

Davis Street Wellness Center

Application for Conditional Use Permit

Submitted March 2017

Revised August 2017



Table Of Contents

1	Executive Summary.....	3
2	Introduction.....	4
3	Siting.....	5
3.A	Conditional Use Permit Findings and Parking Findings	5
3.A.i	Zoning Code Section 2-706(B)(16) IG District Use Regulations	6
3.A.ii	Zoning Code Section 4-1704 Off-Street Parking Requirements	6
3.A.iii	Zoning Code Section 5-2212(A) Required Findings for All Use Permits	6
3.A.iv	Additional Considerations Affecting Parking	8
3.B	Proximity to DSFRC.....	11
3.C	Energy and Water Conservation.....	12
3.D	Zero Waste Plan	12
3.E	Green Building and Materials Procurement.....	13
3.F	Increased Foot and Vehicle Traffic.....	13
3.G	Increased Public Safety.....	13
3.H	Good Neighbor Policy	13
3.H.i	Noise Control.....	13
3.H.ii	Odor	14
4	Operations.....	15
4.A	Patient Volume.....	15
4.B	Staffing Levels.....	15
4.C	Hours of Operations	16
4.D	Patient Screening	16
4.E	Private Consultations.....	16
4.F	Dispensing Process	17
4.G	Vending Process	17
4.H	Delivery	17
4.I	Patient Management, Point-of-Sale, and Inventory Management	17
4.J	Products.....	18
4.K	Services.....	19
4.L	Quality Assurance, Product Safety, and Labeling.....	19
5	Public Safety	20
5.A	Site Design.....	20
5.B	Monitoring System	21
5.C	Security Guards and Response	21
5.D	Visitor, Contractor, and Employee Access.....	22
5.E	Transport	22
5.F	Employee-Specific Policies and Training.....	22
5.G	Transactional Security	23
5.H	Vendor Security.....	23
6	Supporting Documents	24

1 Executive Summary

On July 18, 2016 the San Leandro City Council voted 5-2 to award the Davis Street Wellness Center (DSWC) the City's second medical cannabis dispensary permit. On March 20, 2017 DSWC submitted its application for a Conditional User Permit (CUP) to locate our dispensary on Teagarden Street, within the City's designated Green Zone. Shortly thereafter, DSWC staff and consultants attended a plan check meeting with City department heads appointed by the City Manager. The response from the department heads was overwhelmingly positive; feedback was given and modifications were recommended. DSWC promptly submitted revised documents to address the comments from the meeting.

On June 19, 2017 DSWC was informed by email that City staff planned to recommend denial of our CUP application. The grounds were inadequate parking and proximity to vulnerable populations. Those issues, and the summary fashion in which they were presented, gave DSWC reason to believe that further discussion could help clarify and likely address the issues to staff's satisfaction so that it could recommend approval of the CUP. As a result of the email, and due to scheduling conflicts with key members of the DSWC team, DSWC came to an agreement with the Community Development Department to postpone our hearing at the Board of Zoning Adjustments so that we could meet with City staff.

Since June 19, 2017 DSWC has further examined the issues raised by staff. In addition, recent developments regarding the location and availability of DSWC parking and adjacent tenants have occurred, which we believe will impact staff's CUP review. On July 27, 2017 DSWC met with City staff to discuss proposed modifications to our CUP application. It was agreed at that meeting that DSWC should resubmit our updated CUP application for further formal review.

The narrative below, along with accompanying engineering plans and supporting documents, represents the resubmittal of DSWC's CUP application.

2 Introduction

Davis Street Wellness Center (DSWC) will be a medical Cannabis and infused-product distribution clinic with integrated patient and community services. We will operate ethically and transparently to consistently bring those in need of medicinal Cannabis the highest quality care, treatment, and support. DSWC will distribute quality-assured Cannabis. We will utilize our industry expertise to offer Cannabis-infused products with specific, scientifically engineered cannabinoid ratios. We will have an Advisory Board comprised of doctors and specialists to offer panel reviews of patients, observing symptoms and recommending treatment accordingly. Detailed recordkeeping and scientific logs will help staff monitor treatment while providing fundamental scientific data that will advance industry knowledge and treatment outcomes.

Our goal as doctors, scientists, and compassionate human beings is to provide our patients with a place where they feel comfortable, supported, and respected as a valued part of a caring community. We believe in the scientifically verified healing properties of Cannabis, but also recognize that both treatment and recovery involve more than the body, and wish to provide our patients with as many therapy options as possible.

DSWC has developed a unique vision for dispensing medical Cannabis, one that utilizes proven procedures from a dependable clinical establishment. We intend to dispense medical Cannabis as though we were a clinical pharmacy using the policies and procedures from Davis Street Family Resource Center's (DSFRC) Primary Care Clinic. These policies and procedures have been vetted and accepted by state agencies in terms of efficacy, HIPAA compliance, and clinical standards.

DSWC is seeking a conditional use permit ("CUP") for a medical cannabis dispensary because medical cannabis dispensaries are conditionally permitted uses within DSWC's Industrial General District (IG) zoning designation. In turn, DSWC must make general findings associated with overarching request for a CUP. We provide these findings below.

3 Siting

The proposed DSWC dispensary will occupy 7,704 SF of a 44,024 SF building located at 3073-3089 Teagarden Street, within San Leandro's "Green Zone[†]." The building is a concrete tilt-up structure constructed on a two-parcel site totaling 100,515 SF. DSWC will occupy 3089 Teagarden Street.

The site's General Plan designation, Industrial Limited District (IL), allows retail sales with Administrative Review. The site's Zoning Code designation, Industrial General District (IG), conditionally permits medical cannabis dispensaries, if the use meets specific criteria in Zoning Code Section 2-706(B)(16) and CUP/Parking findings we review below. The site is well landscaped, has existing fire sprinkler systems, is located close to public transportation and is far from residential neighborhoods, schools, churches, and parks.

The proposed dispensary will be adjacent to our community benefits partner the Davis Street Family Resource Center (DSFRC). The proximity of the DSWC dispensary and DSFRC enables us to seamlessly execute our vision of creating a welcoming, respectful, and clinical experience. Meanwhile, as described below, we will clearly demarcate and physically separate the DSWC and the DSFRC to ensure that there is no confusion about the separate uses.

Tenant improvements associated with the dispensary project include modifications to ensure proper security and patient flow. Those improvements will include added lighting and security guards and a new retail front on the building's East side to create a distinct entrance to the dispensary and eliminate a pass-through to DSFRC. Aesthetic improvements will include new vertical gardens, improved parking, lighting, signage, and a complete overhaul of the interior design. Exterior signage will be placed on two retail fronts for easy visibility from both directions along Teagarden Street.

DSWC has developed a comprehensive plan to mitigate and minimize secondary impacts anticipated from the proposed dispensary. Our Green Action Plan addresses energy efficiency, green building practices, sustainable sourcing of products, zero waste, green materials procurement, and water conservation. We will employ a Good Neighbor Policy to address noise, odor, increased foot and vehicle traffic, and public safety.

3.A Conditional Use Permit Findings and Parking Findings

As stated above, in order for DSWC to obtain a CUP to operate a medical cannabis dispensary in IG zoning, it must meet criteria listed in Zoning Code Section 2-706(B)(16). And, we understand from closely reviewing the Code and from discussions with the San Leandro Senior Planner, Anjana Mepani, that we will need to make the following separate sets of findings,

- 1) Section 4-1704 Off-Street Parking and Loading Spaces Required; and
- 2) Zoning Code Section 5-2212 Required Findings for All Use Permits.

[†] <http://www.sanleandro.org/civicax/filebank/blobdload.aspx?BlobID=15253>

We address the IG zone criteria (Section 2-706(B)(16)) and make all required findings below. In doing so, we address how the proposed dispensary use complies with the findings.

3.A.i Zoning Code Section 2-706(B)(16) IG District Use Regulations

DSWC at 3089 Teagarden Street complies with Zoning Code Section 2-706(B)(16) Medical Cannabis Dispensary criteria as follows:

- The facility is not located within one thousand (1,000) feet of a public or private school, public library, youth center[‡] [serving youth ages eighteen (18) and under], parks and recreation facilities, or facilities for religious worship.
- The facility is not located within five hundred (500) feet from a residential zone.
- In compliance with San Leandro Municipal Code Section 4-33-500, DSWC will be open no later than 8:00 p.m. daily unless it is determined by the City that a later hour will not affect public health, safety, or welfare. In addition, the DSWC will not operate between the hours that the City determines the dispensary should close and 9:00 a.m. the next ensuing day unless further restricted by the City.

3.A.ii Zoning Code Section 4-1704 Off-Street Parking Requirements

Based on Zoning Code Section 4-1704, the total on-site parking requirement for the entire site (3073-3089 Teagarden Street), including the dispensary and other uses, is **109** (Table 1; CUP-3 Parking Plan). Going forward, as designed for the DSWC, DSFRC and other uses, the site would have **110** parking spaces (Table 2; CUP-3 Parking Plan).

3.A.iii Zoning Code Section 5-2212(A) Required Findings for All Use Permits

1. That the proposed location of the use is in accord with the objectives of this Code and the purposes of the district in which the site is located;

FINDING.

The proposed location of the use, 3089 Teagarden Street, is in accord with the objectives of this Code and the purposes of the district in which the site is located because the location's IG zoning district conditionally permits medical cannabis dispensaries.

- Code Section 2-706 (B)(16) conditionally permits medical cannabis dispensaries if certain criteria are met and a CUP is obtained. The base criteria include the dispensary's distance from sensitive uses and compliance with the Municipal Code's operations hours. As stated

[‡]Kennel Boxing Gym is 640 feet from the DSWC front entrance. Kennel Boxing Gym does not consider itself to be a youth center, please see letter of support in the supporting documents section of this narrative.

above, 3089 Teagarden Street meets the criteria and the dispensary will comply with the San Leandro Municipal Code operating hour requirements.

- Code Section 2-700 states that an objective of IG districts is to permit “certain types of retail sales ... under specified limitations.” The limitations for medical cannabis dispensaries are those noted in Section 2-706(B), which the location/dispensary meet.

2. That the proposed location of the use and the proposed conditions under which it would be operated or maintained will be consistent with the General Plan; will not be detrimental to the public health, safety or welfare of persons residing in, or working in, or adjacent to, the neighborhood of such use; and will not be detrimental to the properties or improvements in the vicinity, or to the general welfare of the city;

FINDING.

- The proposed location of the use, 3089 Teagarden Street, and conditions under which it will be operated/maintained will be broadly consistent with the General Plan because the location’s General Plan designation – Industrial Limited District (IL) – stated purposes include providing areas appropriate for “certain types of retail sales...under specified limitations.”
- The proposed location of the use, 3089 Teagarden Street, and conditions under which it would be operated/maintained will not be detrimental to the public health, safety or welfare or persons residing, or working in, or adjacent to, the neighborhood of such use. In fact, the opposite will be true, because the DSWC will provide a safe, secure, clean and well-managed medical cannabis dispensary that will serve the public in the way that a well-run clinical pharmacy serves a community. As stated above, DSWC will use many of the policies from the DSFRC, which have been vetted by state agencies. Customer, employee and persons residing near the location will all be protected by DSWC’s robust public safety plan detailed in Section 5 of this application.
- The proposed location of the use, 3089 Teagarden Street, and conditions under which it would be operated/maintained will not be detrimental to the properties or improvements in the vicinity, or to the general welfare of the city because the dispensary’s physical presence, including a new entrance distinct from the other uses, a covered trash area, improved and additional lighting and more robust security will all make the location and the conditions there safer and healthier than they are today. In short, the location and use will be a net benefit to the vicinity and the City’s welfare.

3. That the proposed use will comply with the provisions of this Code; including any specific condition required for the proposed use in the district in which it would be located; and

FINDING.

As described above and restated below, our dispensary meets the specific criteria required in Code Section 2-706(B)(16) and we are open to discussing any other conditions that may be imposed as part of this CUP application.

Zoning Code Section 2-706(B)(16) Medical Cannabis Dispensary Criteria:

- DSWC at 3073-3089 Teagarden Street is not located within one thousand (1,000) feet of a public or private school, public library, youth center [serving youth ages eighteen (18) and under], parks and recreation facilities, or facilities for religious worship.
- DSWC is not located within five hundred (500) feet from a residential zone.
- In compliance with San Leandro Municipal Code Section 4-33-500, DSWC will be open no later than 8:00 p.m. daily unless it is determined by the City that a later hour will not affect public health, safety, or welfare. In addition, the DSWC will not operate between the hours that the City determines the dispensary should close and 9:00 a.m. the next ensuing day unless further restricted by the City.

4. That the proposed use will not create adverse impacts on traffic or create demands exceeding the capacities of public services and facilities, which cannot be mitigated.

FINDING.

- The proposed use will not create adverse impacts on traffic because it is consistent with retail uses, such as a successful retail pharmacy, in which the pharmacy attracts new customers, but the percentage increase in overall vehicle traffic is minimal. In addition, the use is situated a short distance from Alvarado Street, a high-capacity roadway, which includes two lanes in either direction and a middle turn lane. Easy and quick access off of Alvarado to DSWC's parking lots means that traffic will not accumulate based on the presence of DSWC.
- There are approximately 15 street parking spaces in front of 3089 Teagarden Street. DSWC's peak business hours are anticipated to be after 4pm on weekdays and during weekends. This coincides with times when neighboring businesses are winding down and/or closed. Street parking is therefore readily available for patients of the proposed dispensary.
- The proposed use will not create demands exceeding the capacities of public services and facilities because it will function as a standard retail and patient center, much like a pharmacy and/or doctor's office. As such, the DSWC will have no extraordinary needs for water, sewer, gas, electric or other utilities or waste disposal. And, in fact, as is described below, DSWC will use less energy than a typical retail operation because it will retrofit 3089 Teagarden with proven energy and water conservation improvements.

With respect to police services, DSWC, in consultation with the San Leandro Police Department and security experts, has devised a public safety plan that provides physical security for the dispensary and surrounding businesses and neighborhoods and operational security for both employees and patients and security of product inventory. In addition, it's important to note, that cannabis dispensaries are not associated with higher levels of crime than other retail uses, such as pharmacies.

3.A.iv Additional Considerations Affecting Parking

Upon close examination of the parking plan presented in CUP-3 it is evident that a portion of the easternmost driveway is shared with an adjacent building. DSWC has ordered title reports to determine if an easement is recorded for this portion of the driveway. The title reports were not available at the time of submittal of this application. DSWC will supply the title report to City staff as soon as we receive them.

As designed, the parking plan does not affect the neighbor's ability to access the shared driveway and associated gate. We anticipate that if, in fact, an easement is recorded for this portion of the driveway the easement would at most eliminate two parking spots from the southeast corner of the site (spots P39 & P40 on sheet CUP-3). As previously illustrated above and in Tables 1 & 2 the proposed site has one excess parking spot that can be used to offset the potential loss of parking spots from a recorded easement. In addition, City staff has indicated that up to 35% of the available parking spaces can be converted to compact parking spaces. The current parking plan does not include any compact parking. Conversion of 35% of parking spaces to compact parking would yield one additional parking space to offset a potential loss of parking due to a recorded easement.

In summary, the potential elimination of two parking spaces due to a recorded easement would not affect the site's overall compliance with parking requirements.

Table 1 – Off-street parking required by Zoning Code Section 4-1704 as applied to entire site.

Address / Use Designation	Required Parking Spaces
3089 Teagarden, DSWC (7,704 sf)	
Retail space (3,957 sf @ 1:200)	20
Office space (2,727 sf @ 1:300)	9
Storage space (1,214 sf @ 1:500)	1
3081 Teagarden, DSFRC (13,784 sf)	
Office space (5,484 sf @ 1:300)	18
Medical space (4,938 sf @ 1:200)	25
Warehouse space (3,362 sf @ 1:1500)	2
3079 Teagarden, DSFRC (5,171 sf)	
Warehouse space (5,171 sf @ 1:1500)	3
3077 Teagarden, DSFRC (5,872 sf)	
Warehouse space (4,042 sf @ 1:1500)	3
Office space (1,830 sf @ 1:300)	6
3075 Teagarden, Ribbon Con. Inc. (3,520 sf)	
Office Space (1,020 sf @ 1:300)	3
Warehouse Space (2,500 sf @ 1:1500)	2
3073 Teagarden, 4GS Technologies (7,566 sf)	
Office space (4,634 sf @ 1:300)	15
Warehouse space (2,932 sf @ 1:1500)	2
Site Total	109

Table 2 – Off-street parking provided on site.

Parking Type	Spaces Provided On-Site
Standard Parking Spots	99
Handicap Parking Spots	6
Bicycle Parking Allowance [§]	5
Site Total	110

[§] Zoning Code Section 4-1714(A) allows for bicycle parking to be used as a substitute to automobile parking. Based on communications with San Leandro Senior Planner Anjana Mepani, DSWC can use an allowance of 5 parking spots in exchange for providing bicycle parking on site.

3.B Proximity to DSFRC

DSWC is committed to ensuring that our proposed use will not negatively impact the Davis Street Family Resource Center's (DSFRC) ability to continue providing safety net services to San Leandro Families and individuals in need. The Family Resource Center on Teagarden Street is a hub for the myriad of programs offered, and it's a priority that they continue offering these services uninhibited.

Our goal is to ensure sick patients who are poor and disenfranchised have access to a safe clinical environment and because it is adjacent to a social service agency, will also benefit from services that will help them improve their health outcomes. Davis Street Wellness Center is the only known cannabis dispensary to offer sliding scale medication for low-income clients, so patients do not have to choose between buying medicine and covering other expenses such as groceries, rent and transportation.

The establishment of a high-end, clinical model cannabis dispensary compliments the services offered by DSFRC to the San Leandro community. Co-locating social welfare basic needs with a medical cannabis dispensary will enable patients to access food, clothing, housing, utility assistance, primary healthcare, and alternative medicinal marijuana treatments at one convenient location.

Throughout the CUP process the City has suggested that a medicinal cannabis dispensary may be a "sensitive use" and has expressed concern regarding the DSWC proximity to DSFRC. To address these concerns and mitigate any unease that has been expressed by the City, please consider the following points:

- DSFRC does not offer any services directly to minors at the Teagarden site. Any minors visiting the DSFRC have always been and will always be accompanied by an adult. Minors constitute less than 10% of the DSFRC patient base.
- Physical improvements have been proposed to clearly separate DSFRC from DSWC. Specifically, there will be no interior pass through from one facility to the other; a new retail entrance will be created on the East side of the Teagarden site creating separation between the DSWC entrance and DSFRC's front entrance; and signage will be installed at each entrance to clearly identify each use and distinguish one from the other.
- An additional entrance to the DSFRC will be created at the rear of the building. This entrance will be clearly marked and monitored by the on-duty security guard. The rear entrance allows DSFRC clients who use the rear parking lot to access the DSFRC facility without having to walk around the building and past the DSWC dispensary entrance. The security guard in the rear parking lot will monitor the area and direct individuals to the appropriate entrances. See sheets CUP-3 and CUP-7 for illustration of this rear entrance and its security.
- DSWC will have a security guard posted at the dispensary entrance during operational hours providing verbal direction to any seemingly confused guests as well as checking for

a valid state Identification card and cannabis card before allowing access to the dispensary. In this manner, we can guarantee that only registered patients will enter the dispensary.

- DSWC patients will be presented with a written Code of Conduct at the initiation of their membership. This Code of Conduct will set clear expectations regarding behavior as they come and go from the facility, specifically that no use of medicinal cannabis will be permitted onsite, noise levels must be kept at respectful levels, and loitering will not be tolerated. In this manner, we are making our greatest effort to ensure that minors will not be exposed to unsuitable behavior or influence.
- DSFRC will move their three annual events that involve minors to a separate facility in San Leandro. These events are: Holiday food and toy basket program, the bikes for tykes, the backpack and shoes for homeless and low-income children.

We hope the City determines these efforts adequately mitigate all concerns regarding proximity of our use to other uses. Please feel free to suggest or request other actions to help ensure the DSWC positively impacts our community.

3.C Energy and Water Conservation

DSWC will work with the Business Energy Solutions Team program to audit and then retrofit the proposed site. We expect very little HVAC utilization and minimal need for refrigeration and so the initial retrofit will focus on the interior and exterior lighting at the site. DSWC expects that these retrofits will increase the energy efficiency of the building by 10-15%. DSWC will monitor monthly electricity bills from PG&E for six months after occupancy to establish a baseline for average monthly energy use prior to consulting with local solar contractor to install solar panels.

Cannabis production in the state of California has traditionally been undertaken indoors, accounting for as much as 3% of the state's energy usage. As a step towards sustainable cultivation, DSWC will source a selection of sun-grown products from verified vendors and will encourage our indoor vendors to minimize their energy and water consumption through efficient facilities design and carbon offsets. DSWC will offer rebates and preferred purchasing for vendors that implement verifiable energy and water conservation measures and/or purchase carbon offsets.

3.D Zero Waste Plan

DSWC has set a goal of 80% diversion with a stretch goal of 100% diversion in the first three years of business. DSWC will re-assess its policies and procedures at three, six and eighteen months to support progress towards the three-year zero waste goal. The composition of the waste stream will be analyzed at each of these benchmark intervals to determine necessary adjustments. We intend to satisfy the initial 80% goal by employing the following measures:

- Vendors will be encouraged to deliver their product in reusable packaging
- Our in-house eco-friendly packaging will be locally sourced, and easily recycled or reused
- Vendors who offer green packaging will be offered rebates and given preferred purchasing
- Patients will receive discounts for returning reusable packaging to the MCD

- Cashiers will bag products in compostable paper bags

DSWC will set up the color coded infrastructure required to sort and track waste, and all employees will be educated regarding our waste management best practices.

3.E Green Building and Materials Procurement

DSWC will be performing significant tenant improvements prior to opening for business. The team will work with the contractor executing the improvements to ensure that the project complies with the California Green Building Standards Code (Part 11 of Title 24). In addition to the lighting retrofits outlined in the energy efficiency section above, the team will focus on techniques and technologies that will assure additional energy and water efficiency and a safe and comfortable indoor environment.

When a “green” option for a product exists (non-toxic, recycled content, recyclable or reusable, compostable or digital version) DSWC will give it preference over non-green alternatives. This procurement preference will apply to all materials used in the business from office paper and pens to packaging for merchandise.

3.F Increased Foot and Vehicle Traffic

Increased foot and vehicle traffic is a likely result of any successful retail facility. But, the overall percentage increase in vehicle traffic load associated with the DSWC location will be minimal for an already well-traveled road. Our well-lit, large parking lot will ensure that patients will always have room to turn off the street quickly to avoid traffic backups.

The location is conveniently situated with easy access to public transportation; helping keep vehicle traffic increases to a minimum. Our building entrance is in the parking lot, not on the main sidewalk. Security guards will monitor loitering, and our interior entrance vestibule is large enough to ensure no patients will need to wait outside.

3.G Increased Public Safety

Medical Cannabis dispensaries have a documented history of reducing crime in the surrounding territory. DSWC intends to ensure that our state-of-the-art security system, which will monitor the surrounding neighborhood for 100-ft in every direction, has this positive effect on the community. In addition to 24/7 camera surveillance, onsite security will arrive before and leave after regular business operation hours, and will make random patrols off-hours.

3.H Good Neighbor Policy

In addition to the efforts described below, a Good Neighbor Policy will be communicated to all employees and patients to ensure a positive impact on the local environment and a positive relationship with our neighbors.

3.H.i Noise Control

Potential noise sources include the internal operation of the DSWC, as well as exterior noise resulting from patient arrivals and departures. Familiarity with our Good Neighbor Policy will

encourage our patients to minimize noise around the property exterior, and as a failsafe our front door employee will always be present to remind patients to maintain considerate noise levels, and if required will give warnings for car stereo noise, honking, tire screeching, or yelling.

3.H.ii Odor

DSWC is committed to minimizing odor from our proposed facility and has made significant design considerations to this end. The key to odor mitigation is to control how and where air exits the facility. Our facility will utilize a negative pressure HVAC system that continuously brings air into the building to eliminate rogue venting and then intentionally vents it to the exterior after running it through a series of molecular filters including pre-filters, HEPA filters, and Carbon Filters. This system has a verified performance record in the industry of eliminating exterior odors. In addition to this measure our floor layout provides exit vestibules designed to act as “clean air” buffers between cannabis handling rooms and the exterior environment. These vestibules, as well as the rest of the building, will be equipped with carbon air scrubbers to further reduce odor. The most important aspect of our odor control plan is to regularly communicate with and actively respond to our neighbors to quickly address any concerns they might have.

4 Operations

DSWC will enforce a strict Operational Plan to manage patient screening, dispensing and vending processes, to ensure compliance with regulations and to prevent nuisance behavior. A summary of our Operational Plan follows.

4.A Patient Volume

DSWC projects the potential patient pool to be 3%** of the total population within a 30-minute drive of San Leandro. Considering the total population of Alameda County (1.6 million) and Contra Costa County (1.1 million) we assume the total population within a 30-minute drive of San Leandro to be approximately 1.0 million. Thus, DSWC assumes a potential patient pool of 30 thousand individual patients within a 30-minute drive of San Leandro. Due to competition, mostly from Oakland dispensaries and delivery services, it is assumed that 2/3 of this potential patient pool, or 20 thousand patients, will frequent San Leandro dispensaries. DSWC further assumes that these patients obtain medical Cannabis once per month. Thus, based on these assumptions approximately 20 thousand patient transactions will occur within San Leandro each month. Assuming a one-third or 33% share of San Leandro's market, DSWC estimates that approximately 7 thousand patient transactions will be realized by DSWC each month, or 250 patient transactions per day for a 28-day business month. To be conservative, DSWC assumes an average of 25-30 patients per day during the initial 6-12 months of operations with steady growth towards 250 patients per day after two years of operations. DSWC anticipates that patient visits will be busiest on weekends and evenings when most neighboring businesses are closed.

4.B Staffing Levels

DSWC anticipates approximately 17 full-time equivalents are needed to operate the dispensary. Of these, approximately 10-12 individuals will be on-site during normal business hours. In order to reduce environmental impacts, all employees will be encouraged and incentivized to utilize alternative transportation methods such as carpool, public transportation (LINKS), bike, and ride share (Uber, Lyft). Examples of employee incentives for mass transit include pre-tax transit expense reimbursement and monthly raffles.

In order to provide the highest-quality products and services in a safe, constructive environment, it is of vital importance to DSWC that all employees be thoroughly trained and educated on all aspects of their jobs and the dispensary in general. Industry-specific continued education will be provided in the following areas:

- The proper use of security measures and controls for the prevention of diversion, theft, or loss;
- Procedures and instructions for responding to an emergency;
- State and federal regulations regarding the confidentiality of information (HIPPA);

** Extrapolated from the percent of medical Cannabis patients statewide (1.9%;
<http://medicalmarijuana.procon.org/view.resource.php?resourceID=005889>) adjusted higher to reflect the progressive leanings of the Bay Area relative to the rest of California.

- Identifying and understanding different strains and products of *Cannabis* and their effects;
- Quality assurance, packaging, and labeling;
- The benefits and intricacies of different methods of taking *Cannabis* medicines;
- Recognizing the signs of substance abuse or instability in the patient;
- The prohibition of smoking marijuana in public places, places open to the public, or places exposed to public view; and
- Responsible adult use.

4.C Hours of Operations

In accordance with San Leandro Municipal Code business hours will be within 9 a.m. and 8 p.m. seven days a week.

4.D Patient Screening

Patients seeking medical Cannabis from DSWC will be greeted by a Security Officer and Receptionist upon arrival and must comply with the following before being allowed into the dispensing area of the facility. Appointments are not required.

Proof of Residency and Age – all patients must present valid proof of California residency in the form of a CA drivers' license, CA identification card, US military identification card, or US passport. All patients must be 18 years of age or older.

Medical Recommendation – all patients must present a medical Cannabis recommendation issued by a CA physician in good standing with the CA medical board. Recommendations will be verified online, by phone, or by fax. Physician status will be verified through the CA Medical Board website.

Collective Membership – all patients must agree to the terms and conditions of our Collective Membership Agreement and Good Neighbor Policy.

Patient Information – all patients must complete a HIPAA-compliant Patient Information Form that records the patients name and contact information.

Patients' screening information will be recorded in HIPAA-compliant digital form in our patient management system. The system records all relevant expiration dates and alerts staff and patients when renewal is required. Returning patients will be able to access our products and services by presenting only valid identification, so long as all patient information and recommendations are up-to-date. Upon successful completion of the screening process patients will be "buzzed" into the sales area through an electronically controlled door lock.

4.E Private Consultations

DSWC will offer private consultations to patients needing assistance in selecting the appropriate medicine for their symptoms or for those simply seeking information. This patient-centered service is unique to DSWC. To assure that we can service the community as a whole,

consultations will be limited to 30-minute windows, and bookings can be made in advance online or over the phone. Walk-in consultations will be subject to availability.

The trained counselor will listen to the patient describe their ailments, symptoms, and personal preferences, then offer educated advice on a variety of Cannabis-based medicines. When applicable, the counselor may refer the patient to our partner organization, the DSFRC, for additional consultation, assistance, or treatments beyond our scope of treatment. Additionally, our trained counselors will be a point of reference for the various social services in San Leandro and surrounding communities that are available as resources.

4.F Dispensing Process

After completing the Patient Screening process and being “buzzed” into the dispensing area, patients will be directed to the next available sales counter where a Budtender will greet them. Our trained Budtenders will discuss the patient’s needs and personal preferences and suggest potential Cannabis products. The patient will inform the Budtender of final selection and the Budtender will scan all items into the POS system and collect payment. The Budtender will place the purchased products and the receipt into a non-descript bag and hand it to the patient. The patient will be directed to the exit by staff or security.

4.G Vending Process

Vendors must register with DSWC following the Patient Screening Process. Vending is by appointment only. The Product Managers will manage vendor relations and schedule appointments. After checking-in with the Receptionist and completing the Patient Screening Process, the vendor will be escorted to the vendor room, a secure room away from the general dispensary population. Products will be inspected by the Product Manager and if acceptable will be held on-site. A sample will be sent to a third-party lab for testing. Products will be accepted for dispensing if and only if they pass lab analysis for quality and safety.

4.H Delivery

At this time, DSWC does not plan to offer delivery services. As such, delivery of medical Cannabis and related products is not part of this proposal. DSWC might consider delivery options in the future and will discuss such services with the City at that time.

4.I Patient Management, Point-of-Sale, and Inventory Management

Our point-of-sale (POS) system, BioTrackTHC, provides accurate, HIPAA-compliant, and verifiable tracking of all patients, sales, and product inventories. A summary of BioTrackTHC’s functionalities follows.

Patient CRM: BioTrackTHC includes a complete Customer Relations Manager (CRM) with notes, purchase history, and file system for physician recommendations, medical card, identification, and other documents.

Point-of-Sale: BioTrackTHC’s Point of Sale (POS) system was created specifically for the Cannabis industry and incorporates direct equipment integration virtually eliminating human error.

Cumulative pricing, weigh heavy, and inventory grading are all accounted for, in addition to the ability to conduct blind audits and set employee permissions.

Inventory Management: BioTrackTHC assigns each product a unique tracking number that allows for real-time tracking and recall. Manual inventories will be performed monthly to verify BioTrackTHC data and resolve any discrepancies. The system will be monitored daily by the Operations Manager, and the IT staff if needed, to ensure data integrity.

Quality Control: BioTrackTHC stores copies of all lab results from our third-party quality assurance laboratory and links those results to specific batches of products.

Reporting: BioTrackTHC's State Traceability system enables government agencies to track the production, transportation, destruction and sales of legal Cannabis. Licensed Cannabis businesses utilize the system as a business platform that supports them in remaining fully compliant when tracking all aspects of daily operations. Extensive reporting capabilities allow state and local governments to enforce regulations, collect taxes and prevent diversion. The Traceability system has passed a SAS No. 70 audit (now SSAE 16) to certify compliance with strict standards for electronic prescriptions of all legal classes of medication.

Update: *August 2017*

DSWC is transitioning to a new inventory management and POS system developed on the Salesforce platform. The new system has much more sophisticated and user-friendly features and improved reporting.

4.J Products

All Cannabis and Cannabis-products will be sourced from local vendors within our collective membership. All vendors will be thoroughly vetted and their products tested to ensure quality, safety, and regulatory compliance. All products will be transported to DSWC by vendors by appointment only. The variety of products offered will be intended to address wide range of medical needs. A summary of the various products to be offered follows.

Flowers – Trimmed Cannabis “buds” that are smoked or vaporized. DSWC will maintain a sufficient variety of strains at varying price levels; typically 10-15 strains will be offered. Flowers will be dispensed in 3.5 gram, 7 gram, 14 gram, and 28 gram increments.

Infused Products – Cannabis-infused products that are ingested (edibles, tinctures) or applied externally (topicals). All infused products must be produced in a commercial grade facility following Safe Food Handling protocols and must be labeled to indicate active cannabinoid content, ingredients, dietary information, and potential allergens. DSWC will stock approximately 40 different edible products and 10 different preparations. None of the infused products offered will be labeled in ways that would inherently appeal to children or teenagers.

Concentrates - Concentrated Cannabis products (i.e., Extracts) will be sourced from our collective membership. Extracts must be “solvent-free.” DSWC will offer approximately 30 different extracts typically in 1 gram increments.

Clones - Clones, small rooted plants with no flowers, will be sourced from responsible California cultivators. Clones will be provided to collective members who prefer to cultivate their own Cannabis.

Accessories - The dispensary will sell a few select accessories to our collective members including vaporizers, rolling papers, pipes, periodicals, and apparel. None of the accessory items will be labeled in ways that would inherently appeal to children or teenagers. For example, there will be no Hello Kitty rolling papers.

4.K Services

DSWC believes that a medical Cannabis dispensary should be more than a dispensary — it should provide comprehensive health and wellness services in a holistic manner to help manage illness and improve the quality of life of its patient members. DSWC's partnership with the DSFRC will provide our patients with an unparalleled wellness resource. Services offered by DSWC in conjunction with the DSFRC and other local providers are as follows:

Counseling - Many chronic and life-long conditions that our patients may endure, including HIV/AIDS, cancer, PTSD, addiction and the like, are extremely benefitted by counseling. DSFRC's trained counselors will be available to all members of DSWC. Methods of counseling available include individual therapy, family therapy, group therapy, couples therapy, psychological assessments, psychotherapy, psychoeducation groups, and mental health consultation.

Medical Services - Davis Street Primary Care Clinic provides multi-lingual, community-responsive, and culturally appropriate medical, dental, and behavioral health care services. Our direct partnership will ensure our patients are aware of services offered and have all treatments readily available to them.

Basic Needs Services - DSWC patients can also benefit from DSFRC's basic needs services, which include emergency food services, clothing, child care, and assistance with housing, employment, utilities, and transportation.

Alternative Medicine - To provide our patients looking for a more holistic approach to treatment, DSWC will contract with local San Leandro-area alternative health and healing providers to provide Eastern medicine healing methods, such as acupuncture, yoga, and chiropractic services.

4.L Quality Assurance, Product Safety, and Labeling

Quality Assurance, Product Safety, and Product Labeling are vital components of the medical Cannabis industry because patients with compromised immune systems often utilize medical Cannabis to improve their conditions. As such, the medicine must be safe and free of contaminants to prevent further complications to patients with already weakened health. Too often, this medicine that they rely on to provide treatment or relief contains mold, bacteria, pesticides, or other harmful contaminants. One of the most attributable causes is the lack of quality control when cultivating, processing and distributing Cannabis.

DSWC has engaged CW Analytical Laboratories^{† †} to develop our quality assurance program. CW Analytical has been developing and implementing science-based quality standards since 2008, enabling its clients to provide the cleanest, safest, and most effective medicine to patients in need. DSWC will implement the integrated Quality Assurance Plan developed by CW Analytical to ensure that we too can provide the cleanest, safest, and most effective *Cannabis*-based medicines possible. As part of this plan every product will be tested by CW Analytical Laboratories prior to distribution. Only products that pass our strict Quality Specifications will be dispensed. Test results will be clearly labeled on our packaging so every patient knows his or her medicine is safe for consumption. The protocols described below will allow for high-quality medical products that are free of molds, bacteria, pests, heavy metals, and harmful pesticides.

5 Public Safety

DSWC's security plan includes elements to provide physical security of the dispensary and surrounding businesses and neighborhoods, operational security for both employees and patients, and security of product inventory. DSWC's Chief Operating Officer (COO) and General Manager (GM) will serve as the primary points of contact with our security consultants, contractors, and the Police Department. The COO and GM will conduct training, inspect and maintain all security devices, and manage security guards. Unarmed, uniformed guards hired for their security or law enforcement backgrounds will be licensed and registered. Guards will observe dispensary operations and premises and report suspicious activity. A guard will be present at all times during business hours to walk the perimeter, monitor surveillance, and verify all persons wishing to enter.

Engineering sheet CUP-7 shows the locations of cameras and other security devices as well as the path of travel for on-duty security guards.

5.A Site Design

Windows on all ground floors will be laminated with a chemical-, impact-, and blast-resistant poly-resin film rated against seismic and windstorm damage. All entry points will be covered by a security alarm system, with linked LED flood lights installed on exterior corners, and LED wall pack lights installed along exterior walls. All areas where cameras are fixed will be lit to ensure identification of any person or activity. Exterior doors will remain locked at all times, have a locked entry point to screen individuals for authorized entry, and be equipped with an access control system driven by card access panels with pin identifiers and linked to the surveillance system to gather a recording of the person seeking access. Rear egress doors will be constructed of 14-gauge, maximum duty steel secured with high grade 5-point locking systems that automatically deadbolt when closed, but still open from inside via an emergency panic bar.

Sensitive areas will be built with steel barrier mesh beneath the drywall. All Cannabis, Cannabis-products, and cash will be kept in a locked room, vault or lockbox affixed to a wall or floor. All secured storage will be covered by cameras, with a secondary alarm system installed at the door. Only DSWC Management will have individual access to sensitive areas; all other persons must be

^{† †} Founded in 2009, CW Analytical is the preeminent California-based laboratory specializing in *Cannabis* science.

accompanied. Products in the sales area will be kept in secured display cases behind a counter to prevent direct patient access. Cash in the sales area will be kept in point-of-sale cash register drawers linked to the BioTrackTHC POS system.

A Security Office will be an interior room with a steel door that is fire rated up to 350°F. It will house surveillance monitors, a direct link to Aclarity Systems, Bay Alarm, and local authorities, and control over all security devices. Only DSWC Management and the security contractors will have individual access to this room; all other persons must be accompanied.

5.B Monitoring System

DSWC has letters of intent and scopes of work from Aclarity Systems and Bay Alarm to procure, maintain and provide 24-hour monitoring of security systems. Aclarity Systems will install alarms linked to lighting, cameras, and access controls. Bay Alarm will install alarms linked to panic buttons that are worn by DSWC employees, contact and glass break sensors, and fire, smoke, and motion detection systems. When an alert is sent from either system, Aclarity Systems will use the 24-hour video monitoring system to survey the dispensary and surrounding businesses before contacting on-site guards, patrol guards, and the authorities.

2-megapixel (MP) HD network fisheye cameras will be placed above each intake, packaging, and point-of-sale station. A 6MP 360° network dome camera with built-in microphone will be placed in the center of handling rooms for 100% visibility of all activities. Strategically placed IP-based infrared covert cameras will provide visual coverage of persons in diversion-risk areas. Specialized Pan/Tilt/Zoom (P/T/Z) cameras at the two exterior Eastern corners of DSWC and two exterior Western corners of DSFRC will be placed on tour mode with motion tracking enhanced viewing, which pauses the tour mode to track the person or item that set off its motion detection system. HD fixed cameras will be placed at every egress and ingress point for facial recognition and identification. A variety of Power Over Ethernet (POE) cameras will be added including 2MP mini orbital IR dome, 2MP 30X zoom IR P/T/Z, and 2MP vandal-proof 180° and 360° wide-angle cameras. Each camera uses military-grade infrared imaging technology and will be placed to avoid backlighting, overexposure, and physical obstructions, so as to allow for the clear and certain identification of any person and activity. When construction is finished, there will be about 30 cameras monitoring the property.

Surveillance system storage devices and cameras will be internet protocol compatible. The system will employ several 24-terabyte 32-channel network video recorders (NVR) with a dedicated internet connection that is isolated from the connection used for general business operations. Each camera feed will have 60 days of on-site and off-site storage. Off-site cloud-based storage can be used to review incidents if the NVR is damaged or stolen. DSWC's on-site server will be secured in the Security Office in a lockbox, cabinet, or closet. All recorded images will clearly and accurately display the time and date and will be made available to authorities upon request. If the power fails, the surveillance system has a 24-hour battery backup that can auto-recharge using the site's electrical network. This will ensure uninterrupted video feeds of critical interior and exterior cameras.

5.C Security Guards and Response

DSWC has obtained a letter of intent from Intervention Group Inc. (IGI) to provide on-site uniformed unarmed guards, 24-hr response, and coordination with San Leandro Police Department. IGI is a minority-owned, fully licensed, bonded, and insured security company based in the East Bay. IGI employs professional, highly trained, armed, and unarmed guards to provide static, patrol, and standing-guard services in the East Bay, most prominently in Oakland.

IGI will provide three unarmed security guards to secure the dispensary and surrounding businesses during business hours. Guards will observe business operations and inspect and report suspicious activity. Guards will be present at all times during business hours to walk the perimeter, monitor surveillance, and verify all persons wishing to enter. Additionally, guards will arrive 15-minutes prior to opening and will remain until the last employee has left the site to provide the highest level of security for all DSWC staff and patients.

During non-business hours IGI will perform random patrols of the site. Patrol officers will enter the parking lot, walk the perimeter of the building, and visually inspect doors, windows, and exterior security devices. IGI patrol officers will coordinate with Aclarity Systems and Bay Alarm to provide real-time response to any and all alarm activations.

5.D Visitor, Contractor, and Employee Access

DSWC's dispensary will be accessible only to authorized individuals. Visitors will be limited and will wear a badge, be escorted at all times, and be limited to the time and areas necessary for their visit. Electronic sign-in via the BioTrackTHC system will track the identity, date and time of all visitors and the Receptionist will also keep written Visitor Logs. Each employee and contractor will be issued a tamper-evident DSWC ID badge key card bearing their name and photo. ID badges will be worn at all times while in the dispensary or acting on behalf of DSWC. Electronic card readers with pin pads installed on all doors will control and track the movement of each employee and visitor. A "No Employee Left Alone" policy will prevent conditions that would allow an individual to divert product or cash from the site.

5.E Transport

DSWC will only transport Cannabis between our dispensary and our third-party laboratory and not off-site to patients or caregivers (i.e., no "delivery service"), to another state, or within federal lands^{† †}. Transport employees will have a valid driver's license and no criminal record relating to drug use and will receive training on DSWC's transport protocols. Company vehicles will be registered and insured by DSWC, fuel-efficient, non-descript, and equipped with a locking storage area. Transport will require a manager's approval and containers will be packed, secured, and loaded in full view of surveillance cameras inside the secure vendor parking area.

5.F Employee-Specific Policies and Training

All DSWC employees will complete pre-employment background checks and security training. The COO and GM will manage this training and supplement it with training led by a professional

^{† †} DSWC will comply with MCSRA regulations regarding transport of medical Cannabis and will seek a MCSRA Type 12 Licensed Transporter license as needed.

OSHA trainer, law enforcement, and fire and emergency services. Security training for all employees will cover security devices, systems, and protocols, and emergency response training. DSWC staff will be trained in theft and diversion prevention and detection, including immediately reporting irregularities that might indicate loss, fraud, embezzlement, or other illegality. Product Specialist employees will be trained to investigate these reports via inventory check and physical inventory reconciliation.

5.G Transactional Security

DSWC will utilize the BioTrackTHC system to manage transactions and accurately track cash and inventory. The BioTrackTHC system keeps a real-time record of all processes within the dispensary from receipt of inventory throughout processing, packaging, storage and sale, including disposal of unusable Cannabis. Additionally, the BioTrackTHC system provides for audits of patients with suspicious transaction histories. If audits reveal a patient is regularly over relative limits for his or her need, he or she will be questioned regarding the increased need and a plan of action will be determined. DSWC reserves the right to deny sales to individuals it suspects of making questionable transactions.

BioTrackTHC is also part of a cash management strategy. At the beginning of each shift, the BioTrackTHC system allocates cash drawers with a known starting balance to individual Budtenders and requires that he or she verify the cash contents. The system keeps track of the expected contents of the cash drawer and alerts the Budtender as it approaches company limits. The Budtender will be unable to initiate additional transactions without first making a cash drop. The Budtender will contact the General Manager to facilitate the cash drop. The Budtender will transfer the cash drawer to a secure vault room under direct supervision of the General Manager where its contents will be counted by the Budtender, reconciled with BioTrackTHC, and verified by the General Manager. If the Budtender is to return to the sales floor a known balance will be left in the cash drawer. A written Cash Drop form will be filled out and executed by both parties and recorded in the BioTrackTHC system. The cash will be sealed in an envelope along with a copy of the Cash Drop form and the General Manager will place the envelope in the company safe. The Budtender will return to his or her station with the cash drawer. A similar process will occur at the end of each shift except that the cash drawer, with its known starting balance, will be stored overnight in the company safe.

5.H Vendor Security

DSWC will procure products from its membership under tight security protocols intended to ensure the security of both individuals and product. Vending will be by appointment only. The Product Manager will manage all vendor relations and schedule appointments. After presenting themselves to the Receptionist and completing the Patient Screening process the vendor will be escorted to the vendor room, a secure and private room away from the general dispensary population. The entire vending process will be captured by the closed-circuit surveillance system. The vendor room is additionally equipped with a panic button to protect personnel and property. Upon completion of the vendor meeting, Security will escort the Vendor back to his vehicle and will remain close-by until he is safely off the premises.

6 Supporting Documents

The following supporting documents are included with this revised CUP application:

1. Revised Site Plans

- a. CUP-1: Vicinity Map, Site Map, Project Data
- b. CUP-2: Proposed Floor Plan, Existing Floor Plan, Exiting
- c. CUP-3: Parking Plan
- d. CUP-4: Landscape Plan
- e. CUP-5: Building Elevations & Signage
- f. CUP-6: Proposed Renderings, Existing Photos, Deferred Items
- g. CUP-7: Security Plan
- h. Exterior Flood Light Study

2. Title Reports

At our July 27, 2017 meeting City staff requested title reports for parcels within the site area. The stated intent was to determine if recorded easements exist for either parcel and if so to understand how the parking plan might be affected. DSWC has requested title reports from Chicago Title but have not received the reports as of the date of submittal of this application. DSWC will forward the title reports to City staff as soon as we receive them. Please refer to Section 3.A.iv, above, for discussion of how a recorded easement might affect the parking plan.

3. Letters of Support

- a. From Davis Street Family Resource Center CEO Rose Padilla Johnson
- b. From Davis Street Family Resource Center Behavioral Health Director
- c. From Kennel Boxing Gym CEO Arvin Jugarap

4. Lease Agreements and Amendments for 3077 & 3079 Teagarden

5. Landlord Statement

At our July 27, 2017 meeting City staff requested a letter from our landlord indicated that we have permission to make certain modifications to the property. Specifically, the City wanted to be sure that we had permission to make changes to loading docks and demising walls. Upon further developing our revised application we have decided not to make these modifications to the property: the demising wall will not be modified and the loading dock will not be removed. A landlord letter regarding such modifications is therefore not needed. We remind the City that the landlord has previously signed-off on our application.

August 8, 2017



Helping others help themselves

Rose Padilla Johnson
Chief Executive Officer

Board of Directors

Gordon Galvan, President
Dr. Susan Cota, Vice President
Pat Sangiacomo, CPA, Treasurer
Nancy Pretto, Secretary
Mary Corbett
Isobel Dvorsky
Kathe Frates, RN
Dr. Mika Hiramatsu
Tom Lorentzen
Tracy Kennedy
Yolanda Navarro
Hank Roberts
Harold P. (Peter) Smith

Dear Members of the Board of Zoning Adjustments:

I submit this letter in support of the Wellness Centers CUP and to address concerns raised about the proposed Davis Street Wellness Center (Wellness Center) operations adjacent to Davis Street on Teagarden Street.

The Davis Street Community Center Incorporated (Davis Street) is a strong proponent of this project. It is in line with our vision of meeting the needs of, and providing excellent service to our clients and the community we serve. We are working closely with the Wellness Center staff, city officials and community stakeholders to ensure that child related services and programs are not sited near the Wellness Center. Their operations will be physically separate from Davis Street on Teagarden Street.

With more dispensaries coming online, it is critical that these businesses become more clearly aligned with broader constituents of the medical and health care industry in America. The Wellness Center has a unique business model that will support efforts to bring dispensaries equal to pharmacies in the health care system.

On the other hand, centers such as Davis Street, offer a unique opportunity to its clients who are sick and poor because we are neighborhood-based, and thus, very attuned to both the political and social needs of a community, serving medically-underserved and historically marginalized individuals.

Davis Street is confident in the Wellness Center model and to that end has developed a plan to mitigate and/or eliminate the concerns that have surfaced through the CUP process. I've prepared the following to address the questions I've been asked by community members with the hope that it will help you approve the Wellness Centers' application.

Concern: Locating a medicinal cannabis dispensary next to programs that serve children.

Cure: The physical footprint and layout of the Wellness Center will ensure there is no possibility of contact accidental or intentional with children.

Background: The Teagarden site houses administration, food, clothing and the primary care clinic. Children accompany a parent or caregiver but are **never** able to access services directly. Children are seen in the primary care clinic, and again, must be accompanied by an adult.

A division of The Davis Street Community Center Incorporated

3081 Teagarden Street | San Leandro, CA 94577 | 510-347-4620
www.davisstreet.org

Concern: Children will wander into the Wellness Center.

Cure: Not possible. Wellness Center patients are allowed into the clinic with an eligibility card, swiped at the entry point.

Background: Unlike liquor stores, cannabis patients must carry and access a dispensary with the use of a bona fide card. No child or adult can wander in without a card.

Concern: Davis Street's annual holiday toy and food basket and health fair will be negatively impacted by the presence of the dispensary operations.

Cure: Wellness Center will be closed on these days; once in December and once in August.

Background: For 26 years Davis Street has given out food and new toys and bikes to 1,000 families and seniors. This community effort takes place (usually) the Friday before Christmas. With the closure of the Wellness Center, Davis Street families coming for the holiday basket program will not be impacted. The health fair now in its 3rd year will take place on a Saturday in August. The Wellness Center will be closed on that Saturday and families will not be affected.

Concern: Davis Street families will have to walk past the entrance (front door) to the Wellness Center in order to come into the center.

Cure: Davis Street will create a new entrance to the Center at the back side (south) next to the food and clothing programs to ensure DS clients come in directly from the back parking lot or along the Teagarden pedestrian path.

Background: For years Davis Street clients have asked us for another entry point to minimize the amount of walking to the front entrance from those parking in the back. With the physical changes to the site, this goal is possible and all Davis Street clients will benefit by directly accessing services from either side of the building.

Concern: Concerns about locating a dispensary on Teagarden Street.

Cure: Wellness Center has done extensive outreach to our neighbors, resulting in support for the dispensary and the benefits to Davis Street.

Background: Wellness Center and Davis Street staff are doing extensive outreach to our neighbors on Teagarden Street and in the San Leandro community. These efforts have generated overwhelming support for the Wellness Center at this location. Additionally, we have hand delivered information about the Wellness Center to all of the parents of children who use our childcare facilities and programs (not located on Teagarden Street), to let them know of these plans. Again, this outreach has generated strong support from families who use and appreciate Davis Street programs.

Concern: Security.

Cure: There will be 24-hour security measures in place, including cameras, additional lighting covering the entire block and parking areas, increased parking and a minimum of three security staff on site during hours of operation. This increased security will enhance staff, client and overall visitor safety.

Background: Davis Street staff and clients will benefit from this added security as will all tenants near the dispensary. Davis Street welcomes the bolstered security plan.

Concern: Wellness Center staff is inexperienced.

Cure: Open a medicinal cannabis dispensary using a clinical environment as the model to deliver cannabis products to all patients in need.

Background: Wellness Center mirrors a medical clinic and pharmacy, staffed by highly educated PhD's, chemists and counselors to provide medicine in a safe environment. The dispensary seeks to support and align with the efforts to study dosing of and response to medical marijuana for pain. The long term goal is to demystify the use of cannabis to treat conditions that many patients use opioids for. We want to move the discussion to the effective use of cannabis and understand dosing structure, disease response, and treatment length; in other words, we want to understand the medical use of marijuana through the same mechanisms that are used by researchers of other medications.

Concern: Wellness Center will benefit at the expense of Davis Street and the community.

Cure: The unique model of the Wellness Center will provide significant benefits for Davis Street, our clients and the City of San Leandro.

Background: Community Benefit funds (estimated at \$150,000- \$200,000 per year) will benefit Davis Street, providing much-needed additional funding so we can expand vital programs like our Basic Needs programs and other non-federally funded services and meet the growing demand for our many services;

Tax revenue based on a percentage of gross receipts will also generate tens of thousands of dollars for the city of San Leandro;


The addition of 15-20 good paying jobs with benefits in San Leandro;

The creation of a professional and safe medical cannabis facility that will offer **sliding scale medicine to card carrying patients – the only East Bay clinic to offer this service to low income clients;**

The Davis Street Community Center, with its legacy of advocacy, authenticity and service, is ready, willing and able to pioneer this fundamental change in the way alternative health remedies can exist next to a service provider. Davis Street believes the Wellness Centers' expertise in product development, testing and safety of medical cannabis, will ensure this medicine can be scrupulously dispersed to those most in medical need.

As the CEO of Davis Street, a lifelong advocate for the poor and disenfranchised in our community, I urge you to approve the CUP. Your support is indeed cutting edge. This field is still developing and today you have the ability to shape the process to both destigmatize medical cannabis and ensure funds for City services and local non-profits.

Sincerely,



Rose Padilla Johnson
Chief Executive Officer

August 9, 2017



Helping others help themselves

Rose Padilla Johnson
Chief Executive Officer

Board of Directors

Gordon Galvan, President
Dr. Susan Cota, Vice President
Pat Sangiacomo, CPA; Treasurer
Nancy Pretto, Secretary
Mary Corbett
Isobel Dvorsky
Kathe Frates, RN
Dr. Mika Hiramatsu
Tom Lorentzen
Tracy Kennedy
Yolanda Navarro
Hank Roberts
Harold P. (Peter) Smith

Re: Wellness Center letter from Carole McKindley-Alvarez, PsyD– Davis Street Behavioral Health Director.

To Whom It May Concern:

I am submitting my written testimony on behalf of Davis Street in support of the Davis Street Wellness Center's medical cannabis permits to operate adjacent to Davis Street on Teagarden Street in San Leandro.

As the Behavioral Health Director, I have been connected with Davis Street for over 15 years where I am responsible for the integration of behavioral health services. Davis Street's Behavioral Health department is known for our outstanding partnerships and service delivery. We provide comprehensive services to consumers experiencing a wide range of mental health issues with mild, moderate, and severe symptomology from a variety of backgrounds and experiences. The on-going barrier to effective comprehensive treatment is the lack of availability of psychiatric support for symptom reduction and management. Consistently consumers report negative side effects or lack of relief from symptoms through their current traditional medication. They've explored cannabis as an alternative and have reported less negative side effects and increased positive outcomes. The challenge reported by consumers are the continued stigma with cannabis use, the deplorable conditions of the locations dispensing the medication and the lack of awareness by providers regarding integrating vs. pathologizing the use within therapeutic services.

Likewise, I have served on the Contra Costa County Mental Health Commission, been a local, state and national trainer for behavioral health and primary care providers, and a Crisis Intervention Trainer across the state for law enforcement. In all settings conversations emerge regarding the growing body of research and consumer self reports on the effectiveness of cannabis.

I am writing a strong letter of support for the necessity to provide alternative methods of treatment for individuals living with mental illness. It has been proven that individuals with mental illness struggle with maintaining a healthy quality of life in part due to the

A division of The Davis Street Community Center Incorporated

psychopharmacological side effects. Cannabis can be an effective alternative. It has promising results in treating a range of psychological ailments such as bi-polar, post-traumatic stress disorder, and addiction. All of these are common psychological disorders we serve in our clinic.

Unfortunately we are seeing an increase of unhealthy self-medicating which is leading to more chronic symptomology for our consumers with mental illness. Along with the traditional alcohol use there is a drastic increase in methamphetamine and opioid abuse and addiction. Medical Cannabis can support in mitigating the negative personal and societal outcomes from this trend.

Opioid Addiction: Per Marcus Bachhuber with the MD Center for Health Equity Research, Medical cannabis laws are associated with significantly lower state-level opioid overdose mortality rates. Further investigation is required to determine how medical cannabis laws may interact with policies aimed at preventing opioid analgesic overdose.

*American states that allow patients access to medical marijuana are seeing fewer prescriptions per doctor for pharmaceutical drugs in several disease categories where marijuana is a potential treatment, a study in *Health Affairs* has found. * *Ashley and David Bradford - Health Affairs Journal*

Chronic pain has a high correlation with addiction so it's important to note the impact cannabis has on chronic pain sufferers.

Chronic Pain: Five *studies demonstrated a significant decrease in pain after cannabis administration. The magnitude of effect in these studies, expressed as the number of patients needed to treat to produce one positive outcome, was comparable to current therapies. The results from these studies have been convergent, with all four demonstrating a significant decrease in pain after cannabis administration. The magnitude of effect in these studies, expressed as the number of patients needed to treat to produce one positive outcome, was comparable to current therapies.

**VANCHCS Pain Clinic Department of Physical Medicine and Rehabilitation, UC Davis Medical Center*

A 2015 analysis of 79 studies also published in *JAMA* reported a 30% or greater reduction in pain from cannabinoids compared to a placebo. Studies suggest cannabinoids interact with receptors in pain activity centers located in the brain and spinal cord. There's also some suggestion that they have anti-inflammatory effects.

These are a few examples of rigorous medical testing that demonstrate medical cannabis' efficacy, often showing fewer adverse side effects compared to other treatments, such as opioids.

A division of The Davis Street Community Center Incorporated

3081 Teagarden Street | San Leandro, CA 94577 | 510-347-4620
www.davisstreet.org

Medical cannabis has proven effective benefits for certain patients/consumers and that this medication should be available to them.

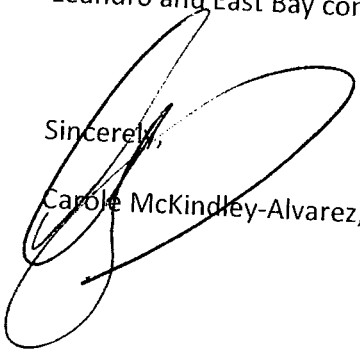
The Wellness Center's business model is compatible with Davis Street's, which emphasizes social justice and respectful treatment for the many vulnerable populations Davis Street serves.

Locating a medical cannabis dispensary next to a medical and behavioral health care clinic makes sense on many levels, particularly to patients/consumers who may have transportation challenges. In addition, stigma has a huge impact for patients accessing and receiving adequate services. Close proximity de-stigmatizes cannabis use providing access to individuals most in need. We have already found a huge benefit in our consumers overall quality of life with the integration of primary care and dental services on-site. The dispensary being next door is the last link to this comprehensive service delivery model. Davis Street consistently sits on the cutting edge and is a contributor in placing the City of San Leandro on the map for innovative service delivery to be imitated across the United States. More effective societal and service integration of dispensaries are conversations happening on multiple levels and the Wellness Center is in a prime position to move these conversations from theory to reality.

Furthermore, the Wellness Center proposes offering medical cannabis to low-income patients on a sliding scale – something no other San Leandro dispensary currently offers. This is significant, as cannabis is not covered by insurance and can be costly to those who need it.

In closing, I offer my resolute endorsement and support of the Wellness Center and urge you to issue their final permits with all due haste so this facility can open and begin serving the San Leandro and East Bay communities.

Sincerely,


Carole McKindley-Alvarez, Psy.D

A division of The Davis Street Community Center Incorporated

3081 Teagarden Street | San Leandro, CA 94577 | 510-347-4620
www.davisstreet.org

Dear City Council:

We are sending this letter in support of the proposed Davis Street Wellness Center's medical cannabis clinic at Teagarden Street.

The Kennel Boxing Gym creates a championship atmosphere within the boxing world – both professional and amateur – as well as promoting health and fitness opportunities to the community. We are proud of the work of the Davis Street Resource Center, who also provides many positive benefits to the community.

The Wellness Center will be an asset to the community as well, and we have been assured that this project is in line with Davis Streets vision of meeting the needs of, and providing excellent service to their clients.

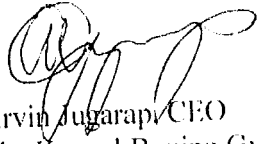
The Wellness Center and Davis Street staff are working to create a safe environment within and adjacent to the facility with well-marked and guarded entrances to the Wellness Center clinic.

We are confident that this proposed dispensary will not pose any danger to our clients, particularly youth. The Kennel Boxing Gym users are mostly adults; minors make up approximately 20% of our overall clientele at this site, and only use the facility on specific days. All minors visiting the gym must sign in and are accompanied by an adult, ensuring that they do not wander in the area unescorted.

In addition, there will be 24-hour security measures in place, including cameras, additional lighting covering the entire block and parking areas, increased parking and a minimum of three security staff on site during hours of operation. This increased security will enhance overall safety in the area.

Given the extraordinary measures the Wellness Center is taking to ensure public safety of the neighboring businesses and the overall benefits this clinic will provide (tax revenue for the city of San Leandro, new well-paying jobs, additional parking and security measures, etc.), we are strongly in support of this development on Teagarden Street

Sincerely,



Arvin Jugarap, CEO
The Kennel Boxing Gym
3051 Teagarden St
San Leandro, CA 94577

Please note that the terms "Seller" and "Buyer" are defined by the CA Civil Code to include a lessor and lessee, respectively.

If you are a Listing Agent - you must deliver the form to the seller/lessor before entering into the listing agreement. If the buyer/lessee is not represented by an agent, you must also deliver the form to it within one business day after receiving an offer from the buyer/lessee.

If you are the Buyer's Agent - you must deliver the form to the buyer/lessee as soon as the buyer/lessee seeks your services, but in any event before the buyer/lessee signs an offer. In addition, you must also deliver the form to the seller/lessor before or concurrently with presenting an offer.

DISCLOSURE REGARDING REAL ESTATE AGENCY RELATIONSHIP

(As required by the Civil Code Section 2079.16)

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.

SELLER'S AGENT

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

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

To the Buyer and the Seller:

- (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 that does not involve the affirmative duties set forth above.

BUYER'S AGENT

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

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

To the Buyer and the Seller:

- (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 that does not involve the affirmative duties set forth above.

AGENT REPRESENTING BOTH SELLER AND BUYER

A real estate agent, either acting directly or through one or more associate licensees, can legally be the agent of both the Seller and the Buyer in a transaction, but only with the knowledge and consent of both the Seller and the Buyer. In a dual agency situation, the agent has the following affirmative obligations to both the Seller and the Buyer:

- (a) A fiduciary duty of utmost care, integrity, honesty and loyalty in the dealings with either the Seller or the Buyer.
- (b) Other duties to the Seller and the Buyer as stated above in their respective sections.

In representing both Seller and Buyer, the agent may not, without the express permission of the respective party, disclose to the other party that the Seller will accept a price less than the listing price or that the Buyer will pay a price greater than the price offered. The above duties of the agent in a real estate transaction do not relieve a Seller or Buyer from the responsibility to protect his or her 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 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.

Reynolds & Brown, Agent

Kelly Dossa

6/19/17

Associate Licensee Signature

(Date)

Kelly Dossa

Associate Licensee Printed name

[Signature]

Tenant Signature

8.7.17

(Date)

Davis Street Community Center

Tenant Name

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 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 a 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 real estate license and to function under the broker's supervision in the capacity of an associate licensee. When an associate licensee owes a duty to any principal, or to any buyer or seller who is not a principal, in a real property 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) "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.
- (e) "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.
- (f) "Listing agent" means a person who has obtained a listing of real property to act as an agent for compensation.
- (g) "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.
- (h) "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.
- (i) "Offer to purchase" means a written contract executed by a buyer acting through a selling agent which becomes the contract for the sale of the real property upon acceptance by the seller.
- (j) "Real property" means any estate specified by subdivision (1) or (2) of Section 761 in property which constitutes or is improved with one to four dwelling units, any leasehold in this type of property exceeding one year's duration, and mobile homes, when offered for sale or sold through an agent pursuant to the authority contained in Section 10131.6 of the Business and Professions Code.
- (k) "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.
- (l) "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 a leasehold exceeding one year's duration.
- (m) "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 of which he or she is the owner from an agent on behalf of another. "Seller" includes both a vendor and a lessor.
- (n) "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.
- (o) "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 a 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 form specified in Section 2079.16, and, except as provided in subdivision (c), shall obtain a signed acknowledgment 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.
- (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 acknowledgment of receipt obtained for 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 at his or her last known address, in which case no signed acknowledgment of 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 acknowledgment of receipt pursuant to Section 2079.14, the agent, or an associate licensee acting for an agent, shall set forth, sign, and date a written declaration of the facts of the refusal.

2079.16. [The language of Section 2079.16 appears on the front of this form]

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:

SAMPLE ONLY - DO NOT FILL OUT

_____ is the Listing agent of (check one): () the seller exclusively, or () both the buyer and seller
_____ is the Selling agent, if not the same as the Listing Agent of (check one): () the buyer exclusively, or () the seller exclusively or () both the buyer and seller

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

- (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 the buyer that the seller is willing to sell the property at 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 or 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 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.

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 or to relieve 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.

REYNOLDS & BROWN
STANDARD FORM LEASE

ORIGINAL SIGNED LEASE

REYNOLDS & BROWN

STANDARD FORM LEASE
(MULTI-OCCUPANCY)

THIS LEASE AGREEMENT (the "Lease") is entered into as of _____ July, 2017 by and between RBT Investment Company, a California general partnership, as "Landlord" and Davis Street Community Center, a private non-profit corporation, as "Tenant", with reference to the following facts:

I. DEFINED TERMS, TABLE OF CONTENTS, EXHIBITS, PREMISES AND LANDLORD'S RESERVED RIGHTS

1.01. Defined Terms.

Landlord:	RBT Investment Company, a California general partnership
Landlord's Address:	RBT Investment Company c/o Reynolds & Brown 1200 Concord Avenue, Suite 200 Concord, CA 94520
Tenant:	Davis Street Community Center, a private non-profit corporation
Tenant's Address:	3077 Teagarden Street San Leandro, CA 94577
Legal Description of Land:	See <u>Exhibit A</u> attached hereto.
Property:	All of the real property and improvements identified in the Site Plan set forth in <u>Exhibit D</u> attached hereto.
Building:	3073-3079 Teagarden Street, San Leandro, CA 94577
Premises:	See <u>Exhibit B</u> .
Rentable Square Feet of the Premises:	Six Thousand Two Hundred Twenty Two (6,222)
Rentable Square Feet of the Building:	Twenty Two Thousand Four Hundred Eighty Four (22,484)
Rentable Square Feet of the Property:	Twenty Two Thousand Four Hundred Eighty Four (22,484)
Premises Address:	
Street Address:	3077 Teagarden Street
City, State and Zip Code	San Leandro, CA 94577
County:	Alameda
Term:	Twelve (12) months
Scheduled Commencement Date:	November 1, 2017
Monthly Base Rent:	Five Thousand Five Hundred Ninety Nine and 80/100 Dollars (\$5,599.80)
Adjustment Dates for Rent Escalations:	N/A
Monthly Operating Expenses:	Four Hundred Thirty Five and 54/100 Dollars (\$435.54)
Prepaid Rent:	Six Thousand Thirty Five and 34/100 Dollars (\$6,035.34)
Security Deposit:	None
Commercial Liability Policy Limit:	Two Million Dollars (\$2,000,000)
Permitted Use:	General Office and community services
Date of Recordation of any Covenants, Conditions, Restrictions or Reciprocal Easement Agreement ("Restrictions"):	January 19, 1973
Notices:	
To Tenant:	Davis Street Community Center 3081 Teagarden Street San Leandro, CA 94577
To Landlord:	RBT Investment Company c/o Reynolds & Brown 1200 Concord Avenue, Suite 200 Concord, CA 94520
Guarantor:	None
Landlord's Architect:	Flynn Architects

Representation Confirmation:

The real estate agency relationships described below are hereby confirmed:

Reynolds & Brown, Listing Agent for Landlord

Is the agent of (check one)

☒ The Landlord exclusively; or
☐ Both the Landlord and the Tenant

None, Agent for Tenant

Is the agent of (check one):

☐ The Tenant exclusively; or
☐ The Landlord exclusively; or
☐ Both the Landlord and the Tenant

Broker's Fee or Commissions, if any,

Paid by:

Landlord

Parking Spaces:

Twelve (12) non-exclusive, un-designated stalls

The foregoing provisions constitute the defined terms ("Defined Terms"). Each reference in this Lease to Section 1.01 or the Defined Terms shall be construed to incorporate the applicable Defined Terms in this Section 1.01.

LANDLORD

RBT Investment Company,
a California general partnership

By: _____

Jon Q. Reynolds, Trustee of the Jon
Q. Reynolds & Ann S. Reynolds
Family Trust dated 12/23/92,
general partner

By: _____

Karen L. Brown, Trustee of the David A.
Brown Family Trust dated 4/27/93,
general partner

By: _____

Kristen Stinnett-Brown, as Successor
Trustee of the Judith B. Brown 1992
Trust Agreement, general partner

By: Delta Properties,

a California general partnership, general partner

By: _____

Jon Q. Reynolds, Trustee of the Jon Q.
Reynolds and Ann S. Reynolds Family
Trust dated 12/23/92, general partner

By: _____

Karen L. Brown, Trustee of the David
A. Brown Family Trust dated 04/27/93,
general partner

TENANT

Davis Street Community Center,
a private non-profit corporation


Rose Padilla Johnson, Chief Executive Officer

NOTE: The signature requirements for Tenant set forth on the signature page of this Lease are applicable here.

REYNOLDS & BROWN
STANDARD FORM LEASE
(MULTI-OCCUPANCY)

1.02. *Table of Contents*

	<u>Page</u>
1. DEFINED TERMS, TABLE OF CONTENTS, EXHIBITS, PREMISES AND LANDLORD'S RESERVED RIGHTS	i
1.01. <i>Defined Terms</i>	i
1.02. <i>Table of Contents</i>	1
1.03. <i>Exhibits</i>	2
1.04. <i>Premises</i>	2
1.05. <i>Common Area</i>	2
1.06. <i>Landlord's Reserved Rights</i>	2
2. IMPROVEMENTS	3
2.01. <i>Tenant's Acceptance of Premises</i>	3
3. TERM	3
3.01. <i>Commencement Date</i>	3
3.02. <i>Term</i>	3
3.03. <i>Delay in Possession</i>	3
4. RENT	3
4.01. <i>Base Rent</i>	3
4.02. <i>Escalation</i>	3
4.03. <i>Additional Rent and Estimated Payments</i>	3
4.04. <i>Rent Defined</i>	3
4.05. <i>Interest and Late Charge</i>	3
4.06. <i>Security Deposit. Intentionally Omitted</i>	3
5. REAL PROPERTY TAXES	3
5.01. <i>Limitation</i>	3
5.02. <i>Personal Property Taxes</i>	3
6. INSURANCE	3
6.01. <i>Landlord's Property</i>	3
6.02. <i>Landlord's Liability Insurance</i>	3
6.03. <i>Tenant's Liability</i>	4
6.04. <i>Fire and All Risk Coverage Insurance</i>	4
6.05. <i>Rental Abatement Insurance</i>	4
6.06. <i>Insurance Certificates; Other Requirements</i>	4
6.07. <i>Tenant's Failure</i>	4
6.08. <i>Waiver of Subrogation</i>	4
6.09. <i>Indemnification of Landlord</i>	4
6.10. <i>Earthquake and Flood Insurance</i>	4
6.11. <i>Workers' Compensation Insurance</i>	4
6.12. <i>Business Interruption Insurance</i>	4
6.13. <i>Comprehensive Automobile Liability Insurance</i>	4
6.14. <i>Landlord's Disclaimer</i>	4
7. OPERATING EXPENSES, REPAIRS AND MAINTENANCE	5
7.01. <i>Operating Expenses</i>	5
7.02. <i>Tenant Repairs and Maintenance</i>	5
7.03. <i>Landlord Repairs and Maintenance</i>	5
7.04. <i>Inspection of Premises</i>	5
7.05. <i>Liens</i>	5
8. ALTERATIONS	5
8.01. <i>Fixtures and Personal Property</i>	5
8.02. <i>Alterations</i>	6
9. UTILITIES AND EASEMENTS	6
9.01. <i>Utilities</i>	6
9.02. <i>Easements</i>	6
10. USE OF PREMISES	6
10.01. <i>General</i>	6
10.02. <i>Hazardous Materials</i>	6
10.03. <i>Environmental Disclosure</i>	6
10.04. <i>Reclaimed Water</i>	7
10.05. <i>Signs</i>	7
10.06. <i>Parking</i>	7
10.07. <i>Telephone and Telecommunications Services</i>	7
11. DAMAGE AND DESTRUCTION	7
11.01. <i>Reconstruction</i>	7
11.02. <i>Rent Abatement</i>	7
11.03. <i>Option to Terminate</i>	7
11.04. <i>Uninsured Casualty</i>	7
11.05. <i>Waiver</i>	7
12. EMINENT DOMAIN	7
12.01. <i>Total Condemnation</i>	7
12.02. <i>Partial Condemnation</i>	8
12.03. <i>Landlord's Award</i>	8
12.04. <i>Tenant's Award</i>	8
12.05. <i>Temporary Condemnation</i>	8
12.06. <i>Delivery of Documents</i>	8
13. DEFAULT	8
13.01. <i>Events of Default</i>	8
13.02. <i>Landlord's Remedies</i>	9
14. ASSIGNMENT AND SUBLETTING	9
14.01. <i>Approval</i>	9
14.02. <i>Landlord Option</i>	9
14.03. <i>Bonus Rental</i>	9

14.04. Scope.....	9
14.05. Release.....	10
14.06. Holding Over.....	10
14.07. Waiver.....	10
15. ESTOPPEL CERTIFICATE, ATTORNMENT AND SUBORDINATION.....	10
15.01. Estoppel Certificate.....	10
15.02. Attornment.....	10
15.03. Subordination.....	10
16. MISCELLANEOUS.....	10
16.01. Waiver.....	10
16.02. Financial Statements.....	10
16.03. Accord and Satisfaction.....	10
16.04. Limitation of Landlord's Liability.....	10
16.05. Entire Agreement.....	10
16.06. Time.....	10
16.07. Attorneys' Fees.....	10
16.08. Captions and Article Letters.....	10
16.09. Severability.....	10
16.10. Applicable Regulations.....	10
16.11. Rules and Regulations.....	10
16.12. Examination of Lease.....	11
16.13. Surrender.....	11
16.14. Authority.....	11
16.15. Broker.....	11
16.16. Landlord's Right to Perform.....	11
16.17. Modification for Lender.....	11
16.18. Landlord's Lien.....	11
16.19. Relocation.....	11
16.20. Notices.....	11

1.03. *Exhibits.* The following Exhibits are attached to this Lease and incorporated herein by reference thereto.

Exhibit A – Legal Description [Section 1.01]

Exhibit B – Premises Floor Plan [Section 1.04]

Exhibit C – Description of Restrictions [Section 1.01, 1.05] Intentionally Omitted

Exhibit D – Site Plan [Sections 1.01, 1.05, 4.03]

Exhibit E – Leasehold Improvements [Section 2, 3] Intentionally Omitted

Exhibit F – Environmental Disclosure [Section 10.03]

Exhibit G – Sign Criteria [Section 10.05]

Exhibit H – Rules and Regulations [Section 16.11]

1.04. *Premises.* Landlord hereby leases to Tenant, subject to the provisions of this Lease, the Premises in the Building, as shown on Premises Floor Plan in Exhibit B, extending from the top surface of the subfloor to the bottom surface of the roof deck, but excluding the Common Area, as hereinafter defined, and any other portion of the Property, as hereinafter defined. Any statement of square footage set forth in this Lease, or that may have been used in calculating Rent (as hereinafter defined), is an approximation prepared by Landlord's Architect which Landlord and Tenant agree is reasonable and the Monthly Base Rent thereon is not subject to revision whether or not the actual square footage is more or less.

1.05. *Common Area.* Tenant may, as appurtenant to the Premises and subject to the Restrictions referenced in Exhibit C or rules made by Landlord of which Tenant is given notice, use the following areas (collectively "Common Area") in common:

a. *Floor Common Area.* If the Premises include less than the entire rentable area of any floor, the lobbies, hallways, toilets, refuse facilities, interior utility raceways and other common facilities; and

b. *Lot Common Area.* The parking area adjoining the Premises, together with adjoining landscaping, walkways, sidewalks, driveways, and other surfaced areas, fences drainage and utility lines, exterior lighting and project signing, if any, serving the Premises ("Lot"). The Premises, Building, Lot and Common Area (plus any other real property and improvements identified in Exhibit D, if attached to this Lease) shall be collectively known as the "Property".

Under no circumstances shall the right herein granted to use the Common Area be deemed to include the right to store any property, temporarily or permanently, in the Common Area. Any such storage shall be permitted only by the prior written consent of Landlord, which consent may be revoked at any time. In the event that any unauthorized storage shall occur then Landlord 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 Tenant, which cost shall be immediately payable upon demand by Landlord.

1.06. *Landlord's Reserved Rights.* Provided Landlord does not unreasonably interfere with Tenant's use of the Premises, Landlord reserves the right to make the following changes:

a. *Building Changes.* To install, use, maintain, repair, relocate and replace pipes, ducts, conduits, wires and appurtenant meters and equipment included in the Premises or outside the Premises; and to make any alterations to the Premises that, in Landlord's reasonable judgment, are required or authorized by any existing or future governmental codes;

b. *Boundary Changes.* To change the boundary lines of the Lot;

c. *Common Area Changes.* To install, use, maintain, repair, alter or relocate and replace any Common Area; provided, however, that substitutions, if any, shall be substantially equivalent or better in quality.

d. Closure. To close temporarily any of the Common Areas for maintenance purposes so long as reasonable access to the Premises remains available.

2. IMPROVEMENTS

2.01. *Tenant's Acceptance of Premises.* Tenant shall accept the Premises "as is" on the Commencement Date (as hereinafter defined). The Premises have not undergone an inspection by a Certified Access Specialist (CASp). A CASp can inspect the Premises and determine whether the 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 Premises, Landlord may not prohibit Tenant from obtaining a CASp inspection of the Premises for the occupancy or potential occupancy of Tenant, if requested by Tenant. If Tenant elects to perform a CASp inspection, Tenant will provide written notice to Landlord, and Landlord may elect, in Landlord's sole discretion, to retain a CASp to perform the inspection. If Landlord does not so elect, the time and manner of the CASp inspection is subject to the prior written approval of Landlord. In either event, the payment of the fee for the CASp inspection shall be borne by Tenant.

3. TERM

3.01. *Commencement Date.* The Term shall commence on November 1, 2017 ("Commencement Date"):

3.02. *Term.* The Term of this Lease shall be for the period as stated in Section 1.01, commencing on the Commencement Date of the Term as provided in Section 3.01. If the last day of the Term falls on a date other than the last day of the month, then the Term shall be extended so that the last day of the Term shall be the last calendar day of the calendar month in which the Term would otherwise end. Upon Landlord's request, Tenant shall execute a memorandum confirming the Term which memorandum shall thereupon be deemed a part of this Lease; provided, however, the execution of such memorandum shall not be a condition precedent to the parties' obligations hereunder.

3.03. *Delay in Possession.* If for any reason Landlord cannot deliver possession of the Premises to Tenant on or before the Scheduled Commencement Date, Landlord shall not be subject to any liability therefore, and such failure shall not affect the validity of this Lease or the obligations of Tenant hereunder, but in such case, Tenant shall not be obligated to pay Monthly Base Rent or Additional Rent until the Commencement Date has occurred. If the Commencement Date has not occurred within one hundred twenty (120) days following the Scheduled Commencement Date, either party may, at its option, by written notice given, if at all, to the other within ten (10) days thereafter, terminate this Lease, in which event the parties shall be discharged from all further obligations hereunder.

4. RENT

4.01. *Base Rent.* Tenant shall pay the Monthly Base Rent to Landlord in advance upon the first day of each calendar month of the Term, at Landlord's address or at such other place designated by Landlord in a notice to Tenant, without any prior demand therefore. If the Term shall commence or end on a day other than the first day of a calendar month, then Tenant shall pay, upon the Commencement Date and first day of the last calendar month, a pro rata portion of the Monthly Base Rent, prorated on a per diem basis, with respect to the portions of the fractional calendar month included in the Term. Upon executing this Lease, Tenant shall pay the Prepaid Rent as set forth in Section 1.01 along with Tenant's Security Deposit as provided in Section 4.06 below.

4.02. *Escalation.* The Base Rent shall be adjusted during the Term as provided in Section 1.01.

4.03. *Additional Rent and Estimated Payments.* "Additional Rent" shall include all monies, except for Monthly Base Rent, required to be paid by Tenant to Landlord under the Lease, including without limitation, any late payments, interest, and payments required to be made by Tenant to Landlord.

4.04. *Rent Defined.* Monthly Base Rent and Additional Rent shall be deemed to constitute "Rent". Rent shall be paid in lawful money of the United States without any abatement, set off or deduction whatsoever.

4.05 *Interest and Late Charge.* If any installment of Rent is not paid promptly when due, such amount shall bear interest at the rate of ten percent (10%) per annum from the date on which said payment shall be due until the date on which Landlord shall receive said payment regardless of whether or not a notice of default or notice of termination has been given by Landlord. In addition, Tenant shall pay Landlord a late charge of ten percent (10%) of the amount delinquent. Landlord and Tenant recognize that the damage which Landlord shall suffer as a result of Tenant's failure to pay Rent is difficult to ascertain, said late charge being the best estimate of the damage which Landlord shall suffer in the event of Tenant's late payment. This provision shall not relieve Tenant of Tenant's obligation to pay Rent at the time and in the manner herein specified.

4.06. *Security Deposit.* Intentionally Omitted

5. REAL PROPERTY TAXES

5.01. *Limitation.* Nothing contained in this Lease shall require Tenant to pay any franchise, corporate, estate, inheritance, succession or documentary transfer tax of Landlord, or any income, profits or revenue tax or charge, upon the net income of Landlord.

5.02. *Personal Property Taxes.* Prior to delinquency, Tenant shall pay all taxes and assessments levied upon Tenant's trade fixtures, inventories and other personal property located on or about the Premises.

6. INSURANCE

6.01. *Landlord's Property.* During the Term, Landlord shall procure and maintain in full force and effect with respect to the Property, a policy or policies of all risk insurance (including sprinkler leakage coverage and any other endorsements or types of coverage required by the holder of any fee or leasehold mortgage) in an amount equal to at least eighty percent (80%) of the full insurance replacement value (replacement cost new, including debris removal, and demolition) thereof. If the annual premiums charged Landlord for such casualty insurance exceed the standard premium rates because the nature of Tenant's operations results in increased exposure, then Tenant shall, upon receipt of appropriate premium invoices, reimburse Landlord for such increased amount.

6.02. *Landlord's Liability Insurance.* During the Term of this Lease, Landlord shall procure and maintain in force a commercial general liability insurance covering the Property in commercially reasonable amounts as determined by Landlord, from time to time in Landlord's reasonable discretion.

6.03. *Tenant's Liability.* Tenant shall, at Tenant's sole cost and expense, maintain in full force a policy or policies of commercial general liability insurance, rated A-VI or better in "Best Insurance Guide" and in the form customary to the locality in which the Property is located, insuring Tenant's activities and those of Tenant's employees, agents, licensees and invitees with respect to the Premises against loss.

C:\Users\Nancy\AppData\Local\Microsoft\Windows\NetCache\Content.Outlook\QP9TQDBV\3077 Lease 7-11-17.docx

damage or liability for personal injury or death of any person or loss or damage to property occurring in the Premises in amounts of not less than the greater of the Commercial General Liability Policy Limits set forth in Section 1.01, and combined single occurrence limit for personal injury and property damage of Two Million Dollars (\$2,000,000). If Tenant has in full force and effect a blanket policy of liability insurance with the same coverage for the Property as described above, as well as coverage of other premises and properties of Tenant, or in which Tenant has some interest, such blanket insurance shall satisfy the requirement hereof. Such insurance shall include coverage for liability assumed under this Lease as an "insured contract" for the performance of Tenant's indemnity obligations under this Lease. All such policies shall provide that such coverage shall be primary and that any insurance maintained by Landlord shall be excess insurance only. Such coverage shall also contain the following endorsements: (i) deleting any employee exclusion of personal injury coverage; (ii) including employees as additional insureds; (iii) providing for coverage of employer's automobile non-ownership liability; (iv) deleting any liquor liability exclusion; (v) an "Additional Insured-Managers or Lessors of Premises Endorsement", and (vi) the "Amendment of the Pollution Exclusion Endorsement" for damage caused by heat, smoke or fumes from a hostile fire. All such insurance shall provide for severability of interests; shall provide that an act or omission of one of the named insureds shall not reduce or avoid coverage to the other named insureds; and shall afford coverage for all claims based on acts, omissions, injury and damage, which claims occurred or arose (or the onset of which occurred or arose) in whole or in part during the policy period.

6.04. *Fire and All Risk Coverage Insurance.* Tenant, at Tenant's expense, shall provide and keep in force during the Term of this Lease a policy or policies of broad form or special form property insurance, including sprinkler leakage if the Premises is equipped with an automatic sprinkler system, in an amount not less than one hundred percent (100%) replacement value covering Tenant's merchandise, furniture, equipment, fixtures, and Tenant's improvements that Tenant owns or has installed at Tenant's sole cost and expense to the Premises. Landlord and Tenant agree that proceeds from such insurance policy or policies shall be used for the repair or replacement of Tenant's improvements and property.

6.05. *Rental Abatement Insurance.* Landlord shall maintain in full force and effect rental abatement insurance against abatement or loss of Rent with respect to the Property in case of fire or other casualty, in an amount and with coverage periods as reasonably determined by Landlord.

6.06. *Insurance Certificates; Other Requirements.* Tenant shall furnish to Landlord on the Commencement Date, and thereafter within thirty (30) days prior to the expiration of each such policy, certificates of insurance issued by the insurance carrier of each policy of insurance required to be carried by Tenant pursuant hereto. Each certificate shall expressly provide that such policies shall not be cancellable or subject to reduction of coverage or otherwise be subject to modification except after thirty (30) days prior written notice to the parties named as additional insureds in this Section 6.06. Landlord, Reynolds & Brown, Landlord's successors and assigns, and any nominee of Landlord holding any interest in the Premises, including, without limitation any ground lessor and holder of any fee or leasehold mortgage, shall be named as additional insureds under each policy of insurance maintained by Tenant. All insurance policies required to be carried by Tenant under this Lease shall: (i) be written by companies rated A-VI or better in "Best's Insurance Guide" and authorized to do business in California; and (ii) name any parties designated by Landlord as additional insureds. Any deductible amounts under any insurance policies required to be carried by Tenant hereunder shall be subject to Landlord's prior written approval. In any event deductible amounts shall not exceed One Thousand Dollars (\$1,000.00). If at any time during the Term the amount or coverage of any insurance which Tenant is required to carry under this Lease is, in Landlord's good faith judgment, materially less than the amount or type of insurance coverage typically carried by owners or lessees or properties located in the same general market area as the Property, Landlord shall have the right to require Tenant to increase the amount or change the types of insurance coverage required under this Section.

6.07. *Tenant's Failure.* If Tenant fails to maintain any insurance required in this Lease, Tenant shall be liable for all losses and costs resulting from said failure. Tenant shall also be responsible for reimbursing Landlord for any costs incurred by Landlord pursuant to Section 16.16. Nothing herein shall be a waiver of any of Landlord's rights and remedies under any other article of this Lease or at law or equity.

6.08. *Waiver of Subrogation.* All policies of property and liability coverage insurance which Tenant obtains in connection with the Property shall include a clause or endorsement denying the insurer any rights of subrogation against Landlord. Tenant waives any rights of recovery against Landlord for injury or loss due to hazards covered by insurance to the extent of the proceeds recovered therefrom.

6.09. *Indemnification of Landlord.* Tenant shall indemnify, defend (by counsel reasonably acceptable to Landlord), protect, and hold Landlord, Landlord's partners, members, managers, employees, authorized agents and contractors (collectively, "Landlord's Authorized Representatives"), and the Property harmless from and against all claims, liabilities, penalties, losses, damages, costs and expenses, claims or judgments (including, without limitation, attorneys' fees) in connection with or arising out of any injury to persons or damage to Property occurring in, on or about the Premises, or any accident or other occurrence on or about the Property occasioned by any act or omission of Tenant, Tenant's officers, managers, employees, agents, sub-tenants, contractors, visitors, or invitees, or arising from Tenant's use, maintenance, occupation or operation of the Premises, Building, Common Area or Lot; provided, however that Tenant shall not indemnify Landlord for any injury or damage to the extent arising as the result of the gross negligence or willful misconduct of Landlord or Landlord's Authorized Representatives. Landlord need not have first paid any such claim in order to be defended or indemnified.

6.10. *Earthquake and Flood Insurance.* In addition to any other insurance policies carried by Landlord in connection with the Property, Landlord may elect to procure and maintain in full force and effect during the Term, with respect to the Property, a policy of earthquake/volcanic action and flood and/or surface water insurance, in an amount not to exceed one hundred percent (100%) of the full insurance replacement value (including debris removal and demolition of the Property, including rental value insurance against abatement or loss of rent in the case of damage or loss covered under such earthquake/volcanic and flood and/or surface water insurance.

6.11. *Workers' Compensation Insurance.* Both parties shall procure at their sole cost and expense Workers' Compensation Insurance in compliance with California law.

6.12. *Business Interruption Insurance.* Tenant shall procure at Tenant's sole cost and expense a policy of Business Interruption Insurance adequate to insure Tenant's typical exposure over a one (1) year period of time.

6.13. *Comprehensive Automobile Liability Insurance.* If Tenant operates owned, hired or nonowned vehicles on the Property then Tenant shall procure a Comprehensive Automobile Liability Insurance, at a limit of liability of not less than One Million Dollars (\$1,000,000) combined bodily injury and property damage.

6.14. *Landlord's Disclaimer.* Neither Landlord nor Landlord's Authorized Representatives shall be responsible or liable at any time for damage to Tenant's equipment, fixtures or other personal property or to Tenant's business, and neither Landlord nor Landlord's Authorized Representatives shall be responsible or liable to Tenant or to those claiming by, through or under Tenant for any damage to person or property that may be occasioned by the acts or omissions of third parties and neither Landlord nor Landlord's Authorized Representatives shall be responsible or liable for any defect in any building or Common Area in the Property or any of the equipment, machinery, utilities, appliances or apparatus therein, nor shall they be responsible or liable for any damage to any person or to any property of Tenant or other person caused by bursting, leakage or leakage, steam or the running, seepage or overflow of water or sewage in any part of the Premises or by the use of reclaimed water or for any damage caused by or resulting from acts of God or the elements or for any damage caused by or resulting from any defect or negligence in the occupancy, construction, operation or use of any of the Property, machinery, apparatus or equipment by any other

person or by or from the acts or negligence of any occupant of the Property, except to the extent such defect, damage or loss is caused by the gross negligence or willful misconduct of Landlord or Landlord's Authorized Representatives. Notwithstanding Landlord's or Landlord's Authorized Representatives' negligence or breach of this Lease, neither Landlord nor its Authorized Representatives shall be liable for injury to Tenant's business or for any loss of income or profit therefrom.

7. OPERATING EXPENSES, REPAIRS AND MAINTENANCE

7.01. *Operating Expenses.* Tenant shall pay to Landlord, as Additional Rent, the Monthly Operating Expenses amount set forth in Section 1.01 as the same shall be adjusted. The Monthly Operating Expenses shall be due and payable on the first day of each calendar month during the Term along with Monthly Base Rent and shall be prorated, as applicable, in the same manner as Monthly Base Rent under Section 4.01. Landlord and Tenant acknowledge and agree that the Monthly Operating Expenses represent a reasonable estimate of Tenant's prorata share of Landlord's tax, insurance, and common area maintenance expenses and there shall be no reconciliation of Landlord's actual expenses relative to Monthly Operating Expenses during the Term.

7.02. *Tenant Repairs and Maintenance.* Subject to the casualty and condemnation provisions of Sections 11 and 12 and except for any repair and maintenance obligations of Landlord which are specifically described in Sections 2 and 7.03, Tenant, at Tenant's sole cost and expense, shall maintain the Premises and every part thereof in good order and in a clean and safe condition, and shall repair and replace (whether or not such portion of the Premises requiring repair, or the means of repairing the same, are reasonably or readily accessible to Tenant, and whether or not the need for such repairs occurs as a result of Tenant's use, any prior use, the elements or the age of such portion of the Premises), without limitation, the following: Interior surfaces of walls and ceilings; floors; wall and floor coverings; interior and exterior windows and plate glass; skylights (if any); window coverings; doors, roll up doors, locks on closing devices; window casements and frames; storefronts; signs; awnings (if any); canopies and display windows; plumbing; electrical wiring and systems within the Premises (including replacement of light bulbs, tubes and ballasts); all heating, ventilation and air conditioning equipment and systems serving the Premises; exterior entrances; and all switches, fixtures and equipment in the Premises. Tenant shall, at Tenant's sole cost and expense, immediately replace all broken or damaged glass, including skylights (if any), in the Premises with glass equal to the specification and quality of the original glass. Tenant shall, at Tenant's sole cost and expense, enter a regularly scheduled (not less than quarterly) preventive maintenance/service contract, with a maintenance contractor approved by Landlord, for servicing all heating, ventilation and air conditioning systems and equipment serving the Premises. If Tenant does not enter into such a contract, Landlord shall be entitled to enter into such a contract, and Tenant shall pay to Landlord, as Additional Rent, upon demand by Landlord, any costs incurred by Landlord in procuring and maintaining such a contract. Upon receipt of reasonable notice from Tenant, Landlord shall perform, at the expense of Tenant, all repairs and maintenance to plumbing, pipes and electrical wiring located within walls, above ceiling surfaces and below floor surfaces resulting from the use of the Premises by Tenant. Landlord shall be responsible for any plumbing, pipes, electrical wiring, switches, fixtures or equipment located in the Premises but serving another Tenant. Tenant shall at Tenant's sole cost and expense, repair any area, in the Premises or the Common Area, damaged by Tenant, Tenant's agents, employees, contractors, or visitors, provided that Tenant obtains Landlord's prior approval with respect to the method and quality of such repair. Any repair or replacement required of Tenant shall be made with equipment and/or materials at least equal to the specification and quality of the original and shall be made by contractors approved by Landlord. Tenant shall install rug protectors in all carpeted areas in which desk chairs are located. Tenant shall keep all areas immediately adjoining the Premises free from trash, litter and obstructions resulting from Tenant's business at the Premises. Tenant shall separately provide for the removal of its refuse from the Premises. Tenant recognizes the use of some chemicals and/or maintenance techniques are potentially harmful to the Premises or the Property, and consequently, Tenant's use of such chemicals and/or maintenance techniques shall be subject to Landlord's prior written approval. Tenant hereby waives the provisions of California Civil Code Sections 1941 and 1942 and any similar or successor laws, to the extent applicable, regarding Tenant's right to terminate this lease or make repairs and deduct the cost thereof from Rent.

7.03. *Landlord Repairs and Maintenance.* Subject to the casualty and condemnation provisions of Sections 11 and 12 and except for any repair and maintenance obligations of Tenant which are specifically described in Section 7.02, Landlord shall, keep the Property, including the Premises, exterior walls of the Building, the foundation and subfloors of the Building and the roof of the Building in good condition and repair. There shall be no abatement of Rent during the performance of any work described in this Section 7.03. Landlord shall not be liable to Tenant for injury or damage that may result from any defect in the construction or condition of the Premises, nor for any damage that may result from interruption of Tenant's use of the Premises during any repairs by Landlord.

7.04. *Inspection of Premises.* Landlord may enter the Premises at reasonable times upon advance notice to Tenant in order to inspect the same, to inspect the performance by Tenant of the terms and conditions hereof, to affix reasonable signs and displays and to show the Premises to prospective purchasers, tenants and lenders. There shall be no abatement of Rent for any such entry of the Premises.

7.05. *Liens.* Tenant shall promptly pay and discharge all claims for labor performed, supplies furnished and services rendered at the request of Tenant and shall keep the Property free of all mechanic's and materialmen's liens in connection therewith. Tenant shall give Landlord not less than ten (10) days notice prior to the commencement of any work, in on or about the Premises. Landlord shall have the right to post in or on the Premises, or in the immediate vicinity thereof, notices of non-responsibility as provided by law. If Tenant shall, in good faith, contest the validity of any such lien, claim or demand, then Tenant shall, at its sole cost and expense, defend and protect itself, Landlord and the Premises against the same and shall pay and satisfy any such adverse judgment that may be rendered thereon before the enforcement thereof against Landlord or the Premises. If Landlord shall require, Tenant shall furnish to Landlord a surety bond satisfactory to Landlord in an amount equal to one and one-half times the amount of such contested lien claim or demand, indemnifying Landlord against liability for the same, as required by law for the holding of the Premises free from the effect of such lien or claim. In addition, Landlord may require Tenant to pay Landlord's attorneys' fees and costs in participating in such action if Landlord shall decide it is in its best interests to do so.

8. ALTERATIONS

8.01. *Fixtures and Personal Property.* Tenant, at Tenant's sole cost and expense, may install necessary trade fixtures, equipment and furniture in the Premises, provided that such items are installed and removable without structural damage to the Building. Landlord reserves the right to approve or disapprove curtains, draperies, shades, paint and other interior improvements visible from outside the Premises on wholly aesthetic grounds. Landlord may remove or replace such items at Tenant's sole cost and expense if Tenant fails to obtain Landlord's written approval prior to installation. Said trade fixtures, equipment and furniture shall remain Tenant's property and shall be removed by Tenant prior to expiration of the Term or earlier termination of the Lease. Tenant shall assume the risk of damage to any of Tenant's trade fixtures, equipment and furniture. Tenant shall repair, at Tenant's sole cost and expense, all damage caused by the installation or removal of trade fixtures, equipment and furniture. If Tenant fails to remove the foregoing items on termination of this Lease, Landlord may keep and use them or remove any of them and cause them to be stored or sold in accordance with applicable law, at Tenant's sole cost and expense.

8.02. *Alterations.* Tenant shall not make or allow to be made any alterations, additions, or improvements to the Premises, either at the inception of this Lease or subsequently during the Term, without obtaining the prior written consent of Landlord. With respect to any alterations, additions, or improvements approved by Landlord, Tenant shall, at Landlord's election, remove such alterations, additions or improvements at Tenant's expense prior to expiration of the Term or earlier termination of the Lease and repair any damage caused by said removal. All alterations and improvements shall remain the property of Tenant until termination of this Lease, at which time they shall be and become the property of Landlord if Landlord so elects; provided, however, that Landlord may, at Landlord's option, upon written notice to Tenant on or before ninety (90) days after termination of the Lease, require that Tenant, at Tenant's expense, immediately remove

any or all alterations, additions, and improvements made by Tenant and restore the Premises to their condition existing prior to the construction of any such alterations, additions or improvements. If Tenant fails to timely remove such alterations, additions or improvements or Tenant's trade fixtures, equipment or furniture, Landlord may keep and use them or remove any of them and, in the case of trade fixtures, equipment or furniture, cause them to be stored or sold accordance with applicable law, all at Tenant's sole cost and expense. The terms of the preceding two sentences shall survive the termination of the Lease. Tenant shall deliver to Landlord full and complete plans and specifications of all such alterations, additions or improvements, and no such work shall be commenced by Tenant until Landlord has given its written approval thereof and Tenant has acquired all applicable permits therefore required by governmental authorities. Landlord does not expressly or implicitly covenant or warrant that any plans or specifications submitted by Tenant and reviewed or approved by Landlord are safe or that the same comply with any Regulations. Further, Tenant shall indemnify, defend (by counsel reasonably acceptable to Landlord) and hold Landlord harmless from any loss, cost or expense, including attorneys' fees and costs, incurred by Landlord as a result of any defects in design, materials or workmanship resulting from Tenant's alterations, additions or improvements to the Premises. All repairs, alterations, additions, and restoration by Tenant hereinafter required or permitted shall be done in a good and workmanlike manner and in compliance with all Regulations and requirements of the insurers of the Building. Tenant shall reimburse Landlord for Landlord's reasonable charges and expenses for reviewing and approving or disapproving plans and specifications and any other documents for any alterations proposed by Tenant. Tenant shall require that any contractors used by Tenant be licensed and carry a commercial general liability insurance policy in such amounts as Landlord may reasonably require. Landlord may require proof of such insurance prior to commencement of any work on the Premises.

9. UTILITIES AND EASEMENTS

9.01. *Utilities.* Tenant shall promptly pay for all utilities and services supplied to the Premises, including, but not limited to, heat, water, reclaimed water, gas, electricity, telephone, internet, communication facilities, sewage, ventilating, refuse removal, cleaning of the Premises, together with any taxes thereon. Landlord shall not be liable to Tenant for interruption in or curtailment of any utility service, nor shall any such interruption or curtailment constitute constructive eviction or grounds for rental abatement. If any such utilities are not separately metered, Tenant shall pay a pro rata share, based on use, as reasonably determined by Landlord.

9.02. *Easements.* Landlord reserves to itself the right, from time to time, to grant, without the consent or joinder of Tenant, such easements, rights and dedications that Landlord deems necessary, and to cause the recordation of parcel maps, covenants, conditions and restrictions, so long as such easements, rights, dedications, maps, covenants, conditions and restrictions do not unreasonably interfere with the use of the Premises by Tenant. Tenant agrees to sign and deliver within ten (10) days after request by Landlord any documents reasonably requested by Landlord to effectuate any such easement rights, dedications, maps, covenants, conditions or restrictions.

10. USE OF PREMISES

10.01. *General.* Tenant shall use and occupy the Premises only for the Permitted Uses, or any other legal use which is reasonably comparable thereto, and for no other purpose (Landlord may consider such factors as tenant mix in determining whether a use is reasonably comparable). Tenant 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 owners and/or occupants of, or causes damage to neighboring properties. Landlord shall not unreasonably withhold or delay its consent to any written request for a modification of the Permitted Uses so long as the same will not impair the structural integrity of the improvements on the Premises or the mechanical or electrical systems therein, and is not significantly more burdensome to the Premises. If Landlord elects to withhold consent, Landlord shall within five (5) business days after such request give written notification of same, which notice shall include an explanation of Landlord's objections to the change in use. Tenant agrees, by Tenant's entry, that Tenant has conducted an investigation of the Premises and the acceptability of the Premises for Tenant's use, to the extent that such investigation might affect or influence Tenant's execution of this Lease. Tenant acknowledges that Landlord has made no representations or warranties in connection with the physical condition of the Premises, Tenant's use of the same, or any other matter upon which Tenant has relied directly or indirectly for any purpose.

10.02. *Hazardous Materials.* Tenant shall strictly comply with all Regulations now or hereinafter mandated or advised by any federal, state, local or other governmental agency with respect to the use, generation, storage, or disposal of hazardous, toxic, or radioactive materials (collectively, "Hazardous Materials"). As herein used, Hazardous Materials shall include, but not be limited to, those materials identified in Sections 66680 through 66685 of Title 22 of the California Administrative Code, Division 4, Chapter 30, as amended from time to time, and those substances defined as "hazardous substances," "hazardous materials," "hazardous wastes," "toxic substances," or other similar designations in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, *et seq.*, the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, *et seq.*, the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, *et seq.*, and California Health and Public Safety Code Section 25117. Tenant shall not cause, or allow anyone else to cause, any Hazardous Materials to be used, generated, stored, released or disposed of in, on or about the Property without the prior written consent of Landlord, which consent may be withheld in the sole discretion of Landlord, and which consent may be revoked at any time. Tenant's indemnification of Landlord pursuant to Section 6.09, above, shall extend to all liability, including all foreseeable and unforeseeable consequential damages, directly arising out of the use, generation, storage, release or disposal of Hazardous Materials by Tenant or any person on the Premises during the Term, including, without limitation, the cost of any required or necessary repair, cleanup, or detoxification and the preparation of any closure or other required plans, whether such action is required or necessary prior to or following the termination of this Lease. Neither the written consent by Landlord to the use, generation, storage, or disposal of Hazardous Materials nor the strict compliance by Tenant with all Regulations pertaining to Hazardous Materials shall excuse Tenant from Tenant's indemnification obligation pursuant to this Section, which obligation shall survive the termination of this Lease. Landlord, its lenders and its consultants shall have the right to enter into the Premises any time, in the case of an emergency, and otherwise at reasonable times, for the purpose of inspecting the condition of the Premises and for verifying compliance by Tenant with this Lease. The cost of any such inspections shall be paid by Landlord, unless a violation of any Regulation, or a contamination is found to exist or be imminent, or the inspection is requested or ordered by a governmental authority. In such case, Tenant shall upon request reimburse Landlord for the cost of such inspections, so long as such inspection is reasonably related to the violation or contamination.

10.03. *Environmental Disclosure.* Should Tenant wish to use, generate or store Hazardous Materials on or about the Property, Tenant shall complete, execute and deliver to Landlord an Environmental Disclosure Statement (the "Environmental Disclosure") in the form of *Exhibit E*, and Tenant shall certify to Landlord all information contained in the Environmental Disclosure as true and correct to the best of Tenant's knowledge and belief. The completed Environmental Disclosure shall be deemed incorporated into this Lease for all purposes, and Landlord shall be entitled to rely fully on the information contained therein. In the event Tenant provides an Environmental Disclosure, on each anniversary of the Commencement Date (each such date is hereinafter referred to as a "Disclosure Date"), until and including the first Disclosure Date occurring after the expiration or sooner termination of this Lease, Tenant shall disclose to Landlord, in writing, the names and amounts of all Hazardous Materials, or any combination thereof, which were stored, generated, used or disposed of on, under or about the Premises for the twelve-month period prior to and after each Disclosure Date, or which Tenant intends to store, generate, or use on, under or about the Premises. At Landlord's option, Tenant shall, execute and deliver to Landlord an Environmental Disclosure as the same may be modified by Landlord from time to time whether or not Tenant wishes to use, generate or store Hazardous Materials on or about the Property.

10.04. *Reclaimed Water.* In the event the Property uses reclaimed water, Tenant acknowledges that Tenant shall comply with all Regulations governing the use thereof. Landlord may periodically conduct such tests as may be reasonably necessary for the use of reclaimed water, including a dual shut down test to establish that there exists no cross over in water systems.

10.05. *Signs.* Any sign placed by Tenant on the Premises shall contain only Tenant's name and no advertising material. No sign (including, but not limited to, signs advertising an assignment or subletting) shall be placed on the exterior of the Premises without Landlord's written approval of the location, material, size, design and content thereof nor without Tenant's obtaining any necessary permit therefore. If Landlord installs a sign for Tenant, Tenant shall reimburse Landlord for any costs incurred by Landlord within five (5) days of demand by Landlord. Tenant shall remove any sign upon termination of this Lease, using a contractor reasonably acceptable to Landlord, and shall return the Premises to their condition prior to the placement of said sign (including completing all necessary repainting and patching).

10.06. *Parking.* Landlord shall not be liable to Tenant nor shall this Lease be affected if any parking is impaired by moratorium, initiative, referendum or Regulation or by the operations of any other tenant. Landlord grants Tenant the right to use the number of parking spaces located in the parking areas adjoining the Premises as set forth in Section 1.01, with the specific parking spaces and rules regulating the use thereof to be designated, from time to time, by Landlord. Tenant shall control Tenant's employees, agents, customers, visitors, invitees, licensees, contractors, assignees and subtenants ("Tenant's Parties") in such a manner that Tenant and Tenant's Parties cumulatively do not exceed the parking allocation specified in Section 1.01 Defined Terms at any time. Landlord may take such actions or incur such cost which it deems reasonably necessary to enforce the proper parking on the property, including the reasonable allocation to Tenant of all costs and expenses to do so. Tenant shall not use the areas outside of the Premises for the placement of dumpsters, refuse collection, outdoor storage or parking of cars and/or pickup trucks which are not in working order.

10.07. *Telephone and Telecommunications Services.* Tenant acknowledges and agrees that all telephone and telecommunications services desired by Tenant shall be ordered and utilized at the sole cost and expense of Tenant. Unless Landlord otherwise requests or consents in writing, all of Tenant's telecommunications equipment shall be and remain solely in the Tenant's Premises and, if applicable, and in accordance with rules, regulations and conditions adopted by Landlord from time to time, the telephone closet(s) in the Building in which the Tenant's Premises is located. Unless otherwise specifically agreed in writing, Landlord shall have no responsibility for the maintenance of Tenant's telecommunications equipment, including wiring, nor for any wiring or other infrastructure to which Tenant's telecommunications equipment may be connected. Landlord shall have the right, upon reasonable prior notice to Tenant, to interrupt or turn off telecommunications facilities in the event of emergency or as necessary in connection with repairs to the Building or installation of telecommunication equipment for other tenants of the Building. Any and all telecommunications equipment installed in the Tenant's Premises or elsewhere in the Building by or on behalf of Tenant, including wiring, or other facilities for telecommunications transmittal, shall be removed prior to the expiration or earlier termination of the Term, by Tenant at its sole cost and expense. Landlord shall have the right, however, upon written notice to Tenant, given no later than thirty (30) days prior to the expiration or earlier termination of the Term, to require Tenant to abandon and leave in place, without additional payment to Tenant or credit against Rent, any and all telecommunications wiring and related infrastructure, whether located in Tenant's Premises or elsewhere in the Building. Tenant shall not utilize any wireless communications equipment (other than usual and customary cellular telephones), including antenna and satellite receiver dishes, within Tenant's Premises or the Building, without Landlord's prior written consent, which consent shall not be unreasonably withheld.

11. DAMAGE AND DESTRUCTION

11.01. *Reconstruction.* If the Building is damaged or destroyed, Landlord shall, except as hereinafter provided, diligently repair or rebuild the Building to substantially the condition in which the Building existed immediately prior to such damage or destruction, provided that insurance is available to pay one hundred percent (100%) or more of the cost of such restoration, excluding the deductible amount. Landlord shall not be obligated to repair any improvements made or paid for by the Tenant.

11.02. *Rent Abatement.* Monthly Base Rent shall be abated proportionately, but only to the extent of any proceeds received by Landlord from rental abatement insurance described in Section 6.05, during any period when, by reason of such damage or destruction, Landlord reasonably determines that there is substantial interference with Tenant's use of the Premises, having regard to the extent to which Tenant may be required to discontinue Tenant's use of the Premises. Such abatement shall commence upon the date of such damage or destruction and end upon substantial completion by Landlord of the repair or reconstruction which Landlord is obligated or undertakes to do. If Landlord reasonably determines that continuation of business is not practical pending reconstruction, Monthly Base Rent shall abate to the extent of proceeds from rental abatement insurance until reconstruction is substantially completed or until business is totally or partially resumed, whichever occurs earlier.

11.03. *Option to Terminate.* If the Building is damaged or destroyed to the extent that Landlord determines that the Building cannot, with reasonable diligence, be fully repaired or restored by Landlord within one hundred eighty (180) days after the date of the damage or destruction, notwithstanding the fact that the Premises have not been totally damaged or destroyed, the sole right of both Landlord and Tenant shall be the option to terminate this Lease. Landlord's determination with respect to the extent of damage or destruction shall be conclusive on Tenant. Landlord shall notify Tenant of Landlord's determination, in writing, within thirty (30) days after the date of the damage or destruction. If Landlord determines that the Building can be fully repaired or restored within the one hundred eighty (180) day period, or if Landlord determines that such repair or restoration cannot be made within said period but neither party elects to terminate within thirty (30) days from the date of said determination, this Lease shall remain in full force and effect and Landlord shall diligently repair and restore the damage as soon as reasonably possible.

11.04. *Uninsured Casualty.* In the event the Building is damaged or destroyed and is not fully covered by the insurance proceeds received by Landlord under the insurance policies required under Section 6.01, Landlord may terminate this Lease by written notice to Tenant given within thirty (30) days after the date of Landlord's receipt of written notice from Landlord's insurance company that said damage or destruction is not so covered. If Landlord does not elect to terminate this Lease, the Lease shall remain in full force and effect, and the Building shall be repaired and rebuilt in accordance with the provisions for repair set forth in Section 11.01.

11.05. *Waiver.* With respect to any damage or destruction which Landlord is obligated to repair or may elect to repair under the terms of this Section 11, Tenant waives all rights to terminate this Lease pursuant to rights otherwise presently or hereafter accorded by law to tenants, including, without limitation, any rights arising pursuant to California Civil Code Sections 1932 and 1933.

12. EMINENT DOMAIN

12.01. *Total Condemnation.* If all of the Premises is taken under the power of eminent domain or sold in lieu of condemnation, for any public or quasi-public use or purpose ("Condemned"), this Lease shall terminate as of the date of title vesting in such proceeding, and Rent shall be adjusted to the date of termination. Tenant shall immediately notify Landlord of any such occurrence.

12.02. *Partial Condemnation.* If any portion of the Premises is Condemned, and such partial condemnation renders the Premises unusable for Tenant's business, as reasonably determined by Landlord, or if a substantial portion of the Building is Condemned as reasonably determined by Landlord, this Lease shall terminate as of the date of title vesting in such proceeding and rent shall be adjusted to the date of termination. If such partial condemnation does not render the Premises unusable for the business of Tenant or less than a substantial portion of the Building is Condemned, Landlord shall promptly restore the Premises to the extent of any condemnation proceeds recovered by Landlord, less the portion thereof lost in such condemnation, and this Lease shall continue in full force and effect except that after the date of such title vesting the Base Rent shall be adjusted as reasonably determined by Landlord. Tenant hereby waives the provisions of California Code of Civil Procedure Section 1265.130 permitting a court of law to terminate this Lease.

12.03. *Landlord's Award.* If the Premises are wholly or partially Condemned, Landlord shall be entitled to the entire award paid for such condemnation, subject to the provisions of Section 12.04, and Tenant waives any claim to any part of the award from Landlord or the condemning authority.

12.04. *Tenant's Award.* Tenant shall have the right to recover from the condemning authority, but not from Landlord, such compensation as may be separately awarded to Tenant in connection with loss of good will and costs in removing Tenant's merchandise, furniture, fixtures, leasehold improvements and equipment to a new location.

12.05. *Temporary Condemnation.* In the event the Premises is temporarily Condemned, as reasonably determined by Landlord, this Lease shall remain in effect and Tenant shall receive any award made for such condemnation. If a temporary condemnation remains in effect at the expiration or earlier termination of this Lease, Tenant shall pay Landlord the reasonable cost of performing any obligations required of Tenant by this Lease with respect to the surrender of the Premises, and upon such payment Tenant shall be excused from such obligations. If a temporary condemnation is for a period which extends beyond the Term, this Lease shall terminate as of the date of occupancy by the condemning authority, the award shall be distributed as provided in Sections 12.03 and 12.04 above, and Rent shall be adjusted to the date of such occupancy.

12.06. *Delivery of Documents.* Tenant shall immediately execute and deliver to Landlord all instruments required to effectuate the provisions of this Section 12.

13. DEFAULT

13.01. *Events of Default.* The occurrence of any of the following events shall constitute an "Event of Default" by Tenant with or without notice from Landlord:

- a. Vacating or Abandoning. Vacating or abandoning the Premises;
- b. Payment. Failure to pay Rent when due hereunder;
- c. Performance. Default in the performance of Tenant's covenants, agreements and obligations hereunder, except default in the payment of Rent, the default continuing for fifteen (15) days after notice thereof from Landlord;
- d. Assignment. A general assignment by Tenant for the benefit of creditors;
- e. Bankruptcy. The filing of a voluntary petition by Tenant or the filing of an involuntary petition by any of Tenant's creditors seeking the rehabilitation, liquidation or reorganization of Tenant under any law relating to bankruptcy;
- f. Receivership. The appointment of a receiver or other custodian to take possession of substantially all of Tenant's assets or this leasehold;
- g. Insolvency, Dissolution, Etc. Tenant's insolvency or inability to pay Tenant's debts, or failure generally to pay Tenant's debts when due; or any court entering a decree or order directing the winding up or liquidation of Tenant or of substantially all of Tenant's assets; or Tenant taking any action toward the dissolution or winding up of Tenant's affairs or the cessation or suspension of Tenant's use of the Premises;
- h. Attachment. Attachment, execution or other judicial seizure of substantially all of Tenant's assets or this leasehold;
- i. Estoppel/Financial Statements. Tenant's failure to deliver to Landlord an Estoppel Certificate mandated by Section 15.01 or a Financial Statement mandated by Section 16.02 within ten (10) days after Landlord's written request;
- j. False Financial Statements. The discovery that any Financial Statement of Tenant or any Guarantor given to Landlord was materially false; or
- k. Guarantor. If the performance of Tenant's obligations under this Lease is guaranteed: (i) the death of 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 Tenant's failure, within sixty (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 Tenant, equals or exceeds the combined financial resources of Tenant and the Guarantor that existed at the time of execution of this Lease.

Tenant hereby waives the redemption provisions of California Code of Civil Procedure Sections 1174 and 1179.

13.02. *Landlord's Remedies.*

a. Abandonment. If Tenant abandons the Premises, at Landlord's election, this Lease shall continue in effect. Landlord shall not be deemed to have terminated this Lease other than by written notice of termination from Landlord, and Landlord shall have all of the remedies of a landlord provided by California Civil Code Section 1951.4. After abandonment of the Premises by Tenant, Landlord may give notice of termination.

b. Termination. Following the occurrence of any Event of Default, Landlord shall have the right, as long as the Event of Default continues, to terminate this Lease by written notice to Tenant setting forth: (i) the Event of Default; (ii) the requirements to cure it; and (iii) a demand for possession, which shall be effective either three (3) days after it is given or upon expiration of the time specified in Section 13.01 hereinabove, whichever occurs later.

c. Re-entry. Following termination under Section 13.02 above, without prejudice to other remedies Landlord may have by reason of Tenant's default or such termination, Landlord may: (i) peaceably re-enter the Premises upon voluntary surrender by Tenant or remove Tenant therefrom and any other persons occupying the Premises, using such legal proceedings as may be available; (ii) repossess the Premises or relet the Premises or any part thereof for such term (which may be for a term extending beyond the Term), at such rental and upon such other terms and conditions as Landlord in Landlord's sole discretion shall determine, with the right to make reasonable alterations and repairs to the Premises; and (iii) remove all personal property therefrom.

d. Recovery. Following termination under Section 13.02.b above, Landlord shall have the rights and remedies of a landlord provided by California Civil Code Section 1951.2. The amount of damages Landlord may recover following termination under

subsection (b) above shall include: (i) the worth at the time of the award of the amount by which the unpaid Rent and other amounts which had been earned at the time of termination; (ii) the worth at the time of the award of the amount by which the unpaid Rent which would have been earned after termination until the time of the award exceeds the amount of such rental loss that the Tenant proves could have been reasonably avoided; (iii) the worth at the time of the award of the amount by which the unpaid Rent for the balance of the Term after the time of the award exceeds the amount of rental loss Tenant proved could be reasonably avoided; and (iv) any other amount necessary to compensate Landlord for all detriment proximately caused by Tenant's Failure to perform its obligations under this Lease. The "worth at the time of the award" of the amount referred to in (iii) above shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

e. **Right to Possession.** In accordance with California Civil Code Section 1951.4, Landlord may continue the Lease and Tenant's right to possession and recover the Rent as it becomes due, in which event Tenant may sublet or assign, subject only to reasonable limitations. Acts of maintenance, efforts to relet, and/or the appointment of a receiver to protect Landlord's interests, shall not constitute a termination of the Tenant's right to possession.

f. **Additional Remedies.** In addition to the foregoing remedies and so long as this Lease is not terminated, Landlord shall have the right to remedy any default of Tenant, to maintain or improve the Premises without terminating this Lease, to incur expenses on behalf of Tenant in seeking a new subtenant, to cause a receiver to be appointed to administer the Premises and new or existing subleases and to add to the Rent payable hereunder all of Landlord's reasonable costs in so doing, with interest at the maximum rate permitted by law from the date of such expenditure until the same is repaid.

g. **Other.** If Tenant causes or threatens to cause a breach of any of the covenants, terms or conditions contained in this Lease, Landlord shall be entitled to obtain all sums held by Tenant, by any trustee or in any account provided for herein, to enjoin such breach or threatened breach, and to invoke any remedy allowed at law, in equity, by statute or otherwise as though re-entry, summary proceedings and other remedies were not provided for in this Lease. If a notice and grace period required under Section 13.01 was not previously given, a notice to pay rent or quit, or to perform or quit given to Tenant under the unlawful detainer statute (California Code of Civil Procedure Sections 1161 et seq.) shall also constitute the notice required by Section 13.01. In such case, the applicable grace period required by Paragraph 13.01 and the unlawful detainer statute shall run concurrently, and the failure of Tenant to cure the Event of Default within the greater of the two such grace periods shall constitute both an unlawful detainer and a breach of this Lease entitling Landlord to the remedies provided for in this Lease and/or by said statute.

h. **Cumulative.** Each Right and remedy of Landlord provided for in this Lease or now or hereafter existing at law, in equity, by statute or otherwise, shall be cumulative and shall not preclude Landlord from exercising any other rights or remedies provided for in this Lease or now or hereafter existing at law or equity, by statute or otherwise.

i. **Indemnification.** Nothing in this Section 13 shall affect the right of Landlord to indemnification by Tenant in accordance with Section 6.09 for liability arising from personal injuries or property damage prior to the termination of this Lease.

14. ASSIGNMENT AND SUBLETTING

14.01. **Approval.** Tenant shall not assign, sublease, mortgage, pledge or otherwise transfer this Lease, in whole or in part, nor sublet or permit occupancy by any party other than Tenant of all or any part of the Premises without Landlord's prior written consent which shall not be unreasonably withheld, conditioned or delayed. If Tenant is a corporation, limited liability company or a partnership, the transfer of fifty percent (50%) or more of the beneficial ownership interest of the corporate stock, membership interests or partnership interests of Tenant, as the case may be, shall constitute an assignment hereunder for which such consent is required. This Lease may not be assigned by operation of law. Any purported assignment or subletting contrary to the provisions hereof shall be void. Notwithstanding that Landlord shall have no legal obligation to do so, if Landlord should decide in the future to permit an assignment or subletting, such consent by Landlord to any assignment or subletting shall not constitute a consent to any subsequent assignment or subletting. Under no circumstances shall this lease be assigned, sublet, or assumed, in whole or in part, unless Landlord receives adequate assurance of future performance of all the terms and conditions of the Lease. Such adequate assurance shall include adequate assurance: (a) of the source of Rent due under the Lease; (b) that the assignment, subletting, or assumption of the Lease shall not cause any breach in any respect of any provision in any other lease, financing agreement, or master agreement relating to the Building or Property; and (c) that the assignment, subletting, or assumption shall not disrupt in any respect any tenant mix or balance in the Building or on the Premises. Tenant shall pay promptly upon billing any and all attorneys' fees and other costs reasonably incurred by Landlord for the review or preparation of any documents in connection with a proposed assignment or sublease.

14.02. Landlord Option.

a. **Right to Cancel.** In connection with any proposed assignment or sublease, Landlord shall have the option to cancel and terminate this Lease if the request is to assign the Lease or to sublet all of the Premises; or, if the request is to sublet a portion of the Premises only, to cancel and terminate this Lease with respect to such portion. Landlord may exercise said option by notifying Tenant in writing within thirty (30) days after Landlord's receipt from Tenant of such request, and in each case such cancellation or termination shall occur as of the date set forth in Landlord's notice of exercise of such option, which shall not be less than sixty (60) days nor more than one hundred twenty (120) days following the giving of such notice.

b. **Cancellation.** If Landlord exercises Landlord's option to cancel this Lease or any portion thereof, Tenant shall surrender possession of the Premises, or the portion thereof which is the subject of the option, as the case may be, on the date set forth in such notice in accordance with the provisions of this Lease relating to surrender of the Premises at the expiration of the Term. If this Lease is canceled as to a portion of the Premises only, Rent after the date of cancellation shall be abated on a pro rata basis, as determined by Landlord. After any such cancellation, Landlord may directly lease the Premises to any party, including, without limitation, any party with whom Tenant previously discussed an assignment or subletting.

c. **Noncancellation.** If Landlord does not exercise Landlord's option to cancel this Lease pursuant to the foregoing provisions, Landlord may withhold Landlord's consent to such proposed assignment or subletting, provided such consent is not unreasonably withheld.

14.03. **Bonus Rental.** If Tenant receives rent or other consideration for any assignment or sublease in excess of the Rent or, in case of the sublease of a portion of the Premises, in excess of such Rent that is fairly allocable to such portion, as determined by Landlord, after appropriate adjustments to assure that all other payments required hereunder are appropriately taken into account, Tenant shall pay Landlord one hundred percent (100%) of the difference between each such payment of rent or other consideration and the Rent required hereunder.

14.04. **Scope.** If this Lease is (a) assigned, (b) the underlying beneficial interest of Tenant is transferred or (c) the Premises or any part thereof is sublet or occupied by anyone other than Tenant, Landlord may collect rent from the assignee, subtenant or occupant and apply the net amount collected to the Rent herein reserved and apportion any excess rent so collected in accordance with the terms of Section 14.03; provided that no such assignment, subletting, occupancy or collection shall be deemed a waiver of this covenant, or the acceptance of the

assignee, subtenant or occupant as tenant, or a release of Tenant from the further performance by Tenant or covenants on the part of Tenant herein contained. No assignment or subletting shall affect the continuing liability of Tenant (which, following assignment, shall be joint and several with the assignee), and Tenant shall not be released from performing any of the terms, covenants and conditions of this Lease.

14.05. *Release.* The term "Landlord" 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 Tenant's interest in the prior lease. In the event of a transfer of Landlord's title or interest in the Premises or this Lease, Landlord shall deliver to the transferee or assignee (in cash or by credit) any unused Security Deposit held by Landlord. Upon such transfer or assignment and delivery of the Security Deposit, as aforesaid, the prior Landlord shall be relieved of all liability with respect to the obligations and/or covenants under this Lease thereafter to be performed by Landlord. Subject to the foregoing, the obligations and/or covenants in this Lease to be performed by the Landlord shall be binding only upon the Landlord as hereinabove defined.

14.06. *Holding Over.* Tenant 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 Tenant holds over, then the Monthly Base Rent shall be increased to two hundred percent (200%) of the Monthly Base Rent applicable during the month immediately preceding the expiration or termination. Nothing contained herein shall be construed as consent by Landlord to any holding over by Tenant.

14.07. *Waiver.* Tenant waives notice of any default of any assignee or sublessee and agrees that Landlord may, at Landlord's option, proceed against Tenant without having taken action against or joined such assignee or sublessee, except that Tenant shall have the benefit of any indulgences, waivers and extensions of time granted to any such assignee or sublessee.

15. ESTOPPEL CERTIFICATE, ATTORNMEN AND SUBORDINATION

15.01. *Estoppel Certificate.* Within ten (10) days after request by Landlord, Tenant shall deliver, in recordable form, an estoppel certificate in the form determined by Landlord or Landlord's mortgagee or purchaser, to any proposed mortgagee, purchaser or Landlord. Tenant's failure to deliver said statement in such time period shall be conclusive upon Tenant that (a) this Lease is in full force and effect, without modification except as may be represented by Landlord; (b) there are no uncured defaults in Landlord's performance and Tenant has no right of offset, counterclaim or deduction against Rent hereunder; and (c) no more than one month's Rent has been paid in advance.

15.02. *Attornment.* Tenant shall, if requested, attorn to the purchaser upon a foreclosure, sale of a grant of a deed in lieu of foreclosure of the Property, and recognize such purchaser as Landlord under this Lease in the event of (a) a foreclosure proceeding; (b) the exercise of the power of sale under any mortgage or deed of trust made by Landlord, Landlord's successors or assigns which encumbers the Premises, any part thereof; or (c) the termination of a ground lease; or (d) a sale of the Property.

15.03. *Subordination.* The rights of Tenant hereunder are subject and subordinate to the lien of any mortgage or lien resulting from any other method of financing or refinancing, now or hereafter in force against the Premises, and to all advances made upon the security thereof; provided, however, that notwithstanding such subordination, so long as the Tenant is not in default under this Lease, this Lease shall not be terminated or subject to termination by any trustee's sale, action to enforce the security or proceeding or action in foreclosure. If requested, Tenant shall execute whatever documentation may be required to further effect the provisions of this Section 15.03.

16. MISCELLANEOUS

16.01. *Waiver.* No waiver by Landlord of any default or breach of any covenant by Tenant hereunder shall be implied from any omission by Landlord to take action on account of such default if such default persists or is repeated, and no express waiver shall affect any default other than the default specified in the waiver and then said waiver shall be operative only for the time and to the extent therein stated. Waivers of any covenant, term or condition contained herein by Landlord shall not be construed as a waiver of any subsequent breach of the same covenant, term or condition. The consent or approval by Landlord to any act of Tenant requiring further consent or approval by Landlord shall not be deemed to waive or render unnecessary Landlord's consent or approval to any subsequent similar acts. No waiver by Landlord of any provision under this Lease shall be effective unless in writing and signed by Landlord. Landlord's acceptance of full or partial payment of Rent during the continuance of any breach of this Lease shall not constitute a waiver of any such breach of this Lease. Efforts by Landlord to mitigate the damages caused by Tenant's breach of this Lease shall not be construed as a waiver of Landlord's right to recover damages under Section 13.

16.02. *Financial Statements.* Within ten (10) days after Landlord's written request, Tenant shall deliver to Landlord current audited financial statements of Tenant and any Guarantor.

16.03. *Accord and Satisfaction.* No payment by Tenant of a lesser amount than the Rent nor any endorsement on any check or letter accompanying any check or payment as Rent shall be deemed an accord and satisfaction of full payment of Rent, and Landlord may accept such payment without prejudice to Landlord's right to recover the balance of such Rent or to pursue other remedies.

16.04. *Limitation of Landlord's Liability.* The obligations of Landlord under this Lease are not personal obligations of the individual partners, directors, members, managers, officers and shareholders of Landlord, and Tenant shall look solely to the Property for satisfaction of any liability and shall not look to other assets of Landlord nor seek recourse against the assets of the individual partners, directors, members, managers, officers and shareholders of Landlord.

16.05. *Entire Agreement.* This Lease sets forth all the covenants, agreements, conditions and understandings between Landlord and Tenant concerning the Property, and there are no covenants, agreements, conditions or understandings, either oral or written, between Landlord and Tenant other than as set forth herein. No alteration, amendment, change or addition to this Lease shall be binding upon Landlord and Tenant unless in writing and signed by both Landlord and Tenant.

16.06. *Time.* Time is of the essence of this Lease.

16.07. *Attorneys' Fees.* In any action which Landlord or Tenant brings to enforce its respective rights hereunder, the unsuccessful party shall pay all costs incurred by the prevailing party including reasonable attorneys' fees, to be fixed by the court, and said costs and attorneys' fees shall be a part of the judgment in said action.

16.08. *Captions and Article Letters.* The captions, article letters and table of contents appearing in this Lease are inserted as a matter of convenience and in no way define or limit the provisions of this Lease.

16.09. *Severability.* If any provision of this Lease or the application of any such provision shall be held by a court of competent jurisdiction to be invalid, void or unenforceable to any extent, the remaining provisions of this Lease and the application thereof shall remain in full force and effect and shall not be affected, impaired or invalidated.

16.10. *Applicable Regulations.* This Lease, and the rights and obligations of the parties hereto, shall be construed and enforced in accordance with the laws of the State of California.

16.11. *Rules and Regulations.* At all times during the Term, Tenant shall comply with the rules and regulations ("Rules and Regulations") for the Building and the Lot, as set forth in Exhibit H (and such amendments as Landlord may reasonably adopt) attached hereto and by this reference made a part thereof.

16.12. *Examination of Lease.* Submission of this Lease to Tenant does not constitute an option to Lease, and this Lease is not effective until execution and delivery by both Landlord and Tenant.

16.13. *Surrender.* Upon the expiration or earlier termination of this Lease, Tenant shall surrender the Premises to Landlord in the same condition as existed on the date Tenant originally took possession thereof, including, but not limited to, all interior walls cleaned, all interior painted surfaces repainted in the original color, all holes in walls repaired, all carpets shampooed and cleaned, all HVAC equipment in operating order and in good repair, and all floors cleaned, waxed, and free of any Tenant-introduced marking or painting, all to the reasonable satisfaction of Landlord. Tenant shall not commit or allow any waste or damage to be committed on any portion of the Premises or Building. All property that Tenant is required to surrender shall become Landlord's property upon the termination of this Lease. Landlord may cause any of said personal property that is not removed from the Premises within thirty (30) days after the date of any termination of this Lease to be removed from the Premises and store at Tenant's expense, or at Landlord's election said personal property thereafter shall belong to Landlord without the payment of any consideration, subject to the rights of any person holding a perfected security interest therein. All keys to the Premises or any part thereof shall be surrendered to Landlord upon expiration or sooner termination of the Term. Tenant shall give written notice to Landlord at least thirty (30) days prior to vacating the Premises and shall meet with Landlord for a joint inspection of the Premises at the time of vacating, but nothing contained herein shall be construed as an extension of the Term or as a consent by Landlord to any holding over by Tenant. In the event of Tenant's failure to give such notice or participate in such joint inspection, Landlord's inspection at or after Tenant's vacating the Premises shall conclusively be deemed correct for purposes of determining Tenant's responsibility for repairs and restoration.

16.14. *Authority.* If Tenant 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. Tenant shall, within thirty (30) days after request, deliver to Landlord satisfactory evidence of such authority.

16.15. *Broker.* Tenant warrants that it has had no dealings with any real estate broker or agent other than the broker set forth in Section 1.01 ("Broker") in connection with the negotiation of this Lease, and that it knows of no other real estate broker or agent who is entitled to any commission or finder's fee in connection with this Lease. Tenant agrees to indemnify Landlord and hold Landlord harmless from and against any and all claims, demands, losses, liabilities, lawsuits, judgments, costs and expenses (including without limitation, attorneys' fees and costs) with respect to any leasing commission or equivalent compensation alleged to be owing on account of Tenant's dealings with any real estate broker or agent other than Broker.

16.16. *Landlord's Right to Perform.* Upon Tenant's failure to perform any obligation of Tenant hereunder, including without limitation, payment of Tenant's insurance premiums, charges of contractors who have supplied materials or labor to the Premises, etc., Landlord shall have the right to perform such obligations of Tenant on behalf of Tenant and/or to make payment on behalf of Tenant to such parties. Tenant shall reimburse Landlord the reasonable cost of Landlord's performing such obligations on Tenant's behalf, including reimbursement of any amounts that may be expended by Landlord, plus interest at the maximum rate permitted by law as Additional Rent.

16.17. *Modification for Lender.* If, in connection with obtaining construction, interim or permanent financing for the Building, the lender shall request reasonable modifications in this Lease as a condition to such financing, Tenant shall not unreasonably withhold, delay or defer its consent thereto, provided that such modifications do not materially increase the obligations of Tenant hereunder or materially adversely affect the leasehold interest hereby created or Tenant's rights hereunder.

16.18. *Landlord's Lien.* In addition to any statutory lien for Rent in Landlord's favor, Landlord shall have and Tenant hereby grants to Landlord a continuing security interest for all Rent becoming due hereunder from Tenant. Upon all goods, wares, equipment, fixtures, furniture, inventory, accounts, contract rights, chattel paper and other personal property of Tenant situated on the Premises, and such property shall not be removed therefrom without the consent of Landlord until all arrearages in Rent shall first have been paid and discharged. In the event of a default under this Lease, Landlord shall have, in addition to any other remedies provided herein or by law, all rights and remedies under the Uniform Commercial Code, including without limitation the right to sell the property described in this Section 16.18 at public or private sale upon ten (10) days notice to Tenant. Tenant hereby agrees to execute a California Form UCC-1 and such other instruments necessary or desirable in Landlord's discretion, from time to time, to perfect the security interest hereby created. Any statutory lien for rent is not hereby waived, the express contractual lien herein granted being in addition and supplementary thereto.

16.19. *Relocation.* At its option, Landlord may substitute for the Premises other space (hereafter called "Substitute Premises") in the Property before the Commencement Date or at any time during the Term. Insofar as reasonably possible, the Substitute Premises shall have a comparable square foot area and a configuration substantially similar to the Premises. Landlord shall give Tenant at least sixty (60) days notice of its intention to relocate Tenant to the Substitute Premises. This notice will be accompanied by a floor plan of the Substitute Premises. Landlord agrees to construct, at its own expense, the Substitute Premises as expeditiously as possible so that it is in substantially the same state that the Premises was in immediately prior to the relocation. Landlord shall have the right to reuse the fixtures, improvements, and alterations used in the Premises. Tenant agrees to occupy the Substitute Premises after Landlord's work is substantially completed. Landlord shall pay Tenant's reasonable cost of moving Tenant's furnishings, trade fixtures, equipment and inventory to the Substitute Premises. Subject to the terms hereof, Tenant agrees that all of the obligations of this Lease, including the payment of Rent, will continue despite Tenant's relocation to the Substitute Premises. Upon substantial completion of the Substitute Premises, this Lease will apply to the Substitute Premises as if it had been the space originally described in the Lease. Landlord shall use all reasonable efforts to minimize any period when the Premises shall be closed to the public as a result of relocation. Tenant's Monthly Base Rent (but not Additional Rent) shall abate from the date the Premises is closed until the date the Substitute Premises is open for business. Except as provided above, Landlord shall not be liable or responsible in any way for damages or injuries suffered by Tenant pursuant to a relocation in accordance with this provision including, but not limited to, loss of good will, business or profits.

16.20. *Notices.* All notices to be given hereunder shall be in writing and mailed postage prepaid by certified or registered mail, return receipt requested, or delivered by personal delivery, to Landlord's Address and Tenant's Address, or to such other place as Landlord or Tenant may designate in a written notice given to the other party. Notices shall be deemed served three (3) days after the date of mailing.

IN WITNESS WHEREOF, the parties have executed this Lease as of the date and year first above written.

LANDLORD

RBT Investment Company,
a California general partnership

By: _____
Jon Q. Reynolds, Trustee of the Jon
Q. Reynolds & Ann S. Reynolds
Family Trust dated 12/23/92,
general partner

By: _____
Karen L. Brown, Trustee of the David A.
Brown Family Trust dated 4/27/93,
general partner

By: _____
Kristen Stinnett-Brown, as Successor
Trustee of the Judith B. Brown 1992
Trust Agreement, general partner

By: Delta Properties, a California general partnership,
general partner

By: _____
Jon Q. Reynolds, Trustee of the Jon Q.
Reynolds and Ann S. Reynolds Family
Trust dated 12/23/92, general partner

By: _____
Karen L. Brown, Trustee of the David
A. Brown Family Trust dated 04/27/93,
general partner

TENANT

Davis Street Community Center,
a private non-profit corporation

By: _____
Rose Padilla Johnson, Chief Executive Officer

NOTICE: If Tenant is a corporation or a limited liability company, Tenant's authorized officers or members must sign on Tenant's behalf in accordance with the provisions of a certified corporate or limited liability company resolution, as the case may be. If Tenant is a general or limited partnership, all of the general partners must sign this Lease, as indicated by the agreement of general or limited partnership.

EXHIBIT A
(Legal Description)

That parcel of land in the City of San Leandro, County of Alameda, State of California, described as follows:

A portion of Parcel 1 of Parcel Map No. 598, filed July 10, 1970, in Map Book 64, page 49, Alameda County Records, described as follows:

Beginning at a point on the southeastern line of said Parcel 1 of Parcel Map No. 598; distant thereon south 62° 19' 18" west 477.128 feet from the southwestern line of Alvarado Street; running thence along said line of Parcel 1, south 62° 19' 18" west 214.500 feet; thence north 27° 46' 30" west 239.579 feet to the southeastern line of Teagarden Street; thence along said line of Teagarden Street north 62° 13' 30" east 214.500 feet; thence south 27° 47' 30" east 239.941 feet to the point of beginning.

INITIALS

Landlord _____

Tenant _____

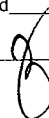
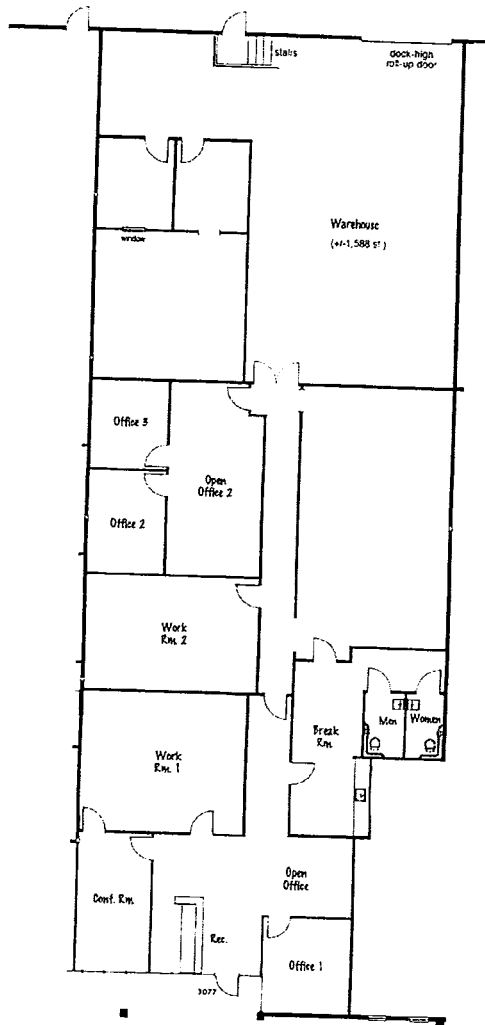


EXHIBIT B
(Building Floor Plan)



3077 Teagarden St.
San Leandro, CA

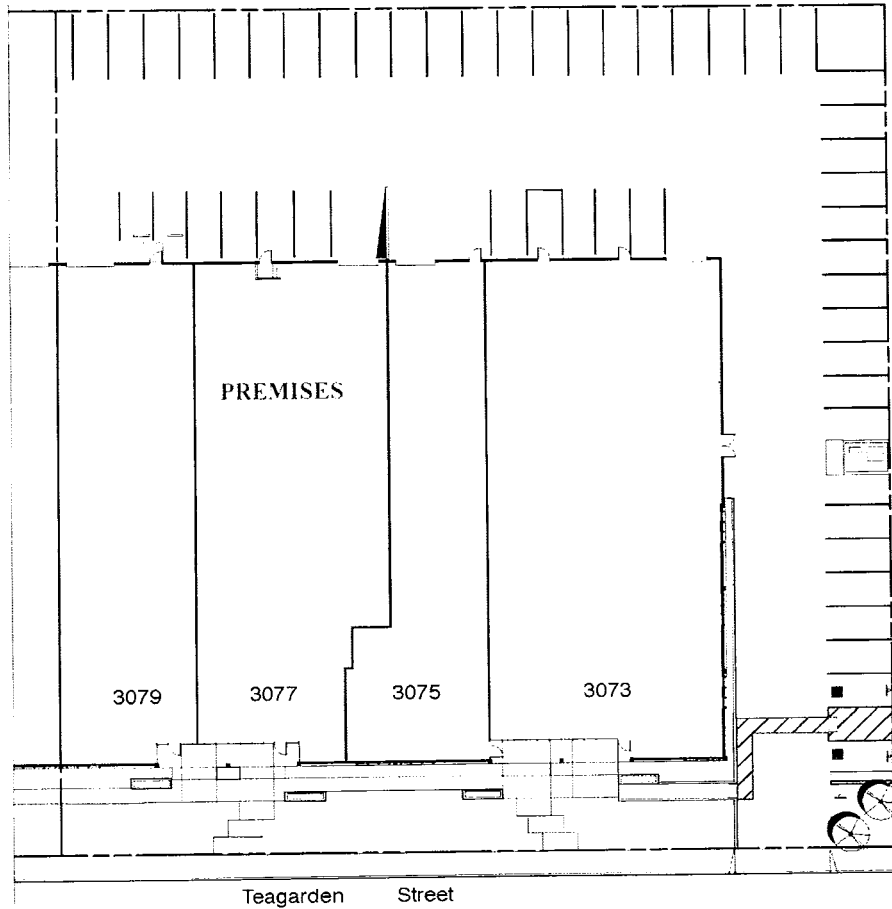
INITIALS

Landlord _____

Tenant [Signature]

EXHIBIT D

(Site Plan)



3073-3079 Teagarden St., San Leandro, CA

INITIALS

Landlord _____

Tenant *g*

ORIGINAL SIGNED LEASE

EXHIBIT F

ENVIRONMENTAL DISCLOSURE STATEMENT

This Environmental Disclosure Statement is designed to solicit information concerning your proposed use of Hazardous Materials (as defined in Section 10.02 of the Standard Form Industrial Lease) on property ("the Premises") owned by RBT Investment Company, a California general partnership. Landlord ("the Landlord"). Please complete the questionnaire and return it to Reynolds & Brown or its designee for evaluation. If additional space is necessary, please continue your answer on separate paper. In the event your proposed use, generation or storage of Hazardous Materials is considered to be significant, we may require further information. Thank you for your cooperation with this matter.

I. BACKGROUND INFORMATION

Davis Street Community Center
Name (Corporation, Partnership, Public Agency or individual)

3081 Teagarden Street, San Leandro, CA 94577
Street Address City, State, Zip Code

Rose Padilla Johnson, Chief Executive Officer
Contact Person and Title:

Telephone Number: 510.347.4620

Address of the Premises (property to be leased)

3077 Teagarden Street, San Leandro, CA 94577
Street Address City, State, Zip Code

IF NOT APPLICABLE TO YOUR BUSINESS – INITIAL HERE

II. DESCRIPTION OF PROPOSED FACILITY

A. Describe in detail your proposed facility and the type of operations to be conducted on the Premises including principal products to be produced and/or services to be performed:

B. What environmental laws (e.g. Resource Conservation and Recovery Act; Clean Air Act; California Occupational Safety and Health Act; California Hazardous Waste Control Law; The Porter-Cologne Water Quality Control Act; The Safe Drinking and Toxic Enforcement Act of 1986) must be complied with in connection with your proposed facility and operations? Identify the governmental agencies responsible for monitoring and evaluating the compliance of the proposed facility with any environmental law:

III. STORAGE OF HAZARDOUS MATERIALS

A. Do you intend to store any Hazardous Materials on the Premises?

If yes, describe (i) the Hazardous Materials to be store, (ii) the estimated quantity (on an annual basis) of Hazardous Materials to be store, and (iii) the proposed method of storage (e.g. above-ground storage tanks, underground storage tanks, drums, pipelines):

<u>Hazardous Material</u>	<u>Method of Storage</u> (Describe capacity and composition of container)	<u>Quantity</u> (On an annual basis)
---------------------------	--	---

B. Identify any permits and/or licenses which must be obtained in connection with the storage of any Hazardous Materials:

IV. HAZARDOUS WASTE MANAGEMENT

Identify any Hazardous Materials (other than air emissions and wastewater described in V and VI) which will be generated by the facility, the hazard class, and the quantity of generation on a monthly basis:

<u>Hazardous Material</u>	<u>Hazard Class</u>	<u>Quantity</u> (On a monthly basis)
---------------------------	---------------------	---

Describe the method(s) of disposal for each Hazardous Material:

Do you intend to treat or process any Hazardous Materials on the Premises? If yes, describe the proposed method(s) of treatment and/or processing:

Identify any permits and/or licenses which must be obtained in connection with (i) the disposal of each Hazardous Material and (ii) any treatment or processing of Hazardous Materials:

V. AIR EMISSIONS

- A. Describe air emissions from each source of anticipated air pollutants including fuel burning equipment (describe type of fuel burned) on the Premises:
- B. Describe the air pollution control equipment to be used to reduce emissions from each source of air emissions:
- C. Describe the method(s) to be used to monitor any air emissions:
- D. Identify any permits and/or licenses which must be obtained in connection with any air emissions:

VI. WATER DISCHARGES

- A. List all sources of wastewater discharges to surface waters, septic systems or holding ponds:
- B. List all sources of wastewater discharges to public sewer systems:
- C. List the average daily flow for each discharge:
- D. Identify any permits and/or licenses which must be obtained in connection with any wastewater discharge:

VII. PAST AND PRESENT OPERATIONS

- A. Are there any governmental agency enforcement actions, past, pending or, to the best of your knowledge, threatened administrative or court orders or actions or consent decrees concerning compliance by your company with environmental laws in connection with facilities similar to the proposed facility? If yes, are there any continuing compliance obligations as a result of such orders or decrees?
- B. Has your company received requests for information from governmental agencies responsible for regulating compliance with environmental laws? If yes, please explain the basis for such request(s):
- C. Has your company been the subject of any administrative inquiries in connection with Hazardous Materials? If yes, please explain the basis for such inquiry:
- D. Are there any past, pending or, to the best of your knowledge, threatened private actions against your company concerning compliance with environmental laws? If yes, what is the status and/or result of each action:

As an officer, a general partner or a duly authorized representative of the company, I am familiar with all operations of the company and the operations to be conducted on the Premises. I have made due inquiry in answering the foregoing questions and hereby certify to Landlord that to the best of my knowledge, information and belief the information disclosed above is true and correct and complete.

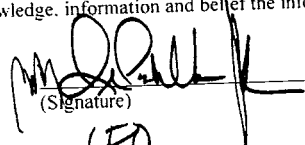

(Signature)
LEO
(Title)

EXHIBIT G

(Sign Criteria)

Page 1 of 4

REYNOLDS & BROWN

Commercial Building Sign Standards

Sign Type D-4

DESCRIPTION
Dimensional letters

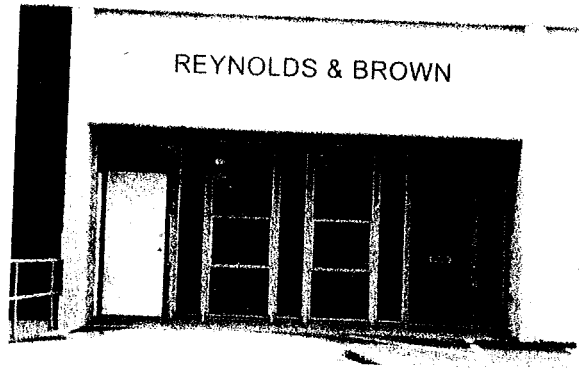
SIZE
12"

INSERTS
None

USE & APPLICATION
For tenant identification
on building facade - Center
over main entrance

TYPOGRAPHY
Optima, Times Bold,
Helvetica Bold

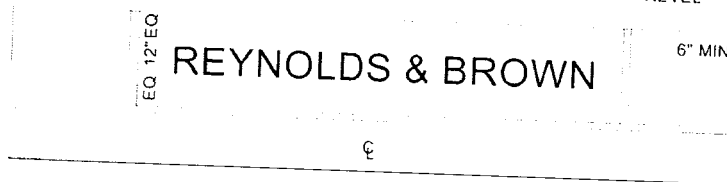
COLORS
Dark green, dark gray,
dark blue, white, black



24" MINIMUM
FROM BUILDING
REVEL

20'-0" MAX

24" MINIMUM
FROM BUILDING
REVEL



Two Lines of Copy

REYNOLDS &
BROWN

INITIALS

Landlord _____

Tenant AB

EXHIBIT G

(Sign Criteria)

Page 2 of 4

REYNOLDS & BROWN
Commercial Building Sign Standards

Sign Type E

DESCRIPTION
Vinyl letters

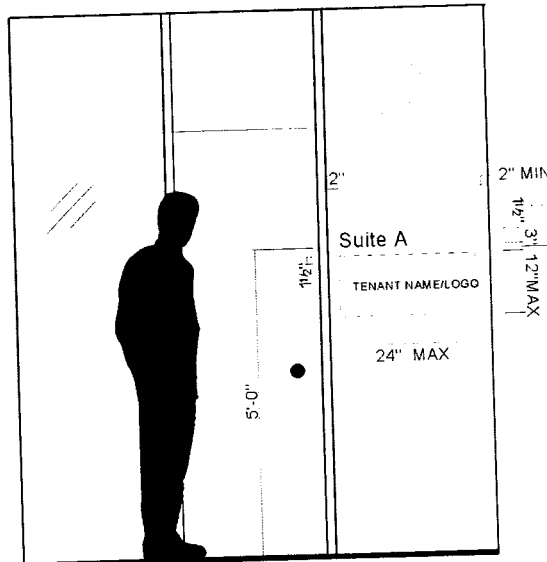
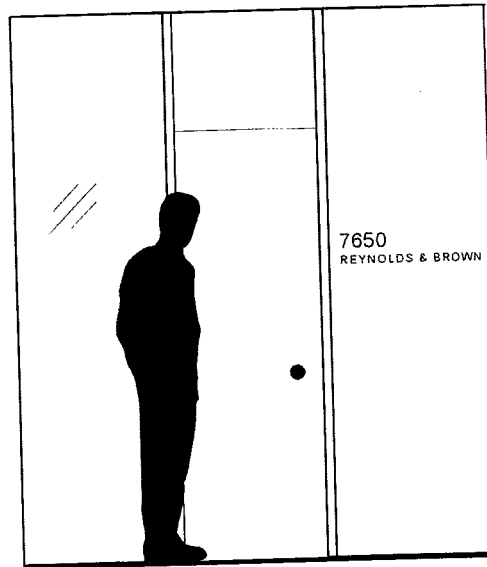
SIZE
See drawing

INSERTS
None

USE & APPLICATION
Suite or address
along with tenant
identification at main
entrance sidelight

TYPOGRAPHY
Futura Bold

COLORS
White



INITIALS

Landlord _____

Tenant

EXHIBIT G

(Sign Criteria)

Page 3 of 4

REYNOLDS & BROWN

Commercial Building Sign Standards

SIGN TYPE C-1

PROJECT	
ADDRESS	
TENANT	

STANDARD SIGN

DESCRIPTION
Wall panel

SIZE
18" X 18"

INSERTS
None

USE & APPLICATION

Tenant and suite identification at back entrance. Also use for miscellaneous information message.

PRODUCT DESCRIPTION

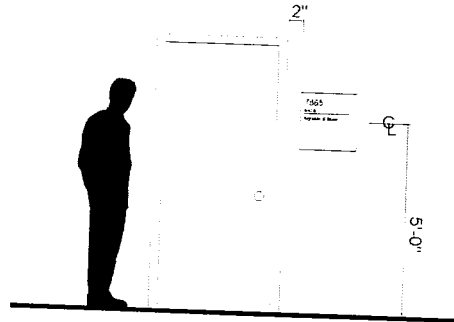
1/8" painted aluminum sheet with vinyl copy

TYPOGRAPHY

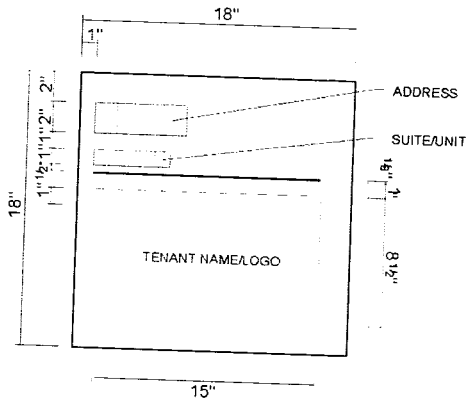
Futura Bold

COLORS

Type: Gloss White
Matthews 774-2F
Panel: Dark Green
Matthews 61A 1A



TYPEFACE SHOWN: FUTURA BOLD
SEE SEPARATE DRAWINGS FOR FONTING & INSTALLATION DETAILS
DRAWINGS NOT TO SCALE



6/99 - VER 1 PAGE 01

INITIALS

Landlord _____

Tenant

ORIGINAL SIGNED LEASE

EXHIBIT G

(Sign Criteria)

Page 4 of 4

REYNOLDS & BROWN
Commercial Building Sign Standards

Sign Type D-1

DESCRIPTION
Dimensional numbers

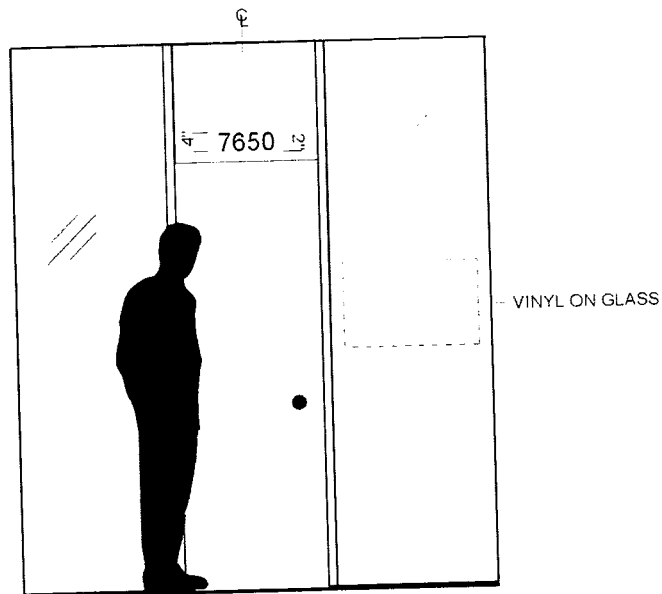
SIZE
4"

INSERTS
None

USE & APPLICATION
Address centered above
main door entrance

TYPOGRAPHY
Futura Bold

COLORS
Anodized aluminum finish (silver)



INITIALS

Landlord _____

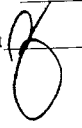
Tenant 

EXHIBIT H

Reynolds and Brown

RULES AND REGULATIONS

1. The sidewalks, entrances, lobby and public corridors shall be used only as a means of ingress and egress and shall remain unobstructed at all times. The entrance and exit doors of all suites are to be kept closed at all times except as required for orderly passage to and from a suite. Loitering in any part of the Building or obstruction of any means of ingress or egress shall not be permitted. Doors and windows shall not be covered or obstructed.
2. Plumbing fixtures shall not be used for any purposes other than those for which they were constructed, and no rubbish, newspapers, trash or other substances of any kind shall be thrown into them. Walls, floors and ceiling shall not be defaced in any way and no one shall be permitted to mark, drive nails, screws or drill into, paint or in any way mar any Building surface, except that pictures, certificates, licenses and similar items normally used in Tenant's business may be carefully attached to the walls by Tenant in a manner to be prescribed by Landlord. Upon removal of such items by Tenant any damage to the walls or other surfaces, except minor nail holes, shall be repaired by Tenant.
3. No awning, shade, sign, advertisement or notice shall be inscribed, painted, displayed or affixed on, in or to any window, door or any other part of the outside or inside of the Building or the demised premises. No window displays or other public displays shall be permitted without the prior written consent of Landlord.
4. The cost of any special electrical circuits for items such as copying machines, computers, microwaves, etc., shall be borne by Tenant unless the same are part of the building standard improvements. Prior to installation of equipment Tenant must receive written approval from Landlord.
5. No improper noises, vibrations or odors will be permitted in the Building, nor shall any person be permitted to interfere in any way with tenants or those having business with them. No person will be permitted to bring or keep within the Building any animal, bird or any toxic or flammable substances without Landlord's prior permission. No person shall throw trash, refuse, cigarettes or other substances of any kind any place within or out of the Building except in refuse containers.
6. All re-keying of office doors after occupancy will be at the expense of Tenant.
7. Tenant will not install or use any window coverings except those provided by Landlord, nor shall Tenant use the leased premises for storage, drying of laundry or any other activity which would detract from the appearance of the Building or interfere in any way with the use of the Building by other tenants.
8. At Landlord's option, Tenant shall provide and cause all Tenant's employees to use protective floor mats under all desk chairs used in the Premises.
9. If Tenant requires telegraphic, telephonic, burglar, or of similar services, it shall first obtain, and comply with, Landlord's instructions in their installation.
10. Tenant shall not install any radio or television antenna, loudspeaker or other device on the roof or exterior walls of the Building. Tenant shall not interfere with radio or television broadcasting or reception from or in the Building elsewhere. Tenant shall not install, maintain or operate upon the Premises any vending machine without the written consent of Landlord. Canvassing, soliciting and distribution of handbills or any other written material, and peddling in the Building are prohibited, and each tenant shall cooperate to prevent same. Landlord reserves the right to exclude or expel from the Building any person who, in Landlord's judgment, is intoxicated or under the influence of liquor or drugs or who is in violation of any of the Rules and Regulations of the Building.
11. Tenant shall not park its vehicles in any parking areas designated by Landlord as areas for parking by visitors to the Building. Tenant shall not park any vehicles in the Building parking areas overnight. Tenant shall not park vehicles in the Building parking areas larger than full size passenger automobiles or pickup trucks. Landlord may, in its sole discretion, designate separate areas for bicycles and motorcycles. Tenant shall not leave any bicycles or motorcycles in the Building parking areas overnight.
12. Landlord may waive any one or more of these Rules and Regulations for the benefit of Tenant or any other tenant, but no such waiver by Landlord shall be construed as a waiver of such Rules and Regulations in favor of Tenant or any other tenant, nor prevent Landlord from thereafter enforcing any such Rules and Regulations against any or all of the tenants of the Building.
13. Tenant shall be deemed to have read these Rules and Regulations and to have agreed to abide by them as a condition to its occupancy of the Premises.

INITIALS

Landlord / _____

Tenant /  _____

Second Amendment to Lease Agreement

This Second Amendment to Lease Agreement ("Second Amendment") is entered into as of this 14th day of July, 2017 by and between RBT Investment Company, a California general partnership, as "Landlord" and Davis Street Community Center, a private non-profit corporation, as "Tenant".

The parties enter this Second Amendment based upon the following facts, understandings and intentions:

A. Landlord and Tenant entered into a certain Lease Agreement dated July 10, 2015 and as amended by the First Amendment to Lease Agreement dated June 30, 2016 (known collectively as the "Lease") pursuant to which Landlord leased to Tenant certain improved real property commonly known as 3079 Teagarden Street located in the City of San Leandro, County of Alameda, State of California ("Premises").

B. Landlord and Tenant now desire to modify said Lease in certain respects as hereinafter provided. Capitalized terms not defined herein shall have the meaning given to them in the Lease.

Now Therefore, in consideration of the mutual covenants and promises of the parties, the parties hereto agree as follows:

1. Term. The Term of the Lease shall be extended for a period of Sixty (60) months commencing September 1, 2017 and expiring August 31, 2022 ("Second Extended Term").

2. Monthly Base Rent. The Monthly Base Rent for the Second Extended Term shall be in accordance with the following schedule:

<u>Months</u>	<u>Monthly Base Rent</u>
9/1/17-8/31/18	Four Thousand Two Hundred Thirty Five and 40/100 Dollars (\$4,235.40)
9/1/18-8/31/19	Four Thousand Three Hundred Sixty Two and 46/100 Dollars (\$4,362.46)
9/1/19-8/31/20	Four Thousand Four Hundred Ninety Three and 34/100 Dollars (\$4,493.34)
9/1/20-8/31/21	Four Thousand Six Hundred Twenty Eight and 14/100 Dollars (\$4,628.14)
9/1/21-8/31/22	Four Thousand Seven Hundred Sixty Six and 98/100 Dollars (\$4,766.98)

3. Monthly Operating Expenses. Effective September 1, 2017 the Monthly Operating Expenses shall be Three Hundred Seven and 00/100 Dollars (\$307.00). The Monthly Operating Expenses shall increase by three percent (3%) annually on the anniversary of the Commencement Date of the Term.

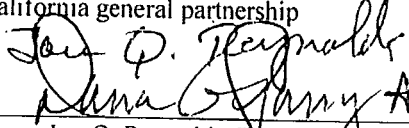
4. Corporate Authority. If Tenant executes this Second Amendment to Lease Agreement as a corporation, each of the persons executing this Second Amendment on behalf of Tenant hereby covenants and warrants that: (i) Tenant is a duly authorized and an existing corporation; (ii) Tenant is qualified to do business in the State of California; (iii) Tenant has full right and authority to enter into this Second Amendment; and, (iv) each of the persons executing on behalf of Tenant is authorized to do so.

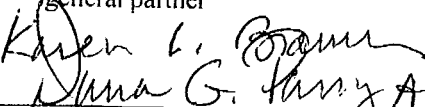
5. Continuing Obligations. Except as provided in this Second Amendment, the rights and obligations of Landlord and Tenant under the Lease shall remain in full force and effect and all of the terms and conditions of the Lease not in conflict with the terms and conditions of this Second Amendment to Lease shall remain the same.

IN WITNESS WHEREOF, the parties have executed this Second Amendment to Lease as of the date and year first above written.

LANDLORD

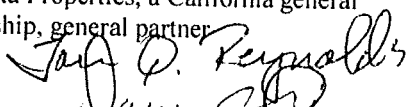
RBT Investment Company,
a California general partnership

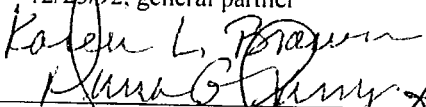
By: 
Jon Q. Reynolds, Trustee of the Jon
Q. Reynolds & Ann S. Reynolds
Family Trust dated 12/23/92,
general partner

By: 
Karen L. Brown, Trustee of the David
A. Brown Family Trust dated 4/27/93,
general partner

By: _____
Kristen Stinnett-Brown, as Successor
Trustee of the Judith B. Brown 1992
Trust Agreement, general partner


By: Delta Properties, a California general
partnership, general partner

By: 
Jon Q. Reynolds, Trustee of the
Jon Q. Reynolds and Ann S.
Reynolds Family Trust dated
12/23/92, general partner

By: 
Karen L. Brown, Trustee of the
David A. Brown Family Trust
dated 04/27/93, general partner

TENANT

Davis Street Community Center,
a private non-profit corporation

By: 
Rose Padilla Johnson, Chief Executive Officer

NOTICE: If Tenant is a corporation or a limited liability company, Tenant's authorized officers or members must sign on Tenant's behalf in accordance with the provisions of a certified corporate or limited liability company resolution, as the case may be. If Tenant is a general or limited partnership, all of the general partners must sign this Agreement, as indicated by the agreement of general or limited partnership.

REYNOLDS & BROWN
STANDARD FORM LEASE

ORIGINAL SIGNED LEASE

REYNOLDS & BROWN

**STANDARD FORM LEASE
(MULTI-OCCUPANCY)**

THIS LEASE AGREEMENT (the "Lease") is entered into as of July 10, 2015 by and between RBT Investment Company, a California general partnership, as "Landlord" and Davis Street Community Center, a private non-profit corporation, as "Tenant"

1. DEFINED TERMS, TABLE OF CONTENTS, EXHIBITS, PREMISES AND LANDLORD'S RESERVED RIGHTS

1.01. Defined Terms.

Landlord:	RBT Investment Company, a California general partnership
Landlord's Address:	RBT Investment Company c/o Reynolds & Brown 1200 Concord Avenue, Suite 200 Concord, CA 94520
Tenant:	Davis Street Community Center, a private non-profit corporation
Tenant's Address:	3079 Teagarden Street San Leandro CA
Legal Description of Land:	See <u>Exhibit A</u> attached hereto.
Property:	All of the real property and improvements identified in the Site Plan set forth in <u>Exhibit D</u> attached hereto.
Building:	3073-3079 Teagarden Street, San Leandro, CA 94577
Premises:	See <u>Exhibit B</u> .
Rentable Square Feet of the Premises:	Four Thousand Seven Hundred Six (4,706)
Rentable Square Feet of the Building:	Twenty two Thousand Four Hundred Eighty Four (22,484)
Rentable Square Feet of the Property:	Twenty two Thousand Four Hundred Eighty Four (22,484)
Premises Address:	
Street Address:	3079 Teagarden Street
City, State and Zip Code	San Leandro CA
County:	Alameda
Term:	Twelve (12)
Scheduled Commencement Date:	September 1, 2015
Monthly Base Rent:	Three Thousand One Hundred Six Dollars (\$3,106)
Adjustment Dates for Rent Escalations:	None
Monthly Operating Expenses:	Three Hundred Seven Dollars (\$307)
Prepaid Rent:	None
Security Deposit:	None
Commercial Liability Policy Limit:	Two Million Dollars (\$2,000,000)
Permitted Use:	General office and community services
Date of Recordation of any Covenants, Conditions, Restrictions or Reciprocal Easement Agreement ("Restrictions"):	January 19, 1973
Notices:	
To Tenant:	Davis Street Community Center 3079 Teagarden Street San Leandro CA
To Landlord:	RBT Investment Company c/o Reynolds & Brown 1200 Concord Avenue, Suite 200 Concord, CA 94520
Guarantor:	None
Landlord's Architect:	Flynn Architects

Representation Confirmation:

The real estate agency relationships described below are hereby confirmed:

Reynolds & Brown, Listing Agent for Landlord
Is the agent of (check one)

☒ The Landlord exclusively; or
☐ Both the Landlord and the Tenant

None, Agent for Tenant
Is the agent of (check one):

☐ The Tenant exclusively; or
☐ The Landlord exclusively; or
☐ Both the Landlord and the Tenant

Broker's Fee or Commissions, if any,
Paid by:

Landlord

Parking Spaces:

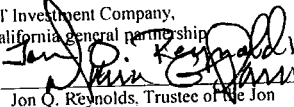
Nine (9) non-exclusive, un-designated stalls

The foregoing provisions constitute the defined terms ("Defined Terms"). Each reference in this Lease to Section 1.01 or the Defined Terms shall be construed to incorporate the applicable Defined Terms in this Section 1.01.

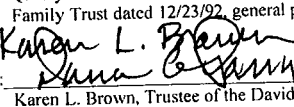
LANDLORD

RBT Investment Company,
a California general partnership

By:


Jon Q. Reynolds, Trustee of the Jon
Q. Reynolds & Ann S. Reynolds
Family Trust dated 12/23/92, general partner

By:

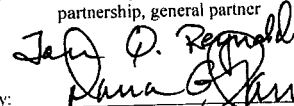

Karen L. Brown, Trustee of the David A.
Brown Family Trust dated 4/27/93,
general partner

By:

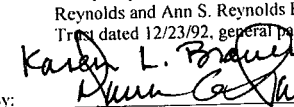
Kristen Stinnett-Brown, as Successor
Trustee of the Judith B. Brown 1992
Trust Agreement, general partner

By: Delta Properties, a California general
partnership, general partner

By:


Jon Q. Reynolds, Trustee of the Jon Q.
Reynolds and Ann S. Reynolds Family
Trust dated 12/23/92, general partner

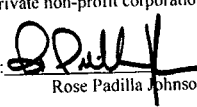
By:


Karen L. Brown, Trustee of the David
A. Brown Family Trust dated 04/27/93,
general partner

TENANT

Davis Street Community Center,
a private non-profit corporation

By:


Rose Padilla Johnson, Executive Director

NOTE: The signature requirements for Tenant set
forth on the signature page of this Lease are applicable
here.

Representation Confirmation.

The real estate agency relationships described below are hereby confirmed

Reynolds & Brown, Listing Agent for Landlord

Is the agent of (check one)

☒ The Landlord exclusively; or
☐ Both the Landlord and the Tenant

None, Agent for Tenant

Is the agent of (check one):

☐ The Tenant exclusively; or
☐ The Landlord exclusively; or
☐ Both the Landlord and the Tenant

Broker's Fee or Commissions, if any.
Paid by:

Landlord

Parking Spaces:

Nine (9) non-exclusive, un-designated stalls

The foregoing provisions constitute the defined terms ("Defined Terms"). Each reference in this Lease to Section 1.01 or the Defined Terms shall be construed to incorporate the applicable Defined Terms in this Section 1.01.

LANDLORD

RBT Investment Company,
a California general partnership

By:

Jon Q. Reynolds, Trustee of the Jon
Q. Reynolds & Ann S. Reynolds
Family Trust dated 12/23/92, general partner

By:

Karen L. Brown, Trustee of the David A.
Brown Family Trust dated 4/27/93,
general partner

By:

Kristen Stinnette Brown, as Successor
Trustee of the Judith B. Brown 1992
Trust Agreement, general partner

By:

Della Properties, a California general
partnership, general partner

By:

Jon Q. Reynolds, Trustee of the Jon Q.
Reynolds and Ann S. Reynolds Family
Trust dated 12/23/92, general partner

By:

Karen L. Brown, Trustee of the David
A. Brown Family Trust dated 4/27/93,
general partner

TENANT

Davis Street Community Center,
a private non-profit corporation

By:

Rose Padilla Johnson, Executive Director

NOTE: The signature requirements for Tenant set
forth on the signature page of this Lease are applicable
here.

**REYNOLDS & BROWN
STANDARD FORM LEASE
(MULTI-OCCUPANCY)**

1.02. *Table of Contents*

	<u>Page</u>
1. DEFINED TERMS, TABLE OF CONTENTS, EXHIBITS, PREMISES AND LANDLORD'S RESERVED RIGHTS	i
1.01. <i>Defined Terms</i>	i
1.02. <i>Table of Contents</i>	1
1.03. <i>Exhibits</i>	2
1.04. <i>Premises</i>	2
1.05. <i>Common Area</i>	2
1.06. <i>Landlord's Reserved Rights</i>	2
2. IMPROVEMENTS	3
2.01. <i>Tenant's Acceptance of Premises</i>	3
3. TERM	3
3.01. <i>Commencement Date</i>	3
3.02. <i>Term</i>	3
3.03. <i>Delay in Possession</i>	3
4. RENT	3
4.01. <i>Base Rent</i>	3
4.02. <i>Escalation</i>	3
4.03. <i>Additional Rent and Estimated Payments</i>	3
4.04. <i>Rent Defined</i>	3
4.05. <i>Interest and Late Charge</i>	3
5. REAL PROPERTY TAXES	3
5.01. <i>Limitation</i>	3
5.02. <i>Personal Property Taxes</i>	3
6. INSURANCE	3
6.01. <i>Landlord's Property</i>	3
6.02. <i>Landlord's Liability Insurance</i>	3
6.03. <i>Tenant's Liability</i>	3
6.04. <i>Fire and All Risk Coverage Insurance</i>	4
6.05. <i>Rental Abatement Insurance</i>	4
6.06. <i>Insurance Certificates; Other Requirements</i>	4
6.07. <i>Tenant's Failure</i>	4
6.08. <i>Waiver of Subrogation</i>	4
6.09. <i>Indemnification of Landlord</i>	4
6.10. <i>Earthquake and Flood Insurance</i>	4
6.11. <i>Workers' Compensation Insurance</i>	4
6.12. <i>Business Interruption Insurance</i>	4
6.13. <i>Comprehensive Automobile Liability Insurance</i>	4
6.14. <i>Landlord's Disclaimer</i>	4
7. OPERATING EXPENSES, REPAIRS AND MAINTENANCE	5
7.01. <i>Operating Expenses</i>	5
7.02. <i>Tenant Repairs and Maintenance</i>	5
7.03. <i>Landlord Repairs and Maintenance</i>	5
7.04. <i>Inspection of Premises</i>	5
7.05. <i>Liens</i>	5
8. ALTERATIONS	5
8.01. <i>Fixtures and Personal Property</i>	5
8.02. <i>Alterations</i>	5
9. UTILITIES AND EASEMENTS	6
9.01. <i>Utilities</i>	6
9.02. <i>Easements</i>	6
10. USE OF PREMISES	6
10.01. <i>General</i>	6
10.02. <i>Hazardous Materials</i>	6
10.03. <i>Environmental Disclosure</i>	6
10.04. <i>Reclaimed Water</i>	6
10.05. <i>Signs</i>	6
10.06. <i>Parking</i>	7
10.07. <i>Telephone and Telecommunications Services</i>	7
11. DAMAGE AND DESTRUCTION	7
11.01. <i>Reconstruction</i>	7
11.02. <i>Rent Abatement</i>	7
11.03. <i>Option to Terminate</i>	7
11.04. <i>Uninsured Casualty</i>	7
11.05. <i>Waiver</i>	7
12. EMINENT DOMAIN	7
12.01. <i>Total Condemnation</i>	7
12.02. <i>Partial Condemnation</i>	7
12.03. <i>Landlord's Award</i>	7
12.04. <i>Tenant's Award</i>	8
12.05. <i>Temporary Condemnation</i>	8
12.06. <i>Delivery of Documents</i>	8
13. DEFAULT	8
13.01. <i>Events of Default</i>	8
13.02. <i>Landlord's Remedies</i>	8
14. ASSIGNMENT AND SUBLETTING	9
14.01. <i>Approval</i>	9
14.02. <i>Landlord Option</i>	9
14.03. <i>Bonus Rental</i>	9
14.04. <i>Scope</i>	9

14.05. Release	10
14.06. Holding Over	10
14.07. Waiver	10
15. ESTOPPEL CERTIFICATE, ATTORNMENT AND SUBORDINATION	10
15.01. Estoppel Certificate	10
15.02. Attornment	10
15.03. Subordination	10
16. MISCELLANEOUS	10
16.01. Waiver	10
16.02. Financial Statements	10
16.03. Accord and Satisfaction	10
16.04. Limitation of Landlord's Liability	10
16.05. Entire Agreement	10
16.06. Time	10
16.07. Attorneys' Fees	10
16.08. Captions and Article Letters	10
16.09. Severability	10
16.10. Applicable Regulations	10
16.11. Rules and Regulations	10
16.12. Examination of Lease	10
16.13. Surrender	11
16.14. Authority	11
16.15. Broker	11
16.16. Landlord's Right to Perform	11
16.17. Modification for Lender	11
16.18. Landlord's Lien	11
16.19. Relocation	11
16.20. Notices	11

1.03. *Exhibits.* The following Exhibits are attached to this Lease and incorporated herein by reference thereto.

Exhibit A – Legal Description [Section 1.01]

Exhibit B – Premises Floor Plan [Section 1.04]

Exhibit C – Description of Restrictions [Section 1.01, 1.05] Intentionally Omitted

Exhibit D – Site Plan [Sections 1.01, 1.05, 4.03]

Exhibit E – Tenant Improvements [Section 2, 3] Intentionally Omitted

Exhibit F – Environmental Disclosure [Section 10.03]

Exhibit G – Sign Criteria [Section 10.05]

Exhibit H – Rules and Regulations [Section 16.11]

1.04. *Premises.* Landlord hereby leases to Tenant, subject to the provisions of this Lease, the Premises in the Building, as shown on Premises Floor Plan in Exhibit B, extending from the top surface of the subfloor to the bottom surface of the roof deck, but excluding the Common Area, as hereinafter defined, and any other portion of the Property, as hereinafter defined. Any statement of square footage set forth in this Lease, or that may have been used in calculating Rent (as hereinafter defined), is an approximation prepared by Landlord's Architect which Landlord and Tenant agree is reasonable and the Base Rent thereon is not subject to revision whether or not the actual square footage is more or less.

1.05. *Common Area.* Tenant may, as appurtenant to the Premises and subject to the Restrictions referenced in Exhibit C or rules made by Landlord of which Tenant is given notice, use the following areas (collectively "Common Area") in common:

a. Floor Common Area. If the Premises include less than the entire rentable area of any floor, the lobbies, hallways, toilets, refuse facilities, interior utility raceways and other common facilities; and

b. Lot Common Area. The parking area adjoining the Premises, together with adjoining landscaping, walkways, sidewalks, driveways, and other surfaced areas, fences drainage and utility lines, exterior lighting and project signing, if any, serving the Premises ("Lot"). The Premises, Building, Lot and Common Area (plus any other real property and improvements identified in Exhibit D, if attached to this Lease) shall be collectively known as the "Property".

Under no circumstances shall the right herein granted to use the Common Area be deemed to include the right to store any property, temporarily or permanently, in the Common Area. Any such storage shall be permitted only by the prior written consent of Landlord, which consent may be revoked at any time. In the event that any unauthorized storage shall occur then Landlord 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 Tenant, which cost shall be immediately payable upon demand by Landlord.

1.06. *Landlord's Reserved Rights.* Provided Landlord does not unreasonably interfere with Tenant's use of the Premises, Landlord reserves the right to make the following changes:

a. Building Changes. To install, use, maintain, repair, relocate and replace pipes, ducts, conduits, wires and appurtenant meters and equipment included in the Premises or outside the Premises; and to make any alterations to the Premises that, in Landlord's reasonable judgment, are required or authorized by any existing or future governmental codes;

b. Boundary Changes. To change the boundary lines of the Lot;

c. Common Area Changes. To install, use, maintain, repair, alter or relocate and replace any Common Area; provided, however, that substitutions, if any, shall be substantially equivalent or better in quality.

d. Closure. To close temporarily any of the Common Areas for maintenance purposes so long as reasonable access to the Premises remains available.

2. IMPROVEMENTS

2.01. *Tenant's Acceptance of Premises.* Tenant shall accept the Premises "as is" on the Commencement Date (as hereinafter defined). Neither the Premises nor the Common Areas have undergone inspection by a Certified Access Specialist (CASP) within the meaning of California Civil Code Section 1938, and Landlord is not providing any representations or warranties regarding whether the Premises or the Common Areas (or any portion thereof) meets all applicable construction-related accessibility standards.

3. TERM

3.01. *Commencement Date.* The Term shall commence on September 1, 2015 ("Commencement Date")

3.02. *Term.* The Term of this Lease shall be for the period as stated in Section 1.01, commencing on the Commencement Date of the Term as provided in Section 3.01. If the last day of the Term falls on a date other than the last day of the month, then the Term shall be extended so that the last day of the Term shall be the last calendar day of the calendar month in which the Term would otherwise end. Upon Landlord's request, Tenant shall execute a memorandum confirming the Term which memorandum shall thereupon be deemed a part of this Lease; provided, however, the execution of such memorandum shall not be a condition precedent to the parties' obligations hereunder.

3.03. *Delay in Possession.* If for any reason Landlord cannot deliver possession of the Premises to Tenant with the Tenant Improvements substantially completed on or before the Scheduled Commencement Date, Landlord shall not be subject to any liability therefore, and such failure shall not affect the validity of this Lease or the obligations of Tenant hereunder, but in such case, Tenant shall not be obligated to pay Monthly Base Rent or Additional Rent until the Commencement Date has occurred. If the Commencement Date has not occurred within one hundred twenty (120) days following the Scheduled Commencement Date plus periods attributable to Tenant Delays or Unavoidable Delay, either party may, at its option, by written notice given, if at all, to the other within ten (10) days thereafter, terminate this Lease, in which event the parties shall be discharged from all further obligations hereunder.

4. RENT

4.01. *Base Rent.* Tenant shall pay the Monthly Base Rent to Landlord in advance upon the first day of each calendar month of the Term, at Landlord's address or at such other place designated by Landlord in a notice to Tenant, without any prior demand therefore. If the Term shall commence or end on a day other than the first day of a calendar month, then Tenant shall pay, upon the Commencement Date and first day of the last calendar month, a pro rata portion of the Monthly Base Rent, prorated on a per diem basis, with respect to the portions of the fractional calendar month included in the Term. Upon executing this Lease, Tenant shall pay the Prepaid Rent as set forth in Section 1.01 along with Tenant's Security Deposit as provided in Section 4.06 below.

4.02. *Escalation.* The Base Rent shall be adjusted during the Term as provided in Section 1.01.

4.03. *Additional Rent and Estimated Payments.* "Additional Rent" shall include all monies, except for Base Rent, required to be paid by Tenant to Landlord under the Lease, including without limitation, any late payments, interest, and payments required to be made by Tenant to Landlord.

4.04. *Rent Defined.* Base Rent and Additional Rent shall be deemed to constitute "Rent". Rent shall be paid in lawful money of the United States without any abatement, set off or deduction whatsoever.

4.05 *Interest and Late Charge.* If any installment of Rent is not paid promptly when due, such amount shall bear interest at the rate of ten percent (10%) per annum from the date on which said payment shall be due until the date on which Landlord shall receive said payment regardless of whether or not a notice of default or notice of termination has been given by Landlord. In addition, Tenant shall pay Landlord a late charge of ten percent (10%) of the amount delinquent. Landlord and Tenant recognize that the damage which Landlord shall suffer as a result of Tenant's failure to pay Rent is difficult to ascertain, said late charge being the best estimate of the damage which Landlord shall suffer in the event of Tenant's late payment. This provision shall not relieve Tenant of Tenant's obligation to pay Rent at the time and in the manner herein specified.

5. REAL PROPERTY TAXES

5.01. *Limitation.* Nothing contained in this Lease shall require Tenant to pay any franchise, corporate, estate, inheritance, succession or documentary transfer tax of Landlord, or any income, profits or revenue tax or charge, upon the net income of Landlord.

5.02. *Personal Property Taxes.* Prior to delinquency, Tenant shall pay all taxes and assessments levied upon Tenant's trade fixtures, inventories and other personal property located on or about the Premises.

6. INSURANCE

6.01. *Landlord's Property.* During the Term, Landlord shall procure and maintain in full force and effect with respect to the Property, a policy or policies of all risk insurance (including sprinkler leakage coverage and any other endorsements or types of coverage required by the holder of any fee or leasehold mortgage) in an amount equal to at least eighty percent (80%) of the full insurance replacement value (replacement cost new, including debris removal, and demolition) thereof. If the annual premiums charged Landlord for such casualty insurance exceed the standard premium rates because the nature of Tenant's operations results in increased exposure, then Tenant shall, upon receipt of appropriate premium invoices, reimburse Landlord for such increased amount.

6.02. *Landlord's Liability Insurance.* During the Term of this Lease, Landlord shall procure and maintain in force a commercial general liability insurance covering the Property in commercially reasonable amounts as determined by Landlord, from time to time in Landlord's reasonable discretion.

6.03. *Tenant's Liability.* Tenant shall, at Tenant's sole cost and expense, maintain in full force a policy or policies of commercial general liability insurance, rated A-VI or better in "Best Insurance Guide" and in the form customary to the locality in which the Property is located, insuring Tenant's activities and those of Tenant's employees, agents, licensees and invitees with respect to the Property against loss, damage or liability for personal injury or death of any person or loss or damage to property occurring on the Property or as a result of occupancy of the Property in amounts of not less than the greater of the Commercial General Liability Policy Limits set forth in Section 1.01, and combined single occurrence limit for personal injury and property damage of Two Million Dollars (\$2,000,000). If Tenant has in full force and effect a blanket policy of liability insurance with the same coverage for the Property as described above, as well as coverage of other premises and properties of Tenant, or in which Tenant has some interest, such blanket insurance shall satisfy the requirement hereof. Such insurance shall

include coverage for liability assumed under this Lease as an "insured contract" for the performance of Tenant's indemnity obligations under this Lease. All such policies shall provide that such coverage shall be primary and that any insurance maintained by Landlord shall be excess insurance only. Such coverage shall also contain the following endorsements: (i) deleting any employee exclusion of personal injury coverage; (ii) including employees as additional insureds; (iii) providing for coverage of employer's automobile non-ownership liability; (iv) deleting any liquor liability exclusion, (v) an "Additional Insured-Managers or Lessors of Premises Endorsement", and (vi) the "Amendment of the Pollution Exclusion Endorsement" for damage caused by heat, smoke or fumes from a hostile fire. All such insurance shall provide for the severability of interests; shall provide that an act or omission of one of the named insureds shall not reduce or avoid coverage to the other named insureds; and shall afford coverage for all claims based on acts, omissions, injury and damage, which claims occurred or arose (or the onset of which occurred or arose) in whole or in part during the policy period.

6.04. *Fire and All Risk Coverage Insurance.* Tenant, at Tenant's expense, shall provide and keep in force during the Term of this Lease a policy or policies of broad form or special form property insurance, including sprinkler leakage if the Premises is equipped with an automatic sprinkler system, in an amount not less than one hundred percent (100%) replacement value covering Tenant's merchandise, furniture, equipment, fixtures, and Tenant's improvements that Tenant owns or has installed at Tenant's sole cost and expense to the Premises. Landlord and Tenant agree that proceeds from such insurance policy or policies shall be used for the repair or replacement of Tenant's improvements and property.

6.05. *Rental Abatement Insurance.* Landlord shall maintain in full force and effect rental abatement insurance against abatement or loss of Rent with respect to the Property in case of fire or other casualty, in an amount and with coverage periods as reasonably determined by Landlord.

6.06. *Insurance Certificates; Other Requirements.* Tenant shall furnish to Landlord on the Commencement Date, and thereafter within thirty (30) days prior to the expiration of each such policy, certificates of insurance issued by the insurance carrier of each policy of insurance required to be carried by Tenant pursuant hereto. Each certificate shall expressly provide that such policies shall not be cancellable or subject to reduction of coverage or otherwise be subject to modification except after thirty (30) days prior written notice to the parties named as additional insureds in this Section 6.06. Landlord, Reynolds & Brown, Landlord's successors and assigns, and any nominee of Landlord holding any interest in the Premises, including, without limitation any ground lessor and holder of any fee or leasehold mortgage, shall be named as additional insureds under each policy of insurance maintained by Tenant. All insurance policies required to be carried by Tenant under this Lease shall: (i) be written by companies rated A-VI or better in "Best's Insurance Guide" and authorized to do business in California; and (ii) name any parties designated by Landlord as additional insureds. Any deductible amounts under any insurance policies required to be carried by Tenant hereunder shall be subject to Landlord's prior written approval. In any event deductible amounts shall not exceed One Thousand Dollars (\$1,000.00). If at any time during the Term the amount or coverage of any insurance which Tenant is required to carry under this Lease is, in Landlord's good faith judgment, materially less than the amount or type of insurance coverage typically carried by owners or lessees or properties located in the same general market area as the Property, Landlord shall have the right to require Tenant to increase the amount or change the types of insurance coverage required under this Section.

6.07. *Tenant's Failure.* If Tenant fails to maintain any insurance required in this Lease, Tenant shall be liable for all losses and costs resulting from said failure. Tenant shall also be responsible for reimbursing Landlord for any costs incurred by Landlord pursuant to Section 16.16. Nothing herein shall be a waiver of any of Landlord's rights and remedies under any other article of this Lease or at law or equity.

6.08. *Waiver of Subrogation.* All policies of property and liability coverage insurance which Tenant obtains in connection with the Property shall include a clause or endorsement denying the insurer any rights of subrogation against Landlord. Tenant waives any rights of recovery against Landlord for injury or loss due to hazards covered by insurance to the extent of the proceeds recovered therefrom.

6.09. *Indemnification of Landlord.* Tenant shall indemnify, defend (by counsel reasonably acceptable to Landlord), protect, and hold Landlord, Landlord's partners, members, managers, employees, authorized agents and contractors (collectively, "Landlord's Authorized Representatives"), and the Property harmless from and against all claims, liabilities, penalties, losses, damages, costs and expenses, claims or judgments (including, without limitation, attorneys' fees) in connection with or arising out of any injury to persons or damage to Property occurring in, on or about the Premises, or any accident or other occurrence on or about the Property occasioned by any act or omission of Tenant, Tenant's officers, managers, employees, agents, sub-tenants, contractors, visitors, or invitees, or arising from Tenant's use, maintenance, occupation or operation of the Premises, Building, Common Area or Lot; provided, however that Tenant shall not indemnify Landlord for any injury or damage to the extent arising as the result of the gross negligence or willful misconduct of Landlord or Landlord's Authorized Representatives. Landlord need not have first paid any such claim in order to be defended or indemnified.

6.10. *Earthquake and Flood Insurance.* In addition to any other insurance policies carried by Landlord in connection with the Property, Landlord may elect to procure and maintain in full force and effect during the Term, with respect to the Property, a policy of earthquake/volcanic action and flood and/or surface water insurance, in an amount not to exceed one hundred percent (100%) of the full insurance replacement value (including debris removal and demolition of the Property, including rental value insurance against abatement or loss of rent in the case of damage or loss covered under such earthquake/volcanic and flood and/or surface water insurance.

6.11. *Workers' Compensation Insurance.* Both parties shall procure at their sole cost and expense Workers' Compensation Insurance in compliance with California law.

6.12. *Business Interruption Insurance.* Tenant shall procure at Tenant's sole cost and expense a policy of Business Interruption Insurance adequate to insure Tenant's typical exposure over a one (1) year period of time.

6.13. *Comprehensive Automobile Liability Insurance.* If Tenant operates owned, hired or nonowned vehicles on the Property then Tenant shall procure a Comprehensive Automobile Liability Insurance, at a limit of liability of not less than One Million Dollars (\$1,000,000) combined bodily injury and property damage.

6.14. *Landlord's Disclaimer.* Neither Landlord nor Landlord's Authorized Representatives shall be responsible or liable at any time for damage to Tenant's equipment, fixtures or other personal property or to Tenant's business, and neither Landlord nor Landlord's Authorized Representatives shall be responsible or liable to Tenant or to those claiming by, through or under Tenant for any damage to person or property that may be occasioned by the acts or omissions of third parties and neither Landlord nor Landlord's Authorized Representatives shall be responsible or liable for any defect in any building or Common Area in the Property or any of the equipment, machinery, utilities, appliances or apparatus therein, nor shall they be responsible or liable for any damage to any person or to any property of Tenant or other person caused by bursting, breakage or leakage, steam or the running, seepage or overflow of water or sewage in any part of the Premises or by the use of reclaimed water or for any damage caused by or resulting from acts of God or the elements or for any damage caused by or resulting from any defect or negligence in the occupancy, construction, operation or use of any of the Property, machinery, apparatus or equipment by any other person or by or from the acts or negligence of any occupant of the Property, except to the extent such defect, damage or loss is caused by the gross negligence or willful misconduct of Landlord or Landlord's Authorized Representatives. Notwithstanding Landlord's or Landlord's Authorized Representatives' negligence or breach of this Lease, neither Landlord nor its Authorized Representatives shall be liable for injury to Tenant's business or for any loss of income or profit therefrom.

7. OPERATING EXPENSES, REPAIRS AND MAINTENANCE

7.01. *Operating Expenses.* Tenant shall pay to Landlord, as Additional Rent, the Monthly Operating Expenses amount set forth in Section 1.01 as the same shall be adjusted. The Monthly Operating Expenses shall be due and payable on the first day of each calendar month during the Term along with Monthly Base Rent and shall be prorated, as applicable, in the same manner as Monthly Base Rent under Section 4.01. Landlord and Tenant acknowledge and agree that the Monthly Operating Expenses represent a reasonable estimate of Tenant's prorata share of Landlord's tax, insurance, and common area maintenance expenses and there shall be no reconciliation of Landlord's actual expenses relative to Monthly Operating Expenses during the Term.

7.02. *Tenant Repairs and Maintenance.* Subject to the casualty and condemnation provisions of Sections 11 and 12 and except for any repair and maintenance obligations of Landlord which are specifically described in Sections 2 and 7.03, Tenant, at Tenant's sole cost and expense, shall maintain the Premises and every part thereof in good order and in a clean and safe condition, and shall repair and replace (whether or not such portion of the Premises requiring repair, or the means of repairing the same, are reasonably or readily accessible to Tenant, and without limitation, the following: interior surfaces of walls and ceilings; floors; wall and floor coverings; interior and exterior windows and plate glass; skylights (if any); window coverings; doors, roll up doors, locks on closing devices; window casements and frames; storefronts; signs; awnings (if any); canopies and display windows; plumbing; electrical wiring and systems within the Premises (including replacement of light bulbs, tubes and ballasts); all heating, ventilation and air conditioning equipment and systems serving the Premises; exterior entrances; and all switches, fixtures and equipment in the Premises. Tenant shall, at Tenant's sole cost and expense, immediately replace all broken or damaged glass, including skylights (if any), in the Premises with glass equal to the specification and quality of the original glass. Tenant shall, at Tenant's sole cost and expense, enter a regularly scheduled (not less than quarterly) preventive maintenance/service contract, with a maintenance contractor approved by Landlord, for servicing all heating, ventilation and air conditioning systems and equipment serving the Premises. If Tenant does not enter into such a contract, Landlord shall be entitled to enter into such a contract, and Tenant shall pay to Landlord, as Additional Rent, upon demand by Landlord, any costs incurred by Landlord in procuring and maintaining such a contract. Upon receipt of reasonable notice from Tenant, Landlord shall perform, at the expense of Tenant, all repairs and maintenance to plumbing, pipes and electrical wiring located within walls, above ceiling surfaces and below floor surfaces resulting from the use of the Premises by Tenant. Landlord shall be responsible for any plumbing, pipes, electrical wiring, switches, fixtures or equipment located in the Premises but serving another Tenant. Tenant shall at Tenant's sole cost and expense, repair any area, in the Premises or the Common Area, damaged by Tenant, Tenant's agents, employees, contractors, or visitors, provided that Tenant obtains Landlord's prior approval with respect to the method and quality of such repair. Any repair or replacement required of Tenant shall be made with equipment and/or materials at least equal to the specification and quality of the original and shall be made by contractors approved by Landlord. Tenant shall install rug protectors in all carpeted areas in which desk chairs are located. Tenant shall keep all areas immediately adjoining the Premises free from trash, litter and obstructions resulting from Tenant's business at the Premises. Tenant shall separately provide for the removal of its refuse from the Premises. Tenant recognizes the use of some chemicals and/or maintenance techniques are potentially harmful to the Premises or the Property, and consequently, Tenant's use of such chemicals and/or maintenance techniques shall be subject to Landlord's prior written approval. Tenant hereby waives the provisions of California Civil Code Sections 1941 and 1942 and any similar or successor laws, to the extent applicable, regarding Tenant's right to terminate this lease or make repairs and deduct the cost thereof from Rent.

7.03. *Landlord Repairs and Maintenance.* Subject to the casualty and condemnation provisions of Sections 11 and 12 and except for any repair and maintenance obligations of Tenant which are specifically described in Section 7.02, Landlord shall, keep the Property, including the Premises, exterior walls of the Building, the foundation and subfloors of the Building and the roof of the Building in good condition and repair. There shall be no abatement of Rent during the performance of any work described in this Section 7.03. Landlord shall not be liable to Tenant for injury or damage that may result from any defect in the construction or condition of the Premises, nor for any damage that may result from interruption of Tenant's use of the Premises during any repairs by Landlord.

7.04. *Inspection of Premises.* Landlord may enter the Premises at reasonable times upon advance notice to Tenant in order to inspect the same, to inspect the performance by Tenant of the terms and conditions hereof, to affix reasonable signs and displays and to show the Premises to prospective purchasers, tenants and lenders. There shall be no abatement of Rent for any such entry of the Premises.

7.05. *Liens.* Tenant shall promptly pay and discharge all claims for labor performed, supplies furnished and services rendered at the request of Tenant and shall keep the Property free of all mechanic's and materialmen's liens in connection therewith. Tenant shall give Landlord not less than ten (10) days notice prior to the commencement of any work, in on or about the Premises. Landlord shall have the right to post in or on the Premises, or in the immediate vicinity thereof, notices of non-responsibility as provided by law. If Tenant shall, in good faith, contest the validity of any such lien, claim or demand, then Tenant shall, at its sole cost and expense, defend and protect itself, Landlord and the Premises against the same and shall pay and satisfy any such adverse judgment that may be rendered thereon before the enforcement and thereof against Landlord or the Premises. If Landlord shall require, Tenant shall furnish to Landlord a surety bond satisfactory to Landlord in an amount equal to one and one-half times the amount of such contested lien claim or demand, indemnifying Landlord against liability for the same, as required by law for the holding of the Premises free from the effect of such lien or claim. In addition, Landlord may require Tenant to pay Landlord's attorneys' fees and costs in participating in such action if Landlord shall decide it is in its best interests to do so.

8. ALTERATIONS

8.01. *Fixtures and Personal Property.* Tenant, at Tenant's sole cost and expense, may install necessary trade fixtures, equipment and furniture in the Premises, provided that such items are installed and removable without structural damage to the Building. Landlord reserves the right to approve or disapprove curtains, draperies, shades, paint and other interior improvements visible from outside the Premises on wholly aesthetic grounds. Landlord may remove or replace such items at Tenant's sole cost and expense if Tenant fails to obtain Landlord's written approval prior to installation. Said trade fixtures, equipment and furniture shall remain Tenant's property and shall be removed by Tenant prior to expiration of the Term or earlier termination of the Lease. Tenant shall assume the risk of damage to any of Tenant's trade fixtures, equipment and furniture. Tenant shall repair, at Tenant's sole cost and expense, all damage caused by the installation or removal of trade fixtures, equipment and furniture. If Tenant fails to remove the foregoing items on termination of this Lease, Landlord may keep and use them or remove any of them and cause them to be stored or sold in accordance with applicable law, at Tenant's sole cost and expense.

8.02. *Alterations.* Tenant shall not make or allow to be made any alterations, additions, or improvements to the Premises, either at the inception of this Lease or subsequently during the Term, without obtaining the prior written consent of Landlord. With respect to any alterations, additions, or improvements approved by Landlord, Tenant shall, at Landlord's election, remove such alterations, additions or improvements at Tenant's expense prior to expiration of the Term or earlier termination of the Lease and repair any damage caused by said removal. All alterations, additions and improvements shall remain the property of Tenant until termination of this Lease, at which time they shall be and become the property of Landlord if Landlord so elects; provided, however, that Landlord may, at Landlord's option, upon written notice to Tenant on or before ninety (90) days after termination of the Lease, require that Tenant, at Tenant's expense, immediately remove any or all alterations, additions, and improvements made by Tenant and restore the Premises to their condition existing prior to the construction of any such alterations, additions or improvements. If Tenant fails to timely remove such alterations, additions or improvements or Tenant's trade fixtures, equipment or furniture, Landlord may keep and use them or remove any of them and, in the case of trade fixtures, equipment or furniture, cause them to be stored or sold in accordance with applicable law, all at Tenant's sole cost and expense. The terms of the preceding two sentences shall survive the termination of the Lease. Tenant shall deliver to Landlord full and complete plans and specifications of all such

alterations, additions or improvements, and no such work shall be commenced by Tenant until Landlord has given its written approval thereof and Tenant has acquired all applicable permits therefore required by governmental authorities. Landlord does not expressly or implicitly covenant or warrant that any plans or specifications submitted by Tenant and reviewed or approved by Landlord are safe or that the same comply with any Regulations. Further, Tenant shall indemnify, defend (by counsel reasonably acceptable to Landlord) and hold Landlord harmless from any loss, cost or expense, including attorneys' fees and costs, incurred by Landlord as a result of any defects in design, materials or workmanship resulting from Tenant's alterations, additions or improvements to the Premises. All repairs, alterations, additions, and restoration by Tenant hereinafter required or permitted shall be done in a good and workmanlike manner and in compliance with all Regulations and requirements of the insurers of the Building. Tenant shall reimburse Landlord for Landlord's reasonable charges and expenses for reviewing and approving or disapproving plans and specifications and any other documents for any alterations proposed by Tenant. Tenant shall require that any contractors used by Tenant be licensed and carry a commercial general liability insurance policy in such amounts as Landlord may reasonably require. Landlord may require proof of such insurance prior to commencement of any work on the Premises.

9. UTILITIES AND EASEMENTS

9.01. *Utilities.* Tenant shall promptly pay for all utilities and services supplied to the Premises, including, but not limited to, heat, water, reclaimed water, gas, electricity, telephone, internet, communication facilities, sewage, ventilating, refuse removal, cleaning of the Premises, together with any taxes thereon. Landlord shall not be liable to Tenant for interruption in or curtailment of any utility service, nor shall any such interruption or curtailment constitute constructive eviction or grounds for rental abatement. If any such utilities are not separately metered, Tenant shall pay a pro rata share, based on use, as reasonably determined by Landlord.

9.02. *Easements.* Landlord reserves to itself the right, from time to time, to grant, without the consent or joinder of Tenant, such easements, rights and dedications that Landlord deems necessary, and to cause the recordation of parcel maps, covenants, conditions and restrictions, so long as such easements, rights, dedications, maps, covenants, conditions and restrictions do not unreasonably interfere with the use of the Premises by Tenant. Tenant agrees to sign and deliver within ten (10) days after request by Landlord any documents reasonably requested by Landlord to effectuate any such easement rights, dedications, maps, covenants, conditions or restrictions.

10. USE OF PREMISES

10.01. *General.* Tenant shall use and occupy the Premises only for the Permitted Uses, or any other legal use which is reasonably comparable thereto, and for no other purpose (Landlord may consider such factors as tenant mix in determining whether a use is reasonably comparable). Tenant 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 owners and/or occupants of, or causes damage to neighboring properties. Landlord shall not unreasonably withhold or delay its consent to any written request for a modification of the Permitted Uses so long as the same will not impair the structural integrity of the improvements on the Premises or the mechanical or electrical systems therein, and is not significantly more burdensome to the Premises. If Landlord elects to withhold consent, Landlord shall within five (5) business days after such request give written notification of same, which notice shall include an explanation of Landlord's objections to the change in use. Tenant agrees, by Tenant's entry, that Tenant has conducted an investigation of the Premises and the acceptability of the Premises for Tenant's use, to the extent that such investigation might affect or influence Tenant's execution of this Lease. Tenant acknowledges that Landlord has made no representations or warranties in connection with the physical condition of the Premises, Tenant's use of the same, or any other matter upon which Tenant has relied directly or indirectly for any purpose.

10.02. *Hazardous Materials.* Tenant shall strictly comply with all Regulations now or hereinafter mandated or advised by any federal, state, local or other governmental agency with respect to the use, generation, storage, or disposal of hazardous, toxic, or radioactive materials (collectively, "Hazardous Materials"). As herein used, Hazardous Materials shall include, but not be limited to, those materials identified in Sections 66680 through 66685 of Title 22 of the California Administrative Code, Division 4, Chapter 30, as amended from time to time, and those substances defined as "hazardous substances," "hazardous materials," "hazardous wastes," "toxic substances," or other similar designations in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, *et seq.*, the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, *et seq.*, the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, *et seq.*, and California Health and Public Safety Code Section 25117. Tenant shall not cause, or allow anyone else to cause, any Hazardous Materials to be used, generated, stored, released or disposed of in, on or about the Property without the prior written consent of Landlord, which consent may be withheld in the sole discretion of Landlord, and which consent may be revoked at any time. Tenant's indemnification of Landlord pursuant to Section 6.09, above, shall extend to all liability, including all foreseeable and unforeseeable consequential damages, directly arising out of the use, generation, storage, release or disposal of Hazardous Materials by Tenant or any person on the Premises during the Term, including, without limitation, the cost of any required or necessary repair, cleanup, or detoxification and the preparation of any closure or other required plans, whether such action is required or necessary prior to or following the termination of this Lease. Neither the written consent by Landlord to the use, generation, storage, or disposal of Hazardous Materials nor the strict compliance by Tenant with all Regulations pertaining to Hazardous Materials shall excuse Tenant from Tenant's indemnification obligation pursuant to this Section, which obligation shall survive the termination of this Lease. Landlord, its lenders and its consultants shall have the right to enter into the Premises any time, in the case of an emergency, and otherwise at reasonable times, for the purpose of inspecting the condition of the Premises and for verifying compliance by Tenant with this Lease. The cost of any such inspections shall be paid by Landlord, unless a violation of any Regulation, or a contamination is found to exist or be imminent, or the inspection is requested or ordered by a governmental authority. In such case, Tenant shall upon request reimburse Landlord for the cost of such inspections, so long as such inspection is reasonably related to the violation or contamination.

10.03. *Environmental Disclosure.* Should Tenant wish to use, generate or store Hazardous Materials on or about the Property, Tenant shall complete, execute and deliver to Landlord an Environmental Disclosure Statement (the "Environmental Disclosure") in the form of *Exhibit F*, and Tenant shall certify to Landlord all information contained in the Environmental Disclosure as true and correct to the best of Tenant's knowledge and belief. The completed Environmental Disclosure shall be deemed incorporated into this Lease for all purposes, and Landlord shall be entitled to rely fully on the information contained therein. In the event Tenant provides an Environmental Disclosure, on each anniversary of the Commencement Date (each such date is hereinafter referred to as a "Disclosure Date"), until and including the first Disclosure Date occurring after the expiration or sooner termination of this Lease, Tenant shall disclose to Landlord, in writing, the names and amounts of all Hazardous Materials, or any combination thereof, which were stored, generated, used or disposed of on, under or about the Premises for the twelve-month period prior to and after each Disclosure Date, or which Tenant intends to store, generate, or use on, under or about the Premises. At Landlord's option, Tenant shall, execute and deliver to Landlord an Environmental Disclosure as the same may be modified by Landlord from time to time whether or not Tenant wishes to use, generate or store Hazardous Materials on or about the Property.

10.04. *Reclaimed Water.* In the event the Property uses reclaimed water, Tenant acknowledges that Tenant shall comply with all Regulations governing the use thereof. Landlord may periodically conduct such tests as may be reasonably necessary for the use of reclaimed water, including a dual shut down test to establish that there exists no cross over in water systems.

10.05. *Signs.* Any sign placed by Tenant on the Premises shall contain only Tenant's name and no advertising material. No sign (including, but not limited to, signs advertising an assignment or subletting) shall be placed on the exterior of the Premises without Landlord's written approval of the location, material, size, design and content thereof nor without Tenant's obtaining any necessary permit therefore. If Landlord installs a sign for Tenant, Tenant shall reimburse Landlord for any costs incurred by Landlord within five (5) days of demand by

Landlord. Tenant shall remove any sign upon termination of this Lease, using a contractor reasonably acceptable to Landlord, and shall return the Premises to their condition prior to the placement of said sign (including completing all necessary repainting and patching).

10.06. *Parking.* Landlord shall not be liable to Tenant nor shall this Lease be affected if any parking is impaired by moratorium, initiative, referendum or Regulation or by the operations of any other tenant. Landlord grants Tenant the right to use the number of parking spaces located in the parking areas adjoining the Premises as set forth in Section 1.01, with the specific parking spaces and rules regulating the use thereof to be designated. From time to time, by Landlord. Tenant shall control Tenant's employees, agents, customers, visitors, invitees, licensees, contractors, assignees and subtenants ("Tenant's Parties") in such a manner that Tenant and Tenant's Parties cumulatively do not exceed the parking allocation specified in Section 1.01 Defined Terms at any time. Landlord may take such actions or incur such cost which it deems reasonably necessary to enforce the proper parking on the property, including the reasonable allocation to Tenant of all costs and expenses to do so. Tenant shall not use the areas outside of the Premises for the placement of dumpsters, refuse collection, outdoor storage or parking of cars and/or pickup trucks which are not in working order.

10.07. *Telephone and Telecommunications Services.* Tenant acknowledges and agrees that all telephone and telecommunications services desired by Tenant shall be ordered and utilized at the sole cost and expense of Tenant. Unless Landlord otherwise requests or consents in writing, all of Tenant's telecommunications equipment shall be and remain solely in the Tenant's Premises and, if applicable, and in accordance with rules, regulations and conditions adopted by Landlord from time to time, the telephone closet(s) in the Building in which the Tenant's Premises is located. Unless otherwise specifically agreed in writing, Landlord shall have no responsibility for the maintenance of Tenant's telecommunications equipment, including wiring, nor for any wiring or other infrastructure to which Tenant's telecommunications equipment may be connected. Landlord shall have the right, upon reasonable prior notice to Tenant, to interrupt or turn off telecommunications facilities in the event of emergency or as necessary in connection with repairs to the Building or installation of telecommunication equipment for other tenants of the Building. Any and all telecommunications equipment installed in the Tenant's Premises or elsewhere in the Building by or on behalf of Tenant, including wiring, or other facilities for telecommunications transmittal, shall be removed prior to the expiration or earlier termination of the Lease Term, by Tenant at its sole cost and expense, with the cost thereof to be paid as Additional Rent. Landlord shall have the right, however, upon written notice to Tenant, given no later than thirty (30) days prior to the expiration or earlier termination of the Lease Term, to require Tenant to abandon and leave in place, without additional payment to Tenant or credit against Rent, any and all telecommunications wiring and related infrastructure, or selected components thereof, whether located in Tenant's Premises or elsewhere in the Building. Tenant shall not utilize any wireless communications equipment (other than usual and customary cellular telephones), including antenna and satellite receiver dishes, within Tenant's Premises or the Building, without Landlord's prior written consent, which consent shall not be unreasonably withheld.

11. DAMAGE AND DESTRUCTION

11.01. *Reconstruction.* If the Building is damaged or destroyed, Landlord shall, except as hereinafter provided, diligently repair or rebuild the Building to substantially the condition in which the Building existed immediately prior to such damage or destruction, provided that insurance is available to pay one hundred percent (100%) or more of the cost of such restoration, excluding the deductible amount. Landlord shall not be obligated to repair any improvements made or paid for by the Tenant.

11.02. *Rent Abatement.* Base Rent shall be abated proportionately, but only to the extent of any proceeds received by Landlord from rental abatement insurance described in Section 6.05, during any period when, by reason of such damage or destruction, Landlord reasonably determines that there is substantial interference with Tenant's use of the Premises, having regard to the extent to which Tenant may be required to discontinue Tenant's use of the Premises. Such abatement shall commence upon the date of such damage or destruction and end upon substantial completion by Landlord of the repair or reconstruction which Landlord is obligated or undertakes to do. If Landlord reasonably determines that continuation of business is not practical pending reconstruction, Base Rent shall abate to the extent of proceeds from rental abatement insurance until reconstruction is substantially completed or until business is totally or partially resumed, whichever occurs earlier.

11.03. *Option to Terminate.* If the Building is damaged or destroyed to the extent that Landlord determines that the Building cannot, with reasonable diligence, be fully repaired or restored by Landlord within one hundred eighty (180) days after the date of the damage or destruction, notwithstanding the fact that the Premises have not been totally damaged or destroyed, the sole right of both Landlord and Tenant shall be the option to terminate this Lease. Landlord's determination with respect to the extent of damage or destruction shall be conclusive on Tenant. Landlord shall notify Tenant of Landlord's determination, in writing, within thirty (30) days after the date of the damage or destruction. If Landlord determines that the Building can be fully repaired or restored within the one hundred eighty (180) day period, or if Landlord determines that such repair or restoration cannot be made within said period but neither party elects to terminate within thirty (30) days from the date of said determination, this Lease shall remain in full force and effect and Landlord shall diligently repair and restore the damage as soon as reasonably possible.

11.04. *Uninsured Casualty.* In the event the Building is damaged or destroyed and is not fully covered by the insurance proceeds received by Landlord under the insurance policies required under Section 6.01, Landlord may terminate this Lease by written notice to Tenant given within thirty (30) days after the date of Landlord's receipt of written notice from Landlord's insurance company that said damage or destruction is not so covered. If Landlord does not elect to terminate this Lease, the Lease shall remain in full force and effect, and the Building shall be repaired and rebuilt in accordance with the provisions for repair set forth in Section 11.01.

11.05. *Waiver.* With respect to any damage or destruction which Landlord is obligated to repair or may elect to repair under the terms of this Section 11, Tenant waives all rights to terminate this Lease pursuant to rights otherwise presently or hereafter accorded by law to tenants, including, without limitation, any rights arising pursuant to California Civil Code Sections 1932 and 1933.

12. EMINENT DOMAIN

12.01. *Total Condemnation.* If all of the Premises is taken under the power of eminent domain or sold in lieu of condemnation, for any public or quasi-public use or purpose ("Condemned"), this Lease shall terminate as of the date of title vesting in such proceeding, and Rent shall be adjusted to the date of termination. Tenant shall immediately notify Landlord of any such occurrence.

12.02. *Partial Condemnation.* If any portion of the Premises is Condemned, and such partial condemnation renders the Premises unusable for Tenant's business, as reasonably determined by Landlord, or if a substantial portion of the Building is Condemned as reasonably determined by Landlord, this Lease shall terminate as of the date of title vesting in such proceeding and rent shall be adjusted to the date of termination. If such partial condemnation does not render the Premises unusable for the business of Tenant or less than a substantial portion of the Building is Condemned, Landlord shall promptly restore the Premises to the extent of any condemnation proceeds recovered by Landlord, less the portion thereof lost in such condemnation, and this Lease shall continue in full force and effect except that after the date of such title vesting the Base Rent shall be adjusted as reasonably determined by Landlord. Tenant hereby waives the provisions of California Code of Civil Procedure Section 1265.130 permitting a court of law to terminate this Lease.

12.03. *Landlord's Award.* If the Premises are wholly or partially Condemned, Landlord shall be entitled to the entire award paid for such condemnation, subject to the provisions of Section 12.04, and Tenant waives any claim to any part of the award from Landlord or the condemning authority.

12.04. *Tenant's Award.* Tenant shall have the right to recover from the condemning authority, but not from Landlord, such compensation as may be separately awarded to Tenant in connection with loss of good will and costs in removing Tenant's merchandise, furniture, fixtures, leasehold improvements and equipment to a new location.

12.05. *Temporary Condemnation.* In the event the Premises is temporarily Condemned, as reasonably determined by Landlord, this Lease shall remain in effect and Tenant shall receive any award made for such condemnation. If a temporary condemnation remains in effect at the expiration or earlier termination of this Lease, Tenant shall pay Landlord the reasonable cost of performing any obligations required of Tenant by this Lease with respect to the surrender of the Premises, and upon such payment Tenant shall be excused from such obligations. If a temporary condemnation is for a period which extends beyond the Term, this Lease shall terminate as of the date of occupancy by the condemning authority, the award shall be distributed as provided in Sections 12.03 and 12.04 above, and Rent shall be adjusted to the date of such occupancy.

12.06. *Delivery of Documents.* Tenant shall immediately execute and deliver to Landlord all instruments required to effectuate the provisions of this Section 12.

13. DEFAULT

13.01. *Events of Default.* The occurrence of any of the following events shall constitute an "Event of Default" by Tenant with or without notice from Landlord:

- a. Vacating or Abandoning. Vacating or abandoning the Premises;
- b. Payment. Failure to pay Rent when due hereunder;
- c. Performance. Default in the performance of Tenant's covenants, agreements and obligations hereunder, except default in the payment of Rent, the default continuing for fifteen (15) days after notice thereof from Landlord;
- d. Assignment. A general assignment by Tenant for the benefit of creditors;
- e. Bankruptcy. The filing of a voluntary petition by Tenant or the filing of an involuntary petition by any of Tenant's creditors seeking the rehabilitation, liquidation or reorganization of Tenant under any law relating to bankruptcy;
- f. Receivership. The appointment of a receiver or other custodian to take possession of substantially all of Tenant's assets or this leasehold;
- g. Insolvency, Dissolution, Etc. Tenant's insolvency or inability to pay Tenant's debts, or failure generally to pay Tenant's debts when due; or any court entering a decree or order directing the winding up or liquidation of Tenant or of substantially all of Tenant's assets; or Tenant taking any action toward the dissolution or winding up of Tenant's affairs or the cessation or suspension of Tenant's use of the Premises;
- h. Attachment. Attachment, execution or other judicial seizure of substantially all of Tenant's assets or this leasehold;
- i. Estoppel/Financial Statements. Tenant's failure to deliver to Landlord an Estoppel Certificate mandated by Section 15.01 or a Financial Statement mandated by Section 16.02 within ten (10) days after Landlord's written request;
- j. False Financial Statements. The discovery that any Financial Statement of Tenant or any Guarantor given to Landlord was materially false; or
- k. Guarantor. If the performance of Tenant's obligations under this Lease is guaranteed: (i) the death of 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 Tenant's failure, within sixty (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 Tenant, equals or exceeds the combined financial resources of Tenant and the Guarantor that existed at the time of execution of this Lease.

Tenant hereby waives the redemption provisions of California Code of Civil Procedure Sections 1174 and 1179.

13.02. Landlord's Remedies.

- a. Abandonment. If Tenant abandons the Premises, at Landlord's election, this Lease shall continue in effect. Landlord shall not be deemed to have terminated this Lease other than by written notice of termination from Landlord, and Landlord shall have all of the remedies of a landlord provided by California Civil Code Section 1951.4. After abandonment of the Premises by Tenant, Landlord may give notice of termination.
- b. Termination. Following the occurrence of any Event of Default, Landlord shall have the right, as long as the Event of Default continues, to terminate this Lease by written notice to Tenant setting forth: (i) the Event of Default; (ii) the requirements to cure it; and (iii) a demand for possession, which shall be effective either three (3) days after it is given or upon expiration of the time specified in Section 13.01 hereinabove, whichever occurs later.
- c. Re-entry. Following termination under Section 13.02 above, without prejudice to other remedies Landlord may have by reason of Tenant's default or such termination, Landlord may: (i) peaceably re-enter the Premises upon voluntary surrender by Tenant or remove Tenant therefrom and any other persons occupying the Premises, using such legal proceedings as may be available; (ii) repossess the Premises or relet the Premises or any part thereof for such term (which may be for a term extending beyond the Term), at such rental and upon such other terms and conditions as Landlord in Landlord's sole discretion shall determine, with the right to make reasonable alterations and repairs to the Premises; and (iii) remove all personal property therefrom.
- d. Recovery. Following termination under Section 13.02.b above, Landlord shall have the rights and remedies of a landlord provided by California Civil Code Section 1951.2. The amount of damages Landlord may recover following termination under subsection (b) above shall include: (i) the worth at the time of the award of the amount by which the unpaid Rent and other amounts which had been earned at the time of termination; (ii) the worth at the time of the award of the amount by which the unpaid Rent which would have been earned after termination until the time of the award exceeds the amount of such rental loss that the Tenant proves could have been reasonably avoided; (iii) the worth at the time of the award of the amount by which the unpaid Rent for the

balance of the Term after the time of the award exceeds the amount of rental loss Tenant proved could be reasonably avoided; and (iv) any other amount necessary to compensate Landlord for all detriment proximately caused by Tenant's Failure to perform its obligations under this Lease. The "worth at the time of the award" of the amount referred to in (iii) above shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

e. Right to Possession. In accordance with California Civil Code Section 1951.4, Landlord may continue the Lease and Tenant's right to possession and recover the Rent as it becomes due, in which event Tenant may sublet or assign, subject only to reasonable limitations. Acts of maintenance, efforts to relet, and/or the appointment of a receiver to protect Landlord's interests, shall not constitute a termination of the Tenant's right to possession.

f. Additional Remedies. In addition to the foregoing remedies and so long as this Lease is not terminated, Landlord shall have the right to remedy any default of Tenant, to maintain or improve the Premises without terminating this Lease, to incur expenses on behalf of Tenant in seeking a new subtenant, to cause a receiver to be appointed to administer the Premises and new or existing subleases and to add to the Rent payable hereunder all of Landlord's reasonable costs in so doing, with interest at the maximum rate permitted by law from the date of such expenditure until the same is repaid.

g. Other. If Tenant causes or threatens to cause a breach of any of the covenants, terms or conditions contained in this Lease, Landlord shall be entitled to obtain all sums held by Tenant, by any trustee or in any account provided for herein, to enjoin such breach or threatened breach, and to invoke any remedy allowed at law, in equity, by statute or otherwise as though re-entry, summary proceedings and other remedies were not provided for in this Lease. If a notice and grace period required under Section 13.01 was not previously given, a notice to pay rent or quit, or to perform or quit given to Tenant under the unlawful detainer statute (California Code of Civil Procedure Sections 1161 et seq.) shall also constitute the notice required by Section 13.01. In such case, the applicable grace period required by Paragraph 13.01 and the unlawful detainer statute shall run concurrently, and the failure of Tenant to cure the Event of Default within the greater of the two such grace periods shall constitute both an unlawful detainer and a breach of this Lease entitling Landlord to the remedies provided for in this Lease and/or by said statute.

h. Cumulative. Each Right and remedy of Landlord provided for in this Lease or now or hereafter existing at law, in equity, by statute or otherwise, shall be cumulative and shall not preclude Landlord from exercising any other rights or remedies provided for in this Lease or now or hereafter existing at law or equity, by statute or otherwise.

i. Indemnification. Nothing in this Section 13 shall affect the right of Landlord to indemnification by Tenant in accordance with Section 6.09 for liability arising from personal injuries or property damage prior to the termination of this Lease.

14. ASSIGNMENT AND SUBLETTING

14.01. *Approval.* Tenant shall not assign, sublease, mortgage, pledge or otherwise transfer this Lease, in whole or in part, nor sublet or permit occupancy by any party other than Tenant of all or any part of the Premises without Landlord's prior written consent which shall not be unreasonably withheld, conditioned or delayed. If Tenant is a corporation, limited liability company or a partnership, the transfer of fifty percent (50%) or more of the beneficial ownership interest of the corporate stock, membership interests or partnership interests of Tenant, as the case may be, shall constitute an assignment hereunder for which such consent is required. This Lease may not be assigned by operation of law. Any purported assignment or subletting contrary to the provisions hereof shall be void. Notwithstanding that Landlord shall have no legal obligation to do so, if Landlord should decide in the future to permit an assignment or subletting, such consent by Landlord to any assignment or subletting shall not constitute a consent to any subsequent assignment or subletting. Under no circumstances shall this lease be assigned, sublet, or assumed, in whole or in part, unless Landlord receives adequate assurance of future performance of all the terms and conditions of the Lease. Such adequate assurance shall include adequate assurance: (a) of the source of Rent due under the Lease; (b) that the assignment, subletting, or assumption of the Lease shall not cause any breach in any respect of any provision in any other lease, financing agreement, or master agreement relating to the Building or Property; and (c) that the assignment, subletting, or assumption shall not disrupt in any respect any tenant mix or balance in the Building or on the Premises. Tenant shall pay promptly upon billing any and all attorneys' fees and other costs reasonably incurred by Landlord for the review or preparation of any documents in connection with a proposed assignment or sublease.

14.02. *Landlord Option.*

a. Right to Cancel. In connection with any proposed assignment or sublease, Landlord shall have the option to cancel and terminate this Lease if the request is to assign the Lease or to sublet all of the Premises; or, if the request is to sublet a portion of the Premises only, to cancel and terminate this Lease with respect to such portion. Landlord may exercise said option by notifying Tenant in writing within thirty (30) days after Landlord's receipt from Tenant of such request, and in each case such cancellation or termination shall occur as of the date set forth in Landlord's notice of exercise of such option, which shall not be less than sixty (60) days nor more than one hundred twenty (120) days following the giving of such notice.

b. Cancellation. If Landlord exercises Landlord's option to cancel this Lease or any portion thereof, Tenant shall surrender possession of the Premises, or the portion thereof which is the subject of the option, as the case may be, on the date set forth in such notice in accordance with the provisions of this Lease relating to surrender of the Premises at the expiration of the Term. If this Lease is canceled as to a portion of the Premises only, Rent after the date of cancellation shall be abated on a pro rata basis, as determined by Landlord. After any such cancellation, Landlord may directly lease the Premises to any party, including, without limitation, any party with whom Tenant previously discussed an assignment or subletting.

c. Noncancellation. If Landlord does not exercise Landlord's option to cancel this Lease pursuant to the foregoing provisions, Landlord may withhold Landlord's consent to such proposed assignment or subletting, provided such consent is not unreasonably withheld.

14.03. *Bonus Rental.* If Tenant receives rent or other consideration for any assignment or sublease in excess of the Rent or, in case of the sublease of a portion of the Premises, in excess of such Rent that is fairly allocable to such portion, as determined by Landlord, after appropriate adjustments to assure that all other payments required hereunder are appropriately taken into account, Tenant shall pay Landlord one hundred percent (100%) of the difference between each such payment of rent or other consideration and the Rent required hereunder.

14.04. *Scope.* If this Lease is (a) assigned, (b) the underlying beneficial interest of Tenant is transferred or (c) the Premises or any part thereof is sublet or occupied by anyone other than Tenant, Landlord may collect rent from the assignee, subtenant or occupant and apply the net amount collected to the Rent herein reserved and apportion any excess rent so collected in accordance with the terms of Section 14.03; provided that no such assignment, subletting, occupancy or collection shall be deemed a waiver of this covenant, or the acceptance of the assignee, subtenant or occupant as tenant, or a release of Tenant from the further performance by Tenant or covenants on the part of Tenant herein contained. No assignment or subletting shall affect the continuing liability of Tenant (which, following assignment, shall be joint and several with the assignee), and Tenant shall not be released from performing any of the terms, covenants and conditions of this Lease.

14.05. *Release.* The term "Landlord" 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 Tenant's interest in the prior lease. In the event of a transfer of Landlord's title or interest in the Premises or this Lease, Landlord shall deliver to the transferee or assignee (in cash or by credit) any unused Security Deposit held by Landlord. Upon such transfer or assignment and delivery of the Security Deposit, as aforesaid, the prior Landlord shall be relieved of all liability with respect to the obligations and/or covenants under this Lease thereafter to be performed by Landlord. Subject to the foregoing, the obligations and/or covenants in this Lease to be performed by the Landlord shall be binding only upon the Landlord as hereinabove defined.

14.06. *Holding Over.* Tenant 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 Tenant holds over, then the Monthly Base Rent shall be increased to two hundred percent (200%) of the Monthly Base Rent applicable during the month immediately preceding the expiration or termination. Nothing contained herein shall be construed as consent by Landlord to any holding over by Tenant.

14.07. *Waiver.* Tenant waives notice of any default of any assignee or sublessee and agrees that Landlord may, at Landlord's option, proceed against Tenant without having taken action against or joined such assignee or sublessee, except that Tenant shall have the benefit of any indulgences, waivers and extensions of time granted to any such assignee or sublessee.

15. ESTOPPEL CERTIFICATE, ATTORNMEN AND SUBORDINATION

15.01. *Estoppel Certificate.* Within ten (10) days after request by Landlord, Tenant shall deliver, in recordable form, an estoppel certificate in the form determined by Landlord or Landlord's mortgagee or purchaser, to any proposed mortgagee, purchaser or Landlord. Tenant's failure to deliver said statement in such time period shall be conclusive upon Tenant that (a) this Lease is in full force and effect, without modification except as may be represented by Landlord; (b) there are no uncured defaults in Landlord's performance and Tenant has no right of offset, counterclaim or deduction against Rent hereunder; and (c) no more than one month's Rent has been paid in advance.

15.02. *Attornment.* Tenant shall, if requested, attorn to the purchaser upon a foreclosure, sale of a grant of a deed in lieu of foreclosure of the Property, and recognize such purchaser as Landlord under this Lease in the event of (a) a foreclosure proceeding; (b) the exercise of the power of sale under any mortgage or deed of trust made by Landlord, Landlord's successors or assigns which encumbers the Premises, any part thereof; or (c) the termination of a ground lease; or (d) a sale of the Property.

15.03. *Subordination.* The rights of Tenant hereunder are subject and subordinate to the lien of any mortgage or lien resulting from any other method of financing or refinancing, now or hereafter in force against the Premises, and to all advances made upon the security thereof; provided, however, that notwithstanding such subordination, so long as the Tenant is not in default under this Lease, this Lease shall not be terminated or subject to termination by any trustee's sale, action to enforce the security or proceeding or action in foreclosure. If requested, Tenant shall execute whatever documentation may be required to further effect the provisions of this Section 15.03.

16. MISCELLANEOUS

16.01. *Waiver.* No waiver by Landlord of any default or breach of any covenant by Tenant hereunder shall be implied from any omission by Landlord to take action on account of such default if such default persists or is repeated, and no express waiver shall affect any default other than the default specified in the waiver and then said waiver shall be operative only for the time and to the extent therein stated. Waivers of any covenant, term or condition contained herein by Landlord shall not be construed as a waiver of any subsequent breach of the same covenant, term or condition. The consent or approval by Landlord to any act of Tenant requiring further consent or approval by Landlord shall not be deemed to waive or render unnecessary Landlord's consent or approval to any subsequent similar acts. No waiver by Landlord of any provision under this Lease shall be effective unless in writing and signed by Landlord. Landlord's acceptance of full or partial payment of Rent during the continuance of any breach of this Lease shall not constitute a waiver of any such breach of this Lease. Efforts by Landlord to mitigate the damages caused by Tenant's breach of this Lease shall not be construed as a waiver of Landlord's right to recover damages under Section 13.

16.02. *Financial Statements.* Within ten (10) days after Landlord's written request, Tenant shall deliver to Landlord current audited financial statements of Tenant and any Guarantor.

16.03. *Accord and Satisfaction.* No payment by Tenant of a lesser amount than the Rent nor any endorsement on any check or letter accompanying any check or payment as Rent shall be deemed an accord and satisfaction of full payment of Rent, and Landlord may accept such payment without prejudice to Landlord's right to recover the balance of such Rent or to pursue other remedies.

16.04. *Limitation of Landlord's Liability.* The obligations of Landlord under this Lease are not personal obligations of the individual partners, directors, members, managers, officers and shareholders of Landlord, and Tenant shall look solely to the Property for satisfaction of any liability and shall not look to other assets of Landlord nor seek recourse against the assets of the individual partners, directors, members, managers, officers and shareholders of Landlord.

16.05. *Entire Agreement.* This Lease sets forth all the covenants, agreements, conditions and understandings between Landlord and Tenant concerning the Property, and there are no covenants, agreements, conditions or understandings, either oral or written, between Landlord and Tenant other than as set forth herein. No alteration, amendment, change or addition to this Lease shall be binding upon Landlord and Tenant unless in writing and signed by both Landlord and Tenant.

16.06. *Time.* Time is of the essence of this Lease.

16.07. *Attorneys' Fees.* In any action which Landlord or Tenant brings to enforce its respective rights hereunder, the unsuccessful party shall pay all costs incurred by the prevailing party including reasonable attorneys' fees, to be fixed by the court, and said costs and attorneys' fees shall be a part of the judgment in said action.

16.08. *Captions and Article Letters.* The captions, article letters and table of contents appearing in this Lease are inserted as a matter of convenience and in no way define or limit the provisions of this Lease.

16.09. *Severability.* If any provision of this Lease or the application of any such provision shall be held by a court of competent jurisdiction to be invalid, void or unenforceable to any extent, the remaining provisions of this Lease and the application thereof shall remain in full force and effect and shall not be affected, impaired or invalidated.

16.10. *Applicable Regulations.* This Lease, and the rights and obligations of the parties hereto, shall be construed and enforced in accordance with the laws of the State of California.

16.11. *Rules and Regulations.* At all times during the Term, Tenant shall comply with the rules and regulations ("Rules and Regulations") for the Building and the Lot, as set forth in Exhibit H (and such amendments as Landlord may reasonably adopt) attached hereto and by this reference made a part thereof.

16.12. *Examination of Lease.* Submission of this Lease to Tenant does not constitute an option to Lease, and this Lease is not effective until execution and delivery by both Landlord and Tenant.

16.13. *Surrender.* Upon the expiration or earlier termination of this Lease, Tenant shall surrender the Premises to Landlord in the same condition as existed on the date Tenant originally took possession thereof, including, but not limited to, all interior walls cleaned, all interior painted surfaces repainted in the original color, all holes in walls repaired, all carpets shampooed and cleaned, all HVAC equipment in operating order and in good repair, and all floors cleaned, waxed, and free of any Tenant-introduced marking or painting, all to the reasonable satisfaction of Landlord. Tenant shall not commit or allow any waste or damage to be committed on any portion of the Premises or Building. All property that Tenant is required to surrender shall become Landlord's property upon the termination of this Lease. Landlord may cause any of said personal property that is not removed from the Premises within thirty (30) days after the date of any termination of this Lease to be removed from the Premises and store at Tenant's expense, or at Landlord's election said personal property thereafter shall belong to Landlord without the payment of any consideration, subject to the rights of any person holding a perfected security interest therein. All keys to the Premises or any part thereof shall be surrendered to Landlord upon expiration or sooner termination of the Term. Tenant shall give written notice to Landlord at least thirty (30) days prior to vacating the Premises and shall meet with Landlord for a joint inspection of the Premises at the time of vacating, but nothing contained herein shall be construed as an extension of the Term or as a consent by Landlord to any holding over by Tenant. In the event of Tenant's failure to give such notice or participate in such joint inspection, Landlord's inspection at or after Tenant's vacating the Premises shall conclusively be deemed correct for purposes of determining Tenant's responsibility for repairs and restoration.

16.14. *Authority.* If Tenant 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. Tenant shall, within thirty (30) days after request, deliver to Landlord satisfactory evidence of such authority.

16.15. *Broker.* Tenant warrants that it has had no dealings with any real estate broker or agent other than the broker set forth in Section 1.01 ("Broker") in connection with the negotiation of this Lease, and that it knows of no other real estate broker or agent who is entitled to any commission or finder's fee in connection with this Lease. Tenant agrees to indemnify Landlord and hold Landlord harmless from and against any and all claims, demands, losses, liabilities, lawsuits, judgments, costs and expenses (including without limitation, attorneys' fees and costs) with respect to any leasing commission or equivalent compensation alleged to be owing on account of Tenant's dealings with any real estate broker or agent other than Broker.

16.16. *Landlord's Right to Perform.* Upon Tenant's failure to perform any obligation of Tenant hereunder, including without limitation, payment of Tenant's insurance premiums, charges of contractors who have supplied materials or labor to the Premises, etc., Landlord shall have the right to perform such obligations of Tenant on behalf of Tenant and/or to make payment on behalf of Tenant to such parties. Tenant shall reimburse Landlord the reasonable cost of Landlord's performing such obligations on Tenant's behalf, including reimbursement of any amounts that may be expended by Landlord, plus interest at the maximum rate permitted by law as Additional Rent.

16.17. *Modification for Lender.* If, in connection with obtaining construction, interim or permanent financing for the Building, the lender shall request reasonable modifications in this Lease as a condition to such financing, Tenant shall not unreasonably withhold, delay or defer its consent thereto, provided that such modifications do not materially increase the obligations of Tenant hereunder or materially adversely affect the leasehold interest hereby created or Tenant's rights hereunder.

16.18. *Landlord's Lien.* In addition to any statutory lien for Rent in Landlord's favor, Landlord shall have and Tenant hereby grants to Landlord a continuing security interest for all Rent becoming due hereunder from Tenant, Upon all goods, wares, equipment, fixtures, furniture, inventory, accounts, contract rights, chattel paper and other personal property of Tenant situated on the Premises, and such property shall not be removed therefrom without the consent of Landlord until all arrearages in Rent shall first have been paid and discharged. In the event of a default under this Lease, Landlord shall have, in addition to any other remedies provided herein or by law, all rights and remedies under the Uniform Commercial Code, including without limitation the right to sell the property described in this Section 16.18 at public or private sale upon ten (10) days notice to Tenant. Tenant hereby agrees to execute a California Form UCC-1 and such other instruments necessary or desirable in Landlord's discretion, from time to time, to perfect the security interest hereby created. Any statutory lien for rent is not hereby waived, the express contractual lien herein granted being in addition and supplementary thereto.

16.19. *Relocation.* At its option, Landlord may substitute for the Premises other space (hereafter called "Substitute Premises") in the Property before the Commencement Date or at any time during the Term. Insofar as reasonably possible, the Substitute Premises shall have a comparable square foot area and a configuration substantially similar to the Premises. Landlord shall give Tenant at least sixty (60) days notice of its intention to relocate Tenant to the Substitute Premises. This notice will be accompanied by a floor plan of the Substitute Premises. Landlord agrees to construct, at its own expense, the Substitute Premises as expeditiously as possible so that it is in substantially the same state that the Premises was in immediately prior to the relocation. Landlord shall have the right to reuse the fixtures, improvements, and alterations used in the Premises. Tenant agrees to occupy the Substitute Premises after Landlord's work is substantially completed. Landlord shall pay Tenant's reasonable cost of moving Tenant's furnishings, trade fixtures, equipment and inventory to the Substitute Premises. Subject to the terms hereof, Tenant agrees that all of the obligations of this Lease, including the payment of Rent, will continue despite Tenant's relocation to the Substitute Premises. Upon substantial completion of the Substitute Premises, this Lease will apply to the Substitute Premises as if it had been the space originally described in the Lease. Landlord shall use all reasonable efforts to minimize any period when the Premises shall be closed to the public as a result of relocation. Tenant's Monthly Base Rent (but not Additional Rent) shall abate from the date the Premises is closed until the date the Substitute Premises is open for business. Except as provided above, Landlord shall not be liable or responsible in any way for damages or injuries suffered by Tenant pursuant to a relocation in accordance with this provision including, but not limited to, loss of good will, business or profits.

16.20. *Notices.* All notices to be given hereunder shall be in writing and mailed postage prepaid by certified or registered mail, return receipt requested, or delivered by personal delivery, to Landlord's Address and Tenant's Address, or to such other place as Landlord or Tenant may designate in a written notice given to the other party. Notices shall be deemed served three (3) days after the date of mailing.

IN WITNESS WHEREOF, the parties have executed this Lease as of the date and year first above written.

LANDLORD

RBT Investment Company,
a California general partnership

By: Jon Q. Reynolds AIF #1
Jon Q. Reynolds, Trustee of the Jon
Q. Reynolds & Ann S. Reynolds
Family Trust dated 12/23/92, general partner

By: Karen L. Brown AIF #2
Karen L. Brown, Trustee of the David
A. Brown Family Trust dated 4/27/93,
general partner

By: Kristen Stinnett-Brown
Kristen Stinnett-Brown, as Successor
Trustee of the Judith B. Brown 1992
Trust Agreement, general partner

By: Delta Properties, a California general partnership,
general partner

By: Jon Q. Reynolds AIF #1
Jon Q. Reynolds, Trustee of the Jon Q.
Reynolds and Ann S. Reynolds Family
Trust dated 12/23/92, general partner

By: Karen L. Brown AIF #2
Karen L. Brown, Trustee of the David
A. Brown Family Trust dated 04/27/93,
general partner

TENANT

Davis Street Community Center,
a private non-profit corporation

By: Rose Padilla Johnson
Rose Padilla Johnson, Executive Director

NOTICE: If Tenant is a corporation or a limited liability company, Tenant's authorized officers or members must sign on Tenant's behalf in accordance with the provisions of a certified corporate or limited liability company resolution, as the case may be. If Tenant is a general or limited partnership, all of the general partners must sign this Lease, as indicated by the agreement of general or limited partnership.

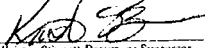
IN WITNESS WHEREOF, the parties have executed this Lease as of the date and year first above written.

LANDLORD

RBT Investment Company,
a California general partnership

By: _____
Jon Q. Reynolds, Trustee of the Jon
Q. Reynolds & Ann S. Reynolds
Family Trust dated 12/23/92, general partner

By: _____
Karen L. Brown, Trustee of the David A.
Brown Family Trust dated 4/27/93,
general partner

By:  _____
Kristen Stinnett-Brown, as Successor
Trustee of the Judith B. Brown 1992
Trust Agreement, general partner

By: Delta Properties, a California general partnership,
general partner

By: _____
Jon Q. Reynolds, Trustee of the Jon Q.
Reynolds and Ann S. Reynolds Family
Trust dated 12/23/92, general partner

By: _____
Karen L. Brown, Trustee of the David
A. Brown Family Trust dated 04-27-93,
general partner

TENANT

Davis Street Community Center,
a private non-profit corporation

By: _____
Rose Padilla Johnson, Executive Director

NOTICE: If Tenant is a corporation or a limited liability company, Tenant's authorized officers or members must sign on Tenant's behalf in accordance with the provisions of a certified corporate or limited liability company resolution, as the case may be. If Tenant is a general or limited partnership, all of the general partners must sign this Lease, as indicated by the agreement of general or limited partnership.

EXHIBIT A
(Legal Description)

That parcel of land in the City of San Leandro, County of Alameda, State of California, described as follows:

A portion of Parcel 1 of Parcel Map No. 598, filed July 10, 1970, in Map Book 64, page 49, Alameda County Records, described as follows:

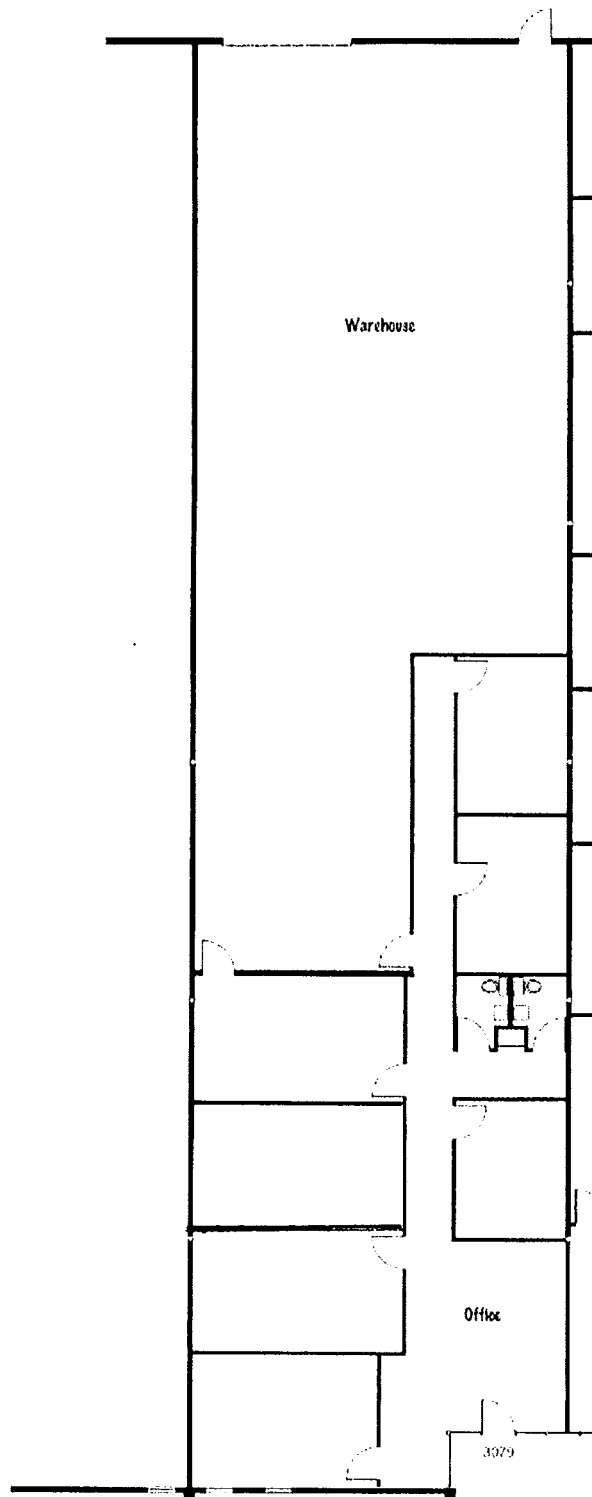
Beginning at a point on the southeastern line of said Parcel 1 of Parcel Map No. 598; distant thereon south 62° 19' 18" west 477.128 feet from the southwestern line of Alvarado Street; running thence along said line of Parcel 1, south 62° 19' 18" west 214.500 feet; thence north 27° 46' 30" west 239.579 feet to the southeastern line of Teagarden Street; thence along said line of Teagarden Street north 62° 13' 30" east 214.500 feet; thence south 27° 47' 30" east 239.941 feet to the point of beginning.

INITIALS

Landlord

Tenant

EXHIBIT B
(Building Floor Plan)



3079 Teagarden St.
San Leandro, CA

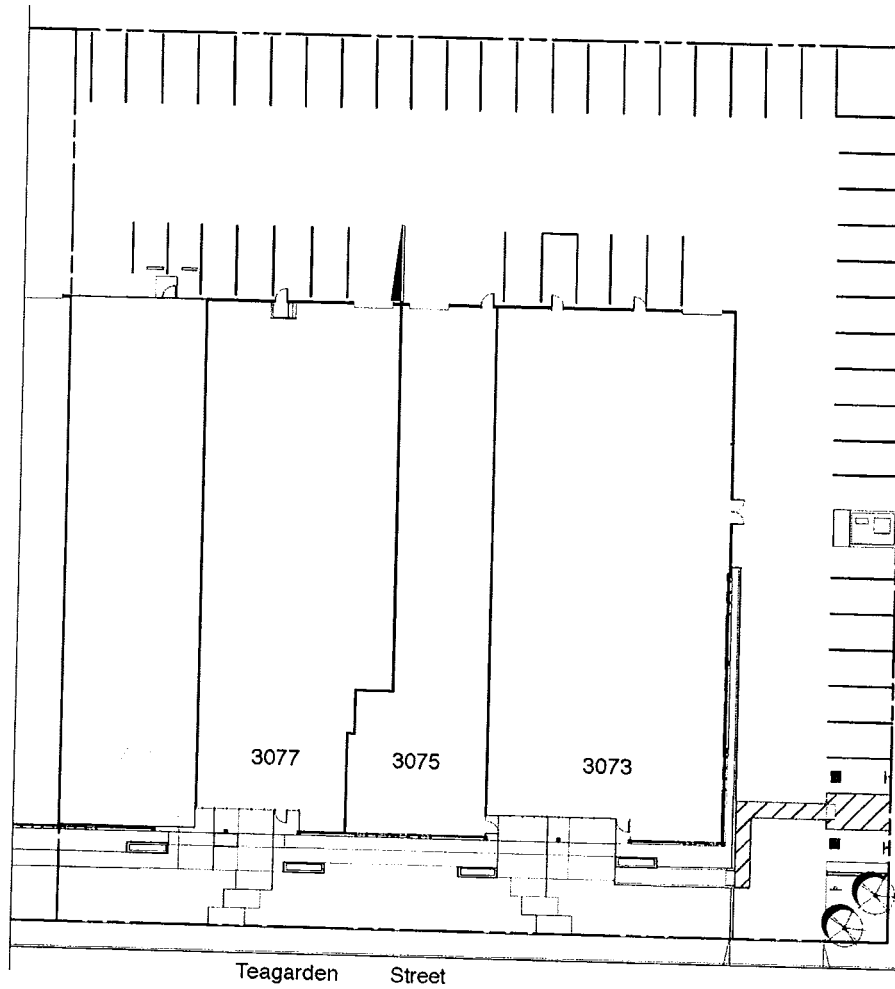
INITIALS

Landlord

Tenant

EXHIBIT D

(Site Plan)



RBT 42

3073-3079 Teagarden St., San Leandro, CA

INITIALS

Landlord

Tenant

EXHIBIT F

ENVIRONMENTAL DISCLOSURE STATEMENT

This Environmental Disclosure Statement is designed to solicit information concerning your proposed use of Hazardous Materials (as defined in Section 10.02 of the Standard Form Industrial Lease) on property ("the Premises") owned by RBT Investment Company, a California general partnership, Landlord ("the Landlord"). Please complete the questionnaire and return it to Reynolds & Brown or its designee for evaluation. If additional space is necessary, please continue your answer on separate paper. In the event your proposed use, generation or storage of Hazardous Materials is considered to be significant, we may require further information. Thank you for your cooperation with this matter.

I. BACKGROUND INFORMATION

Davis Street Community Center
Name (Corporation, Partnership, Public Agency or individual)

3089 Teagarden Street, San Leandro, CA 94577
Address

Rose Padilla Johnson, Executive Director
Contact Person and Title:

Telephone Number: 510.347.4620

Address of the Premises (property to be leased)

3079 Teagarden Street, San Leandro, CA 94577
Street Address

IF NOT APPLICABLE TO YOUR BUSINESS – INITIAL HERE 

II. DESCRIPTION OF PROPOSED FACILITY

A. Describe in detail your proposed facility and the type of operations to be conducted on the Premises including principal products to be produced and/or services to be performed:

B. What environmental laws (e.g. Resource Conservation and Recovery Act; Clean Air Act; California Occupational Safety and Health Act; California Hazardous Waste Control Law; The Porter-Cologne Water Quality Control Act; The Safe Drinking and Toxic Enforcement Act of 1986) must be complied with in connection with your proposed facility and operations? Identify the governmental agencies responsible for monitoring and evaluating the compliance of the proposed facility with any environmental law:

III. STORAGE OF HAZARDOUS MATERIALS

A. Do you intend to store any Hazardous Materials on the Premises?

If yes, describe (i) the Hazardous Materials to be store, (ii) the estimated quantity (on an annual basis) of Hazardous Materials to be store, and (iii) the proposed method of storage (e.g. above-ground storage tanks, underground storage tanks, drums, pipelines):

<u>Hazardous Material</u>	<u>Method of Storage</u> (Describe capacity and composition of container)	<u>Quantity</u> (On an annual basis)
---------------------------	--	---

B. Identify any permits and/or licenses which must be obtained in connection with the storage of any Hazardous Materials:

IV. HAZARDOUS WASTE MANAGEMENT

Identify any Hazardous Materials (other than air emissions and wastewater described in V and VI) which will be generated by the facility, the hazard class, and the quantity of generation on a monthly basis:

<u>Hazardous Material</u>	<u>Hazard Class</u>	<u>Quantity</u> (On a monthly basis)
---------------------------	---------------------	---

Describe the method(s) of disposal for each Hazardous Material:

Do you intend to treat or process any Hazardous Materials on the Premises? If yes, describe the proposed method(s) of treatment and/or processing:

Identify any permits and/or licenses which must be obtained in connection with (i) the disposal of each Hazardous Material and (ii) any treatment or processing of Hazardous Materials:

V. AIR EMISSIONS

- A. Describe air emissions from each source of anticipated air pollutants including fuel burning equipment (describe type of fuel burned) on the Premises:
- B. Describe the air pollution control equipment to be used to reduce emissions from each source of air emissions:
- C. Describe the method(s) to be used to monitor any air emissions:
- D. Identify any permits and/or licenses which must be obtained in connection with any air emissions:

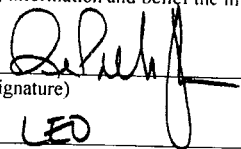
VI. WATER DISCHARGES

- A. List all sources of wastewater discharges to surface waters, septic systems or holding ponds:
- B. List all sources of wastewater discharges to public sewer systems:
- C. List the average daily flow for each discharge:
- D. Identify any permits and/or licenses which must be obtained in connection with any wastewater discharge:

VII. PAST AND PRESENT OPERATIONS

- A. Are there any governmental agency enforcement actions, past, pending or, to the best of your knowledge, threatened administrative or court orders or actions or consent decrees concerning compliance by your company with environmental laws in connection with facilities similar to the proposed facility? If yes, are there any continuing compliance obligations as a result of such orders or decrees?
- B. Has your company received requests for information from governmental agencies responsible for regulating compliance with environmental laws? If yes, please explain the basis for such request(s):
- C. Has your company been the subject of any administrative inquiries in connection with Hazardous Materials? If yes, please explain the basis for such inquiry:
- D. Are there any past, pending or, to the best of your knowledge, threatened private actions against your company concerning compliance with environmental laws? If yes, what is the status and/or result of each action:

As an officer, a general partner or a duly authorized representative of the company, I am familiar with all operations of the company and the operations to be conducted on the Premises. I have made due inquiry in answering the foregoing questions and hereby certify to Landlord that to the best of my knowledge, information and belief the information disclosed above is true and correct and complete.


(Signature)

LEO
(Title)

EXHIBIT G

(Sign Criteria)

Page 1 of 4

REYNOLDS & BROWN

Commercial Building Sign Standards

SIGN TYPE C-1

PROJECT	
ADDRESS	
TENANT	

STANDARD SIGN

DESCRIPTION
Wall panel

SIZE
18" X 18"

INSERTS
None.

USE & APPLICATION

Tenant and suite identification at back entrance. Also use for miscellaneous information message.

PRODUCT DESCRIPTION

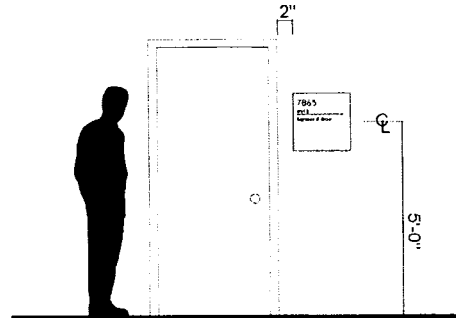
1/8" painted aluminum sheet with vinyl copy.

TYPOGRAPHY

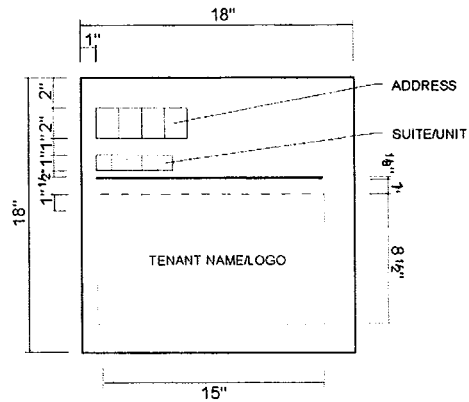
Futura Bold

COLORS

Type: Gloss White
Matthews 77A-2P
Panel: Dark Green
Matthews 61A-1A



TYPEFACE SHOWN: FUTURA BOLD
SEE SEPARATE DRAWINGS FOR FINISH & INSTALLATION DETAILS
DRAWINGS NOT TO SCALE



6/99 - VER 1 PAGE 01

INITIALS

Landlord

Tenant

EXHIBIT G

(Sign Criteria)

Page 2 of 4

REYNOLDS & BROWN

Commercial Building Sign Standards

Sign Type D-1

DESCRIPTION

Dimensional numbers

SIZE

4"

INSERTS

None.

USE & APPLICATION

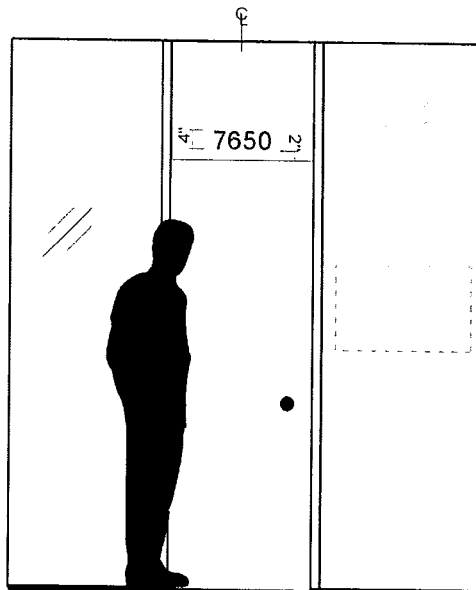
Address centered above
main door entrance

TYPOGRAPHY

Forma Bold

COLORS

Anodized aluminum finish (silver)



VINYL ON GLASS

INITIALS

Landlord

Tenant

EXHIBIT G

(Sign Criteria)

Page 3 of 4

REYNOLDS & BROWN

Commercial Building Sign Standards

Sign Type D-4

DESCRIPTION

Dimensional letters

SIZE

12"

INSERTS

None

USE & APPLICATION

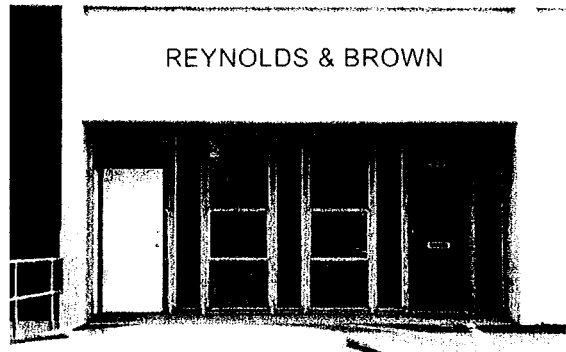
For tenant identification
on building facade - Center
over main entrance

TYPOGRAPHY

Optima, Times Bold,
Futura Bold

COLORS

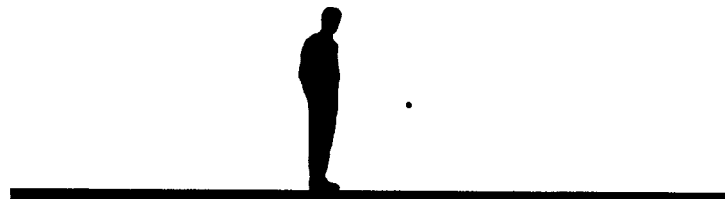
Dark green, dark gray,
dark blue, white, black



24" MINIMUM
FROM BUILDING
REVEL

20'-0" MAX

24" MINIMUM
FROM BUILDING
REVEL



Two Lines of Copy

REYNOLDS &
BROWN

INITIALS

Landlord

Tenant

EXHIBIT G

(Sign Criteria)

Page 4 of 4

REYNOLDS & BROWN

Commercial Building Sign Standards

Sign Type E

DESCRIPTION
Vinyl letters.

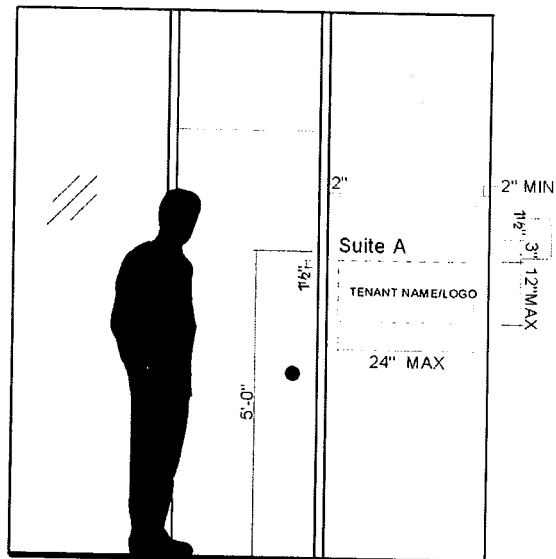
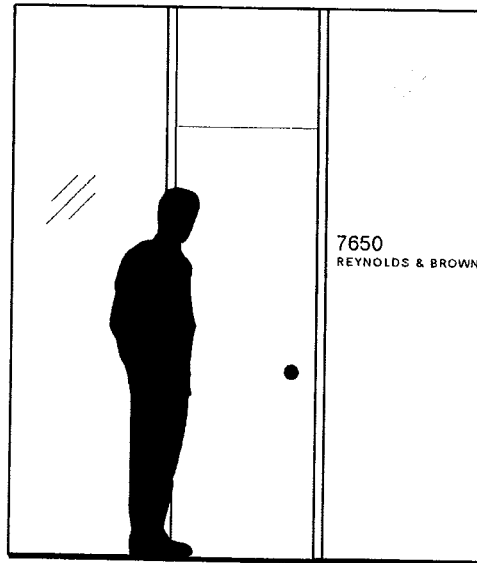
SIZE
See drawing

INSERTS
None.

USE & APPLICATION
Suite or address
along with tenant
identification at main
entrance sidelight.

TYPOGRAPHY
Futura Bold

COLORS
White



INITIALS

Landlord

Tenant

EXHIBIT H

Reynolds and Brown

RULES AND REGULATIONS

1. The sidewalks, entrances, lobby and public corridors shall be used only as a means of ingress and egress and shall remain unobstructed at all times. The entrance and exit doors of all suites are to be kept closed at all times except as required for orderly passage to and from a suite. Loitering in any part of the Building or obstruction of any means of ingress or egress shall not be permitted. Doors and windows shall not be covered or obstructed.

2. Plumbing fixtures shall not be used for any purposes other than those for which they were constructed, and no rubbish, newspapers, trash or other substances of any kind shall be thrown into them. Walls, floors and ceiling shall not be defaced in any way and no one shall be permitted to mark, drive nails, screws or drill into, paint or in any way mar any Building surface, except that pictures, certificates, licenses and similar items normally used in Tenant's business may be carefully attached to the walls by Tenant in a manner to be prescribed by Landlord. Upon removal of such items by Tenant any damage to the walls or other surfaces, except minor nail holes, shall be repaired by Tenant.

3. No awning, shade, sign, advertisement or notice shall be inscribed, painted, displayed or affixed on, in or to any window, door or any other part of the outside or inside of the Building or the demised premises. No window displays or other public displays shall be permitted without the prior written consent of Landlord.

4. The cost of any special electrical circuits for items such as copying machines, computers, microwaves, etc., shall be borne by Tenant unless the same are part of the building standard improvements. Prior to installation of equipment Tenant must receive written approval from Landlord.

5. No improper noises, vibrations or odors will be permitted in the Building, nor shall any person be permitted to interfere in any way with tenants or those having business with them. No person will be permitted to bring or keep within the Building any animal, bird or any toxic or flammable substances without Landlord's prior permission. No person shall throw trash, refuse, cigarettes or other substances of any kind any place within or out of the Building except in refuse containers.

6. All re-keying of office doors after occupancy will be at the expense of Tenant.

7. Tenant will not install or use any window coverings except those provided by Landlord, nor shall Tenant use the leased premises for storage, drying of laundry or any other activity which would detract from the appearance of the Building or interfere in any way with the use of the Building by other tenants.

8. At Landlord's option, Tenant shall provide and cause all Tenant's employees to use protective floor mats under all desk chairs used in the Premises.

9. If Tenant requires telegraphic, telephonic, burglar, or of similar services, it shall first obtain, and comply with, Landlord's instructions in their installation.

10. Tenant shall not install any radio or television antenna, loudspeaker or other device on the roof or exterior walls of the Building. Tenant shall not interfere with radio or television broadcasting or reception from or in the Building elsewhere. Tenant shall not install, maintain or operate upon the Premises any vending machine without the written consent of Landlord. Canvassing, soliciting and distribution of handbills or any other written material, and peddling in the Building are prohibited, and each tenant shall cooperate to prevent same. Landlord reserves the right to exclude or expel from the Building any person who, in Landlord's judgment, is intoxicated or under the influence of liquor or drugs or who is in violation of any of the Rules and Regulations of the Building.

11. Tenant shall not park its vehicles in any parking areas designated by Landlord as areas for parking by visitors to the Building. Tenant shall not park any vehicles in the Building parking areas overnight. Tenant shall not park vehicles in the Building parking areas larger than full size passenger automobiles or pickup trucks. Landlord may, in its sole discretion, designate separate areas for bicycles and motorcycles. Tenant shall not leave any bicycles or motorcycles in the Building parking areas overnight.

12. Landlord may waive any one or more of these Rules and Regulations for the benefit of Tenant or any other tenant, but no such waiver by Landlord shall be construed as a waiver of such Rules and Regulations in favor of Tenant or any other tenant, nor prevent Landlord from thereafter enforcing any such Rules and Regulations against any or all of the tenants of the Building.

13. Tenant shall be deemed to have read these Rules and Regulations and to have agreed to abide by them as a condition to its occupancy of the Premises.

INITIALS

Landlord

Tenant

First Amendment to Lease Agreement

This First Amendment to Lease Agreement ("First Amendment") is entered into as of this 30th day of June, 2016 by and between RBT Investment Company, a California general partnership, as "Landlord" and Davis Street Community Center, a private non-profit corporation, as "Tenant".

The parties enter this First Amendment based upon the following facts, understandings and intentions:

A. Landlord and Tenant entered into a certain Lease Agreement dated July 10, 2015 (the "Lease") pursuant to which Landlord leased to Tenant certain improved real property commonly known as 3079 Teagarden Street located in the City of San Leandro, County of Alameda, State of California ("Premises").

B. Landlord and Tenant now desire to modify said Lease in certain respects as hereinafter provided. Capitalized terms not defined herein shall have the meaning given to them in the Lease.

Now Therefore, in consideration of the mutual covenants and promises of the parties, the parties hereto agree as follows:

1. Term. The Term of the Lease shall be extended for a period of Twelve (12) months commencing September 1, 2016 and expiring August 31, 2017 ("First Extended Term").
2. Monthly Base Rent. The Monthly Base Rent for the First Extended Term shall be Three Thousand Two Hundred Eight Dollars (\$3,208).
3. Corporate Authority. If Tenant executes this First Amendment to Lease Agreement as a corporation, each of the persons executing this First Amendment on behalf of Tenant hereby covenants and warrants that: (i) Tenant is a duly authorized and an existing corporation; (ii) Tenant is qualified to do business in the State of California; (iii) Tenant has full right and authority to enter into this First Amendment; and, (iv) each of the persons executing on behalf of Tenant is authorized to do so.
4. Continuing Obligations. Except as provided in this First Amendment, the rights and obligations of Landlord and Tenant under the Lease shall remain in full force and effect and all of the terms and conditions of the Lease not in conflict with the terms and conditions of this First Amendment to Lease shall remain the same.

IN WITNESS WHEREOF, the parties have executed this First Amendment to Lease as of the date and year first above written.

LANDLORD

RBT Investment Company,
a California general partnership

By: Jon Q. Reynolds
Jon Q. Reynolds, Trustee of the Jon Q. Reynolds &
Ann S. Reynolds Family Trust dated 12/23/92,
general partner

By: Karen L. Brown
Karen L. Brown, Trustee of the David A. Brown
Family Trust dated 4/27/93, general partner

By: _____
Kristen Stinnett-Brown, as Successor Trustee of the
Judith B. Brown 1992 Trust Agreement,
general partner

By: Delta Properties, a California general partnership,
general partner

By: Jon Q. Reynolds
Jon Q. Reynolds, Trustee of the Jon Q.
Reynolds and Ann S. Reynolds Family
Trust dated 12/23/92, general partner

By: Karen L. Brown
Karen L. Brown, Trustee of the David A.
Brown Family Trust dated 04/27/93,
general partner

TENANT

Davis Street Community Center Incorporated
a private non-profit corporation

By: Rose Padilla Johnson
Rose Padilla Johnson, Chief Executive Officer

NOTICE: If Tenant is a corporation or a limited liability company, Tenant's authorized officers or members must sign on Tenant's behalf in accordance with the provisions of a certified corporate or limited liability company resolution, as the case may be. If Tenant is a general or limited partnership, all of the general partners must sign this Agreement, as indicated by the agreement of general or limited partnership.

First Amendment to Lease Agreement

This First Amendment to Lease Agreement ("First Amendment") is entered into as of this 30th day of June, 2016, by and between RDT Investment Company, a California general partnership, as "Landlord" and Davis Street Community Center, a private non-profit corporation, as "Tenant".

The parties enter this First Amendment based upon the following facts, understandings and intentions:

A. Landlord and Tenant entered into a certain Lease Agreement dated July 10, 2015 (the "Lease") pursuant to which Landlord leased to Tenant certain improved real property commonly known as 1079 Teagarden Street located in the City of San Leandro, County of Alameda, State of California ("Premises").

B. Landlord and Tenant now desire to modify said Lease in certain respects as hereinafter provided. Capitalized terms not defined herein shall have the meaning given to them in the Lease.

Now Therefore, in consideration of the mutual covenants and promises of the parties, the parties hereto agree as follows:

1. **Term.** The Term of the Lease shall be extended for a period of Twelve (12) months commencing September 1, 2016 and expiring August 31, 2017 ("First Extended Term").
2. **Monthly Base Rent.** The Monthly Base Rent for the First Extended Term shall be Three Thousand Two Hundred Eight Dollars (\$3,208).
3. **Corporate Authority.** If Tenant executes this First Amendment to Lease Agreement as a corporation, each of the persons executing this First Amendment on behalf of Tenant hereby covenants and warrants that: (i) Tenant is a duly authorized and an existing corporation; (ii) Tenant is qualified to do business in the State of California; (iii) Tenant has full right and authority to enter into this First Amendment; and, (iv) each of the persons executing on behalf of Tenant is authorized to do so.
4. **Continuing Obligations.** Except as provided in this First Amendment, the rights and obligations of Landlord and Tenant under the Lease shall remain in full force and effect and all of the terms and conditions of the Lease not in conflict with the terms and conditions of this First Amendment to Lease shall remain the same.

IN WITNESS WHEREOF, the parties have executed this First Amendment to Lease as of the date and year first above written.

LANDLORD

RDT Investment Company,
a California general partnership

By: Jon Q. Reynolds, Trustee of the Jon Q. Reynolds & Anne S. Reynolds Family Trust dated 12/23/92,
general partner

By: Karen L. Brown, Trustee of the David A. Brown Family Trust dated 4/27/91, general partner

By: Kristen Stinson-Brown, arbitrator or Trustee of the Judith B. Brown 1992 Trust Agreement,
general partner

By: Delia Properties, a California general partnership,
general partner

By: Jon Q. Reynolds, Trustee of the Jon Q. Reynolds and Anne S. Reynolds Family Trust dated 12/23/92, general partner

By: Karen L. Brown, Trustee of the David A. Brown Family Trust dated 04/27/93,
general partner

TENANT

Davis Street Community Center Incorporated
a private non-profit corporation

By: Jose Padilla Johnson, Chief Executive Officer

NOTICE: If Tenant is a corporation or a limited liability company, Tenant's authorized officers or members must sign on Tenant's behalf in accordance with the provisions of a certified corporate or limited liability company resolution, as the case may be. If Tenant is a general or limited partnership, all of the general partners must sign this Agreement, as indicated by the agreement of general or limited partnership.

**Davis Street Wellness Center
2601C Blanding Ave #408
Alameda, CA 94501
510.409.9543**

August 22, 2017

VIA EMAIL to Anjana Mepani (AMepani@sanleandro.org)

Community Development Department
835 East 14th Street
San Leandro, CA 94577

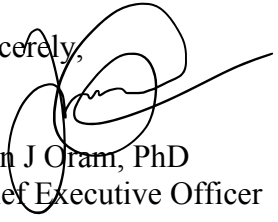
RE: DSWC Conditional Use Permit Application Clarifications

Dear Anjana,

Please accept the following clarifications regarding our revised CUP applications:

- Section 2 paragraph 4 states that DSWC is seeking a parking exception. This is incorrect; DSWC is not seeking a parking exception. Please strike this paragraph in its entirety.
- Section 6 item 5 states that we would not be submitting a letter from our landlord acknowledging certain modifications proposed for the project site. However, after conversations with your office and with our landlord we have decided that it is in the best interest of all parties for us to supply the landlord letter. We have thus requested that our landlord, Reynolds & Brown, submit a letter directly to your office stating their support of our revised application. That letter was sent via email from Reynolds & Brown to your office on August 22, 2017.

Sincerely,



John J Oram, PhD
Chief Executive Officer