to inspect properties for accessibility violations, it is necessary that this act go into effect immediately.

Notice to Owners, Buyers and Tenants Regarding Hazardous Wastes or Substances and Underground Storage Tanks

Comprehensive federal and state laws and regulations have been enacted in the last few years in an effort to develop controls over the use, storage, handling, cleanup, removal and disposal of hazardous wastes or substances. Some of these laws and regulations, such as, for example, the so-called "Super Fund Act", provide for broad liability schemes wherein an owner, tenant or other user of the property may be liable for cleanup costs and damages regardless of fault. Other laws and regulations set standards for the handling of asbestos or establish requirements for the use, modification, abandonment, or closing of underground storage tanks.

Lessor _____

Lessee _____

It is not practical or possible to list all such laws and regulations in this Notice. Therefore, lessors and lessees are urged to consult legal counsel to determine their respective rights and liabilities with respect to the issues described in this Notice as well as other aspects of the proposed transaction. If various materials that have been or may be in the future determined to be toxic, hazardous or undesirable, or are going to be used, stored, handled or disposed of on the property, or if the property has or may have underground storage tanks for storage of such hazardous materials, or that such materials may be in the equipment, improvements or soil, it is essential that legal and technical advice be obtained to determine, among other things, what permits and approvals have been or may be required, if any, the estimated costs and expenses associated with the use, storage, handling, cleanup, removal or disposal of the hazardous wastes or substances and what contractual provisions and protection are necessary or desirable. It may also be important to obtain expert assistance for site investigations and building inspections. The past uses of the property may provide valuable information as to the likelihood of hazardous wastes or substances, or underground storage tanks being on the property.

The term "hazardous wastes or substances" is used in this Notice in its very broadest sense and includes, but is not limited to, all those listed under Proposition 65, petroleum base products, paints and solvents, lead, cyanide, DDT, printing inks, acids, pesticides, ammonium compounds, asbestos, PCBs and other chemical products. Hazardous wastes or substances and underground storage tanks may be present on all types of real property. This Notice is, therefore, meant to apply to any transaction involving any type of real property, whether improved or unimproved.

Although Keegan & Coppin Co., Inc. or its salespeople, will disclose any knowledge it actually possesses with respect to the existence of hazardous wastes or substances, or underground storage tanks on the property, Keegan & Coppin Co., Inc. has not made investigations or obtained reports regarding the subject matter of this Notice, except as may be described in a separate written document, studies or investigation by experts. Therefore, unless there are additional documents or studies attached to this notice, lease or contract, this will serve as notification that Keegan & Coppin Co., Inc. or its salespeople make no representation regarding the existence or non-existence of hazardous wastes or substances, or underground storage tanks on the property. You should contact a professional, such as a civil engineer, geologist, industrial hygienist or other persons with experience in these matters to advise you concerning the property.

Americans with Disabilities Act (ADA) On July 26, 1990, President Bush signed the federal legislation known as the Americans with Disabilities Act (ADA) into law. The purpose of the ADA is to integrate persons with disabilities into the economic and social mainstream of American life. Title III of the ADA applies to Lessors and Lessees of "places of public accommodation" and "commercial facilities", and requires that places of public accommodation undertake "readily achievable" removal of communication and access barriers to the disabled. This requirement of Title III of the ADA is effective January 26, 1992.

It is important that building owners identify and undertake "readily achievable" removal of any such barriers in the common areas, sidewalks, parking lots and other areas of the building under their control.

The lessor and lessee are responsible for compliance with ADA relating to removal of barriers within the workplace i.e., arrangement of interior furnishings and access within the premises, and any improvements installed by lessor and lessee.

Keegan & Coppin Company, Inc. recommends that both parties seek expert advice regarding the implications of the Act as it affects this agreement.

Natural Hazards Disclosure Act:

"The property which is the subject of this contract may be situated in a Special Study Zone as designated under the Natural Hazards Disclosure Act, inclusive, of the California Public Resources Code; and, as such, the construction or development on this property of any structure for human occupancy may be subject to the findings of a geologic report prepared by a geologist registered in the State of California, unless such report is waived by the City or County under the terms of that act. No representations on the subject are made by the lessor or agent, and the lessee should make his own inquiry or investigation".

Flood Hazard Area Disclosure:

The subject property may be situated in a "Special Flood Hazard Area" as set forth on a Federal Emergency Management Agency (FEMA) "Flood Insurance Rate Map" (FIRM) or "Flood Hazard Boundary Map" (FHBM). The law provides that, as a condition of obtaining financing on most structures located in a "Special Floods Hazard Area", lender requires flood insurance where the property or its attachments are security for a loan. Lessee should consult with experts concerning the possible risk of flooding.

Lessor _____

Lessee _____

Toxic Mold Disclosure (Pursuant to the Toxic Mold Protection Act of 2001)

The Toxic Mold Protection Act of 2001 requires any person who sells, transfers or rents residential, commercial or industrial property to disclose if they have ACTUAL KNOWLEDGE of a mold condition on the property. The law also requires the California Department of Health Services to identify tolerable exposure limits and develop guidelines for toxic mold identification and remediation. Property owners will be required to provide a more detailed disclosure on toxic mold once the Department of Health Services develops and adopts standards for identifying, measuring and remediating toxic mold.

The Toxic Mold Protection Act of 2001 does NOT require that a property owner have their property tested for toxic mold. It also does NOT require that an agent investigate a property for toxic mold. Property owners only need to disclose any ACTUAL KNOWLEDGE of a mold condition on their property until the above mentioned guidelines are developed and approved. Lessees are advised to obtain a professional assessment of the mold condition of the premises prior to execution of the Lease.

Disclosure

Keegan & Coppin Co., Inc. has made no independent investigation regarding the present or future use or zoning of the Property: ADA-related issues, matters relating to Hazardous Materials, or the compliance of the Property with the Occupational Safety and Health Act or any other federal, state, county or municipal Law. Broker has not investigated, and is not qualified to provide any opinion about the structural, mechanical, or soils conditions of the Property. Broker has not independently verified the size, measurements, or boundaries of the Property, and any representation thereof is made solely based upon information provided to Broker, which Broker deems reliable but does not warrant to be accurate. You should consult your advisors on these matters. Buyer agrees to make its own investigation and determination regarding all matters affecting the value, condition, utility, size, compliance with Laws, and all aspects of the Property's suitability for Buyer's intended use.

Acknowledgment:

Lessee: _____
Zero Waste Sonoma, a Joint Powers Authority (JPA)

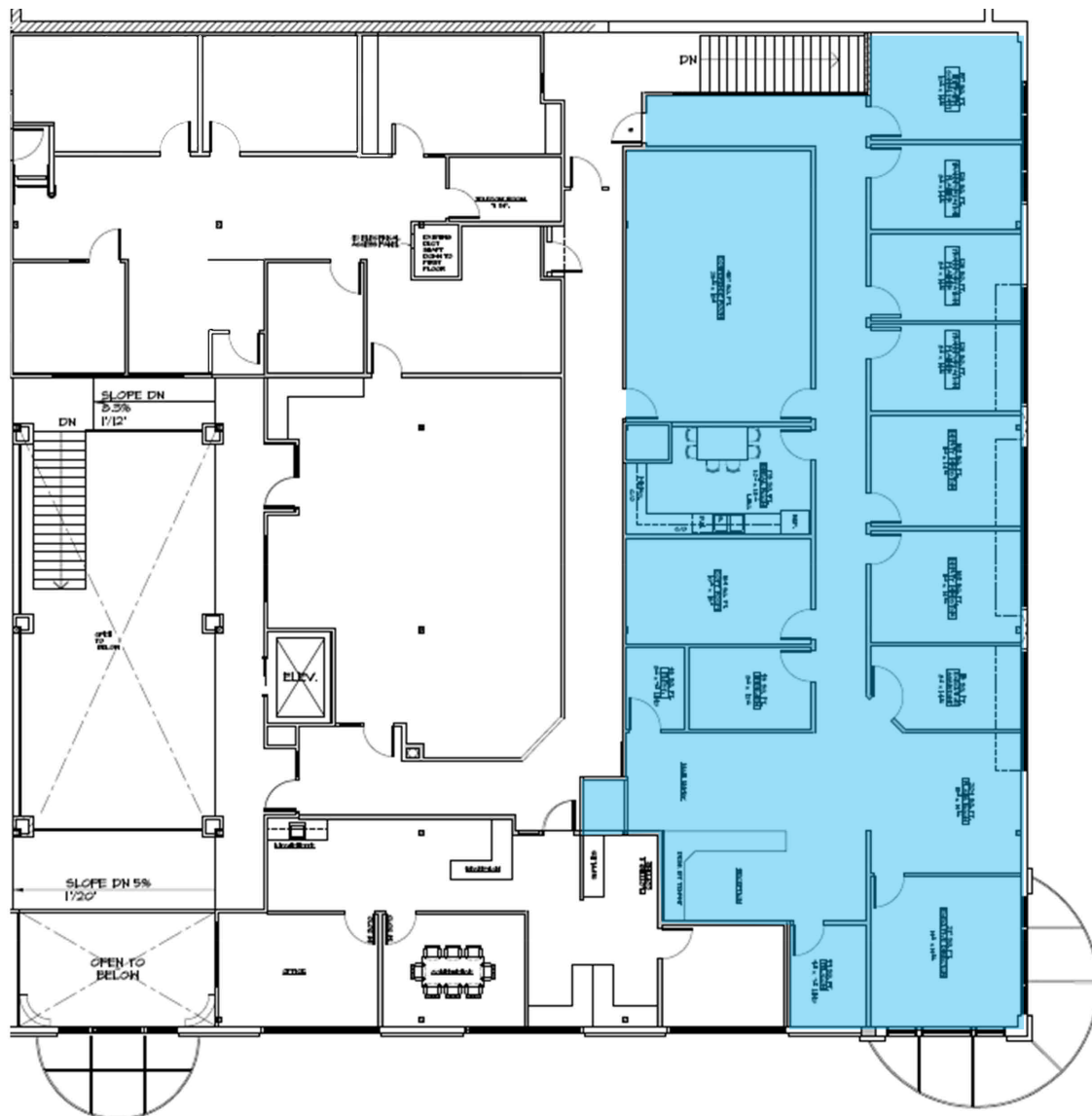
Date: _____


Lessor: _____
Carol and Morton Rothman Trust & Felice and Russell Shatz Trust

Date: _____

Exhibit A

490 Mendocino Avenue, Suite 206, Santa Rosa, CA



 = Subject Space

Lessor Initials _____

Lessee Initials _____

Date _____

Date _____

EXHIBIT B - WORK LETTER

Zero Waste Sonoma, a Joint Powers Authority (JPA) (hereinafter "Lessee") and the Carol and Morton Rothman Trust and Felice and Russell Shatz Trust (hereinafter "Lessor") are executing simultaneously this Letter Agreement to the written lease to which this Letter Agreement is attached covering the premises described in said lease (**hereinafter "the Premises"**).

To induce Lessee to enter into said lease (which is hereby incorporated by reference to the extent that the provisions of this agreement may apply thereto) and in consideration of the mutual covenants hereinafter contained, Lessor and Lessee mutually agree as follows:

1. LESSEE'S PLANS AND SPECIFICATIONS

- (a) Except to the extent otherwise provided in subparagraphs (b) and (c) of this paragraph, Lessor agrees to furnish the tenant improvements (**hereinafter referred to as "Building Standard Work"**) described in Paragraph 2 herein below.
- (b) It is understood and agreed that Lessee may require work (**hereinafter referred to as "Building Non-Standard Work"**) different from or in addition to said Building Standard Work. In such event, the cost for such work shall be at Lessee's sole cost and expense.
- (c) It is understood and agreed that any interior decorating service, such as selecting of special wall coverings, fixtures, and any or all other decorator items required by Lessee in the performance of said work referred to hereinabove in subparagraphs (a) and (b) shall be at Lessee's sole cost and expense.

2. BUILDING STANDARD WORK

Lessor agrees to furnish and install the following "Building Standard Work".

- i. Patch and repaint interior walls of Premises with a paint color and quality mutually agreeable to both Lessor and Lessee.
- ii. Recarpet Premises with a carpet color and quality mutually acceptable to both Lessor and Lessee. Lessor's total contribution not to exceed \$6.00 per usable square foot.
- iii. Replace existing glass entry door with a building standard new solid wood entry door.
- iv. Remodel existing second floor woman's restroom. Work to be completed within six (6) month's of Lessee's occupancy and shall at a minimum include; new tile and grout, fresh paint, and new fixtures).

- 3. Lessor to install Building Standard Work in a good workmanlike manner and in accordance with Lessee approved plans and specifications. Lessor to proceed diligently with said installation so as to meet the date stipulated in the Work Letter. If Lessee makes changes or otherwise causes the construction to be delayed, then the date shall be extended by the amount of such delay.

Lessor _____

Lessee _____

Lessee shall inspect improvements within three (3) days of completion to ascertain that Tenant Improvements have been installed in accordance with plans and specifications. Lessee shall provide a "punch list" of items not in accordance with plans and specification or not installed in a good workmanlike manner. Lessor shall have thirty (30) days to correct said punch list items.

If Lessee installs any portion of the Tenant Improvements, Lessees agrees to remove all mechanic's liens, to satisfy all claims and meet all contract requirements with suppliers, contractors and employees arising out of said installation of improvements. Lessee to have workman compensation and liability insurance with a minimum \$1,000,000 per occurrence for said installation and to name Lessor additional insured. Lessee shall indemnify and hold harmless Lessor for all claims of employees, invitees, material men, supplier arising out of said installation.

Agreed by:

Lessee: _____
Zero Waste Sonoma, a Joint Powers Authority (JPA)

Date: _____

Lessor: _____
Carol and Morton Rothman Trust and Felice and Russell Shatz Trust

Date: _____

EXHIBIT C - JANITORIAL SERVICES

PREMISES

Daily Service Five (5) Days Per Week

1. Conference room cleanup as needed.
2. Replace lights as needed.
3. Empty, clean and dust all waste baskets and other waste containers.
4. Remove trash and wastepaper to designated areas.
5. Thorough vacuum of all carpeting and rugs nightly.
6. Dust all desks, chairs, tables, filing cabinets and other office furniture with specially treated dust cloths. All bright metal work will be maintained and kept in a clean, polished condition.
7. Damp clean lobby counters.
8. If floors are carpeted, carpet will be vacuumed nightly.
9. All tile floors in all areas will maintain a satin finish. Trafficked areas to receive regularly programmed floor maintenance to insure luster and remove black marks and scuffs.
10. Sweep and mop hard surface areas, restrooms, break areas, food service, and lunch room. Clean and sanitize drinking fountains.
11. Clean entrance glass.
12. Damp clean table tops in coffee rooms.
13. Clean kitchen sinks and counters.
14. Sweep entryways.
15. Spot clean carpets of small spillages, footprints, etc.
16. Keep janitor closets clean and orderly.
17. Plumb toilets as needed.
18. Clean and sanitize restroom fixtures, mirrors, chrome pipes, etc.
19. All metal and mirrors will be cleaned and polished.
20. Clean splash marks from walls of restrooms.
21. Bowls, urinals and basins will be cleaning nightly. A safe antiseptic and deodorant bowl cleaner will be used.
22. Fill and maintain mechanical operations of all tissue, soap, towel, paper and sanitary napkin dispensers.
23. Floors to be swept and washed, using antiseptic liquid detergent.
24. Remove wastepaper and refuse.

Weekly Service

1. Dust and wipe clean top of window sills, desk cabinets, files, chair rungs, baseboards, molding, partitions and picture frames (Hi-lo).
2. Clean all desk tops that are cleared.
3. Clean and remove finger and hand marks, smudges and scuff marks from all vertical and horizontal surfaces (walls, doors, sills and woodwork).
4. Wash and refinish resilient floors in public areas, strip, wash and polish as needed.
5. Clean microwaves and refrigerators.

Bi-Monthly Service

1. Dust high areas.
2. Vacuum upholstered furniture.
3. Clean lobby directories and fire extinguisher glass.

Monthly Service

1. Vacuum dust and dirt accumulation from air-conditioning vents.
2. Brush down cobwebs inside building.
3. Dust blinds.
4. Polish and buff (no wax) resilient floors in county areas as needed.
5. Dust all louvers, grills and other than flush light fixtures.

Every Three (3) Months

1. Wash inside windows and partitions.
2. Supply and change entry mats.
3. Scrub restroom floors.
4. Dust clean all vertical surfaces; such as walls, partitions, doors, etc. not reached in nightly cleaning.

Every Four (4) Months

1. Wax and buff all resilient flooring in county areas, or as needed. Floors shall be stripped, re-waxed and buffed when required. Unusual traffic conditions will receive special attention.
2. Wash windows, inside and outside.

Bi-Annually

1. Bonnet pad.
2. Dust and damp wipe all ceiling vents.

Annually

1. Vacuum blinds.
2. Extract carpets.

The above are considered the minimum standard janitorial items. Landlord is responsible for providing all janitorial services for the health and cleanliness of the leased facility.

COMMON AREA/CAFETERIA AREA/RESTROOMS

Nightly

1. Dust mop
 2. Wet mop food service and kitchen
 - a. mats must be removed daily and cleaned of food debris
 - b. sweep and mop under all counters and sink area (including refrigerator)
 3. Wet mop traffic aisles in dining room
 4. Collect trash
 5. Clean entrance door
 6. Spot clean glass as needed
-

Semi-Weekly

1. Buff floor.

Monthly

1. Vacuum air vents.

Quarterly

1. Scrub and wax floor.
2. Scrub restroom floors.

Bi-Annually

1. Strip seal and wax floors.



RULES AND REGULATIONS FOR STANDARD OFFICE LEASE

Date: _____

By and Between

Lessor: Carol and Morton Rothman Trust and Felice and Russell Shatz Trust

Lessee: Zero Waste Sonoma, a Joint Powers Authority (JPA)

Property Address: 490 Mendocino Avenue, Suite 206, Santa Rosa, California
(street address, city, state, zip)

GENERAL RULES

1. Lessee shall not suffer or permit the obstruction of any Common Areas, including driveways, walkways and stairways.
2. Lessor reserves the right to refuse access to any persons Lessor in good faith judges to be a threat to the safety and reputation of the Project and its occupants.
3. Lessee shall not make or permit any noise or odors that annoy or interfere with other lessees or persons having business within the Project.
4. Lessee shall not keep animals or birds within the Project, and shall not bring bicycles, motorcycles or other vehicles into areas not designated as authorized for same.
5. Lessee shall not make, suffer or permit litter except in appropriate receptacles for that purpose.
6. Lessee shall not alter any lock or install new or additional locks or bolts.
7. Lessee shall be responsible for the inappropriate use of any toilet rooms, plumbing or other utilities. No foreign substances of any kind are to be inserted therein.
8. Lessee shall not deface the walls, partitions or other surfaces of the Premises or Project.
9. Lessee shall not suffer or permit anything in or around the Premises or Building that causes excessive vibration or floor loading in any part of the Project.
10. Furniture, significant freight and equipment shall be moved into or out of the building only with the Lessor's knowledge and consent, and subject to such reasonable limitations, techniques and timing, as may be designated by Lessor. Lessee shall be responsible for any damage to the Office Building Project arising from any such activity.
11. Lessee shall not employ any service or contractor for services or work to be performed in the Building, except as approved by Lessor.
12. Lessor reserves the right to close and lock the Building on Saturdays, Sundays and Building Holidays, and on other days between the hours of 5:30 P.M. and 7:30 A.M. of the following day. If Lessee uses the Premises during such periods, Lessee shall be responsible for securely locking any doors it may have opened for entry.
13. Lessee shall return all keys at the termination of its tenancy and shall be responsible for the cost of replacing any keys that are lost.
14. No window coverings, shades or awnings shall be installed or used by Lessee. **Except as approved by Lessor.**
15. No Lessee, employee or invitee shall go upon the roof of the Building.
16. Lessee shall not suffer or permit smoking or carrying of lighted cigars or cigarettes in areas reasonably designated by Lessor or by applicable governmental agencies as non-smoking areas.
17. Lessee shall not use any method of heating or air conditioning other than as provided by Lessor.
18. Lessee shall not install, maintain or operate any vending machines upon the Premises without Lessor's written consent.
19. The Premises shall not be used for lodging or manufacturing, cooking or food preparation.
20. Lessee shall comply with all safety, fire protection and evacuation regulations established by Lessor or any applicable governmental agency.
21. Lessor reserves the right to waive any one of these rules or regulations, and/or as to any particular Lessee, and any such waiver shall not constitute a waiver of any other rule or regulation or any subsequent application thereof to such Lessee.
22. Lessee assumes all risks from theft or vandalism and agrees to keep its Premises locked as may be required.
23. Lessor reserves the right to make such other reasonable rules and regulations as it may from time to time deem necessary for the appropriate operation and safety of the Project and its occupants. Lessee agrees to abide by these and such rules and regulations.
24. Lessee to maintain common areas following deliveries and trash removal.

PARKING RULES

- ~~1. Parking areas shall be used only for parking by vehicles no longer than full size, passenger automobiles herein called "Permitted Size Vehicles." Vehicles other than Permitted Size Vehicles are herein referred to as "Oversized Vehicles."~~
- ~~2. Lessee shall not permit or allow any vehicles that belong to or are controlled by Lessee or Lessee's employees, suppliers, shippers, customers, or invitees to be loaded, unloaded, or parked in areas other than those designated by Lessor for such activities.~~
- ~~3. Parking stickers or identification devices shall be the property of Lessor and be returned to Lessor by the holder thereof upon termination of the holder's parking privileges. Lessee will pay such replacement charge as is reasonably established by Lessor for the loss of such devices.~~
- ~~4. Lessor reserves the right to refuse the sale of monthly identification devices to any person or entity that willfully refuses to comply with the applicable rules, regulations, laws and/or agreements.~~
- ~~5. Lessor reserves the right to relocate all or a part of parking spaces from floor to floor, within one floor, and/or to reasonably adjacent offsite location(s), and to reasonably allocate them between compact and standard size spaces, as 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. Lessor will not be responsible 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. Validation, if established, will be permissible only by such method or methods as Lessor and/or its licensee may establish at rates generally applicable to visitor.~~

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parking.

~~9. The maintenance, washing, waxing or cleaning of vehicles in the parking structure or Common Areas is prohibited.~~

~~10. Lessee shall be responsible for seeing that all of its employees, agents and invitees comply with the applicable parking rules, regulations, laws and agreements.~~

~~11. Lessor reserves the right to modify these rules and/or adopt such other reasonable and non-discriminatory rules and regulations as it may deem necessary for the proper operation of the parking area.~~

~~12. Such parking use as is herein provided is intended merely as a license only and no bailment is intended or shall be created hereby.~~

AIR CRE. 500 North Brand Blvd, Suite 900, Glendale, CA 91203, Tel 213-687-8777, Email contracts@aircre.com

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Last Edited: 2/25/2020 2:00 PM

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OFGRR-2.00, Revised 01-03-2017

LEASING DISCLOSURE AND CONFIRMATION REGARDING REAL ESTATE AGENCY RELATIONSHIP

When you enter into a discussion with a real estate agent regarding a real estate transaction, you should from the outset understand what type of agency relationship or representation you wish to have with the agent in the transaction. With each specific transaction, you should read the Agency Disclosure and consider how you are being represented.

LANDLORD'S AGENT

A Landlord's agent under a listing agreement with the Landlord acts as the agent for the Landlord. A Landlord's agent or a subagent of that agent has the following affirmative obligations:

To the Landlord: A fiduciary duty of utmost care, integrity, honesty and loyalty in dealings with the Landlord.

To Tenant and Landlord: (a) Diligent exercise of reasonable skill and care in performance of the agent's duties.

(b) A duty of honest and fair dealing and good faith.

(c) A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the parties.

An agent is not obligated to reveal to either party any confidential information obtained from the other party which does not involve the affirmative duties set forth above.

TENANT'S AGENT

A Tenant's agent can, with a Tenant's consent, agree to act as agent for the Tenant only. In these situations, the agent is not the Landlord's agent, even if by agreement the agent may receive compensation for services rendered, either in full or in part from the Landlord. An agent acting only for a Tenant has the following affirmative obligations:

To the Tenant: A fiduciary duty of utmost care, integrity, honesty and loyalty in dealings with the Tenant.

To Tenant and Landlord: (a) Diligent exercise of reasonable skill and care in performance of the agent's duties.

(b) A duty of honest and fair dealing and good faith.

(c) A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the parties.

An agent is not obligated to reveal to either party any confidential information obtained from the other party which does not involve the affirmative duties set forth above.

AGENT REPRESENTING BOTH LANDLORD AND TENANT

A real estate agent, either acting directly or through one or more associate licensees, can legally be the agent of both the Landlord and the Tenant in a transaction, but only with the knowledge and consent of both the Landlord and the Tenant.

In a dual agency situation, the agent has the following affirmative obligations to both the Landlord and the Tenant:

(a) A fiduciary duty of utmost care, integrity, honest and loyalty in the dealings with either Landlord or Tenant.

(b) Other duties to the Landlord and the Tenant as stated above in their respective sections.

In representing both Landlord and Tenant, the agent may not, without the express permission of the respective party, disclose to the other party that the Landlord will accept a rent less than the listed rent or that the Tenant will pay a rent greater than the rent offered.

The above duties of the agent in a real estate transaction do not relieve a Landlord or Tenant from the responsibility to protect their own interests. You should carefully read all agreements to assure that they adequately express your understanding of the transaction. A real estate agent is a person qualified to advise someone about real estate. If legal or tax advice is desired, consult a competent professional.

Throughout your real property transaction you may receive more than one disclosure form, depending upon the number of agents assisting in the transaction. The law requires each agent with whom you have more than a casual relationship to present you with this disclosure form. You should read its contents each time it is presented to you, considering the relationship between you and the real estate agent in your specific transaction. This disclosure form includes the provisions of Sections 2079.13 to 2079.24, inclusive of the Civil Code set forth on the reverse hereof. Read it carefully.

We acknowledge receipt of a copy of this disclosure:

Tenant _____ Date _____
Zero Waste Sonoma, a Joint Powers Authority (JPA)

Landlord _____ Date _____
Carol and Morton Rothman Trust & Felice and Russell Shatz Trust

Agent _____
Russ Mayer, CA License #01260916

Agent _____
Russ Mayer, CA License #01260916

CONFIRMATION OF AGENCY

We authorize the following agency:

Keegan & Coppin Company, Inc. is the agent of: (Check one)

_____ The Tenant exclusively; or

_____ The Landlord exclusively; or

☒ Both the Tenant and Landlord

_____ is the agent of: (Check one)

_____ The Landlord exclusively; or

_____ Both the Tenant and Landlord

CONFIRMED AND AUTHORIZED:

CONFIRMED AND AUTHORIZED:

Tenant _____ Date _____
Zero Waste Sonoma, a Joint Powers Authority (JPA)

Landlord _____ Date _____
Carol and Morton Rothman Trust & Felice and Russell Shatz Trust

Agent _____
Russ Mayer, CA License #01260916

Agent _____
Russ Mayer, CA License #01260916

PROPERTY ADDRESS: 490 Mendocino Avenue, Suite 206, Santa Rosa California

2079.13. As used in Sections 2079.14 to 2079.24, inclusive, the following terms have the following meanings:

- (a) "Agent" means a person acting under provisions of Title 9 (commencing with section 2295) in a real property transaction, and includes a person who is licensed as a real property transaction, and includes a person who is licensed as a real estate broker under Chapter 3 (commencing with Section 10130) of Part 1 of Division 4 of the Business and Professions code, and under whose license a listing is executed or an offer to purchase is obtained.
- (b) "Associate licensee" means a person who is licensed as a real estate broker or salesperson under Chapter 3 (commencing with Section 10130) of Part 1 of Division 4 of the Business and Professions Code and who is either licensed under a broker or has entered into written contract with a broker to act as the broker's agent in connection with acts requiring a real estate license and to function under the broker's supervision in the capacity of an associate licensee.
- The agent in the real property transaction bears responsibility for his or her associate licensees who perform as agents of the agent. When an associate licensee owes a duty to any principal, or to transaction, that duty is equivalent to the duty owed to that party by the broker for whom the associate licensee functions.
- (c) "Buyer" means a transferee in a real property transaction, and includes a person who executes an offer to purchase real property from a seller through an agent, or who seeks the services of an agent in more than a casual, transitory, or preliminary manner, with the object of entering into a real property transaction. "Buyer" includes vendee or lessee.
- (d) "Commercial real property" means all real property in the state, except single-family residential real property, dwelling units made subject to Chapter 2 (commencing with Section 1940) of Title 5, mobilehomes, as defined in Section 798.3, or recreational vehicles, as defined in Section 799.29.
- (e) "Dual agent" means an agent acting, either directly or through an associate licensee, as agent for both the seller and the buyer in a real property transaction.
- (f) "Listing agreement" means a contract between an owner of real property and an agent, by which the agent has been authorized to sell the real property or to find or obtain a buyer.
- (g) "Listing agent" means a person who has obtained a listing of real property to act as an agent for compensation.
- (h) "Listing price" is the amount expressed in dollars specified in the listing for which the seller is willing to sell the real property through the listing agent.
- (i) "Offering price" is the amount expressed in dollars specified in an offer to purchase for which the buyer is willing to buy the real property.
- (j) "Offer to purchase" means a written contract executed by a buyer acting through a selling agent that becomes the contract for the sale of the real property upon acceptance by the seller.
- (k) "real property" means any estate specified by subdivision (1) or (2) of Section 761 in property that constitutes or is improved with one to four dwelling units, any commercial real property, any leasehold in these types of property exceeding one year's duration, and mobilehomes, when offered for sale or sold through an agent pursuant to the authority contained in Section 10131.6 of the Business of Professions Code.
- (l) "Real property transaction" means a transaction for the sale of real property in which an agent is employed by one or more of the principals to act in that transaction, and includes a listing or an offer to purchase.
- (m) "Sell," "sale" or "sold" refers to a transaction for the transfer of real property from the seller to the buyer, and includes exchanges of real property between the seller and buyer, transactions for the creation of a real property sales contract within the meaning of Section 2985, and transactions for the creation of leasehold exceeding one year's duration.
- (n) "Seller" means the transferor in a real property transaction, and includes an owner who lists real property with an agent, whether or not a transfer results, or who receives an offer to purchase real property or which he or she is the owner from an agent on behalf of another. "Seller" includes both a vendor and a lessor.
- (o) "Selling agent" means a listing agent who acts alone, or an agent who acts in cooperation with a listing agent, and who sells or finds and obtains a buyer for the real property, or an agent who locates property for a buyer or who finds a buyer for a property for which no listing exists and presents an offer to purchase to the seller.
- (p) "Subagent" means a person to whom an agent delegates agency powers as provided in Article 5(commencing with Section 2349) of Chapter 1 of title 9. However, "subagent" does not include an associate licensee who is acting under the supervision of an agent in real property transaction.

2079.14. Listing agents and selling agents shall provide the seller and buyer in a real property transaction with a copy of the disclosure from specified in Section 2079.16, and, except as provided in subdivision (c), shall obtain a signed acknowledgement of receipt from that seller or buyer, except as provided in this section or Section 2079.15, as follows:

- (a) The listing agent, if any, shall provide the disclosure form to the seller prior to entering into the listing agreement.
- (b) The selling agent shall provide the disclosure form to the seller as soon as practicable prior to presenting the seller with an offer to purchase, unless the selling agent previously provided the seller with a copy of the disclosure form pursuant to subdivision (a).
- (c) Where the selling agent does not deal on a face-to-face basis with the seller, the disclosure form prepared by the selling agent may be furnished to the seller (and acknowledgement of receipt obtained from the selling agent from the seller) by the listing agent, or the selling agent may deliver the disclosure form by certified mail addressed to the seller as his or her last known address, in which case no signed acknowledgement of this receipt is required.
- (d) The selling agent shall provide the disclosure form to the buyer as soon as practicable prior to execution of the buyer's offer to purchase, except that if the offer to purchase is not prepared by the selling agent, the selling agent shall present the disclosure form to the buyer not later than the next business day after the selling agent receives the offer to purchase from the buyer.

2079.15 In any circumstance in which the seller or buyer refuses to sign an acknowledgement or receipt pursuant to Section 2079.14, the agent, or an associate licensee acting for the agent, shall set forth, sign, and date a written declaration of the facts of the refusal.

2079.17. (a) As soon as practicable, the selling agent shall disclose to the buyer and seller whether the selling agent is acting in the real property transaction exclusively as the buyer's agent, exclusively as the seller's agent, or as a dual agent representing both the buyer and the seller. This relationship shall be confirmed in the contract to purchase and sell real property or in a separate writing executed or acknowledged by the seller, the buyer, and the selling agent prior to or coincident with execution of that contract by the buyer and the seller, respectively.

(b) As soon as practicable, the listing agent shall disclose to the seller whether the listing agent is acting in the real property transaction exclusively as the seller's agent, or as a dual agent representing both the buyer and seller. This relationship shall be confirmed in the contract to purchase and sell real property or in a separate writing executed or acknowledged by the seller and the listing agent prior to or coincident with the execution of that contract by the seller.

(c) The confirmation required by subdivisions (a) and (b) shall be in the following form:

_____ is the agent of	_____ is the agent of
(Name of Listing Agent)	(Name of Selling Agent if not the same as the Listing Agent)
(Check one)	(Check one)
<input type="radio"/> the seller exclusively; or	<input type="radio"/> the buyer exclusively; or
<input type="radio"/> both the buyer and seller.	<input type="radio"/> the seller exclusively; or
	<input type="radio"/> both the buyer and seller

(d) The disclosures and confirmation required by this section shall be in addition to the disclosure required by Section 2079.14.

2079.18. No selling agent in a real property transaction may act as an agent for the buyer only, when the selling agent is also acting as the listing agent in the transaction.

2079.19. The payment of compensation or the obligation to pay compensation to an agent by the seller or buyer is not necessarily determinative of a particular agency relationship between an agent and the seller or buyer. A listing agent and a selling agent may agree to share any compensation or commission paid, or any right to any compensation or commission for which an obligation arises as the result of a real estate transaction, and the terms of any such agreement shall not necessarily be determinative of a particular relationship.

2079.20. Nothing in this article prevents an agent from selecting, as a condition of the agent's employment, a specific form of agency relationship not specifically prohibited by this article if the requirements of Section 2079.14 and Section 2079.17 are complied with.

2079.21. A dual agent shall not disclose to buyer that the seller is willing to sell the property as a price less than the listing price, without the express written consent of the seller. A dual agent shall not disclose to the seller that the buyer is willing to pay a price greater than the offering price, without the express written consent of the buyer. This section does not alter in any way the duty of responsibility of a dual agent to any principal with respect to confidential information other than price.

2079.22 Nothing in this article precludes a listing agent from also being a selling agent, and the combination of these functions in one agent does not, of itself, make that agent a dual agent.

2079.23. (a) A contract between the principal and agent may be modified or altered to change the agency relationship at any time before the performance of the act which is the object of the agency with the written consent of the parties to the agency relationship.

(b) A lender or an auction company retained by a lender to control aspects of a transaction of real property subject to this part, including validating the sales price, shall not require, as a condition of receiving the lender's approval of the transaction, the homeowner or listing agent to defend or indemnify the lender or auction company from any liability alleged to result from the actions of the lender or auction company. Any clause, provision, covenant, or agreement purporting to impose an obligation to defend or indemnify a lender or an auction company in violation of this subdivision is against public policy, void, and unenforceable.

2079.24. Nothing in this article shall be construed to either diminish the duty of disclosure owed buyers and sellers by agents and their associate licensees, subagents, and employees from liability for their conduct in connection with acts governed by this article or for any breach of a fiduciary duty or a duty of disclosure.

CASp LEASING DISCLOSURE

The people of the State of California do enact as follows:

SECTION 1. Section 1938 of the Civil Code is amended to read: 1938. (a) A commercial property owner or lessor shall state on every lease form or rental agreement executed on or after January 1, 2017, whether or not the subject premises have undergone inspection by a Certified Access Specialist (CASp).

(b) If the subject premises have undergone inspection by a CASp and, to the best of the commercial property owner's or lessor's knowledge, there have been no modifications or alterations completed or commenced between the date of the inspection and the date of the lease or rental agreement which have impacted the subject premises' compliance with construction-related accessibility standards, the commercial property owner or lessor shall provide, prior to execution of the lease or rental agreement, a copy of any report prepared by the CASp with an agreement from the prospective lessee or tenant that information in the report shall remain confidential, except as necessary for the tenant to complete repairs and corrections of violations of construction-related accessibility standards that the lessee or tenant agrees to make.

(c) Making any repairs or modifications necessary to correct violations of construction-related accessibility standards that are noted in a CASp report is presumed to be the responsibility of the commercial property owner or lessor, unless otherwise manually agreed upon by the commercial property owner or lessor and the lessee or tenant. The prospective lessee or tenant shall have the opportunity to review any CASp report prior to execution of the lease or rental agreement. If the report is not provided to the prospective lessee or tenant as least 48 hours prior to execution of the lease or rental agreement, the prospective lessee or tenant shall have the right to rescind the lease or rental agreement, based upon the information contained in the report, for 72 hours after execution of the agreement.

(d) If the subject premises have been issued an inspection report by a CASp, as described in paragraph (1) of subdivision (a) of Section 55.53, indicating that it meets applicable standards, as defined in paragraph (4) of subdivision (a) of section 55.52, the commercial property owner or lessor shall provide a copy of the current disability access inspection certificate and any inspection report to the lessee or tenant not already provided pursuant to subdivision (b) within seven days of the date of the execution of the lease or rental agreement.

(e) If the subject premises have not been issued a disability access inspection certificate, as described in subdivision (e) of Section 55.53, the commercial property owner or lessor shall state the following on the lease form or rental agreement:

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

SEC 2. This act is an urgency statute necessary to the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to increase compliance with accessibility standards for the benefit of the public, especially disabled consumers who may experience unjust discomfort, difficulty, or embarrassment when public places or businesses are not compliant with accessibility standards required by law and to improve the ability of business to correct accessibility violations, provide clarity to property owners and tenants regarding responsibility for correcting accessibility violations and increase awareness of state programs to inspect properties for accessibility violations, it is necessary that this act go into effect immediately.

ADDENDUM #3 – AMENDMENTS TO STANDARD MULTI-TENANT OFFICE LEASE -- GROSS

To the Lease dated February , 2020 by and between
Carol and Morton Rothman Trust and Felice and Russell Shatz Trust ("Lessor")
and Zero Waste Sonoma, a Joint Powers Authority (JPA) ("Lessee")
for the Premises located at 490 Mendocino Avenue, Santa Rosa, CA 95401

The AIRCRE Standard Multi-Tenant Office Lease –Gross ("Lease") is hereby amended as follows:

SECTION 1. Section 2.3(b) is hereby amended to read as follows:

"(b) If such Capital Expenditure is not the result of the specific and unique use of the Premises by Lessee (such as, governmentally mandated seismic modifications), then Lessor shall pay for such Capital Expenditure and Lessee shall only be obligated to pay, each month during the remainder of the term of this Lease or any extension thereof, on the date that on which the Base Rent is due, an amount equal to 1/144th of the portion of such costs reasonably attributable to the Premises. Lessee shall pay Interest on the balance but may prepay its obligation at anytime. ~~If, however, such Capital Expenditure is required during the last 2 years of this Lease or if Lessor reasonably determines that it is not economically feasible to pay its share thereof, Lessor shall have the option to terminate this Lease upon 90 days prior written notice to Lessee unless Lessee notifies Lessor, in writing, within 10 days after receipt of Lessor's termination notice that Lessee will pay for such Capital Expenditure. If Lessor does not elect to terminate, and fails to tender its share of any such Capital Expenditure, Lessee may advance such funds and deduct same, with Interest, from Rent until Lessor's share of such costs have been fully paid. If Lessee is unable to finance Lessor's share, or if the balance of the Rent due and payable for the remainder of this Lease is not sufficient to fully reimburse Lessee on an offset basis, Lessee shall have the right to terminate this Lease upon 30 days written notice to Lessor.~~"

SECTION 2. Section 6.4 is hereby amended to read as follows:

"6.4 **Inspection; Compliance.** Lessor and Lessor's "Lender" (as defined in Paragraph 30) and consultants authorized by Lessor shall have the right to enter into Premises at anytime, in the case of an emergency, and otherwise at reasonable times, after reasonable notice, for the purpose of inspecting and/or testing the condition of the Premises and/or for verifying compliance by Lessee with this Lease. The cost of any such inspections shall be paid by Lessor, unless a violation of Applicable Requirements, or a Hazardous Substance Condition (see Paragraph 9.1e) is found to exist or be imminent, or the inspection is requested or ordered by a governmental authority. In such case, Lessee shall upon request reimburse Lessor for the cost of such inspection, so long as such inspection is reasonably related to the violation or contamination. In addition, Lessee shall provide copies of all relevant material safety data sheets (MSDS) to Lessor within 10 days of the receipt of written request therefor. ~~Lessee acknowledges that any failure on its part to allow such inspections or testing will expose Lessor to risks and potentially cause Lessor to incur costs not contemplated by this Lease, the extent of which will be extremely difficult to ascertain. Accordingly, should the Lessee fail to allow such inspections and/or testing in a timely fashion the Base Rent shall be automatically increased, without any requirement for notice to Lessee, by an amount equal to 10% of the then existing Base Rent or \$100, whichever is greater for the remainder to the Lease. The Parties agree that such increase in Base Rent represents fair and reasonable compensation for the additional risk/costs that Lessor will incur by reason of Lessee's failure to allow such inspection and/or testing. Such increase in Base Rent shall in no event constitute a waiver of Lessee's Default or Breach with respect to such failure nor prevent the exercise of any of the other rights and remedies granted hereunder.~~"

SECTION 3. Section 8.9 is hereby deleted from the Lease.

SECTION 4. Section 13.4 is hereby amended to read as follows:

"13.4 **Late Charges.** Lessee hereby acknowledges that late payment by Lessee of Rent will cause Lessor to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges, and late charges which may be imposed upon Lessor by any Lender. Accordingly, if any Rent shall not be received by Lessor within 5 days after such amount shall be due, then, without any requirement for notice to Lessee, Lessee shall immediately pay to Lessor a onetime late charge equal to ~~40~~5% of each such overdue amount or \$100, whichever is greater. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Lessor will incur by reason of such late payment. Acceptance of such late charge by Lessor shall in no event constitute a waiver of Lessee's Default or Breach with respect to such overdue amount, nor prevent the exercise of any of the other rights and remedies granted hereunder. In the event that a late charge is payable hereunder, whether or not collected, for 3 consecutive installments of Base Rent, then notwithstanding any provision of this Lease to the contrary, Base Rent shall, at Lessor's option, become due and payable quarterly in advance."

SECTION 5. Section 13.5 is hereby amended to read as follows:

“13.5 **Interest.** Any monetary payment due Lessor hereunder, other than late charges, not received by Lessor, when due shall bear interest from the 31st day after it was due. The interest ("Interest") charged shall be computed at the rate of ~~10~~5% per annum but shall not exceed the maximum rate allowed by law. Interest is payable in addition to the potential late charge provided for in Paragraph 13.4.

SECTION 6. Section 16(b) is hereby amended to read as follows:

“(b) If the Responding Party shall fail to execute or deliver the Estoppel Certificate within such 10 day period, the Requesting Party may execute an Estoppel Certificate stating that: (i) the Lease is in full force and effect without modification except as may be represented by the Requesting Party, (ii) there are no uncured defaults in the Requesting Party's performance, and (iii) if Lessor is the Requesting Party, not more than one month's rent has been paid in advance. Prospective purchasers and encumbrancers may rely upon the Requesting Party's Estoppel Certificate, and the Responding Party shall be estopped from denying the truth of the facts contained in said Certificate. ~~In addition, Lessee acknowledges that any failure on its part to provide such an Estoppel Certificate will expose Lessor to risks and potentially cause Lessor to incur costs not contemplated by this Lease, the extent of which will be extremely difficult to ascertain. Accordingly, should the Lessee fail to execute and/or deliver a requested Estoppel Certificate in a timely fashion the monthly Base Rent shall be automatically increased, without any requirement for notice to Lessee, by an amount equal to 10% of the then existing Base Rent or \$100, whichever is greater for remainder of the Lease. The Parties agree that such increase in Base Rent represents fair and reasonable compensation for the additional risk/costs that Lessor will incur by reason of Lessee's failure to provide the Estoppel Certificate. Such increase in Base Rent shall in no event constitute a waiver of Lessee's Default or Breach with respect to the failure to provide the Estoppel Certificate nor prevent the exercise of any of the other rights and remedies granted hereunder.~~

SECTION 7. Section 37 is hereby deleted from the Lease.

Agreed by:

Lessee: _____
Zero Waste Sonoma, a Joint Powers Authority (JPA)

Date: _____

Lessor: _____
Carol and Morton Rothman Trust & Felice and Russell Shatz Trust

Date: _____

Office and Retail Space for Lease

490 Mendocino Avenue, Santa Rosa, CA



KEEGAN & COPPIN
COMPANY, INC.
www.keegancoppin.com

Russ Mayer, Partner
1201 N McDowell Blvd, CA 94954
(707) 664-1400 ♦ Fax: (707) 792-7336
Lic #: 01260916
RMayer@keegancoppin.com

Office and Retail Space for Lease

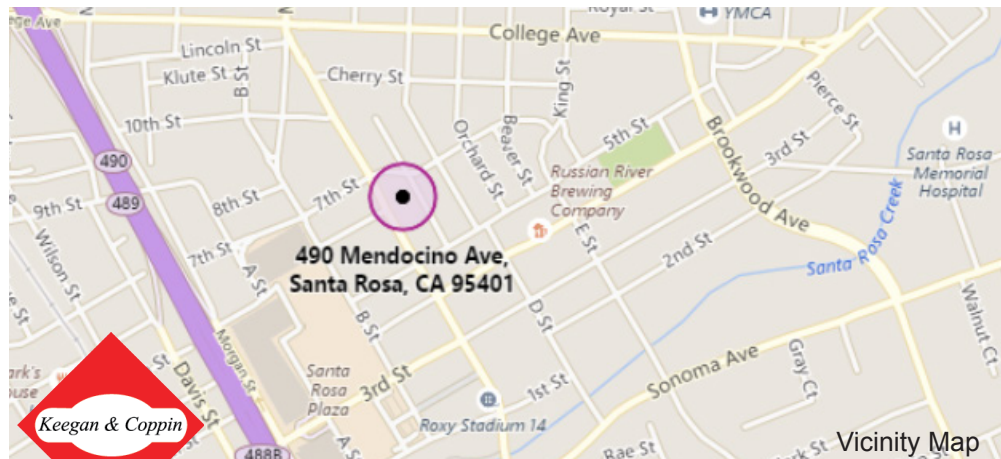
490 Mendocino Avenue, Santa Rosa, CA



The above information, while not guaranteed, has been secured from sources we believe to be reliable. Submitted subject to error, change or withdrawal. An interested party should verify the status of the property and the information herein.

Office and Retail Space for Lease

490 Mendocino Avenue, Santa Rosa, CA



- ◆ High Identity Corner Location in Historic Downtown
- ◆ Suite Sizes Starting from Approximately 1,219 SF
- ◆ Recently Renovated and Architecturally Re-Designed Office/Retail Building
- ◆ Adjacent to City Surface Parking Lot & 1/2 Block to the 750-Car 7th Street Parking Garage
- ◆ Dramatic 2-Story Atrium Lobby
- ◆ Ideal Location for Food and Business Services, Retail, Professional, Office and More

Office and Retail Space for Lease

490 Mendocino Avenue, Santa Rosa, CA

USER SPACE:

Office/Retail

LEASE RATE

\$1.25 - \$1.95 PSF

TOTAL BUILDING SF:

41,358± sf

AVAILABLE SUITES SIZES:

Starting from ±1,219 sf

LEASE TERMS:

3 - 10 Years

ZONING:

CD - Commercial Development

DESCRIPTION OF PREMISES - FEATURES:

Exceptional opportunity to lease space in a professionally renovated and architecturally redesigned building in thriving downtown Santa Rosa and near the recently reunified Courthouse Square. Distinctive architectural features include extensive glass-line along three street frontages and a dramatic and inviting central two-story atrium lobby.

Suite's 101/102 Ground floor office featuring an elegant tiled lobby and reception areas, eleven (11) glass-lined private offices, two (2) separate conference rooms, kitchenette, secure server room with independent cooling system and dedicated electrical circuitry, copy room, admin office and abundant open area for work stations (**±6,851 SF/\$1.95 PSF Full Service**). **Suite 103** Ground floor office with kitchen/breakroom and shower room. (**±2,837 SF/\$1.75 PSF Full Service**). **Suite 105** Ground floor retail with Mendocino Avenue and building signage (**±2,401 SF/\$1.75 PSF NNN**). **Suite 109** Ground floor retail/store front office space presently configured with a kitchen/breakroom, conference room, and open area. A conversion to full retail with a storefront and building signage is available (**±1,979 SF/\$1.95 PSF Full Service**). **Suite 202** Second floor office featuring three (3) private offices, conference room, kitchen/breakroom, copy/work room and open area for work stations. (**±5,772 SF/\$1.75 PSF Full Service**). **Suite 205** Second floor corner office featuring two (2) private offices, conference room and reception area. Office has full length exterior glass-line and interior views to the atrium (**±1,219 SF/\$1.95 PSF Full Service**). **Suite 206** Second floor office featuring nine (9) private offices, conference room, kitchen/break room, server and a storage rooms. Office provides for extensive glass line along the perimeter of the building and an impressive private office in the corner tower (**±4,273 SF/\$1.95 PSF Full Service**).

Many of the spaces are either divisible or can be combined with adjacent suites offering further flexibility. Ideal location for a variety of office, retail, medical and professional services including; architects, engineers, attorneys, financial and insurance offices, CPA's, mobile phone store, jewelry, frame shop and gallery, photo studio, optician, personal training, yoga, pilates, martial arts studios, etc.

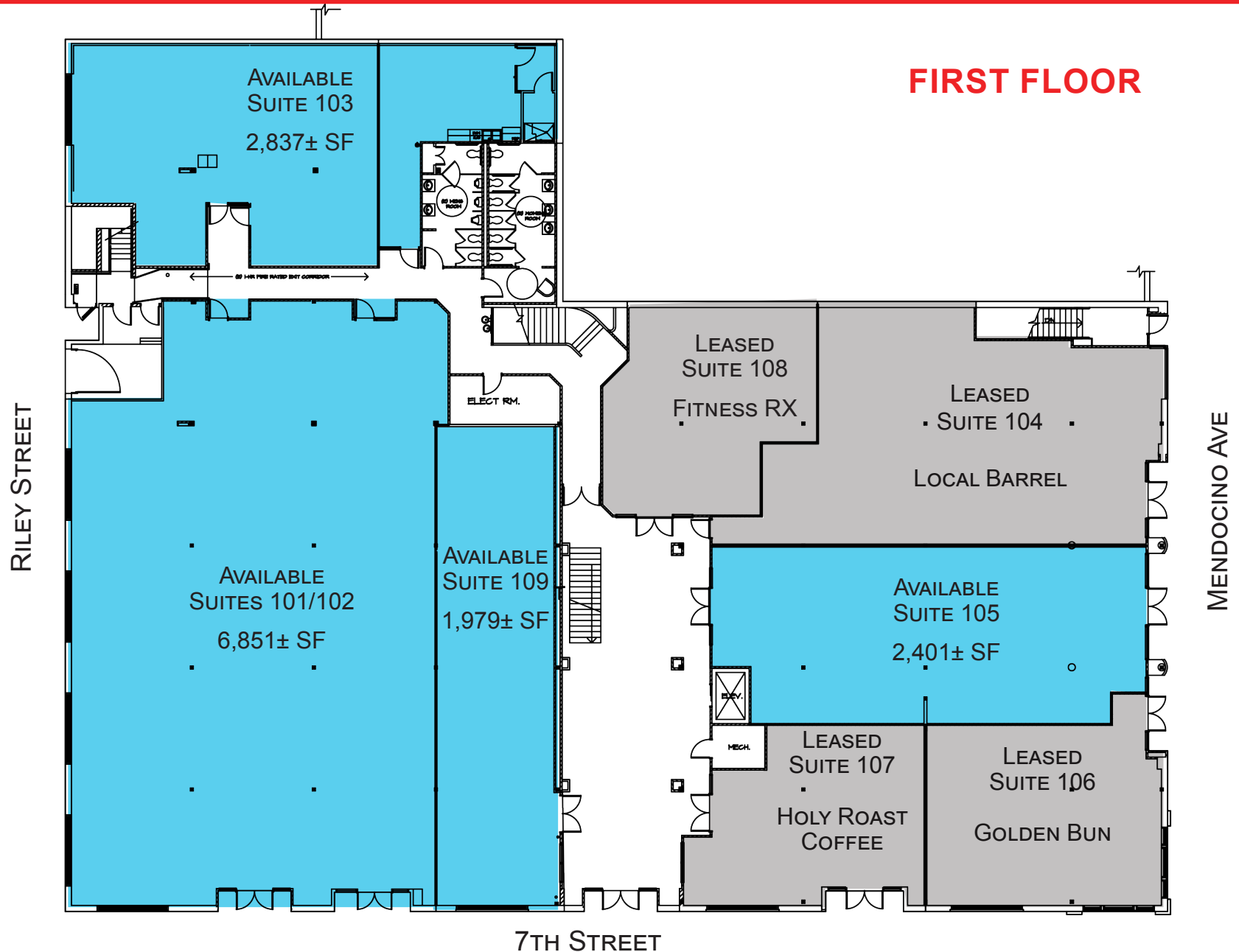
DESCRIPTION OF LOCATION - AREA:

Central business district in historic downtown Santa Rosa. Immediate proximity to all food and retail services including the Santa Rosa Plaza. Building is adjacent to city surface parking lot and one-half block from 750-car 7th Street downtown parking garage.



Office and Retail Space for Lease

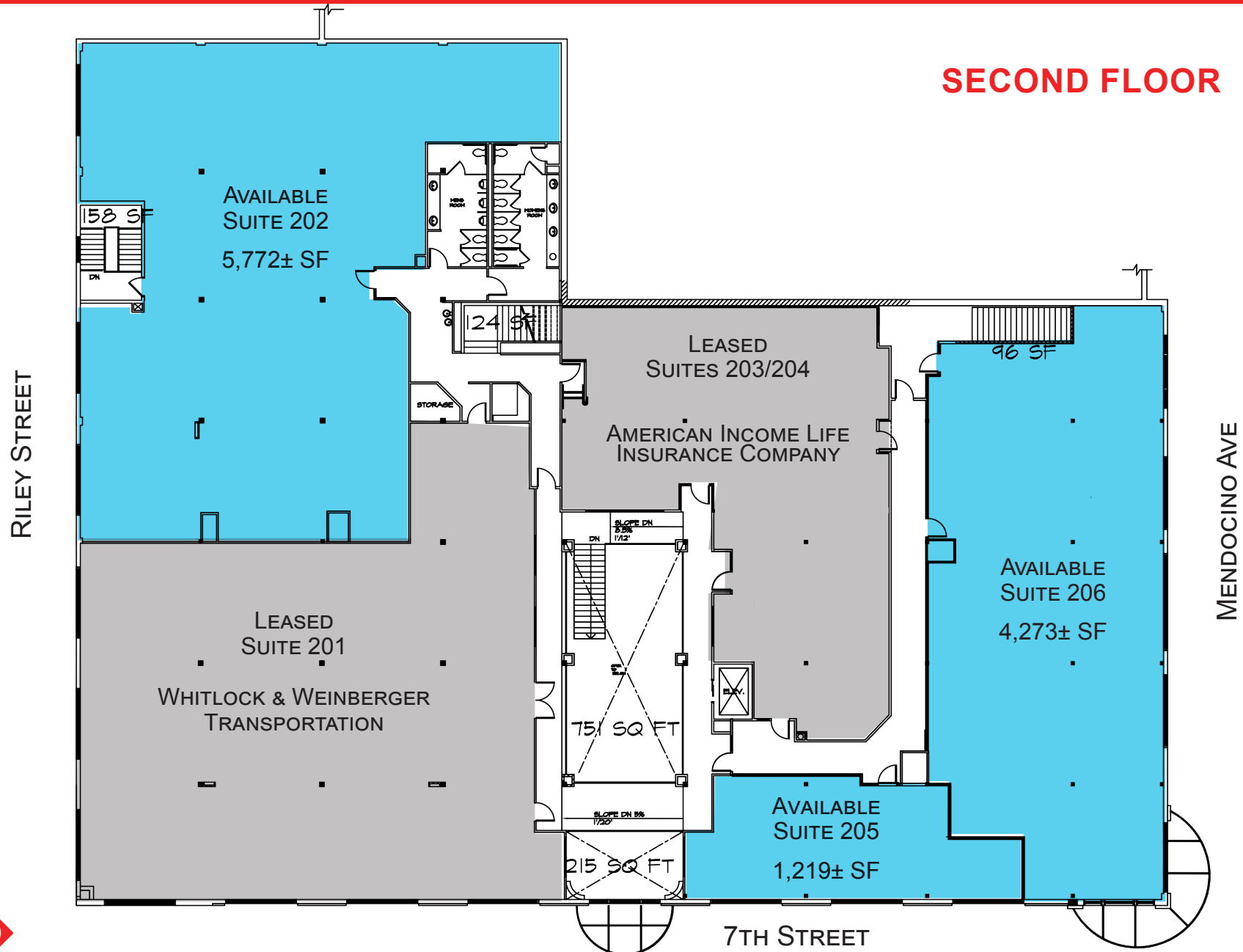
490 Mendocino Avenue, Santa Rosa, CA



Office and Retail Space for Lease

490 Mendocino Avenue, Santa Rosa, CA

SECOND FLOOR



The above information, while not guaranteed, has been secured from sources we believe to be reliable. Submitted subject to error, change or withdrawal. An interested party should verify the status of the property and the information herein.

Office and Retail Space for Lease

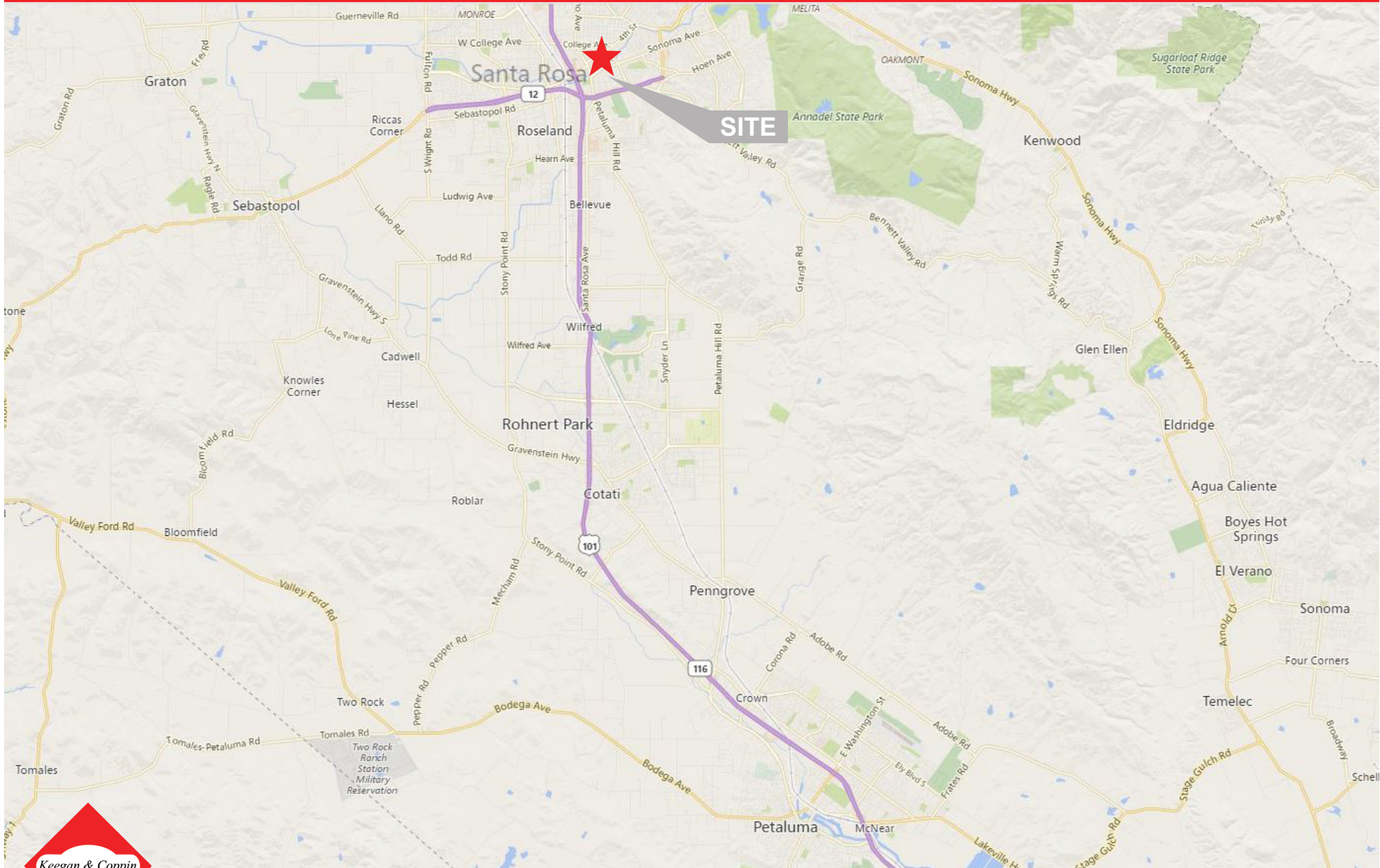
490 Mendocino Avenue, Santa Rosa, CA



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Office and Retail Space for Lease

490 Mendocino Avenue, Santa Rosa, CA



Keegan & Coppin

The above information, while not guaranteed, has been secured from sources we believe to be reliable. Submitted subject to error, change or withdrawal. An interested party should verify the status of the property and the information herein.

Dated: March 18, 2020

RESOLUTION OF ZERO WASTE SONOMA (SONOMA COUNTY WASTE MANAGEMENT AGENCY)
AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE THE STANDARD MULTI-TENANT OFFICE LEASE
– GROSS AGREEMENT FOR OFFICE SPACE AT 490 MENDOCINO AVENUE, SANTA ROSA, CA

WHEREAS, Zero Waste Sonoma desires to enter into a lease agreement for office space with Carol and Morton Rothman Trust and Felice and Russell Shatz Trust for commercial office space located at 490 Mendocino Avenue in Santa Rosa, and;

WHEREAS, the property to be leased is improved office space totaling approximately 4,273 square feet, and;

WHEREAS, the lease agreement will begin on June 1, 2020 for the period of five years plus the option for two additional five year terms, and;

WHEREAS, the monthly rent will be \$6,836.80 per month (with scheduled increases), and;

NOW, THEREFORE BE IT RESOLVED that the Board of Directors of Zero Waste Sonoma authorizes the Executive Director to execute a lease agreement with Carol and Morton Rothman Trust and Felice and Russell Shatz Trust for commercial office space located at 490 Mendocino Avenue in Santa Rosa for \$6,836.80 per month (with scheduled increases) for a term of five years plus the option for two additional five year terms.

MEMBERS:

- - Cloverdale	- - Cotati	- - County	- - Healdsburg	- - Petaluma
- - Rohnert Park	- - Santa Rosa	- - Sebastopol	- - Sonoma	- - Windsor

AYES: - - NOES: - - ABSENT: - - ABSTAIN: - -

SO ORDERED

The within instrument is a correct copy
of the original on file with this office.

ATTEST: DATE: March 18, 2020

Clerk of Zero Waste Sonoma
Agency of the State of California in and for the
County of Sonoma



Agenda Item #: 6
Cost Center: All
Staff Contact: Collard
Agenda Date: 3/18/2020
Approved By: LL

ITEM: Discussion and Possible Action on the 2020-21 ZWS Draft Budget

I. RECOMMENDED ACTION / ALTERNATIVES TO RECOMMENDATION

Staff recommends the Board provide feedback on the FY 20-21 Zero Waste Sonoma Draft Budget with direction to return at the April 15, 2020 ZWS meeting for final approval.

II. BACKGROUND

The approval of the Work Plan outlining the contractor and staff costs for individual programs and planned projects is the first step in the budget development process. Direction was given to staff regarding that document by the Board at the January 15, 2020 and the February 19, 2020 ZWS meetings.

The preparation of the ZWS's annual budget begins with direction and approval by the Board of a Draft Budget, establishing funding guidelines and other parameters necessary to integrate the ZWS's annual budget with the County's budget, accounting, and audit process. The last step is the approval, with a required supermajority vote, of the Final Budget prepared and presented by staff. The Final Budget takes any comments, questions or directions resulting from the presentation of the Draft Budget into consideration.

III. DISCUSSION

Information for this discussion can be found in the Explanation and Details and History sections of the FY 20-21 Draft Budget.

The FY 20-21 Draft Budget is similar to the FY 19-20 Final Budget in maintaining the core ZWS programs at similar levels, with a few exceptions. Any program item that has a change of \$10,000 and 5% has been explained in the Explanations and Details attachment.

Notable differences from the previous year's budget include a Waste Characterization Study, continued exploration of a North County HHW facility, and the addition of rent for the proposed new office location.

Explanation of Notable Differences Between FY 2019-20 and FY 2020-21

Administration Services

The ZWS is now fully staffed. The increase in Administration Services (\$75,916) is based upon projections provided by County payroll. The increase calculates any changes to benefits and any regularly scheduled step increases.

Rents and Leases – Bldg/Land

This account shows the increase to ZWS for the proposed office rent (\$86,506) annually, this includes the three additional parking passes needed.

Other Contract Services

The increase to this account is mostly attributed the increase in hauling and processing of organics.

Special Department Expense

This account recognizes Contingency Fund projects (Northern County HHW Site Feasibility study, Waste Characterization study, and Consumption Based Emission Study).

Conclusion

This budget reflects the direction given to staff in the FY 2020-21 Work Plan and reflects the level of effort required to implement ZWS programs. Between all funds, staff estimates a net cost of this budget (reduction of fund balances) in the amount of \$422,457 for the Fiscal Year. The fund balance reduction is for one-time contingency fund projects. All core programs are projected to operate within budget with no draw down to reserves. As all of the Reserve funds remain above Reserve Fund goals, staff believes it is a sensible budget which reflects the direction given to staff during the Work Plan discussion at the January 15, 2020 Meeting.

Staff recommends the Board provide feedback on this budget with direction for staff to return at the April 15, 2020 ZWS meeting for final approval.

IV. ATTACHMENTS

Draft FY 2020-21 Budget
Explanations and Details
History and Fund Balances

**Zero Waste Sonoma
FY 20-21 Draft Budget Summary**

		Organics 78111	H H W 78104	Ed & Outreach 78110		Organics Res. 78103	Contin. Res. 78109	Unfund Liab 78112	Total All Divisions
REVENUES									
42358	State Other Funding	25,000	151,189	142,000		-	-		318,189
42601	County of Sonoma	5,951,558	1,708,617	587,911		-	-		8,248,086
44002	Interest on Pooled Cash	13,357	13,357	5,449		22,307	18,485	6,586	79,542
46029	Donations/Contributions	-	163,168	49,950		-	-		213,118
47101	Transfers In - within a Fund	-	-	-		-	-		-
TOTAL REVENUES		5,989,915	2,036,331	785,311		22,307	18,485	6,586	8,858,935
EXPENDITURES									
51041	Insurance - Liability	784	7,504	2,912		-	-		11,200
51071	Maintenance		9,000						9,000
51201	Administration Services	131,935	440,252	455,592		60,908	93,543		1,182,229
51205	Advertising/Marketing Svc	-	16,500	-		-	-		16,500
51206	Accounting/Auditing Services	6,500	7,500	4,000		2,500	1,500		22,000
51207	Client Accounting Services	1,310	12,542	4,867		-	-		18,720
51212	Legal Services	5,000	4,000	15,000		35,000	2,000		61,000
51213	Engineer Services	-	-	-		-	-		-
51214	Temp Services		7,000	1,000					8,000
51225	Training Services	-	800	-		-	-		800
51229	Hazardous Waste Disposal		28,000						28,000
51241	Outside Printing			3,000					3,000
51249	Other Professional Services	42,380	151,189	124,792		-	12,000		330,361
51401	Rents and Leases - Equipment	210	2,010	780		-	-		3,000
51421	Rents and Leases - Bldg/Land	6,055	71,959	27,942		-	-		105,956
51507	Special Departmental Expense		64,000						64,000
51803	Other Contract Services	5,765,694	1,157,000	30,000		25,000	167,000		7,144,694
51805	Sponsorships			2,000					2,000
51901	Telecommunication Data Line	489	489	6,359		-	-		7,337
51902	Telecommunication Usage	26	156	1,185		-	-		1,367
51904	ISD - Baseline Services	5,745	14,085	13,154		-	-		32,985
51906	ISD - Supplemental Projects	-	-	-		-	-		-
51909	Telecommunication Wireless	-	1,224	2,046		-	-		3,269
51911	Mail Services	250	100	500		-	-		850
51915	ISD - Reprographics Services	-	-	-		-	-		-
51916	County Services	1,688	16,161	6,271		-	-		24,121
51919	EFS Charges	-	-	-		-	-		-
51922	County Car Expense	105	1,005	390		-	-		1,500
51923	Unclaimable County Car Exp	-	-	50					50
52091	Memberships/Certifications	8,655	6,170	17,293		-	-		32,118
52111	Office Supplies	2,000	2,500	20,220		1,000	1,000		26,720
52114	Freight/Postage	4,000		5,000					9,000
52115	Subscriptions	65	620	241					925
52118	Print Supplies (Zero Waste Gd)			10,250					10,250
52162	Special Departmental Expense	101	965	374		-	75,000		76,440
52163	Professional Development	3,710	6,510	29,280		-	-		39,500
52191	Utilities Expense	-	4,500	-					4,500
SUBTOTAL		5,986,703	2,033,741	784,498		124,408	352,043		9,281,392
OTHER CHARGES									
57011	Transfers Out - within a Fund	-	-	-		-	-		-
57015	Transfers Out - All Others	-	-	-		-	-		-
SUBTOTAL		-	-	-		-	-		-
TOTAL EXPENDITURES		5,986,703	2,033,741	784,498		124,408	352,043	-	9,281,392
NET COST		(3,213)	(2,590)	(813)		102,101	333,558	(6,586)	422,457

ZERO WASTE SONOMA

FY 20-21 DRAFT BUDGET

EXPLANATIONS AND DETAILS

(for items above \$10,000 with a 5% change)

Organics

REVENUES

42601 – County of Sonoma

Revenues from fees collected at County-owned disposal sites for yard debris and wood waste outhaul are dedicated toward the operations of the Organics fund.

Description	FY 19-20	FY 20-21
Organics Waste Tonnage from All Transfer Stations	79,000	88,499
Disposal Fee	<u>\$67.25</u>	<u>\$67.25</u>
Total Revenue (6%)	\$5,591,300	\$5,951,558

52358 – State Other Funding

This account is for potential grant funding for a food rescue grant (\$25,000).

EXPENDITURES - SERVICES AND SUPPLIES

51201 – Administration Services

This account reflects the cost of ZWS staff. One full-time Waste Management Specialist is budgeted in this Fund as well as a portion of the Department Analyst, and Executive Director, and Agency Clerk. The shared allocation for administration fluctuates due to project allocation. This year's shared administration portion decreased.

Budgeted FY 19-20	\$153,891
Requested FY 20-21	<u>\$131,935</u>
Difference (-17%)	-\$21,956

51803 – Other Contract Services

An estimated 88,490 tons of organic waste will be collected, transported, and hauled to out-of-county compost facilities. Cost increase is due to increased tonnage and CPI increase for hauling.

Description	FY 19-20	FY 19-20
Hauling	\$1,793,888	\$1,969,363
Processing	<u>\$3,555,406</u>	<u>\$3,796,331</u>
Total Expenditures (7%)	\$5,349,294	\$5,765,694

52111 – Office Supplies

With the implementation of AB1826 and SB1383, increased levels of outreach and education materials has been needed. Staff has been utilizing mailers for outreach. In an effort to better track this type of expenditure, mailings have been moved to a separate line item.

Budgeted FY 19-20	\$13,040
Requested FY 20-21	<u>\$2,000</u>
Difference (-552%)	-\$11,040

ZERO WASTE SONOMA

FY 20-21 DRAFT BUDGET

EXPLANATIONS AND DETAILS

(for items above \$10,000 with a 5% change)

Household Hazardous Waste

REVENUES

42358 – State Other Funding

SCWMA is expected to continue to receive grants from funds collected and distributed by CalRecycle. These funds are restricted to reimbursement of costs related to the proper management of used motor oil. For FY 20-21, the Oil Payment Plan revenue is expected to be \$151,189. The ReFuel Your Fun grant was completed in FY 19-20, so the budget was reduced to reflect that decrease (\$10,000).

46029 – Donations/Contributions

The City of Petaluma has an agreement to pay for their ZWS services directly. The tonnage is based on the actual quantities. E-waste revenue sharing is the result of a state operated program that subsidizes collectors and recyclers who in turn share with the agencies of record. The e-waste market has reduced the materials (and revenue) collected through the program due to the decline in plastic recycling markets. ZWS currently has contracts with Onsite Electronics and Conservation Corps North Bay.

Description	FY 19-20 Budget	FY 20-21 Requested
Petaluma Surcharge Fee payment	\$144,698	\$144,387
E-waste revenue sharing payment	\$60,000	\$9,000
Battery Collections (HHW Facility)	\$9,000	\$9,000
Donations/Contributions Total (-32%)	\$213,698	\$162,387

EXPENDITURES - SERVICES AND SUPPLIES

51214 – Agency Extra/Temp Help

This account is for the hiring of a summer intern. The intern cost share has been reduced (-\$13,000) to reflect more accurate numbers based upon last year's actual costs.

51229 – Hazardous Waste Disposal

In an effort to have better budget tracking, the HazMobile program (\$18,000) and propane disposal (\$10,000) costs have been moved into a separate line.

51421 – Rents and Leases – Bldg/Land

The new cost share for our leased office space is \$57,959.

51507 – Special Department Expense

In an effort to have better budget tracking, E-waste expenditures have been moved into a separate line.

51916 – County Services

This account is used for ZWS's share of Transportation and Public Works (TPW) overhead cost allocation. In the past the number has been incorrectly calculated. The decrease in cost is based on actuals.

ZERO WASTE SONOMA

FY 20-21 DRAFT BUDGET

EXPLANATIONS AND DETAILS

(for items above \$10,000 with a 5% change)

Education & Outreach

REVENUES

42601 – County of Sonoma

Republic Services collects a disposal fee of (proposed fee increase) \$5.40/ton on behalf of the SCWMA for the Household Hazardous Waste and Education and Outreach programs. Republic submits the funding to the County, who passes the funding through to the SCWMA. The estimated of garbage, yard debris, and wood waste tonnage for FY 20-21 is 425,283, an increase of 18,756 ton from last year.

Total E&O Tipping Fee Revenue Budgeted FY 19-20	\$548,811
<u>Total E&O Tipping Fee Revenue Requested FY 20-21</u>	<u>\$597,097</u>
Difference (8%)	\$48,286

EXPENDITURES - SERVICES AND SUPPLIES

51249 – Other Professional Services

This account reflects the cost of the Beverage Container Recycling City/County Payment Program (CCPP). In the past the grant has been more focused on outreach and education and used to cover staffing costs. The focus has shifted to be more focused on providing more recycling bins to jurisdictions.

Budgeted FY 19-20	\$67,026
<u>Requested FY 20-21</u>	<u>\$124,792</u>
Difference (46%)	\$57,766

51421 – Rents and Leases – Bldg/Land

The increase for rent is due to the cost share for our new leased office space is \$22,492.

51803 – Other Contract Services

In prior budget years this line item was a combination of expenditures (recycle guide, temp help, Spanish language contractor, and outreach). In order to have better tracking, this line item has been reduced to only the Spanish language outreach contract.

51916 – County Services

This account is used for ZWS's share of Transportation and Public Works (TPW) overhead cost allocation. In the past the number has been incorrectly calculated. The decrease in cost is based on actuals.

ZERO WASTE SONOMA

FY 20-21 DRAFT BUDGET

EXPLANATIONS AND DETAILS

(for items above \$10,000 with a 5% change)

Organics Reserve

EXPENDITURES - SERVICES AND SUPPLIES

51212 – Outside Counsel – Legal Advice

Increased legal fees are needed for the negotiation process for the Organics Composting Facility.

51803 – Other Contract Services

\$50,000 has been allocated for consultant assistance with the Organics Composting Facility.

Description	FY 19-20 Budget	FY 20-21 Requested
R3 Consulting	\$25,000	\$25,000
BBK Legal Services (moved to Outside Counsel)	\$25,000	-
Other Contract Services Total (-100%)	\$50,000	\$25,000

ZERO WASTE SONOMA

FY 20-21 DRAFT BUDGET

EXPLANATIONS AND DETAILS

(for items above \$10,000 with a 5% change)

Contingency Reserve

EXPENDITURES - SERVICES AND SUPPLIES

51201 – Administration Services

The shared allocation for administration fluctuates due to project allocation. This year's shared administration portion increase is attributed to the management of the ColWMP, Waste Characterization Study, and continued research for the north county HHW facility.

51803 – Other Contract Services

This line item includes budget allocations for the Waste Characterization study (\$150,000), a Consumption Based Emission Study (\$10,000), and the balance of the north county HHW facility assistance contract (\$7,000).

52162 – Special Departmental Expense

The office move should be completed in the current fiscal year. Allocations for a feasibility study for a potential north county HHW facility are being requested (only to be used if the board selects a potential site for review).

Description	FY 19-20 Budget	FY 20-21 Requested
HHW Expansion	\$200,000	\$75,000
Office Expansion	\$75,000	-
Other Contract Services Total (-267%)	\$275,000	\$75,000

FY 20-21 DRAFT BUDGET
ZERO WASTE SONOMA
REVENUE, EXPENDITURE, AND FUND BALANCE HISTORY

Summary								
	Actual FY 16-17	Actual FY 17-18	Actual FY 18-19	Estimated FY 19-20	Budgeted FY 19-20	Requested FY 20-21	Difference	% Change
REVENUES								
42358 State Other Funding	309,299	217,306	303,686	303,189	303,189	318,189	15,000	5%
42601 County of Sonoma	6,003,162	6,830,677	7,549,381	7,786,545	7,786,545	8,248,086	461,541	6%
44002 Interest on Pooled Cash	68,805	94,167	152,137	88,643	36,061	79,541	43,480	55%
44050 Unrealized Gains and Losses	(37,744)	(15,156)	88,779	(64,332)	0	0	0	0%
46029 Donations/Contributions	355,547	329,620	219,305	267,495	261,931	213,118	(48,813)	-23%
46050 Cancelled/Stale Dated Warrants		(8,934)	5,757	0	0	0	0	0%
46200 Revenue Appl PY Misc Revenue	9,016	(535)	28,994	(0)	0	0	0	0%
46210 Refunds	0	0	698	0	0	0	0	0%
SUBTOTAL	6,708,085	7,447,145	8,348,737	8,381,540	8,387,726	8,858,935	471,209	5%
47101 Transfers In - Within a Fund	96,938	55,928	0	0	0	0	0	0%
48004 Residual Equity Transfers			3,660,876					0%
SUBTOTAL	96,938	55,928	3,660,876	0	0	0	0	0%
TOTAL REVENUES	6,805,023	7,503,073	12,009,612	8,381,540	8,387,726	8,858,935	471,209	5%
PENDITURES								
51041 Insurance - Liability	10,623	10,152	10,440	11,179	12,000	11,200	(800)	-7%
51071 Maintenance - Bldg	0	0	14,281	2,500	15,000	9,000	(6,000)	-67%
51201 Administration Services	503,265	900,607	791,725	1,107,313	1,106,313	1,182,229	75,916	6%
51205 Advertising/Marketing Svc	11,461	11,262	19,136	13,600	12,000	16,500	4,500	27%
51206 Accounting/Auditing Services	17,350	16,500	22,939	22,000	22,000	22,000	0	0%
51207 Client Accounting Services	21,881	22,283	12,979	16,051	16,051	18,720	2,669	14%
51212 Outside Counsel-Legal Advice	53,838	23,155	43,684	63,000	32,000	61,000	29,000	48%
51214 Agency Extra/Temp Help	0	0	0	6,500	21,000	8,000	(13,000)	-163%
51225 Training Services	195	1,409	0	0	800	800	0	0%
52119 Hazardous Waste Disposal	0	0	0	18,000	18,000	28,000	10,000	36%
51241 Outside Printing			0	10,000	10,000	3,000	(7,000)	0%
51249 Other Professional Services	245,993	133,037	200,091	241,595	280,595	330,361	49,766	15%
51401 Rents and Leases - Equipment	2,177	0	465	1,000	3,000	3,000	0	0%
51421 Rents and Leases - Bldg/Land	10,539	13,376	9,824	20,550	20,550	105,956	85,406	81%
51507 Special Departmental Expense	0	0	0	65,000	115,000	64,000	(51,000)	-80%
51801 Other Services	19,920	119,709	0	990	0	0	0	0%
51803 Other Contract Services	5,550,088	6,075,929	6,740,708	6,539,754	6,634,754	7,144,694	509,940	7%
51805 County Sponsorships				0	0	2,000	2,000	100%
51901 Telecommunication Data Lines	4,041	3,913	4,158	8,709	6,035	7,337	1,302	18%
51902 Telecommunication Usage	948	1,065	1,085	1,432	1,160	1,367	207	15%
51903 Telecommunication Installation		526	267	(1)	0	0	0	0%
51904 ISD - Baseline Services	21,707	26,050	32,580	37,789	22,870	32,985	10,115	31%
51905 ISD - Improvement Projects		2,841	4,118	(1)	0	0	0	0%
51906 ISD - Supplemental Projects	7,210	345	795	0	1,000	0	(1,000)	
51909 Telecommunication Wireless Svc	1,717	3,563	5,372	3,496	2,630	3,269	639	20%
51911 Mail Services	1,624	778	392	850	850	850	0	0%
51912 Records Services	22	26	22	(1)	0	0	0	0%
51916 County Services	11,212	9,919	37,422	18,908	70,300	24,121	(46,179)	-191%
51922 County Car Expense	577	830	1,979	1,500	1,500	1,500	0	0%
51923 Unclaimable County Car Expense	40	27	16	20	0	50	50	100%
52091 Memberships/Certifications	10,350	13,450	14,208	36,288	26,830	32,118	5,288	16%
52111 Office Supplies	24,529	25,358	48,460	42,240	52,830	26,720	(26,110)	-98%
52114 Freight/Postage	0	0	0	0	0	9,000	9,000	100%
52115 Subscriptions (web)	0	0	0	0	0	925	925	100%
52118 Printing and Binding Supplies	0	0	0	6,500	13,900	10,250	(3,650)	-36%
52162 Special Departmental Expense		0	217	60,000	285,000	76,440	(208,560)	-273%
52163 Professional Development	100	1,695	17,337	32,651	32,000	39,500	7,500	19%
52191 Utilities	0	0	3,638	4,500	4,500	4,500	0	0%
SUBTOTAL	6,570,566	7,417,803	8,038,339	8,389,412	8,840,468	9,281,392	440,924	5%
57011 Transfers Out - Within a Fund	96,938	55,928	0	0	0	0	0	0%
57015 Transfers Out - All Others	0		0	0	0	0	0	0%
SUBTOTAL	96,938	55,928	0	0	0	0	0	0%
TOTAL EXPENDITURES	6,667,504	7,473,731	8,038,339	8,389,412	8,840,468	9,281,392	440,924	5%
NET COST	(137,520)	(29,342)	(3,971,274)	7,872	164,109	422,457		
ROUNDING ERROR					2	2		
FUND BALANCE								
Beginning Fund Balance	7,566,030	7,703,550	7,732,592		8,100,208	7,936,099		
Ending Fund Balance	7,703,550	7,732,592	8,100,208		7,936,099	7,513,642		

FY 20-21 DRAFT BUDGET ZERO WASTE SONOMA REVENUE, EXPENDITURE, AND FUND BALANCE HISTORY								
Organics 78111								
	Actual FY 16-17	Actual FY 17-18	Actual FY 18-19	Estimated FY 19-20	Budgeted FY 19-20	Requested FY 20-21	Difference	% Change
REVENUES								
42601 County of Sonoma	4,145,506	4,936,170	5,445,517	5,591,300	5,591,300	5,951,558	360,258	6%
42358 State Other Funding	0	0	0	0	0	25,000	25,000	100%
44002 Interest on Pooled Cash	3,672	1,861	884	5,065	5,065	13,357	8,292	62%
44050 Unrealized Gains and Losses	(2,351)	(3,978)	2,726	(2,726)	0	0	0	
46029 Donations/Contributions			0	5,564	0	0	0	
46200 PY Revenue - Miscellaneous	6,422	433	17,103	(0)	0	0	0	
SUBTOTAL	4,153,249	4,934,485	5,466,230	5,599,203	5,596,365	5,989,915	393,550	7%
47101 OT-Within Enterprise	0	0	0	0	0	0	0	
48004 Residual Equity Transfers			1,379,625				0	
SUBTOTAL	0	0	1,379,625	0	0	0	0	
TOTAL REVENUES	4,153,249	4,934,485	6,845,855	5,599,203	5,596,365	5,989,915	393,550	7%
EXPENDITURES								
51041 Insurance - Liability	2,549	1,320	1,357	1,453	1,560	784	(776)	-99%
51201 Administration Services	80,613	155,630	97,217	154,891	153,891	131,935	(21,956)	-17%
51205 Advertising/Marketing Svc			29	0	0	0	0	
51206 Accounting/Auditing Services	5,400	4,875	7,939	6,500	6,500	6,500	0	0%
51207 Client Accounting Services	5,252	5,348	0	2,087	2,087	1,310	(777)	-59%
51212 Outside Counsel-Legal Advice	1,462	111	6,085	5,000	5,000	5,000	0	0%
51249 Other Professional Services			0	17,380	42,380	42,380	0	0%
51401 Rents and Leases - Equipment			0		0	210	210	100%
51421 Rents and Leases - Bldg/Land			0		0	6,055	6,055	100%
51803 Other Contract Services	4,395,593	4,654,695	5,406,807	5,349,254	5,349,254	5,765,694	416,440	7%
51901 Telecommunication Data Lines	1,399	1,467	6,451	1,850	1,467	489	(978)	-200%
51902 Telecommunication Usage		14		47	0	26	26	100%
51903 Telecommunication Installation			267					
51904 ISD - Baseline Services	10,130	10,954	11,535	11,983	9,587	5,745	(3,842)	-67%
51909 Telecommunication Wireless Svc		1,810	655	250	584	0	(584)	
51911 Mail Services	111	1	2	250	250	250	0	0%
51916 County Services	2,121	2,888	6,110	2,458	9,139	1,688	(7,451)	-441%
51922 County Car Expense			0	195	195	105	(90)	-86%
52091 Memberships/Certifications			0	8,405	150	8,655	8,505	98%
52111 Office Supplies	1,868		5,417	13,040	13,040	2,000	(11,040)	-552%
52114 Freight/Postage	0	0	0	0	0	4,000	4,000	100%
52115 Subscriptions (Web)	0	0	0	0	0	65	65	100%
52162 Special Departmental Expense			0		0	101	101	100%
52163 Professional Development			0	3,890	3,890	3,710	(180)	-5%
52191 Utilities	0	0	0	0	0	0	0	
SUBTOTAL	4,506,498	4,839,114	5,549,873	5,578,934	5,598,974	5,986,703	387,729	6%
57011 Transfers Out - Within a Fund	7,732	1,882	0		0	0	0	
57015 Transfers Out - All Others	0		0	0	0	0	0	
SUBTOTAL	7,732	1,882	0	0	0	0	0	
TOTAL EXPENDITURES	4,514,230	4,840,996	5,549,873	5,578,934	5,598,974	5,986,703	387,729	6%
NET COST	360,981	(93,490)	(1,295,982)	(20,269)	2,609	(3,212)		
FUND BALANCE								
Beginning Fund Balance	1,640,754	1,279,773	1,373,263		1,319,327	1,316,718	898,005	(421,925)
Ending Fund Balance	1,279,773	1,373,263	1,319,327		1,316,718	1,319,930		

FY 20-21 DRAFT BUDGET ZERO WASTE SONOMA REVENUE, EXPENDITURE, AND FUND BALANCE HISTORY								
Household Hazardous Waste 78104								
	Actual FY 16-17	Actual FY 17-18	Actual FY 18-19	Estimated FY 19-20	Budgeted FY 19-20	Requested FY 20-21	Difference	% Change
REVENUES								
42358 State Other Funding	156,470	137,089	153,791	161,189	161,189	151,189	(10,000)	-7%
42601 County of Sonoma	1,448,971	1,401,935	1,598,937	1,646,434	1,646,434	1,699,431	52,997	3%
44002 Interest on Pooled Cash	8,980	14,613	29,576	16,856	5,065	13,357	8,292	62%
44050 Unrealized Gains and Losses	(6,471)	(2,057)	22,397	(15,393)			0	
46029 Donations/Contributions	315,369	284,065	175,509	213,698	213,698	162,387	(51,311)	-32%
46050 Cancelled/Stale Dated Warrants		(8,934)	5,757	0		0	0	
46200 Revenue Appl PY Misc Revenue	2,476	(413)	0	0		0	0	
46210 Refunds			698				0	
SUBTOTAL	1,925,796	1,826,298	1,986,664	2,022,784	2,026,386	2,026,365	(21)	0%
47101 Transfers In - Within a Fund	0		0	0	0	0	0	
SUBTOTAL	0	0	0	0	0	0	0	
TOTAL REVENUES	1,925,796	1,826,298	1,986,664	2,022,784	2,026,386	2,026,365	(21)	0%
EXPENDITURES								
51041 Insurance - Liability	4,886	6,294	6,473	6,931	7,440	7,504	64	1%
51071 Maintenance - Bldg	0	0	14,281	2,500	15,000	9,000	(6,000)	-67%
51201 Administration Services	154,716	324,413	275,246	412,856	412,856	440,252	27,396	6%
51205 Advertising/Marketing Svc	11,461	10,630	11,626	12,000	12,000	16,500	4,500	27%
51206 Accounting/Auditing Services	6,100	5,625	7,000	7,500	7,500	7,500	0	0%
51207 Client Accounting Services	10,065	10,250	9,250	9,951	9,951	12,542	2,591	21%
51212 Outside Counsel - Legal Advice	1,140	1,794	2,098	5,000	5,000	4,000	(1,000)	-25%
51214 Agency Extra/Temp Help				6,500	20,000	7,000	(13,000)	-186%
51225 Training Services		325	0	0	800	800	0	0%
51229 Hazardous Waste Disposal	0	0	0	18,000	18,000	28,000	10,000	36%
51249 Other Professional Services	146,215	118,506	130,569	151,189	151,189	151,189	0	0%
51401 Rents and Leases - Equipment			0			2,010	2,010	100%
51421 Rents and Leases - Bldg/Land	3,625	6,660	5,240	12,000	12,000	71,959	59,959	83%
51507 Special Departmental Expense	0	0	0	65,000	115,000	64,000	(51,000)	-80%
51801 Other Services	4,589	14,494	0	990	0	0	0	
51803 Other Contract Services	1,067,582	1,190,063	1,178,335	1,155,500	1,155,500	1,157,000	1,500	0%
51901 Telecommunication Data Lines	311		0	500	2,000	489	(1,511)	-309%
51902 Telecommunication Usage	103	74	154	200	200	156	(44)	-28%
51904 ISD - Baseline Services	3,799	4,125	4,699	5,000	5,894	14,085	8,191	58%
51909 Telecommunication Wireless Svc			331	1,200	0	1,224	1,224	100%
51911 Mail Services	104	38	6	100	100	100	0	0%
51916 County Services	2,900	2,436	19,833	11,723	43,586	16,161	(27,425)	-170%
51922 County Car Expense			0	930	930	1,005	75	7%
52091 Memberships/Certifications	10,200	10,200	10,450	10,375	10,610	6,170	(4,440)	-72%
52111 Office Supplies	3,639	3,307	2,313	4,000	7,960	2,500	(5,460)	-218%
52115 Subscriptions (Web)						620	620	100%
52162 Special Departmental Expense	100		0	10,000	10,000	965	(9,035)	-936%
52163 Professional Development	0	120	73	2,146	1,860	6,510	4,650	71%
52191 Utilities	0	0	3,638	4,500	4,500	4,500	0	0%
SUBTOTAL	1,431,579	1,709,354	1,681,614	1,916,591	2,029,876	2,033,741	3,865	0%
57011 Transfers Out - Within a Fund	77,325	27,265	0		0	0	0	
57015 Transfers Out - All Others	0	0	0	0	0	0	0	
SUBTOTAL	77,325	27,265	0	0	0	0	0	
TOTAL EXPENDITURES	1,508,904	1,736,619	1,681,614	1,916,591	2,029,876	2,033,741	3,865	0%
NET COST	(416,891)	(89,679)	(305,050)	(106,193)	3,490	7,376		
FUND BALANCE								
Beginning Fund Balance	527,597	944,489	1,033,868		1,339,237	1,335,747	303,579	(1,024,792)
Ending Fund Balance	944,489	1,033,868	1,339,237		1,335,747	1,328,371		

FY 20-21 DRAFT BUDGET ZERO WASTE SONOMA REVENUE, EXPENDITURE, AND FUND BALANCE HISTORY Education and Outreach 78110								
	Actual FY 16-17	Actual FY 17-18	Actual FY 18-19	Estimated FY 19-20	Budgeted FY 19-20	Requested FY 20-21	Difference	% Change
REVENUES								
42358 State Other Funding	152,829	80,218	149,895	142,000	142,000	142,000	0	0%
42601 County of Sonoma	408,684	492,572	504,927	548,811	548,811	597,097	48,286	8%
44002 Interest on Pooled Cash	4,350	8,012	1,127	2,256	2,256	5,449	3,193	59%
44050 Unrealized Gains and Losses	(2,570)	(1,473)	5,682	(5,682)		0	0	
46029 Donations/Contributions	40,178	45,556	43,796	48,233	48,233	50,731	2,498	5%
46200 Revenue Appl PY Misc Revenue	119	(702)	1,522	0	0	0	0	
SUBTOTAL	603,590	624,182	706,951	735,618	741,300	795,277	53,977	7%
47101 Transfers In - Within a Fund			0	0	0	0	0	
48004 Residual Equity Transfers	0	0	451,300	0	0	0	0	
SUBTOTAL	0	0	451,300	0	0	0	0	
TOTAL REVENUES	603,590	624,182	1,158,252	735,618	741,300	795,277	53,977	7%
EXPENDITURES								
51041 Insurance - Liability	3,187	2,538	2,610	2,795	3,000	2,912	(88)	-3%
51201 Administration Services	236,979	332,378	366,027	452,062	452,062	455,592	3,530	1%
51205 Advertising/Marketing Svc		632	128	1,600	0	0	0	
51206 Accounting/Auditing Services	2,850	3,000	4,000	4,000	4,000	4,000	0	0%
51207 Client Accounting Services	6,564	6,685	3,730	4,013	4,013	4,867	854	18%
51212 Outside Counsel - Legal Advice	25,162	20,300	21,114	18,000	15,000	15,000	0	0%
51214 Agency Extra/Temp Help	0	0	0	0	1,000	1,000	0	0%
51225 Training Services	195	1,084	0		0	0	0	
51241 Outside Printing			0	10,000	10,000	3,000	(7,000)	-233%
51249 Other Professional Services	99,777	14,530	69,522	67,026	67,026	124,792	57,766	46%
51401 Rents and Leases - Equipment	2,177	0	465	1,000	3,000	780	(2,220)	-285%
51421 Rents and Leases - Bldg/Land	6,914	6,716	4,584	8,550	8,550	27,942	19,392	69%
51801 Other Services	1,779	136	0		0	0	0	
51803 Other Contract Services	36,380	102,217	63,924	35,000	55,000	30,000	(25,000)	-83%
51805 County Sponsorships				0	0	2,000	2,000	100%
51901 Telecommunication Data Lines	2,332	2,446	(2,294)	6,359	2,568	6,359	3,791	60%
51902 Telecommunication Usage	845	977	931	1,185	960	1,185	225	19%
51903 Telecommunication Installation		526	0	0		0	0	
51904 ISD - Baseline Services	7,779	10,970	16,345	20,806	7,389	13,154	5,765	44%
51905 ISD - Improvement Projects		2,841	4,118	0	0	0	0	
51906 ISD - Supplemental Projects	7,210	345	795	0	1,000	0	(1,000)	
51907 ISD - Device Modernization			0	0	0	0	0	
51909 Telecommunication Wireless Svc	1,717	1,753	4,387	2,046	2,046	2,046	(0)	0%
51911 Mail Services	1,371	739	382	500	500	500	0	0%
51912 Records Services	22	26	22	0		0	0	
51916 County Services	2,922	3,129	11,124	4,727	17,575	6,271	(11,304)	-180%
51922 County Car Expense	577	830	1,979	375	375	390	15	4%
51923 Unclaimable County Car Expense	40	27	16	20		50	50	100%
52091 Memberships/Certifications	150	3,250	3,758	17,508	16,070	17,293	1,223	7%
52111 Office Supplies	19,021	22,041	27,328	25,000	29,830	20,220	(9,610)	-48%
52114 Freight/Postage	0	0	0	0	0	5,000	5,000	100%
52115 Subscriptions (web)	0	0	0	0	0	241	241	100%
52118 Printing and Binding Supplies	0	0	0	6,500	13,900	10,250	(3,650)	-36%
52162 Special Departmental Expense			217		0	374	374	100%
52163 Professional Development		1,575	17,264	26,250	26,250	29,280	3,030	10%
52191 Utilities	0	0	0	0	0	0	0	
SUBTOTAL	465,951	541,690	622,477	715,322	741,114	784,498	43,384	6%
57011 Transfers Out - Within a Fund	11,881	26,781	0		0	0	0	
SUBTOTAL	11,881	26,781	0	0	0	0	0	
TOTAL EXPENDITURES	477,832	568,471	622,477	715,322	741,114	784,498	43,384	6%
NET COST	(125,757)	(55,711)	(535,774)	(20,296)	(186)	(10,780)		
FUND BALANCE								
Beginning Fund Balance	266,219	391,973	447,684		544,751	544,937	79,269	(476,448)
Ending Fund Balance	391,973	447,684	544,751		544,937	555,717		

FY 20-21 DRAFT BUDGET ZERO WASTE SONOMA REVENUE, EXPENDITURE, AND FUND BALANCE HISTORY Organics Reserve 78103								
	Actual FY 16-17	Actual FY 17-18	Actual FY 18-19	Estimated FY 19-20	Budgeted FY 19-20	Requested FY 20-21	Difference	% Change
REVENUES								
44002 Interest on Pooled Cash	31,437	41,374	82,662	36,750	13,984	22,307	8,323	37%
44050 Unrealized Gains and Losses	(16,385)	(4,300)	35,584	(19,028)		0	0	
46200 Revenue Appl PY Misc Revenue		98				0	0	
SUBTOTAL	15,052	37,172	118,246	17,722	13,984	22,307	8,323	37%
47101 Transfers In - Within a Fund	7,732	1,882	0			0	0	
48004 Residual Equity Transfers	0	0	(650,000)			0	0	
SUBTOTAL	7,732	1,882	(650,000)	0	0	0	0	
TOTAL REVENUES	22,784	39,054	(531,754)	17,722	13,984	22,307	8,323	37%
EXPENDITURES								
51201 Administration Services	6,794	88,186	19,557	56,413	56,413	60,908	4,495	7%
51206 Accounting/Auditing Services	2,000	1,875	2,500	2,500	2,500	2,500	0	0%
51212 Outside Counsel - Legal Advice	3,278	950	5,267	35,000	5,000	35,000	30,000	86%
51801 Other Services	13,551	105,079	0		0	0	0	
51803 Other Contract Services	50,533		0	0	50,000	25,000	(25,000)	-100%
51911 Mail Services	38		2				0	
51916 County Services	2,208	1,378	243				0	
52111 Office Supplies		10		200	1,000	1,000	0	0%
52162 Special Departmental Expense							0	
52163 Professional Development				365			0	
53610 Other Charges							0	
SUBTOTAL	117,516	197,478	27,569	94,478	114,913	124,408	9,495	8%
57011 Transfers Out - Within a Fund							0	
SUBTOTAL	0	0	0	0	0	0	0	
TOTAL EXPENDITURES	117,516	197,478	27,569	94,478	114,913	124,408	9,495	8%
NET COST	94,733	158,424	559,322	76,756	100,929	102,101		
FUND BALANCE								
Beginning Fund Balance	3,119,910	3,025,177	2,866,753		2,307,431	2,230,675	1,496,676	(631,898)
Ending Fund Balance	3,025,177	2,866,753	2,307,431		2,230,675	2,128,574		

FY 20-21 DRAFT BUDGET ZERO WASTE SONOMA REVENUE, EXPENDITURE, AND FUND BALANCE HISTORY Contingency Reserve 78109								
	Actual FY 16-17	Actual FY 17-18	Actual FY 18-19	Estimated FY 19-20	Budgeted FY 19-20	Requested FY 20-21	Difference	% Change
REVENUES								
44002 Interest on Pooled Cash	20,366	28,307	36,327	20,679	9,691	18,485	8,794	48%
44050 Unrealized Gains and Losses	(9,967)	(3,347)	16,939	(16,052)		0		
46029 Donations/Contributions								
46200 Revenue Appl PY Misc Revenue		49	10,368					
SUBTOTAL	10,399	25,008	63,634	4,627	9,691	18,485	8,794	48%
47101 Transfers In - Within a Fund	89,206	54,046	0		0	0	0	
48004 Residual Equity Transfers	0	0	1,829,950					
SUBTOTAL	89,206	54,046	1,829,950	0	0	0	0	
TOTAL REVENUES	99,605	79,054	1,893,584	4,627	9,691	18,485	8,794	48%
EXPENDITURES								
51201 Administration Services	24,164		33,678	31,091	31,091	93,543	62,452	67%
51205 Advertising/Marketing Svc			7,353	0		0	0	
51206 Accounting/Auditing Services	1,000	1,125	1,500	1,500	1,500	1,500	0	0%
51212 Outside Counsel - Legal Advice	22,796		9,120		2,000	2,000	0	0%
51249 Other Professional Services				6,000	20,000	12,000	(8,000)	-67%
51801 Other Services							0	
51803 Other Contract Services		128,954	91,641	0	25,000	167,000	142,000	85%
51916 County Services	1,061	88	112				0	
52111 Office Supplies			13,401		1,000	1,000	0	0%
52162 Special Departmental Expense				50,000	275,000	75,000	(200,000)	-267%
SUBTOTAL	49,021	130,167	156,805	88,591	355,591	352,043	(3,548)	-1%
57011 Transfers Out - Within a Fund							0	
57015 Transfers Out - All Others							0	
SUBTOTAL	0	0	0	0	0	0	0	
TOTAL EXPENDITURES	49,021	130,167	156,805	88,591	355,591	352,043	(3,548)	-1%
NET COST	(50,585)	51,113	(1,736,779)	83,964	345,900	333,558		
FUND BALANCE								
Beginning Fund Balance	2,011,553	2,062,138	2,011,025		1,932,451	1,848,487	865,173	(649,756)
Ending Fund Balance	2,062,138	2,011,025	1,932,451		1,848,487	1,514,929		

FY 20-21 DRAFT BUDGET ZERO WASTE SONOMA REVENUE, EXPENDITURE, AND FUND BALANCE HISTORY						
Unfunded Pension Liability Reserve 78112						
	Actual FY 18-19	Estimated FY 19-20	Budgeted FY 19-20	Requested FY 20-21	Difference	% Change
REVENUES						
44002 Interest on Pooled Cash	1,560	7,037	0	6,586	6,586	100%
44050 Unrealized Gains and Losses	5,451	(5,451)	0	0	0	
46029 Donations/Contributions			0	0	0	
46200 Revenue Appl PY Misc Revenue			0	0	0	
SUBTOTAL	7,011	1,586	0	6,586	6,586	100%
47101 Transfers In - Within a Fund	0		0	0	0	0%
48004 Residual Equity Transfers	650,000					
SUBTOTAL	650,000	0	0	0	0	0%
TOTAL REVENUES	657,011	1,586	0	6,586	6,586	100%
EXPENDITURES						
51206 Accounting/Auditing Services	0	0	0	0	0	0%
SUBTOTAL						
57011 Transfers Out - Within a Fund						
SUBTOTAL	0	0	0	0	0	0%
TOTAL EXPENDITURES	0	0	0	0	0	264%
NET COST	(657,011)	(1,586)	0	(6,586)	(6,586)	249%
FUND BALANCE						
Beginning Fund Balance	0		657,011	658,597	FB Goal 650,000	Difference
Ending Fund Balance	657,011		658,597	665,183		